ANNUAL REPORT 2019

#GOINGGLOBAL

eex group

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Key Data

		2019	2018	Change %
Profit and loss account				
Sales revenue	in EUR thousands	304,212	267,654	+14
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	in EUR thousands	121,116	111,612	+9
Earnings before interest and taxes (EBIT)	in EUR thousands	98,064	91,977	+7
Earnings before taxes (EBT)	in EUR thousands	97,975	92,106	+6
Balance sheet (as of 31st December)				
Non-current assets	in EUR thousands	387,156	368,320	+5
Equity	in EUR thousands	516,827	474,135	+9
Balance sheet total	in EUR thousands	5,201,340	7,117,397	–27
Core business parameters				
Spot markets				
European power spot market volume [1]	TWh	598	577	+4
European gas spot market volume [2]	TWh	1,454	1,111	+31
European emissions spot market volume	mt [3]	644	924	–30
Derivatives markets				
European power derivatives market volume	TWh	3,973	3,347	+19
US power derivatives market volume	TWh	1,857	1,039	+79
European gas derivatives market volume [2]	TWh	1,088	852	+28
European emissions derivatives market volume	mt [3]	495	1,973	–75
Agricultural derivatives market volume	Contracts	57,125	60,251	–5
Freight derivatives market volume (ECC cleared)	Contracts	74,776	35,850	+109
Company parameters				
Trading participants		669	635	+5
Employees (balance sheet date)		681	586	+16

[1] EPEX SPOT trade volumes, including SEEPEX and PXE volumes
[2] PEGAS trade volumes, including Gaspoint Nordic, PXE and CEGH volumes
[3] Million tonnes

Peter Reitz
has been Chief Executive Officer and chairman of the EEX and ECC Management Board since 1st August 2011. After gaining a degree in mathematics, he started his career as a product manager at Deutsche Börse in Frankfurt. In 2004, he became its Managing Director, a position he still holds. From 2000 to 2001, he worked at Dow Jones Indexes in New York and later was a member of the Eurex Management Board until December 2018. Peter Reitz has overseen the development of EEX and ECC as a member of the respective Supervisory Boards since 2007.

"Volume-wise, the vast majority of our portfolio has achieved significant increases, with many business segments recording double and in some cases, triple-digit growth."

Foreword

Dear Readers,
Dear Shareholders, Partners and Friends,

2019 was a year where we achieved many milestones and one that I will look back on with particular pride. In terms of performance, we reached yet another record year, increasing our revenue by 14% to Euro 304.2 million, which in turn has increased our Earnings Before Tax (EBT) to Euro 98.0 million – another record for EEX Group.

Volume-wise, the vast majority of our portfolio has achieved significant increases, with many business segments recording double and in some cases, triple-digit growth. In addition to the significant increases in our power and natural gas markets in Europe, I'm particularly encouraged by the growth in our North American power and environmental business as well as the huge gains achieved in our freight volumes.

2019 was also the year that EEX Group cemented its position as a Global Commodity Exchange.

The transition from a "European Energy Exchange" to a "Global Commodity Exchange" has been a long held ambition for us as a group, and one that we have worked for many years to make a reality. Today, I'm very happy to say that EEX Group is operational across the three major time zones with successful exchange and clearing businesses in America, Europe and Asia. As a business, it's fair to say that we really are #GoingGlobal.

Furthermore, in 2019, EEX Group embarked on a series of important strategic initiatives which I'm confident will lay solid foundations for further global growth as we move into 2020 and beyond.

In June 2019, we extended our Power Derivatives offering to 20 European markets with the launch of futures contracts for Serbia, Slovenia and Bulgaria. Through these new products, we are able to offer our market participants additional trading opportunities and hedging tools for the rapidly developing CSEE markets and I am very encouraged by the volumes achieved in these markets throughout the year.

In September 2019, we unveiled our plans to merge the gas business and the registry activities, as operated by Powernext, into EEX from the 1st January onwards. The number one aim of this project has always been about putting the customer first. Through the integration, customers are able to trade all products at one single market place, thereby benefiting through access to a much larger portfolio, which includes natural gas, power and emission allowances as well as other products, further increasing trading opportunities and a growing liquidity pool. Of course, the process of merging two companies into one requires major effort and I would like to thank the fantastic teams at both Powernext and EEX for their collaborative approach – it's a great example of what a team can achieve when we join forces as a Group.

"The 2019 results and the progress we have made throughout the year would not have been possible without the continued dedication, tenacity and hard work of the excellent team here at EEX Group."

In November, we announced that EEX Group had successfully reached an agreement with U.S. based Nasdaq Futures, Inc. (NFX) to acquire their commodities business, which included the portfolio of open interest in NFX contracts for U.S. Power, U.S. Natural Gas, Crude Oil, Ferrous Metals and Dry Bulk Freight. This was certainly a landmark deal for EEX Group, which not only supports our global expansion strategy, but also expands our position in the U.S. energy markets and seaborne commodities sector. By gaining a stronger foothold in global freight markets, it opens the opportunity to promote our channels via EEX Asia and to further develop our EEX Group business in Asia.

Sadly we also have to report that in early 2019, we lost one of the founding fathers of EEX and a true champion of EEX Group with the unexpected passing of our long-standing Supervisory Board Chairman, Dr Jürgen Kroneberg. A dear friend and a wonderful human being, Jürgen is missed every day but the valuable lessons he taught us all remain, and I know that he would be enormously proud of how far we have come as a group.

Of course, the 2019 results and the progress we have made throughout the year would not have been possible without the continued dedication, tenacity and hard work of the excellent team here at EEX Group. Personally and also on behalf of the entire Management Board, I would like to say a very big thank you to every employee for continuing to strive for excellence every single day.

Finally, I would also like to take the opportunity to personally thank you, our customers and partners, for your belief in us. Your trust is the reason we continue to achieve more every year and I know that with your continued support we will continue to grow and create further milestones in this new decade.

Leipzig, April 2020
On behalf of the Management Board

Peter Reitz

THE MANAGEMENT BOARD

f.l.t.r.
Dr Egbert Laege › Executive Director Gas Markets
Steffen Köhler › Chief Operating Officer
Peter Reitz › Chief Executive Officer **Jens Rick** › Chief Information Officer
Dr Dr Tobias Paulun › Chief Strategy Officer **Iris Weidinger** › Chief Financial Officer

Dr Thomas Book
has been a member of the Executive Board of Deutsche Börse AG since 1st July 2018 and Chief Executive Officer of Eurex Exchange since March 2016. Furthermore he has been a member of the Management Board of Eurex Deutschland since May 2007. Thomas Book has more than 20 years' experience in the field of electronic trading and clearing. After joining Deutsche Börse Group in 1995, he was part of the project that founded Eurex. Appointed to the Eurex Board in 2007, he shaped Deutsche Börse's clearing business in his function as Head of Clearing until 2016. In 2013, he assumed the role as CEO of Eurex Clearing AG, which he held until 2016. Thomas Book is a member of the Supervisory Board of 360 Treasury Systems AG and of China Europe International Exchange AG.

Report of the Supervisory Board

Dear Shareholders,

During the reporting year (2019), the Supervisory Board of EEX diligently carried out the tasks with which it was entrusted according to the applicable legislation, the statutes of the Company and its rules of procedure. It supported the Management Board in the running of the Company in an advisory capacity and continuously monitored the management of the business of the Company. The Supervisory Board was directly involved in all the decisions and measures which were of fundamental importance to the Company.

The Management Board of EEX regularly, promptly and comprehensively reported to the Supervisory Board regarding corporate planning, including financial, investment and human resources planning; business progress; the ongoing strategic development; and the current situation of the Group – both verbally and in writing. Those business transactions that were of significant importance to the Company were discussed in detail by the Supervisory Board on the basis of reports provided by the Management Board. The Supervisory Board approved the draft resolutions of the Management Board following thorough examination and deliberation.

In addition to the meetings of the Supervisory Board, the chairman of the Supervisory Board was in regular contact with the Management Board. Moreover, the Management Board informed him of the latest developments in the business situation and of significant business-related incidents at the earliest opportunity.

Work of the Committees

In order to efficiently discharge its tasks, the Supervisory Board has established two committees, which prepare resolutions to be voted on by the Supervisory Board, as well as matters to be discussed by the Board. In addition, the Supervisory Board has transferred individual tasks and elements of its decision-making competences to these committees. The chairmen of the committees regularly and comprehensively report to the Board on the content and the results of the committee meetings.

During the reporting period, the **Executive Committee** held five meetings. The Executive Committee consists of the chairman and the deputy chairmen of the Supervisory Board and has the task of preparing resolutions to be adopted by the Supervisory Board and other topics to be covered by the Supervisory Board and of issuing recommendations with regard to these matters.

The **Personnel Committee** prepares decisions to be made by the Supervisory Board regarding the appointment and dismissal of Management Board members, as well as regarding the determination of their compensation. Furthermore, the Personnel Committee submits proposals regarding the conclusion or amendment of Management Board employment contracts, including decisions relevant for the setting of compensation and regarding target agreements and attainment. Additionally, instead of the Supervisory Board and on the basis of the competences transferred to it, it adopts resolutions on matters specified in detail in the rules of procedure for the Supervisory Board, in particular the approval of ancillary activities of members of the Management Board. The Personnel Committee consists of the chairman and the deputy chairmen of the Supervisory Board and met four times during the reporting period. At these meetings, it dealt with the re-appointment of two Management Board members and the regular review of the compensation of two further Management Board members. Furthermore, the Personnel Committee prepared proposals for target agreements and the degrees of target attainment by the Management Board members and issued recommendations for the corresponding resolutions to be voted on by the Supervisory Board. At its meeting on 18th September, it also dealt with the contract adjustment of one Management Board member as a result of the assumption of additional responsibilities by the management board regarding the subsidiary European Commodity Clearing AG (ECC).

Supervisory Board meetings

In the reporting year 2019, four ordinary meetings of the Supervisory Board were held. At all of these, the major topic was the report of the Management Board regarding the current situation of the Company, which the Supervisory Board then discussed with the Management Board in detail. One further Supervisory Board meeting focusing on strategic matters was held in addition during the reporting year.

The Supervisory Board meetings were characterised by a thorough and open exchange regarding the Company's situation and the development of the business and financial situation, as well as fundamental matters of corporate policy and strategy. The Supervisory Board members regularly prepared resolutions regarding matters requiring their approval on the basis of documents made available to them in advance by the Management Board. In addition to this, the Management Board regularly informed the Supervisory Board of the most important commercial parameters and developments in the form of written monthly reports.

At the meeting convened to approve the balance sheet on 17th April 2019, Dr Thomas Book was elected as the new Supervisory Board chairman. Moreover, the Supervisory Board looked in detail at the 2018 annual and consolidated financial statement and at the corresponding management reports in the presence of the external auditor of the annual accounts. The annual financial statements prepared were approved and are, therefore, considered as adopted. Furthermore, the Supervisory Board approved the Management Board's proposal to the Annual General Meeting to use the balance sheet profit to pay a dividend of EUR 0.27 per share certificate entitled to dividends. Moreover, the Supervisory Board discussed the annual report by the internal auditing department and the report on the processing status of findings established during a special audit by the Bundesbank and the Federal Financial Supervisory Authority (BaFin) of the group company ECC, which also formed a regular item on the agenda of the Supervisory Board meetings during the rest of the year. In addition, as recommended by the Personnel Committee, the Board also approved the proposed degrees of target achievement for the Management Board members for the financial year 2018, the related management bonuses, and the targets of one Management Board member for the then current year 2019. Moreover, at this meeting, information regarding an adjusted distribution-of-business plan for EEX was provided. Because of the changed staffing of the Management Board, the Supervisory Board discussed the assessment made regarding the adequacy of Management Board staffing. As a result thereof, the Board affirmed the suitability, reliability and staffing of the Management Board.

In preparing the 2020 to 2025 revenue plan, the strategy meeting on 16th May 2019 focussed on deliberations regarding the EEX Group strategy in general and, more specifically, the Asia strategy. As a result of the resignation of one Supervisory Board member, the Supervisory Board adopted the resolution to recommend the election of a new Supervisory Board member to the Annual General Meeting after the relevant suitability and new structure of the Board had been analysed and approved.

At its meeting on 27th June 2019, the Supervisory Board discussed the risk concept of the US subsidiary Nodal at length. In addition, as proposed by the Personnel Committee, the Supervisory Board also examined the adjustment of the compensation for the Chairman of the Management Board and a Management Board member. Furthermore, at this meeting, information regarding a modified distribution-of-business plan for EEX was provided. Finally, at this meeting, the Supervisory Board also approved the sale of EEX shares within the shareholder pool.

The Supervisory Board meeting on 10th October 2019 focused on Supervisory Board resolutions regarding M&A activities of EEX. For example, the Board initially approved the border-crossing merger of Powernext SAS, which had already been a wholly-owned subsidiary prior to this step. After that, the Supervisory Board approved the acquisition of the Nasdaq open interest for energy contracts and global freight contracts in order to significantly boost the development of both of these segments. In the further course of the meeting and as recommended by the Personnel Committee, the Supervisory Board approved the conclusion of an agreement amending the employment contract of a Management Board member in order to reflect his appointment to the ECC Management Board. Furthermore, at this meeting, the Supervisory Board adopted a new version of the policy regarding the prevention of conflicts of interest. Finally, the main aspects of the 2019 audit of the annual accounts were discussed in the presence of the auditor of the annual accounts.

At its meeting on 11th December 2019, the Supervisory Board discussed the revised EEX Group strategy. However, the meeting focused on the approval of the 2020 budget, consideration of the medium-term planning from 2021 to 2025 as well as the discussion of a preliminary dividend proposal for the 2019 financial year, which was acknowledged by the Supervisory Board. Moreover, the Supervisory Board's resolution to confirm the members of the Advisory Council for the Gas and Registry Business proposed by the Management Board was directly connected to the EEX-Powernext merger. In light of more recent information, the Board also discussed the adequate staffing of the EEX Management Board, which was confirmed in line with the recommendation by the Executive Committee. Furthermore, the Supervisory Board discussed the regular salary review of a Supervisory Board member and, as a result thereof, adopted the resolution as proposed by the Personnel Committee. Finally, the Board also adopted the target agreements for the Management Board members for 2020 as proposed by the Personnel Committee.

Audit of the annual accounts

The Management Board prepared the annual financial statement and the management report as well as the consolidated financial statement and the consolidated management report of EEX. It submitted these to the Supervisory Board at the due time.

KPMG AG Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, which was appointed as the auditor of the annual accounts and group auditor for the 2019 financial year by the Annual General Meeting, audited the annual financial statement as of 31st December 2019, which was prepared according to the rules of the German Commercial Code (HGB) and the management report, as well as the consolidated financial statement as of 31st December 2019 (prepared in accordance with IFRS rules in the form in which these have to be applied within the EU) and the consolidated management report and certified each of these without qualification.

The auditor of the annual accounts submitted to the Supervisory Board its reports on the type and extent, as well as the result, of the audits. The documents regarding the financial statements referred to, as well as the audit reports provided by the auditors of the annual accounts, were submitted at the due time to all Supervisory Board members. The auditor of the annual accounts took part in the Supervisory Board meeting on 2nd April 2020 and reported in detail on the key findings of his audit.

The Supervisory Board examined the annual financial statement and the management report, as well as the consolidated financial statement and the consolidated management report. There were no objections and the result of the audit carried out by the auditor of the annual accounts was approved. The Supervisory Board approved the annual financial statement prepared by the Management Board as well as the consolidated financial statement for the 2019 financial year. The annual financial statement of EEX is therefore adopted. The Supervisory Board approved the Management Board's proposal regarding the appropriation of the balance sheet profit.

Management Board personnel matters

Jens Rick was appointed a member of the EEX Management Board with the function of the Chief Information Officer as of 1st February 2019.

Dr Egbert Laege, member of the Management Board, resigned from the EEX Management Board with effect as of 31st December 2019.

Supervisory Board personnel matters

With effect as of 19th March 2019, Dr Thomas Book, member of the Management Board of Deutsche Börse AG, was delegated to the EEX Supervisory Board as the successor for Dr Jürgen Kroneberg, who passed away in February 2019.

Marco Steeg resigned from his office as a member of the Supervisory Board on 27th June 2019. He is succeeded by Dr Karin Labitzke, former divisional head at UniCredit Bank AG, who was elected to the Supervisory Board at the Annual General Meeting on 27th June 2019.

The Supervisory Board would like to thank the members of the Management Board and all of European Energy Exchange AG's employees for the work performed and their contribution to a successful financial year.

Leipzig, April 2020
On behalf of the Supervisory Board

Dr Thomas Book
Chairman of the Supervisory Board

Global Report

A Global Commodity Exchange

As a Global Commodity Exchange, EEX Group's established presence in Europe, Asia and North America ensures that it is ideally placed to promote and grow liquidity in the commodities sector worldwide with an established network of traders and brokers as well as a technical and regulatory offering which enables market participants across all time zones to access the benefits of the group's trading and clearing services easily and efficiently.

Follow Demetri Karousos

Follow Tim Greenwood

Follow Richard Heath

← West East →

-11 | -10 | -9 | -8 | -7 | -6 | -5 | -4 | -3 | -2 | -1 | 0 | +1 | +2 | +3 | +4 | +5 | +6 | +7 | +8 | +9 | +10 | +11 | +12

UTC

#homeofpowertrading

In 2019, EEX Group reconfirmed its position as the number one exchange group in power trading worldwide for the third year running.

#StatesSuccess: Nodal has achieved tremendous growth as part of the EEX Group family.

Demetri Karousos, Chief Operating Officer, Nodal Exchange & Chief Risk Officer, Nodal Clear

“Product diversification was a strong focus for Nodal Exchange in 2019.”

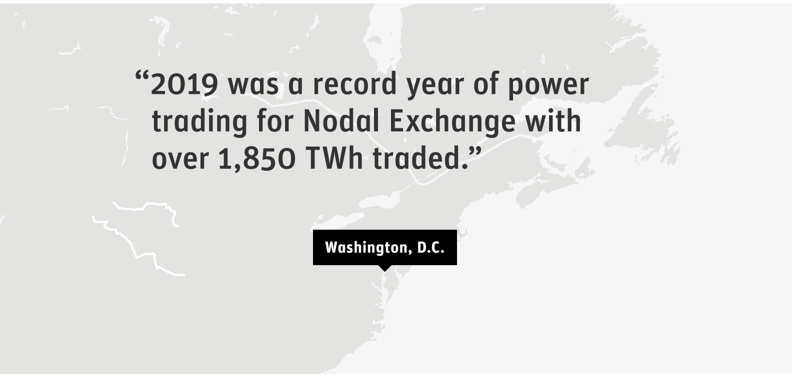
2019 was a record year of power trading for Nodal Exchange with over 1,850 TWh traded. This represents a 79% growth rate over 2018. Nodal Exchange continues to improve its strong position in the North American monthly power futures markets, achieving a record 45% market share of open interest as of year-end.

Compared to the previous year month, December 2019 was Nodal Exchange’s 17th consecutive month of record calendar-month trading volume in power futures.

We are very proud of the growth and success that we have experienced in the U.S. power markets to date and expect to continue to grow our position in these markets, but Nodal Exchange also has broader aspirations.

Product diversification was a strong focus for Nodal Exchange in 2019. Nodal introduced seven new Henry Hub natural gas contracts in September. These contracts represented a significant expansion of Nodal Exchange’s natural gas product suite and the first natural gas options contracts to be offered by Nodal Exchange.

About 35% of the power generated in the United States is from natural gas and it has a significant impact on the price of power as natural gas-fuelled power generation is effective in meeting rapid supply and demand changes in the network. Natural gas futures and options are an important complement to the power futures and options listed by Nodal Exchange. Participants benefit from significant capital-efficiency improvements through the cross-margining of power and natural gas using Nodal Exchange contracts. Partially as a result of this expansion, we expect both power and natural gas, which is already a significant market for the EEX Group in Europe, to grow in 2020 and the years ahead.



In late 2018, in cooperation with IncubEx, Nodal introduced its first tranche of North American Environmental contracts, including futures and options on: California Carbon Allowances, Regional Greenhouse Gas Initiative Allowances (RGGI), New Jersey Solar Renewable Energy Certificates, PJM Tri-Qualified Renewable Energy Certificates and eleven other emissions and renewable contracts.

> Nodal expanded the environmental product suite in 2019, launching nearly a dozen new futures on Renewable Energy Certificates (RECs) in May.

Within the first two trading days, Nodal recorded the world's first cleared transactions in Connecticut Class II RECs and District of Columbia Solar RECs which were part of the set of new contracts.

In December, Nodal added three more contracts only available on Nodal Exchange to the environmental suite: Texas Compliance Green-e® Eligible REC Vintage Specific Front Half Futures, Texas Compliance Green-e® Eligible REC Vintage Specific Back Half Futures, and New Jersey Class II REC Futures.

Nodal Exchange has achieved significant growth in environmental futures trading with 6.4% market share and 48,780 lots of open interest at year-end 2019. We believe that these products are complementary to our core business and will allow us to better meet the needs of the markets we serve today, as well as to further grow into new and evolving markets.

In March 2019, Nodal Exchange launched the world's first financially settled Trucking Freight Futures contracts in collaboration with FreightWaves, the leading provider of freight market news, data and analytics, and DAT, the largest spot freight marketplace in North America. While this nascent market will be slow to take off, we are optimistic about this expansion opportunity in 2020 and beyond.

We are extremely pleased to be a part of the EEX Group family of companies as we believe it has and will continue to enable Nodal to better serve its markets and achieve even greater growth as a result and we are, as always, incredibly grateful for the trust and support of our trading and clearing community, which have enabled us to achieve these outstanding results.

"In late 2018, in cooperation with IncubEx, Nodal introduced its first tranche of North American Environmental contracts."

Facts & Figures of 2019

>70,000	Expiries
1,857 TWh	Power Trading Volume
921 TWh	Power Open Interest at year-end
84	Employees
circa 250	Environmental Contracts
95,817 Lots	Environmental Trading Volume
48,780 Lots	Environmental Open Interest at year-end
6.4%	Market Share of US Environmental Futures Open Interest at year-end

#EuropeanExpansion:

For us, 2019 was a very successful year where we achieved further growth in Europe.

#EuropeanExpansion is a trendy hashtag but what does it actually mean?

"In a nutshell, our overall goal across all markets has always been to service customers locally and particularly where possible in their native language. By following this "simple" strategy, we have continued to increase our market share by closely working with all client groups, including brokers, clearing members, vendors and of course traders, along the value chain."

in **Tim Greenwood,** Director Sales EEX

For us, 2019 was a very successful year where we achieved further growth in Europe.

> At EEX, our biggest market – European power derivatives – increased by 19% year-on-year which exceeded the previous record year, 2018.

This growth was achieved across all European power future markets, with Germany, Hungary and Spain showing very positive developments. Throughout the year, we continued to complete the shift of liquidity from the "old" German/Austrian Phelix Future to the "new" distinct German and Austrian contracts. The German contract has now been firmly established as the European benchmark contract and I am particularly encouraged to see that the Austrian power market has continued to build liquidity in its own right.

Clients are demanding more trading opportunities, be it an increase in the number of maturities in the curve, new product innovations or adding new countries to the portfolio offering. It is fair to say, that we have been very successful in building liquid power markets which serve these client expectations and in doing so, we have vastly increased our customer base throughout Europe.

Focusing on power derivatives, we have expanded our market offering in recent years and in 2019 we added three new market areas in South-Eastern Europe. Today our trading participants can trade across 20 markets on one single platform, with clearing of all contracts via one clearing house – ECC. However, it is not just about adding markets but also about developing them into liquid trading hubs. These 20 markets are

20 European power markets and the European locations of the EEX Group

all at different stages of development and it is a great feeling to be able to say that, each year, markets are reaching the next stage of their development, with traders getting access to new liquid trading opportunities. Furthermore, offering so many market areas also opens up the platform to spread the trading of price differentials between two countries in one click.

Expanding our offering into a new market area doesn't just mean that we list another contract on our system. The EEX Group philosophy has always been that we actively engage with our customers, thereby building up a presence in that market where we literally speak the same language as the customers.

I'm proud to say that our sales teams are able to offer customer support in

over 10 languages

working across the various EEX Group locations which has proven to be very successful in finding the right solutions for client's needs.

The recent launch of new products for Bulgaria, Serbia and Slovenia in mid-2019 was accompanied by trader workshops in Sofia, Belgrade and Ljubljana. Workshops such as these, help us to understand the specific market needs in addition to building up a rapport with the local market participants. The ability to connect local partners to our active, international trading community is the key to our success in launching new markets.

Of course, increasing our market distribution is essential when offering services to local markets. Therefore, it was an important milestone in 2019 to connect Mizuho Securities USA LLC as our first Clearing Member in the United States. As a result of this development, clients in North America and further afield are now able to access the flagship EEX products through a local partner.

By offering so many markets, our clients expect us to deliver and to support them when trading on the exchange through a full-service approach.

> Clients want to trade a full suite of products on one platform. We are able to answer these needs and offer exciting, new trading opportunities on a regular basis.

For example, against the backdrop of increased regulation in the energy and commodity markets, in particular financial regulation, EEX Group offers comprehensive regulatory reporting services. Furthermore, the enhancement of our market data services and upgrades to our trading and clearing systems are further examples of our commitment to be the first-choice trading venue of our clients.

In 2019, through the integration of Powernext into EEX, our customers are now able to trade all products (power and natural gas) in one single market place, thereby benefiting from access to a much larger portfolio. We're confident that our combined power and gas proposition will further boost liquidity and that our clients will appreciate the ability to trade everything on one platform according to one rulebook. These are also the pre-requisites for further expansion, including outside of Europe.

Facts and Figures of 2019

Major increases in power & gas

- In European power derivatives, volumes increased by 19% y-o-y to 3,973 TWh
- On the European natural gas markets, EEX Group achieved a y-o-y growth of 30% with 2,542 TWh traded.

Product launches on the Power Derivatives Market – 2019:

- Orderbook for Greek Power Futures
- Bulgarian Power Futures (W, M, Q, Y)
- Slovenian Power Futures (W, M, Q, Y)
- Serbian Power Futures (W, M, Q, Y)
- Phelix-AT Day, Weekend, Week Futures
- Extension Tradable Quarter Future Expiries for FR, IT, ES

#AsianAmbition: Asia has always played a major role in global trading.

"Success in Asia has always been fundamental to EEX Group in realising its ambition to become a Global Commodity Exchange."

Richard Heath, Senior Manager, Group Strategy

Asia has always played a major role in global trading. Whether it be the 'Silk Road' of ancient times or today's 'Belt and Road' initiative, trade to and from Asia has played a huge role in the global economy for thousands of years. It should come as no surprise then, that in the 21st century, Asia continues to play a vast role in global trading and particularly in commodities.

> In 2019, estimates by the FIA show that Asia accounted for 42% of all commodity futures trading worldwide.
>
> Source: https://fia.org

Furthermore, Asia as a region is growing... fast. Already 60% of the world's population live in Asia (4.3 billion inhabitants vs 513 million in Europe) with population growth outstripping both Europe and North America. GDP is also growing far more quickly than in other regions and by 2030, Asia is forecast to generate 40% of global GDP.

Success in Asia has always been fundamental to EEX Group in realising its ambition to become a Global Commodity Exchange. The core principle of the Global Commodity Exchange strategy centres on our customers being able to trade a broad portfolio of commodities in their own region and within their own regulatory jurisdiction. With that in mind, in 2016, EEX Group acquired 100% ownership of Singapore-based Cleartrade Exchange – strategically speaking, this was hugely important for three reasons. Firstly, it expanded our geographical footprint outside of Europe for the first time, secondly, EEX entered a completely new market which was not "energy" related – the Dry Bulk FFA (Freight) market, and lastly, it resulted in the creation of a new team to manage and build the business – the Global Commodities team.

Over the past three years, EEX Group's Asian business has seen a number of strategic developmental milestones – from the repositioning of Cleartrade Exchange's value proposition to EEX Group's clearing house, ECC, being awarded Recognised Clearing House (RCH) status by the Monetary Authority of Singapore (MAS). These series of significant strategic developments culminated in November 2018 with the launch of EEX Asia as the Asian commodities exchange of EEX Group.

EEX Group's performance in Dry Bulk Freight has also seen significant growth over the past three years and particularly so in 2019, achieving double and triple digit increases in each quarter. Factors that have contributed to this success include a major increase in the member base, improvements in distribution and connectivity, increased position limits and an enhanced product portfolio. As a result of this period of sustained organic growth in addition to the migration of freight open interest from Nasdaq Futures, Inc. (NFX), EEX Group has emerged to become a major player in freight worldwide.

Building a network of members in Asia and opening up a new channel for clients from across the region into EEX Group is the key objective. In September 2019, an important milestone was achieved in this regard through the completion of a year-long project with DBS Bank in Singapore. DBS is a large investment and retail bank with annual revenues in excess of nine billion Euros and customers across the whole Asia region. The completion of the project allowed immediate access for over 90 new trading participants in the freight market to EEX and ECC, significantly extending our network in Asia. Also in September 2019, we welcomed our first Singaporean NCM, Omegra Shipping, to EEX Group. In December 2019, the addition of Mizuho as an ECC GCM, (although driven primarily from the US), provided further access to Asian clients with Nippon Yusen Kabushiki Kaisha (NYK Shipping) and Jera Trading both taking immediate advantage, registering their first EEX freight trades that month.

As for the future? Increasing our network in Asia by adding new members, trading participants and new routes into EEX and ECC provides the perfect platform on which to offer our more established products to this market.

In 2020, we will take key steps towards our goal of offering the entire product portfolio to our growing Asian customer base. Whether this is speculators from the region looking to trade our most liquid European power contracts; new Asian energy traders taking their first steps in the LNG market; or developing regional energy markets where we can leverage our experience, expertise and established customer network; the opportunity is enormous.

A great example of Asian ambition is our Japan Power project.

The Japanese power market is exciting for many reasons. Firstly, the potential for Japan Power is huge. Secondly the appetite for this initiative from the market is very encouraging, but most of all, our Japan Power contracts will be the first bespoke EEX contracts for Asia – a milestone in our Asia strategy and for EEX Group, a true “East meets West” moment.

In terms of EEX Group’s ambition to succeed in Asia: if anything, it increases day by day. Everyone working on an initiative in Asia, whether permanently based there or as part of an ‘Asian’ project, is committed and determined to grow our business in the region and in doing so, generate significant returns for EEX Group. I truly believe that we have a great opportunity to build something very special in Asia and I know that the entire team will continue to work tirelessly to turn that ambition into a reality.

Milestones

Apr ’16	EEX acquires 100% ownership of Cleartrade Exchange
Jan ’17	Global Commodities team established
Nov ’17	US Dollar clearing launches
Jan ’18	LCH Novation takes place
Mar ’18	ECC granted Recognised Clearing House status by Monetary Authority of Singapore
Nov ’18	EEX Asia launches
Mar ’19	EEX announce intention to launch Japan power products at Tokyo workshop
Sep ’19	DBS – 1st Asian Clearing Bank
Sep ’19	Omegra – 1st Asian NCM
Dec ’19	NFX Freight migration begins

Success Report

Our People, Our Strength, Our Success

Our greatest asset is undoubtedly the people that make up EEX Group who strive for excellence every single day. The Success Report highlights their achievements throughout 2019 and emphasises once more the importance of hard work, smart thinking and working together.

eex

@Steffen Riediger
Director European Power Derivatives

Following the establishment of the Phelix-DE Future as the benchmark contract for European power, the Phelix-AT Future has continued its positive development in 2019 with trading volumes above 10 TWh. To support liquidity in the Austrian market, EEX launched new short-term futures.

19%
year-on-year increase on the European Power Derivatives market

Volumes on the Spanish Power Derivatives market increased by
42%

eex

@Alvaro Reyes Diaz
Sales Manager

In 2019, the Spanish power market reached a new record market share of 64% – and we started from zero only five years ago. It's great to see that the community is growing. Due to the increasing interest, we extended the number of tradable quarterly maturities for Spain in 2019.

pxe

@Dina Lašová
Head of Sales and Customer Relations

In 2019, the Hungarian market more than doubled its volumes and also all other Eastern-European markets grew significantly – what a success! The growing interest in products for the this region motivated us to launch products for Slovenia, Bulgaria and Serbia in 2019.

186.4 TWh
were traded on the Central and East European Power Derivatives markets (+82%)

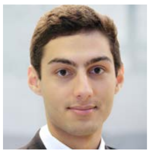
1,857 TWh
Power Futures Volume traded on Nodal in 2019

nodal

@Danny Gomez
Senior Director, Energy Markets

Nodal has been very successful in U.S. Power Futures, where it has achieved over 45% market share of open interest. Nodal saw power futures trading volumes grow by 79% in 2019. Every month in 2019 set a new record for calendar-month traded volume on Nodal, and we expect continued growth in 2020.

epexspot



@Elies Lahmar
Market Design Analyst

I am glad to have contributed to the launch of our first Local Flexibility market as part of the enera project. Efficient solutions at a local level are key to unlocking the full potential of the energy transition, and I look forward to the exciting developments to come in this area.

First
Local Flexibility Market

2,546 TWh
traded on natural gas markets in 2019

pegas **eex**

@Richard Katz
Director of Sales Natural Gas

2019 has been a successful year for gas markets. We confirmed our leading position on spot as well as expanding our presence in the derivatives market. We launched Spanish PVB products as well as an OTC registration service for LNG contracts against the S&P Platts JKM® assessment, today's most reliable price estimation for the Asian region.

eexasia

@Ellie Senaga
Senior Sales Manager

My personal highlight of 2019 was joining the EEX Group Japan Power team! It's been incredibly exciting to promote our new offering with both Japanese and International customers and I can't wait to see the results of our efforts in 2020.

With regards to our Japan Power project,
I can't wait to see the results of our efforts in
2020

109%
year-on-year increase
in Dry Bulk Freight volumes

eexasia

@Adelfio Ronci
Director Sales

2019 has given me so many highlights, but most of all, I'm particularly proud of the progress the team has made in Freight. We have made huge strides across all layers of the business, increasing our member base, improving our connectivity and enhancing our portfolio, resulting in major increases in our trading volumes in every quarter!

@Timo Schulz
Senior Political & Regulatory Affairs Officer

Since its start in 2005, the European Emissions Trading Scheme has guaranteed the achievement of emissions-reduction targets across different sectors of the economy. Key to this success is the large, liquid European market with a strong market price signal. Active since 2005, EEX plays a central role by offering certificate auctions and trading of carbon allowances.

Over
1,800
auctions for EUA and EUAA executed so far

Powernext and EEX became
ONE

@Daniel Fichtner
Expert Project Manager

On 1st January 2020, EEX integrated Powernext and Gaspoint Nordic into its activities. The merger also included registry services, now operated by EEX AG, apart from the exchange. Objective? Better serving our customers, as always! A big thank you to all the teams involved!

@Marko Lehtovaara
CEO Grexel Systems

1,500 TWh of energy certificate transactions processed in registries operated by Grexel (+17%). Grexel is the leading provider of energy certificate registry services in Europe. Grexel registries are used by 13 countries, underlying certified assests ranging from power and gas to hydrogen and CO_2.

1,500 TWh
of energy certificates issued in 2019

10 years
of EPEX SPOT

@Luiza Holban-Fediuc
Market Operations Team Coordinator

In 2019, we celebrated ten years of Power, the tenth anniversary of EPEX SPOT. Over the decade, we witnessed how volumes, the number of products and the market coverage more than doubled. This success story is to be continued. Our focus remains on customer satisfaction and operational security.

powernext eex

@Aude Filippi
Director Gas and Registries

In 2018, Powernext[4] was appointed by the French State to organise the monthly auctioning of French Guarantees of Origin. With Artelys, we designed an algorithm allowing parties to best express their needs for the GO auctions launched in 2019.

[4] Powernext has been the French GO registry operator since May 2013 and was integrated into EEX on 1st January 2020.

12,270 MWh
of GO auctioned in 2019

C7
New Derivatives Clearing System

ecc

@Sebastian Weinreich
Director Clearing Operations

In 2019, ECC successfully migrated its derivatives clearing system to C7. It has a high availability and acceptance on the market, expanded by new technological refinements. You don't just change a clearing system – it is the core system of a CCP as every process builds on it.

eex

@Daniel Köhler
Head of Information Services

We're proud of having launched our EEX Group DataSource service in 2019. It's an enhanced and innovative market data solution, which also includes Excel Tools and a Desktop App. Both applications provide customers with an easy, real-time access to the EEX Group markets and transparency data.

New
DataSource product portfolio including Excel Tools and a Desktop App

6%
Market Share of US Environmental Futures Open Interest at the end of 2019

nodal

@Ruchita Singh
Senior Manager, Business Technology

Diversification was a priority for Nodal in 2019 with products beyond energy. Nodal launched the first Trucking Freight Futures and expanded the suite of environmental products for North America with new futures on Renewable Energy Certificates (RECs). This was a success for Nodal which will continue in 2020.

› eex group

› eex

Europe's leading energy exchange
www.eex.com

› ecc

Europe's clearing house for energy and commodities
www.ecc.de

› epexspot

Operates the power spot markets of the group
www.epexspot.com

› nodalclear

Clearing house of Nodal Exchange
www.nodalexchange.com/nodal-clear

› eexasia

The Asian Exchange of EEX Group, offering futures contracts on freight and seaborne commodities
www.eexasia.com

› grexel

Grexel is the leading provider of energy certificate registries in Europe
www.grexel.com

› nodal

Operates commodity markets in North America
www.nodalexchange.com

› pxe

Power market for Central and Eastern Europe
www.pxe.cz

› powernext [5]

Develops solutions for energy markets
www.powernext.com

› pegas [5]

Central gas trading platform of EEX Group

[5] On 1st January 2020, Powernext activities were integrated into EEX, now bringing the full natural gas product range previously offered on PEGAS to the EEX exchange.

EEX Group provides ...

Markets & Products for Trading

European Power Spot

European Power Derivatives

European Natural Gas

European Environmental Markets

US Commodities

Global Commodities

Agricultural Markets

Service Overview

Clearing & Settlement Services

Registry Services

Reporting Services

DataSource Services

Transparency Services

Corporate Responsibility

Sustainability

Our ecological responsibility is more important than ever. Because if we want to shape the energy trading of the future, we should ensure that there will be a future worth living in. For this reason, sustainability has a high priority for EEX Group.

As part of our product portfolio, we operate a regulated market for emission allowances and also operate the central auction platform for the EU ETS, where regular auctions of emission allowances are held on behalf of 30 European countries. This is a key element in achieving European climate targets. With our range of services relating to guarantees of origin for electricity from renewable energy sources, we actively support the energy turnaround and provide hedging instruments for the increasing generation of electricity from renewable energy sources.

We also attach great importance to sustainability within our offices. By providing organic and regional products, using green electricity, or offering job tickets for our employees for the use of public transport, we try to keep our ecological footprint as small as possible. In addition to that, we have been compensating the CO_2 emissions of our business trips since the beginning of 2018 to keep them carbon-neutral. This way, we actively contribute to maintaining a clean and safe future.

> "We need to think about sustainability in everything we do. We have to set the right targets to fight climate change, we have to educate people in the right way and we have to accept that growth is not limitless if you respect the conditions of our environment."
>
> Peter Reitz, Chief Executive Officer

The Leipzig office was powered by 423 MWh of green electricity in 2019.

Social Engagement

In addition to sustainability, we take our social responsibility as a company seriously. For the third year in a row, we have been supporting the association "Zukunft für Kinder e.V.", which works for socially disadvantaged children and young people. In addition to that, we supported social projects by the means of a gift campaign and cooperation with the DEKRA Toys Company and Johanniter-Christmas-Trucker. We also decided again to make a donation as a Christmas gesture instead of giving gifts to our customers and partners.

Health

The health of our employees is also an important part of our work. We motivate our employees to take a conscious approach to their own health by offering regular sports activities and providing them with fruit and vegetables on a daily basis. Our annual "Health Day" gave our employees this year once again the opportunity to incorporate the topic of health and mindfulness into their everyday working lives. With the help of a campaign, we encouraged employees to register as stem cell donors for leukaemia patients at the organisation and bone marrow donor file DKMS.

In 2019, 348.486 kg of CO_2 emissions from business trips were offset.

Guest Contribution

Hydrogen as a global commodity – a long but promising road ahead

Dr Carsten Rolle
Managing Director/Weltenergierat – Deutschland e.V.

The Japanese have one, the Dutch have one – and so do the French, Austrians and New Zealanders. And now, the Australians and the Germans have also developed one: we are talking about a hydrogen strategy. Is this a coincidence or something to be expected? In any case, it definitely builds trust towards a technological path that will be indispensable for serious climate protection. Furthermore, this path, according to the World Energy Council and IEA, can only be implemented sensibly through international cooperation.

Ambitious climate aims can only be reached if renewable energies are not used for electricity production alone but also for energy storage purposes – as gas or liquid fuel. Therefore, hydrogen-based energy carriers are set to become the second pillar of the use of renewable energies. “Green” hydrogen-based energy carriers are CO_2-free alternatives and can be used not only in transport and industry, but also in heating and power generation. So far, however, there are hardly any CO_2-free alternatives, in particular, in long-distance heavy-load transport, in aviation and industrial processes such as in the production of steel. Compared with battery solutions, hydrogen-based energy carriers provide decisive advantages in terms of their transportability and energy density.

In the long run, the energy transition in Germany and other industrialised nations will require significant imports of green synthetic fuels from abroad. Because of better local conditions for renewable energies, these green fuels can be produced significantly more cost-effectively and in much higher volumes in many regions of the world, from which they can then be exported to Germany. The World Energy Council – Germany has already identified promising partner countries on all continents in its study “International Aspects of a Power-to-X Roadmap”. Role models, such as Norway, have already completed the technical implementation and developed the first trade relationships in this respect. In the medium term, so-called “Hidden Champions”, with the right economic and regulatory framework conditions, such as Chile, will be ready to develop Power-to-X projects at high speed. Furthermore, countries such as Australia, Morocco and Saudi Arabia have sufficient resources to contribute to the diversification of the market.

Dr Carsten Rolle
Born in Bonn in 1970, has been the head of the Department of Energy and Climate Policy at the Federal Association of German Industries (Bundesverband der Deutschen Industrie) in Berlin since 2013. He studied economics at the universities of Bonn and Münster as well as at Trinity College (University of Dublin). After he received his degree in 1996, he became a research associate at the Münster Centre of Applied Economic Research (Centrum für angewandte Wirtschaftsforschung Münster), where he worked on international benchmarking projects on behalf of the Bertelsmann Foundation. In 2000, he completed his PhD in the field of European regional politics (for which he received the August-Lösch-Award). Since 2005, he is the Managing Director of Weltenergierat – Deutschland e.V., the German department of the World Energy Council. In 2013, he became the head of the energy and climate policy department of the BDI. Moreover, Dr Rolle is a jury member of the annual DENA Energy Efficiency Award, as well as a member of the advisory council of the Institute of Energy Efficiency in Production.

However, Power-to-X will not become available overnight. Its development requires a long-term political strategy as well as gradual scaling-up. In the long term, the demand for hydrogen-based fuels could become very high and the capacities needed for hydrogen electrolysis plants might increase to several thousand GWs worldwide. So far, however, electrolysis plants with a capacity of only around 20 GW have been installed.

> "However, Power-to-X will not become available overnight. Its development requires a long-term political strategy as well as gradual scaling-up. In the long term, the demand for hydrogen-based fuels could become very high."
>
> Dr Carsten Rolle, Managing Director/ Weltenergierat – Deutschland e.V.

Therefore, the further development of the technology and gradual scaling up constitutes the precondition for an international hydrogen and Power-to-X market, since this could lead to a significant reduction in costs. In addition, equal competitive conditions have to be created for synthetic fuels compared to conventional oil- and gas-based fuels, for example, through a CO_2 price mechanism.

What we have experienced from the energy commodity markets for a long time is increasingly also established in the power industry: international trading platforms at which the price reflects supply and demand. Moreover, hydrogen-based energy carriers also have the potential of being traded on markets worldwide as a global commodity. There is a clear vision for a global H2 market – and this vision is reflected in the many national hydrogen strategies, in the first cooperation agreements between individual countries involving border-crossing projects and, last but not least, in the agenda for the German EU Council presidency in the second half of 2020.

So far, the obstacles have been very high in terms of technology, the market and regulation. This applies, in particular, since there is hardly any existing infrastructure for generation, transport and on the consumers' side. Nevertheless, this can – and should – change quickly. Because rather than panic, it is consistent action and reliance on new technology which will help us make progress in climate policy. Or, as our children would put it: "Action is like hope – only hardcore."

As seen from the perspective of the potential consumers of hydrogen, it is sensible to discuss common standards and roadmaps and to jointly develop these. And if the political will is reflected in investments in infrastructure, Europe, with its declared "Green Deal", can become a pioneer in the establishment of an international H2 trading system. Moreover, the experience in the organisation of energy trading platforms will be of great value also for these new energy carriers – a fascinating future market for all those who are willing to take a leap of faith.

Consolidated Management Report

for the 2019 Financial Year

Rounding differences of ± one unit may occur in the tables for arithmetical reasons.

The summarised management report was prepared on the basis of Section 315 HGB [German Commercial Code]. The summary management report was prepared in accordance with the German Standard Accounting Practice (DRS) 20.

1. Basics regarding the Group

Business activities and Group structure

Business model
The European Energy Exchange AG (EEX), with its registered office in Leipzig, Germany, operates a globally operating commodity exchange. Since its establishment in 2002, it has evolved from its origin as a pure power exchange into a leading trading platform for energy and related products with international partnerships.

EEX AG is the parent company of the EEX Group, which provides market platforms for energy and commodity products worldwide and a network of more than 600 trading participants. EEX Group companies focus on specific markets in order to ensure the targeted development of markets. The EEX Group's portfolio is complemented by two clearing houses that ensure transactions concluded or registered on the exchange are correctly cleared and settled.

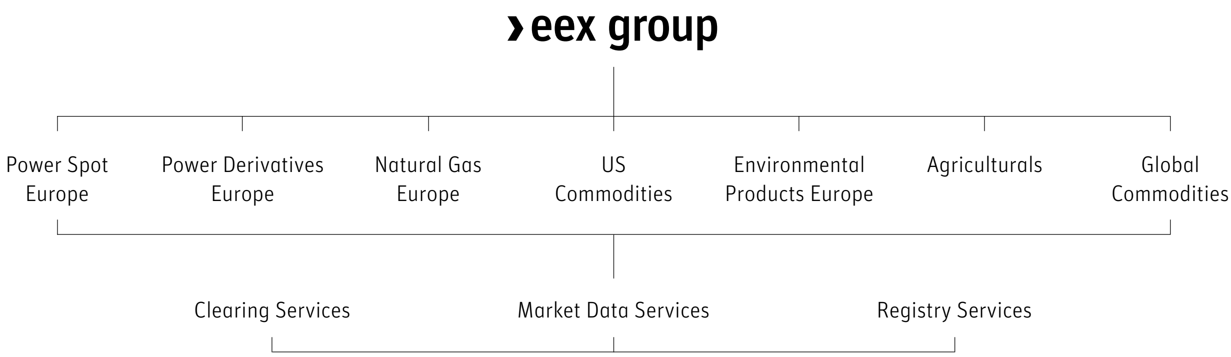
As of 31st December 2019, the EEX Group, which is part of the Deutsche Börse Group, had 17 sites in Amsterdam, Berlin, Bern, Brussels, Copenhagen, Helsinki, Leipzig, London, Luxembourg, Madrid, Milan, Oslo, Paris, Prague, Singapore, Vienna, and Washington D.C., and staffed a total of 681 employees.

Business areas and product portfolio
The EEX Group product portfolio comprises exchange trading and trade registration services for energy, environmental products, freight, metals and agricultural products as well as further services connected with the commodity business.

Generally, exchange trading is divided into spot and derivatives markets. Trading transactions concluded on the spot market are settled physically, at the latest, two days after their conclusion. As a result, the spot market facilitates the short-term optimisation of procurement and production. On the other hand, trades concluded on the derivatives market are settled physically or financially at a later point in time agreed in advance. As such, the derivatives market permits the optimisation of medium to long-term portfolios.

In addition to exchange trading, transactions can also be registered for clearing. As a result, trading participants can register transactions concluded over-the counter on the exchange and have these settled via the clearing house. Therefore, the participants benefit from standardised processes and protection against payment and/or delivery default.

In terms of organisational structure, the EEX Group's range of services is divided into seven commodity-specific and three cross-commodity business areas:



The most important business areas for the EEX Group are the spot and derivatives markets for power and natural gas in Europe, natural gas markets, and US commodities. Approximately 80% of the EEX Group's sales revenue is generated through trading and clearing the products offered in these business areas.

Within the commodity-specific business areas, the following products were offered for trading and clearing during the year under review[1]:

Power Spot Europe	• Intra-day and day-ahead products for Germany, France, Austria, Switzerland, Belgium, Luxembourg, the Netherlands and the United Kingdom • Day-ahead products for Serbia • Capacity certificate products for France • Market-coupling products and services to transmission system operators • Market operation services for power exchanges
Power Derivatives Europe	• Futures and trade registration services for Germany, Austria, France, Italy, Spain, the Netherlands, Belgium, Switzerland, the United Kingdom, the Nordic countries, Poland, the Czech Republic, Greece, the Slovakia, Hungary, Romania, Bulgaria, Serbia and Slovenia • Options for Germany, Austria, France, Italy and Spain • Tender services in the Czech Republic
Natural Gas Europe	• Spot and derivatives products and trade registration services for Germany (GASPOOL, NCG market areas), France (PEG), the Netherlands (TTF), Belgium (ZTP, ZEE), the United Kingdom (NBP), Denmark (ETF), Austria (CEGH) and the Czech Republic (CEGH CZ) • Derivatives products and trade registration services for Italy (PSV) • Tender services in the Czech Republic
US Commodities	• Local power derivatives products (futures and options) for various sites in a number of power markets in North America (ISO-NE, NYISO, PJM, MISO, ERCOT, SPP, CAISO and Mid-C) • Henry Hub gas derivatives products (futures and options) • Environmental products for North America • US Trucking Freight Futures
Environmental Products Europe	• Spot and derivatives products for secondary trading in emission allowances (EU Emission Allowances – EUA, EU Aviation Allowances – EUAA, Certified Emission Reductions – CER) • Primary spot market auctions for emission allowances (EUA, EUAA) for 27 EU member states
Agriculturals	• Futures on butter, liquid milk, skimmed milk powder and whey powder • Futures on European processing potatoes
Global Commodities	• Futures on freight rates and container capacities • Futures on fuel oil • Futures on iron ore • Futures on wood pellets • Options on freight rates • Options on iron ore

[1] The products/country-specific markets generating the highest sales in each respective business area are underlined.

The cross-commodity business areas primarily offer the following services:

Clearing Services	• Provision of infrastructure and services for executing clearing and settlement of trades in the above-mentioned business areas • Risk management services • Clearing services for partner exchanges that are not part of EEX Group: – HUPX (spot market for power in Hungary) – HUDEX (derivatives market for power in Hungary) – NOREXECO (derivatives market for pulp and wood) – SEMOpx (spot market for power in Ireland and Northern Ireland)
Market Data Services	• Services in connection with EEX Group European trading data • Services in connection with generation, storage and consumption data in the areas of power and gas in Europe • Services in the area of data reporting and regulatory reporting
Registry Services	• Registry services for guarantees of origin for power • Registry services for capacity guarantees • Registry services for energy saving certificates

Group structure

During the past financial year, the following companies were part of the EEX Group: European Energy Exchange AG (EEX), Powernext SAS (Powernext), EPEX SPOT SE (EPEX), EEX Asia Pte. Ltd. (EEX Asia), Power Exchange Central Europe, a.s. (PXE), Gaspoint Nordic A/S (Gaspoint Nordic), Nodal Exchange, LLC (Nodal Exchange), Grexel Systems Oy (Grexel) and the clearing houses European Commodity Clearing AG (ECC) and Nodal Clear, LLC (Nodal Clear).

As an exchange, EEX AG operates the power, environmentals, and agriculturals markets in Europe, as well as the freight market. In addition, EEX provides market data services for itself and other Group companies and also provides the technical connection landscape for these companies' customers. Furthermore, it also works according to service-level agreements as a central service provider for its subsidiaries.

Together with its subsidiaries, the French Powernext provided trading services and market data services in the natural gas business field in 2019. In addition, as the operator of the French registries for guarantees of origin, capacity guarantees and energy savings certificates, it was also active in the field of the registry services. In the 2019 financial year, Powernext held 100% of the shares in the Danish Gaspoint Nordic as well as 51% of the shares in PEGAS CEGH Gas Exchange Services GmbH (PCG), a joint subsidiary with the Austrian Central European Gas Hub AG (CEGH) operating the Austrian gas market. With effect as of 1st January 2020, Powernext and Gaspoint Nordic were merged into EEX. As a result, upon the start of the new financial year, EEX assumes the operation of the natural gas spot and derivatives markets, as well as the registry services, of the former Powernext.

France-based EPEX provides trading and market data services for the power spot business field in Europe (with the exception of the Czech Republic). EPEX also provides market coupling services to Transmission System Operators and exchange services to other power exchanges in Serbia, Hungary, Slovakia, Ireland and Northern Ireland. In addition, in the 2019 financial year, EPEX held 25% of the shares in the South Eastern European Power Exchange (SEEPEX), an exchange operating a spot market with delivery in Serbia.

In the 2019 financial year, EEX held a direct share of 10.69% in EPEX. A further 40.31% of the shares in EPEX were held by Powernext so that the direct and indirect EEX share in EPEX was 51% in 2019. Upon the integration of Powernext into EEX as of 1st January 2020, the shares held by Powernext will also be transferred to EEX. The remaining 49% of the shares in EPEX are held by the consortium HGRT, which consists of several TSOs.

The power spot market for the Czech Republic is operated by the Czech PXE, in which EEX held two-thirds of the shares in the 2019 financial year. PXE provides trading services and also offers market data services for their products.

EEX continues to hold 100% of the shares in EEX Asia. This derivatives market operator, which is regulated by the supervisory authority in Singapore, offers a global electronic market platform for commodity derivatives, such as freight, iron ore, and fuel oil contracts. As a result, EEX Asia essentially operates in the Global Commodities business area in conjunction with EEX.

The US Commodities business field is operated by the US-based Nodal Exchange, in which EEX held 100% of the shares in the 2019 financial year. Nodal Exchange is a regulated derivatives exchange which, at present, offers more than 1,000 power contracts at hundreds of sites in North America and provides market participants with products to hedge against price risks in the United States. Moreover, Nodal Exchange also offers trading in natural gas contracts, environmentals, and trucking freight contracts for North America.

With its subsidiary, European Commodity Clearing Luxembourg S.à r.l. (ECC Luxembourg), ECC is one of the two clearing houses for energy and commodity products within EEX Group. Its range of services comprises clearing and settlement for all transactions concluded or registered on the European market platforms of the EEX Group, as well as the operation of the Clearing Services business area. All transactions at Nodal Exchange are cleared by the second clearing house of EEX Group, Nodal Clear.

On 1st February 2019, the registry operator Grexel joined EEX Group. Grexel provides registration and certification services for renewable energies and is assigned to the Registry Services business field.

Moreover, in the 2019 financial year, EEX held a 40-% share in enermarket GmbH (enermarket), an online comparison portal set up in 2018 as a joint venture with innogy SE and Süwag Energie AG.

Shareholder structure

The nominal capital of EEX amounts to EUR 60,075,000 and consists of 40,050,000 registered, voting, no-par value shares (“common shares”) and 20,025,000 registered, non-voting, no-par value shares (“preferential non-voting shares”), each having a nominal value of EUR 1 per share. Deutsche Börse AG holds 75.05% of the shares and it is the only shareholder holding more than 10% of the company’s capital.

Corporate management

As a German public limited company, EEX incorporates the following statutory bodies/functions: the annual general meeting, the Supervisory Board and the Management Board, each with their own competencies.

At the annual general meeting, members of the Supervisory Board are appointed, resolutions approving the activities of the Management Board and of the Supervisory Board are adopted and decisions are made on the distribution of the balance sheet profit.

The Supervisory Board appoints, monitors and advises the Management Board and is directly involved in decisions which are of fundamental importance to the company. It also adopts the annual financial statements prepared by the Management Board. At present, the Supervisory Board has 18 members, each with a term of office of three years.

The Management Board manages the company and is coordinated by the Chief Executive Officer (CEO). The CEO represents the company publicly and also has a leading role in verbal and written communications with the Supervisory Board.

As an exchange under the German Exchange Act, EEX has an Exchange Council, a Management Board of the Exchange, a Market Surveillance department and a Sanctions Committee. The Exchange Council represents the interests of trading participants and is involved in all fundamental decisions of the exchange. Its tasks include, in particular, adopting the rules and regulations of the exchange. The Exchange Council is also tasked with appointing and supervising the Management Board of the exchange and appointing the Head of Market Surveillance. At present, it consists of 24 members, 19 of whom are elected directly by trading participants. In addition, four associations delegate one representative each to the Exchange Council. As of 31st December 2019, the Management Board of the Exchange consisted of the Chief Operating Officer (COO), the Director of Sales, and the Director of Legal.

Targets and strategies

The medium-term strategy of EEX Group is significantly shaped by the following developments:

- Increasing regulatory requirements on the European energy markets
- Change in the competitive environment on global markets
- Substantial organic and inorganic growth of EEX Group

In order to permit the implementation of new regulatory standards and to safeguard medium- to long-term competitiveness and growth at the same time, EEX Group sets the following strategic priorities:

- Implementation of the target model for becoming the preferred Global Commodity Exchange
- Integration of the Group companies acquired through inorganic growth
- Focusing on initiatives with a positive contribution margin concurrently ensuring the implementation of regulatory standards and taking account of sustainability criteria

The company's strategy during the year under review is not materially different as against the previous year. All ongoing activities and transactions are based on the above-mentioned targets.

EEX Group still perceives significant growth options on the global commodity markets. The Group pursues the strategic aim of developing into the global commodities trading platform of choice over the coming years based on its market position as an energy exchange with a global presence.

In order to achieve this strategic aim, the EEX Group will rely on the reduction of access barriers for current and potential customers to the services offering of the entire Group. This is intended to facilitate the Group's competitiveness at an international level. To this end, EEX Group is planning to gradually increase the availability and liquidity of its products. In parallel with this, new products will be developed in existing asset classes and offered on new markets. Organic growth and selected cooperations and acquisitions are being pursued under careful consideration of the customers' requirements. The focus is on covering the customers' comprehensive hedging and trading needs and creating the basis for lasting customer loyalty.

Bundling the individual potential of all exchanges and clearing houses of EEX Group constitutes the decisive element of the growth strategy. The respective regional activities are to become more easily accessible in order to cover the EEX Group customer base in a focused manner (with more than 600 customers). Moreover, the creation and expansion of a global customer network is an additional goal to ensure further growth in trading volumes and market shares worldwide.

Initially, the global target model for EEX Group provided for the establishment and operation of one exchange and clearing house each per relevant time zone, i.e. in North America, Central Europe and South East Asia. This covers the regional trading times of all relevant commodity trading platforms worldwide. And, with Nodal Exchange and Nodal Clear in the Washington metropolitan area, EEX and ECC in Leipzig as well as EEX Asia in Singapore, EEX has already achieved this. Furthermore, the function of the clearing house for the Singapore market is also covered by ECC in Germany, which is approved by the supervisory authority in Singapore and connected to the local exchange. Further specialist exchanges round out the global EEX Group offering in areas in which specific business opportunities are pursued. This, for example, applies to EPEX on the European power spot markets or to other markets to be added.

In this process, the EEX Group strategy is essentially driven by our belief that, as an exchange operator, we are making an active contribution to a society and economy shaped by sustainability. For example, EEX Group establishes market-based prices for CO_2 emission allowances, which form an essential element of the increasing decarbonisation of the economy. Moreover, with new exchange products, such as wood pellet derivatives, renewable fuels and energy savings certificates, EEX Group also wishes to make a contribution to the attainment of regional sustainability targets at a global level.

Management control

Essentially, the EEX Group uses the parameters of annual net profit and earnings before interest and taxes (EBIT) as well as (net) sales revenue and fixed costs as the main factors for all Group companies to indicate corporate success. As a result, these form the financial performance indicators of EEX Group.

Net sales revenue consists of sales revenue (transaction revenue and other sales revenue) as well as other operating income less variable costs. The main factors influencing net sales revenue are transaction fees, performance-related reimbursements to certain market participants, such as market makers, brokers or liquidity providers, as well as sales- or volume-based components included in certain IT, index and balancing Group contracts.

All costs which are not directly linked to the amount of the transaction fees are defined as fixed costs. As regards fixed costs, the Group essentially differentiates between staff expenses, depreciation/amortisation and other operating costs. In 2019, approximately 86% of EEX Group total costs were fixed costs (2018: 86%).

Due to the considerable share of non-controlling interests within the generated Group result, the controlling parameter of the "adjusted net income" is used at a Group level, in addition to the parameters mentioned above. This refers to the EEX Group result according to the International Financial Reporting Standards (IFRS) and is adjusted for the following two aspects:

- One-off effects from acquisitions and corporate mergers
- Profit shares of non-controlling interests

In addition to these aforementioned financial performance indicators, non-financial performance indicators, such as trading volumes, market shares or trading and clearing participants, are also used within the Group to define and control corporate success.

The corresponding values of the parameters for 2019 are explained in the sections "Business development" and "Earnings position". Forward-looking statements on the parameters are provided in the "Outlook report" section.

Research and development

As a service provider, the EEX Group does not engage in any research and development activities that are typical for similar manufacturing companies, for example. New developments of products and services for 2019 are covered in the "Development of business" section, while future developments are described in the "Risk and opportunities report".

2. Economic position

Macro-economic, industry-specific and regulatory framework

Essential factors influencing EEX Group transaction revenue

The EEX Group's total transaction revenue is influenced by three key factors: In addition to the size of the overall market, the transaction revenue depends on the market share achieved as well as its fee structure. Market share and fee structure are monitored in the context of the implementation of the Group strategy and management control by focusing on strengthening the competitive position of the EEX Group and positioning the Group as a global trading platform for energy and commodities products. In contrast, the size of the overall market cannot be influenced by the EEX Group and, essentially, depends on the following factors:

- Physical energy consumption
- Price development and volatility on the energy markets
- Regulatory framework

Physical energy consumption

Physical energy consumption has an impact, in particular, on the power and gas markets in which EEX Group generates a large part of its revenue. According to a joint analysis by the think tanks Agora Energiewende from Germany and Sandbag from the United Kingdom, in 2019, physical energy consumption declined by 2% against the previous year. This reduction, which was observed for the first time after 2014, was essentially driven by the mild weather during the winter months as well as the declining contribution of industrial production to the continued positive economic development in Europe. Moreover, the share of power generated from wind, solar power and biomass continued to increase in 2019. As a result, the energy mix within the European Union consisted of 40% fossil fuels, 35% renewable energies and 25% nuclear energy.

Year on year, total energy consumption in the United States remained at almost the same level during the first ten months of the year with an energy mix consisting of 80% fossil fuels, 8% nuclear power and 12% renewable energies.

During the past financial year, natural gas consumption throughout Europe rose, primarily, on account of the higher natural gas consumption in power generation. According to the quarterly report of the European Commission on European gas markets, gas consumption in the European Union declined by 3.6% in the first quarter of 2019; however, in the second and third quarter, it increased by 20% and by 7% compared to the reference quarters in 2018. At the time of the preparation of this management report, figures were not yet available for the fourth quarter.

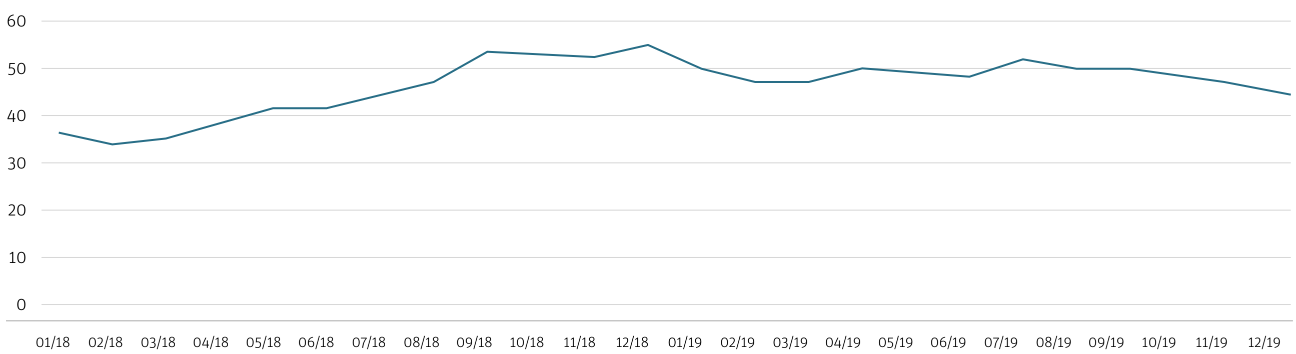
Volatility on the energy markets

Compared with the previous year, the 2019 financial year was shaped by a somewhat lower level of volatility i.e. lower price fluctuations on the European power derivatives markets as well as the US power and gas markets. In contrast, higher volatility than in 2018 was observed on the European gas markets. Higher volatility usually has a positive effect on the trading activities, since there is an increased demand for the adjustment of hedging positions in cases with a broader range of fluctuation in commodity prices.

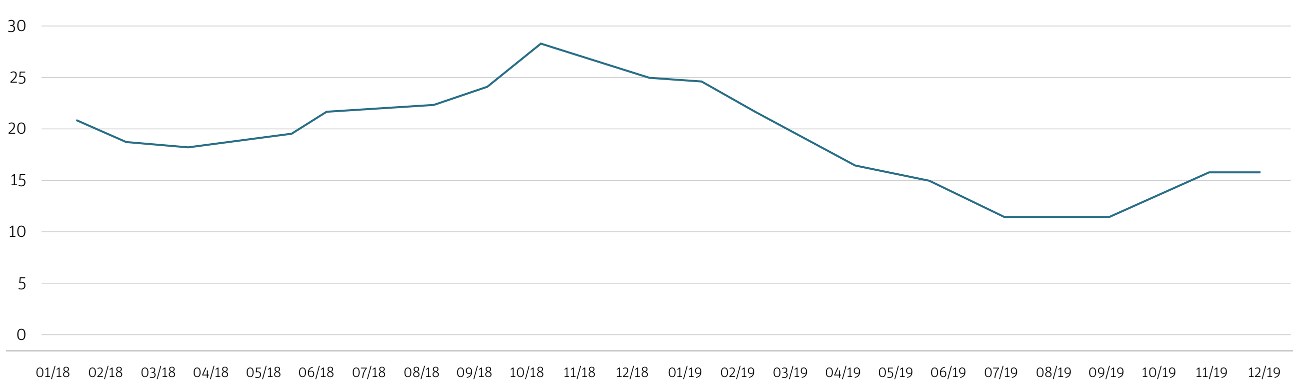
On the European power derivatives market, the price for base load power for 2020 (Phelix Baseload Annual Future) had a lower price range and fewer fluctuations than in 2018 and, on average, it was higher than in the previous year. Market participants buying base load power for 2020 on the derivatives market in 2019 paid EUR 48.14 per MWh (2018: EUR 44.12 per MWh) on average. During the reporting year, the monthly gas price index EGIX reached a mean value of EUR 15.747 per MWh and, hence, it was 28% lower than in the previous year (EUR 21.979 per MWh). In contrast, price volatility on the European gas markets was higher in the 2019 financial year than in 2018.

According to information by the US Energy Information Administration (EIA), the wholesale prices for US power displayed a similar volatility range on the big hubs in 2018 and 2019. Throughout 2019, natural gas prices declined; however, they were slightly less volatile – in particular in comparison with the significant increase in prices in the fourth quarter of 2018.

2019 price development of the Phelix Baseload Year Future with delivery in 2020 in EUR/MWh[2]



2019 price development of the monthly EGIX gas price index in EUR/MWh[3]



Regulatory framework

The EEX Group markets are influenced to a significant degree by energy and financial market legislation. Below, we outline the essential amendments and/or innovations in 2019 that impacted the Group's transaction revenue.

The revised EU Markets in Financial Instruments Directive (MiFID II), which came into effect on 3rd January 2018, established rules for trading in commodity derivatives. For example, it includes position limits for commodity derivatives traded on the energy markets. This means certain ceilings for holding of derivatives positions must not be exceeded by individual companies or, after aggregation, by corporate groups. In 2019, first discussions and consultations regarding a fundamental revision of MiFID II were held between regulators, customers and trading platforms. In this context, requirements in the framework of the so-called pre-trade transparency were specified according to which bids regarding exchange and over-the-counter transactions submitted to an exchange for clearing will be reported to the competent regulator in future.

In mid-2019, the individual legal provisions of the so-called "Clean Energy Package" took effect. In addition to fundamental questions regarding market design, such as e.g. securing free and unobstructed prices, this also includes aspects of border-crossing trading, the promotion and integration of renewable energies, the design of capacity markets as well as the powers of the Agency for the Cooperation of Energy Regulators (ACER). The provisions regarding the design of bidding zones as well as the further expansion of the grid infrastructure included in the new internal electricity market regulation are of essential importance for the EEX Group power markets in Europe. However, their exact design and effects will only begin to emerge in the forthcoming years. Moreover, the political resolve regarding the phase-out of coal in Germany has effects on power generation and the emissions market. Work on the legal bases for the German coal phase-out, at the latest, by 2038 at the latest was begun in 2019 and will be continued in 2020.

2 Source: https://www.finanzen.net/rohswtoffe/eex-strom-phelix-baseload-year-future/historisch
3 Source: https://www.powernext.com/sites/default/files/download_center_files/20200102_PEGAS_Reference_Price_EGIX.pdf

The EU Regulation on Capacity Allocation and Congestion Management (CACM) is of essential importance for the European power spot exchanges. This regulation comprises the establishment of uniform day-ahead and intraday market coupling with the help of harmonised rules regarding capacity calculation, congestion management and power trading. Moreover, it introduces the concept of a “nominated electricity market operator” (NEMO). It governs the cooperation between NEMOs and the transmission system operators and establishes a system enabling NEMOs to operate in further member states. Moreover, as a result of CACM, the exchanges in the fields concerned are subject to regulation by the national authorities. For example, EPEX has been subject to regular reviews by the national regulatory authorities and to the requirement of regular reporting since the guideline took effect.

The decision by the Federal Ministry for Economic Affairs and Energy (BMWi) which was based on the amendment of the Gas Network Access Regulation and provides for the merger of the two German gas market areas, GASPOOL and NMCG, into the Trading Hub Europe (THE) constitutes a fundamental change in the gas market design. This merger, which is to be implemented by the beginning of the gas business year in October 2021, aims to promote competition and strengthen the price signals within the overall German market area. As a result, the German gas market faces the challenge of coordinating the implementation and concrete design of the joint gas market area between the 16 gas transmission system operators and the two market area managers, and of supporting this through corresponding trading products.

In addition, the so-called climate package, which was adopted in December 2019, also affects the energy market in Germany. It includes measures for different sectors of the economy, such as energy, transport, building, industries and agriculture. The decision to launch a national trading system for fuel emissions in the heating and transport sectors is of central importance for EEX. The national emissions trading system will take effect from 2021 and provides for a guaranteed fixed price for the issued certificates until 2025. The national system, which, concurrently, also forms a decision against a CO_2 tax, is to be transferred into a joint European system. Moreover, in December 2019, the European Commission presented the “European Green Deal” action package, which is to be supplemented by corresponding legislative proposals in 2020. This includes, in particular, proposals to increase the emission-reduction objectives, to expand emissions trading, to integrate sectors, to reform tax and subsidy rules and to further a more active role for the EU in international climate policy.

While, in principle, trading markets are subject to the influence of the respective market-specific political framework conditions, the uncertainty regarding the stability of political framework conditions generally persisted at the same high level. Main reasons for this included, on the one hand, the delay in the process of the withdrawal of the United Kingdom from the European Union and the uncertainty regarding the exact design of Brexit connected with it. On the other hand, lasting trade disputes between the USA, Russia, China and the EU led to tension on the international trading markets.

In addition to energy and financial market legislation, the licenses held by EEX Group are of essential importance for the Group’s possible business activities. For example, ECC was granted the status of a “Recognised Clearing House (RCH)” by the Monetary Authority in Singapore (MAS) in 2018, which enables ECC to provide clearing services in Singapore. In 2019, EEX was recognised as a foreign trading market in the USA. This formed an important step towards the direct admission of participants and, as a result, the expansion of the global network of trading participants and brokers. For example, in November 2019, EEX was granted the status of a Foreign Board of Trade (FBOT) by the US Commodity Futures Trading Commission (CFTC) which now enables US participants to connect directly to EEX over the long term.

Competitive situation

EEX Group’s three main competitors (Nasdaq, ICE, CME) are represented in all relevant market areas (Europe, USA, Asia) and, hence, compete intensely with the EEX Group offering. The players referred to offer power and gas products on the most important European and North American market areas and, as a result, they are the most important competitors of EEX Group. Moreover, in Asia, SGX in Singapore is another competitor – in particular, in freight and iron ore contracts.

Main competitors on the core markets of EEX Group

	NASDAQ	ICE	CME
Power Derivatives Markets			
Scandinavia	x		
Germany	x	x	x
Italy	x	x	x
France	x	x	
Netherlands	x	x	
Belgium	x	x	
UK	x	x	
USA		x	x
Gas Spot Markets			
UK		x	
Germany		x	
Netherlands		x	
France			
Gas Derivatives Markets			
Netherlands	x	x	x
Germany	x	x	
France	x		
Italy		x	
UK	x	x	x
USA		x	x

Nasdaq is the leading provider of European power derivatives in Scandinavia, while ICE is the market leader in Belgium and the Netherlands. Moreover, both Nasdaq and ICE are generating significant volumes in the German power derivatives market. In contrast, on the power spot market, Nord Pool, which is majority owned by Euronext, is an important competitor. On the European gas derivatives markets, ICE is the clear market leader.

On the North American power market, EEX Group has established itself as an important trading platform with its subsidiary, Nodal Exchange. ICE is the most important competitor on this market. The Nasdaq offering in US power and gas market ceases upon the sale of the NFX futures and options business to EEX Group.

Challenging market environment for the EEX Group customers

The great majority of the EEX Group's customers consists of energy and utility companies, transmission system operators, commodity traders and commodity hedge funds.

As a consequence of the energy transition, energy and utility companies are facing far-reaching strategic and financial challenges which could, ultimately, lead to their withdrawal from the EEX Group's markets, as has already happened in individual cases. The decline in revenue associated with the energy transition and a concurrent increase in depreciation/amortisation and provisions for the decline of conventional power generation both place a significant strain on the profitability of these companies. The current situation is affecting the willingness of energy and utility companies to pay for exchange trading activities as well as the credit assessments of external investors and, as a result, the ability of energy and utility companies to provide collateral for exchange transactions. On the other hand, a decline in the creditworthiness of trading participants leads to the reduction of bilateral credit lines, as is usual in OTC trading. In part, this has led to a shift from over-the-counter trading to the exchange resulting in a positive impact on the EEX Group's business activities.

Development of business

Overview of business in 2019

Thanks to the increase in trading volumes in practically all markets, EEX Group was able to continue its growth course in 2019 in almost all markets and generate significant growth rates as against 2018 in nearly all fields of business. On the power, natural gas and freight markets, in particular, it recorded significant growth in volumes, while the Group only saw declines in the emissions markets. Moreover, the increase in revenue within the Market Data Services business field and the expansion in Registry Services as a result of the acquisition of the registry operator Grexel at the beginning of the financial year also had a positive effect on the development of business.

Power Derivatives Europe

The Power Derivatives Europe business field again developed positively in the 2019 financial year. In spite of significantly higher regulatory uncertainty, especially as a result of the planned Brexit, and because of the continued strong competition, EEX was able to increase its trading volume in this business field by more than 20 %. The Phelix DE Futures, which were launched for the German market area in 2017 in response to the split of the German-Austrian price zone, form the reference product in European power derivatives trading. As a result, EEX increased its market share within the German market area to 42% (2018: 30 %) and generated volume growth of 34 % in 2019.

Moreover, within the region of central and south-eastern Europe and in the market area of Spain, EEX Group was again able to significantly increase trading volumes in 2019. In Spain, in particular, the instruments offered by EEX Group for long-term exchange hedging of long-term supply agreements concluded off the exchange (so-called "Power Purchase Agreements" or "PPA") became established and, as a result, contributed to the increase in trading volumes. Moreover, EEX Group increased its market share in the Italian and French market in view of a decline in the overall market.

The EEX trading volumes for power options declined during the financial year, in particular because of lower volumes on the overall market. In 2019, market participants that had actively traded these products in previous years moved their activities to trading in gas options. Moreover, EEX Group faced intense competition in the field of power options in 2019.

Power Derivatives Europe trading volumes

in TWh	2019	2018	Change
Futures	3,922	3,155	+24%
Germany	2,597	1,934	+34%
Italy	569	560	+2%
France	356	320	+11%
Spain	151	106	+42%
Eastern and south-eastern Europe	186	102	+82%
Others	63	132	–52%
Options	50	192	–74%
Power Derivatives Europe	**3,973**	**3,347**	**+19%**

Selected European power derivatives market shares

in %	2019	2018
Power Derivatives Europe (all)	**37**	**29**
of which Futures Germany	42	30
of which Futures Italy	86	84
of which Futures France	46	38

In the past financial year, EEX Group also supported growth in the Power Derivatives Europe segment by introducing new products. For example, the offer in the existing markets was expanded with new short-term products for Austria and additional quarterly maturities for France, Italy and Spain, and an exchange order book for the Greek power derivatives market was introduced. In addition, the Group expanded its offering to 20 European market areas as a result of the launch of new derivatives contracts for Bulgaria, Serbia and Slovenia. For the 2020 financial year, EEX is planning to develop the Japanese market by introducing a clearing offering for power derivatives products in the Tokyo and Kansai regions. As a result, EEX will be represented in Asia with an offering on the power derivatives market for the first time.

The EEX Group faces continued strong competition on the power derivatives market in Europe. More than one half of trading is still carried out via over-the-counter broker platforms and is not cleared, even though this market share again decreased slightly in 2019. The remaining trading volume is distributed among several energy exchanges. Apart from the EEX Group, these essentially consist of the global exchange operators NASDAQ Commodities (Nasdaq) and ICE as well as smaller national energy exchanges.

Power Spot Europe

In the 2019 financial year, EEX was able to achieve a new volume record in the Power Spot Europe business field and achieved growth of 4% against 2018. Trading volumes increased significantly on the day-ahead markets in the United Kingdom and in Austria as well as on the intraday markets in all major market areas.

Power Spot Europe trading volumes

in TWh	2019	2018	Change
Day-ahead markets	506	494	+2%
Germany [4]	226	225	+1%
France	113	114	–1%
United Kingdom	53	50	+6%
Netherlands	35	37	–5%
Others	78	69	+14%
Intraday markets	92	82	+11%
Germany	54	50	+6%
United Kingdom	22	19	+14%
France	8	6	+28%
Netherlands	3	2	+56%
Others	5	5	+14%
Power Spot Europe	**598**	**577**	**+4%**

Overall, in 2019, the intraday markets continued to gain in importance within the Power Spot Europe business field and reached 15% of the absolute volume on the power spot market (previous year: 14%). This trend is primarily due to the increasing importance of digitalisation and the fluctuating feed-in of renewable energies in the power supply, which results in an increased demand for flexibility and short-term balancing options for the balancing Group managers.

The introduction of the border-crossing European XBID platform in fourteen European countries in June 2018 constituted an important step for the creation of a pan-European intraday solution for the power spot market. Based on a joint IT system, XBID records the entire continuous European trading in a joint order book and forms the interface between the power exchanges' local trading systems and the transmission system operators providing the border-crossing transmission capacity. In November 2019, the XBID solution was expanded by seven countries to a total of 21 participating countries. Furthermore, there are plans to connect other countries to the XBID platform in 2020.

In 2019, in the framework of the expansion of the business field, the focus was on the implementation of products tailored to specific customer requirements. For example, at the beginning of the financial year, the first trading transactions were concluded on the local energy flexibility platform enera. This project by more than 30 partners including EEX Group aimed to launch the first publicly listed flexibility market for grid congestion in north-western Germany. By the end of 2019, nine market participants were operating on 23 local markets.

[4] The 2018 trading volume refers to the joint German-Austrian market area· which still existed at the time.

In April 2019, EPEX launched two new intraday auctions with a view to coupling the Swiss and the Italian market. Moreover, in cooperation with National Grid ESO, EPEX developed a new auction platform for a so-called Frequency Response Auction in the United Kingdom.

In the power spot Europe business field, EEX Group is in direct competition with other spot exchanges. In the context of CACM, EPEX implemented the so-called "Multi-NEMO Arrangement" together with the transmission system operators of the CWE region and other NEMOs in July 2019. This led to a decline in the market share of the entire CWE region, which was, however, more than offset by an increase in the overall market.

Natural Gas Europe

The Natural Gas Europe business field also recorded positive development in the 2019 financial year and, as a result, defended its position as the third mainstay of revenue, in addition to the European power derivatives and spot markets. In almost all market areas, two-digit growth rates were achieved both on the spot and on the derivatives market. On the spot markets, this growth was essentially based on gains in market shares with a concurrently growing overall market. Declines in volume as a result of declining market shares were only observed on the French gas spot market. On the derivatives market, the growth in trading volumes is due, in particular, to the growth of the overall market.

Natural Gas Europe trading volumes

in TWh	2019	2018	Change
Spot Market	1,454	1,111	+31%
Germany	472	391	+21%
Netherlands	618	382	+62%
France	140	162	–14%
Austria	101	79	+28%
Belgium	91	67	+35%
Others	31	30	+4%
Derivatives Market	1,088	852	+28%
Netherlands	904	686	+32%
Germany	75	58	+30%
France	25	19	+29%
Austria	62	53	+16%
Others	22	35	–38%
Natural Gas Europe	**2,542**	**1,963**	**+30%**

Selected Natural Gas Europe market shares

in %	2019	2018
Spot Market (all)	46	39
of which spot market Germany	63	52
of which spot market Netherlands	51	39
of which spot market France	62	80
Derivatives Market (all)	2	2
of which derivatives market Netherlands	3	3
of which derivatives market Germany	3	3
of which derivatives market France	4	4

The range of gas products which can be traded through the PEGAS trading platform was again expanded in 2019 and supplemented with spot and derivatives contracts for trading in natural gas in Spain. Moreover, in May 2019, PEGAS launched an OTC registration service for LNG futures to support European energy companies in hedging against price risks on the global LNG markets.

The competitive environment on the European natural gas markets resembles that of the power derivatives markets: the main share of natural gas trading takes place over the counter via brokerage platforms. Remaining trading activities are distributed across the EEX Group, and the CME Group, ICE and Nasdaq exchanges. While on the exchange derivatives markets ICE accounts for the biggest market share, the EEX Group is the exchange with by far the biggest trading volumes on the spot markets. In the biggest European gas market area, the Dutch TTF, in particular, EEX benefited from a growing market share within a growing overall market during the year under review.

US Commodities

Since it acquired the US-based derivatives exchange Nodal Exchange in May 2017, the EEX Group has been offering North American products. A large number of local power derivatives contracts and gas derivatives contracts with the Henry Hub underlying, North American environmental products and, starting in March 2019, financial futures in the Trucking Freight segments are offered. In this respect, the power derivatives market, which again developed positively in the 2019 financial year, accounts for the biggest share in turnover. As a result, the trading volumes on Nodal Exchange rose by 79% in spite of growth of only 8% on the overall market. This is primarily due to gains in market share in the PJM region. At the end of the financial year, the Nodal Exchange market share in the open interest on the power derivatives market was 45% and, as a result, it was 13% higher than the 2018 reference value.

US Power Derivatives

	2019	2018	Change
Power (in TWh)	1,857	1,039	+79%
Market share [5]	36%	21%	+14%

With a view to expanding its product offering in North American environmental products, Nodal Exchange launched a series of new futures on renewable energy certificates in May 2019. These products were developed in cooperation with IncubEx, with which EEX Group concluded a cooperation agreement in 2017 and which, through its subsidiaries in North America and Europe, specialises in the development of financial products and services with a focus on environmental products. Moreover, Nodal Exchange expanded its product offering on the US gas market to eight Henry Hub natural gas contracts and, as a result, has granted its trading participants higher capital efficiency through additional cross-margining effects between the power and gas contracts since September 2019.

Furthermore, EEX Group and the US-based Nasdaq Futures, Inc. (NFX) concluded an agreement regarding the sale of the NFX futures and options business which provides for the takeover of the NFX core business (including the Open Interest) by EEX Group. The integration of the US power contracts and of the contracts for US natural gas, crude oil and ferrous metals into Nodal and Nodal Clear is planned for 2020.

In addition to Nodal Exchange and Nasdaq, the global exchange operators ICE and CME are also active in the US energy markets.

Market Data Services
The Market Data Services business field is divided into the three segments of Information Services, Transparency Services and Reporting Services.

The essential task of Information Services is to ensure the biggest possible visibility of EEX Group market data and its products, to reduce market entry barriers and to commercially market the data available within the EEX Group. The range of information products are used to market data which is generated in the course of trading activities within the EEX Group and through the trading participants publication processes at the EEX transparency platform. In 2019, EEX Group increased the revenue from information products to EUR 4,528 thousands by 26% as against the previous year.

Transparency Services focuses on the publication of insider information by trading participants on power, natural gas and emission allowances on the EEX “Transparency in Energy Markets” platform in the context of the European Regulation on Wholesale Energy Markets Integrity and Transparency (REMIT), the EU transparency regulation and the Market Abuse Regulation (MAR). This offering enables EEX Group to offer every market participant an option to publish insider information and to make the individual trading platforms transparent. In the 2019 financial year, further market participants opted for publication. As a result, the platform is now used by companies from fourteen European countries to fulfil their publication and data provision requirements.

The area of Reporting Services brings together reporting services which are provided on the basis of various legal provisions. On the one hand, Trade Reporting according to the European Market Infrastructure Regulation (EMIR) is provided for various clearing and non-clearing members of ECC; on the other hand, the EEX Group, in its function as a “Registered Reporting Mechanism” reports order and trade data to ACER, the Agency for the Cooperation of Energy Regulators, and to the Swiss Federal Electricity Commission (ElCom) on behalf of its market participants in the framework of the Regulation on Market Integrity and Transparency (REMIT). In addition, the unit also offers reporting of positions and transactions under MiFID II/MiFIR. Overall, since its establishment, regulatory reporting has developed positively and now generates around 14% of the revenue in the Market Data Services business field.

Registry Services
The Registry Services segment comprises all the registry services provided by Powernext and Grexel.

Powernext operates the register of guarantees of origin in France, the capacity register for the RTE transmission system operator and the registry for energy savings certificates in France. Moreover, further service offers also contribute to the sales revenue in this business field which Powernext offers to the transmission system operator to support their balancing activities. In the 2019 financial year, as the operator of the register of guarantees of origin in France, Powernext first carried out the auction of guarantees of origin. Guarantees of origin are certificates confirming that a certain volume of power was generated from renewable resources. Upon the integration of Powernext into EEX, the registry business is also transferred to EEX.

The acquisition of the registry operator Grexel at the beginning of 2019 constituted an important milestone for the segment. This provider of registries of guarantees of origin and other energy certificates in Europe holds a market share of around 42% for new certifications in the framework of the European Energy Certificate System (EECS) and provides services for operators of electronic certificate registries. The acquisition of Grexel in combination with the existing registry business of Powernext enables EEX Group to actively promote the development of the future market for guarantees of origin of renewable and other forms of energy and to support the implementation of regulatory requirements in this sector. With Grexel, EEX Group was able to increase revenue in this business field by around 30 percentage points in 2019.

[5] The market share only refers to the cleared volumes.

Environmental Products Europe

Within the Environmental Products Europe business area, the EEX Group was unable to continue the growth course of the previous year both on the primary and secondary market as a result of lower trading volumes in emission allowances. On the one hand, the declining volumes were caused by a significant reduction of the auction volumes as a result of regulations in the framework of the market stability reserve to strengthen the CO_2 price. This has led to a decline in the overall market. On the other hand, EEX was not able to continue the positive development of its options volumes in 2019 and, therefore, its market share compared with other exchanges fell to 3% (2018: 29%).

Environmental Products Europe trading volumes

in million t	2019	2018	Change
Emission allowances	1,070	1,863	–43%
Primary auctions (Spot)	594	819	–28%
Secondary trading (Spot)	50	104	–52%
Secondary trading (Derivatives)	426	939	–55%
Options	69	1,034	–93%
Environmental Products Europe	**1,139**	**2,897**	**–61%**

On behalf of the European Commission, new emission allowances for all member states are introduced to the market via auctions (primary auctions). Volumes are determined in advance and are auctioned separately for Germany, the United Kingdom and Poland, while auctions for the remaining 25 member states are carried out together. Auctions for the United Kingdom are carried out by ICE, while the EEX Group provides auctions for all other EU member states and the three EEA-EFTA states, which have used the joint European platform since June 2019. The respective underlying contracts were extended for a period of up to five years in 2016.

In respect of secondary trading of emission allowances, ICE holds circa 94% of the market, with EEX Group essentially accounting for the remaining trading volumes.

Clearing Services

The Clearing Services segment includes clearing for those partner exchanges that are not part of the EEX Group. In the 2019 financial year, this included the Hungarian HUPX/HUDEX and the Norwegian NOREXECO as well as the Irish SEMOpx. In the period under review, volumes generated from clearing and settlement of trades for HUPX/HUDEX were approximately at the same level as in 2018. Volumes traded at NOREXECO, on the other hand, recorded a decline year-on-year.

Clearing Cooperations volumes

	2019	2018	Change
HUPX/HUDEX (in TWh)	27	26	+4%
SEMOpx (in TWh)	43	10	+321%
NOREXECO (in kt)	47	54	–14%

In October 2018, the Irish power exchange SEMOpx was launched in cooperation with the Irish transmission system operator EirGrid, the Northern Irish transmission system operator SONI and EPEX. Since then, ECC, in its capacity as the central counterparty, has assumed clearing and settlement of all transactions concluded on the Irish and Northern Irish day-ahead and intraday markets.

Global Commodities

Within the Global Commodities area, the EEX Group generated 65% growth in revenue compared with the previous year. This increase is essentially due to the freight segment, which generated two- to three-digit growth rates every quarter. The lasting organic growth was driven by an increase in the number of market participants, improvements in sales and connectivity, an increase in the position limits as well as the expanded product portfolio. Moreover, the trading volumes for iron ore contracts on the EEX Asia platform rose by 37%. In contrast, the volumes of futures on fuel oil and fertilisers as well as other futures declined.

Global Commodities trading volumes

		2019	2018	Change
Freight (futures/options)	contracts	74,776	35,715	+109%
Iron ore	kt	236,890	172,541	+37%
Fuel oil	kt	90	397	–77%
Fertiliser	kt	53	311	–83%
Others	kt	18	175	–90%

In 2019, the agreement regarding the takeover of the NFX futures and options business by EEX Group constituted an important milestone for the further development of the Global Commodities business field. The first migration of the Freight Open Interest from NFX to ECC was successfully completed in December. Further so-called matching sessions are planned for 2020.

Agriculturals
In the Agriculturals business field, EEX Group was also able to increase its sales revenue in the 2019 financial year. While, in the field of dairy futures, fewer contracts were sold than in the previous year, EEX reached growth of 16% in trading in futures on processing potatoes.

Agriculturals trading volumes

Contracts	2019	2018	Change
Processing potatoes	39,601	34,248	+16%
Dairy products	17,524	26,003	−33%

In order to improve the market offering for dairy products, EEX continued the consultation phase with the Global Dairy Trade (GDT) e-commerce trading platform regarding the establishment of a joint venture in 2019. This cooperation aims to develop an auction mechanism for European dairy products in Europe.

Trading and clearing participants
The table below shows the trading participants per exchange (without eliminating overlaps) as of 31st December 2019:

Trading participants per exchange

	2019	2018	Change
EEX	288	262	+10%
EPEX	300	289	+4%
Powernext	252	245	+3%
EEX Asia	80	82	−2%
PXE	16	16	+/−0%
Nodal	88	74	+19%

As of the reporting date (31st December 2019), 31 clearing members (26 general clearing members and five direct clearing members) were registered – compared with 25 clearing members as of the 2018 reporting date. Moreover, 35 participants were admitted to the Direct Clearing Participant Model (DCPM) (2018: 30). At the end of the year, the number of non-clearing members rose to 512. On the balance sheet date, 13 clearing members were registered at Nodal Clear.

Earnings position

The growth in the EEX Group trading volumes is reflected accordingly in the earnings position. In the past financial year, the EEX Group sales revenue totalled EUR 304,212 thousands and, hence, increased by EUR 36,559 thousands and by 14%. This increase in revenue was accompanied by a cost increase of 18%, so that the EBIT of EUR 98,064 thousands was, in total, EUR 6,087 thousands (7%) higher than in 2018. In 2019, the consolidated net profit was EUR 67,292 thousands and, hence, EUR 581 thousands higher (1%) than in 2018.

For the first time, the profit and loss account for 2019 also includes the values of the subsidiary Grexel, which was first consolidated in the 2019 financial year. The effects will be addressed separately below.

Sales revenue and net revenue

The EEX Group's sales revenue consists of transaction fees from trading, clearing and settlement of transactions and other sales revenue. In 2019, they were generated within the individual fields of business as follows reflecting the development outline in the section "Development of business":

Sales revenue per business field

in EUR thousands	2019	Share	2018	Change
Transaction revenue:				
Power Derivatives Europe	92,884	31%	76,647	+21%
Power Spot Europe	72,654	24%	72,585	+/–0%
Natural Gas Europe	55,119	18%	44,888	+23%
US Commodities	20,358	7%	11,563	+76%
Environmentals Europe	4,120	1%	8,091	–49%
Clearing Services	1,344	0.4%	941	+46%
Global Commodities	594	0.2%	360	+65%
Agriculturals	384	0.1%	371	+4%
Other sales revenue:				
Market Data Services	7,649	3%	6,600	+16%
Registry Services	6,452	2%	4,928	+31%
Others	42,664	14%	40,707	+5%
Sales revenue	**304,212**	**100%**	**267,654**	**+14%**

Apart from sales revenue, net revenue consists of net income from banking transactions (EUR 11,453 thousands), other operating income (EUR 1,259 thousands) and variable costs (EUR –31,352 thousands). The latter comprise performance-related reimbursements for certain trading participants, such as market makers or brokers. During the financial year under review, these increased by EUR 6,109 thousands, in particular, on account of increased sales revenue on the Power Derivatives Market and on the Gas Market.

Overall, in the past financial year, net revenue was EUR 285,572 thousands, which corresponds to an increase by EUR 32,964 thousands (13%) as against the previous year.

Non-variable expenses

During the reporting period, the total non-variable expenses (staff expenses, depreciations and other operating expenses) which are considered in the operating result rose to EUR 187,508 thousands by EUR 26,877 thousands and, hence, by 17%.

Because of the planned expansion of staff and the integration of the Grexel staff expenses rose to EUR 76,089 thousands during the reporting period (2018: EUR 65,513 thousands).

At EUR 23,053 thousands, depreciations were EUR 3,417 thousands higher than in the previous year. This is essentially due to the first scheduled depreciations of rights of use under long-term leasing agreements according to IFRS 16 in 2019. Moreover, the 2019 value also includes the additional depreciations on the assets reported in the balance sheet in the framework of the Grexel purchase price allocation. On the other hand, there were increased depreciations in the 2018 financial year as a result of the reduction of the planned period of use of several IT systems against the background of a pending update of the technological basis and a one-off unplanned adjustment of the EEX Asia assets to a lower fair value.

The other operating expenses were EUR 12,884 thousands higher than in the previous year. These, for example, include expenses for the further development and operation of the IT infrastructure by external service providers, consulting expenses as well as expenses for other infrastructure and marketing. Furthermore, the other operating expenses also include costs for the EEX Group sites and offices, non-deductible sales tax as well as travel expenses which are mainly incurred in the framework of sales activities. After adjustment for the reduction of the other operating expenses because of the restructuring of rental costs to depreciations in the framework of IFRS 16, total operating expenses were EUR 16,560 thousands higher than in 2018.

This increase is essentially due to:

- Measures for compliance with the growing regulatory requirements and for the improvement of the robustness and security of the IT system landscape
- The targeted adjustment of the IT infrastructure and the IT processes against the background of growth and the expansion of the business fields
- The growth of the entire corporate Group and the resulting increasing infrastructure and travelling expenses

Further revenue items
In the past financial year, the financial result was EUR 216 thousands, which was EUR 139 thousands lower than in the previous year.

Income from at-equity investments (EUR –305 thousands) includes income from the shareholdings reported in the balance sheet in accordance with the at-equity method within the EEX Group. It includes the result of SEEPEX, a joint venture in which EPEX holds an interest.

Earnings figures
At EUR 98,064 thousands, earnings before taxes (EBIT) were EUR 6,087 thousands or 7% higher than in the previous year. Under consideration of the financial result and the income under the at-equity method and after the deduction of income taxes (EUR 30,683 thousands), consolidated net profit was EUR 67,292 thousands.

The parameter of the "adjusted net income", which was introduced in the section "Management control" above, reached a value of EUR 58,969 thousands and was, hence, increased by 10% during the reporting year. In this context, the annual net profit was reduced by the profit shares of minority shareholders and by one-off effects of the transactions, e.g. in connection with the Grexel acquisition and the integration of Powernext into EEX. The increase is primarily due to higher contribution margins in the Power Derivatives Europe, Natural Gas Europe and US Commodities business fields.

The EBIT margin as the ratio of the result before taxes and the sales revenue was 32%, which was two percentage points lower than in the previous year. At 21%, the equity ratio before taxes was also slightly lower than in the previous year (22%). It is calculated from the result of ordinary business activity in proportion to the equity base of the Group at the beginning of the reporting period.

Asset position

Development of assets
As of 31st December 2019, EEX-Group non-current assets amounted to EUR 387,156 thousands (2018: EUR 368,320 thousands). They essentially consisted of intangible assets (EUR 205,303 thousands), goodwill (EUR 134,326 thousands), property, plant and equipment (EUR 27,547 thousands), deferred tax assets (EUR 8,387 thousands), derivative financial instruments (EUR 6,580 thousands) and shares in associated companies and joint ventures (EUR 5,013 thousands).

The development of long-term assets was largely driven by the following aspects:

- Decline in derivative financial instruments by EUR 22,992 thousands: This concerned the options cleared by ECC with a maturity of more than one year which were recorded at the fair value. The fair value is determined using the current open-position exchange price. Since ECC operates as the central counterparty for the different markets of the EEX Group, there is a liability of the same value as this asset.
- Growth in property, plant and equipment by EUR 21,248 thousands: The increase in property, plant and equipment is primarily due to the recording of rights of use under the first application of IFRS 16 as of 1st January 2019.
- Increase in intangible assets by EUR 10,744 thousands: The growth in intangible assets in 2019 is due to ongoing investments in the Group's IT systems.

The asset side of the balance sheet is largely characterised by current assets of EUR 4,814,183 thousands (2018: EUR 6,749,078 thousands).[6] These mainly comprise restricted bank balances (EUR 4,322,059 thousands), trade receivables (EUR 250,151 thousands), cash and cash equivalent (EUR 168,985 thousands), derivative financial instruments (EUR 59,828 thousands) and other assets (EUR 13,138 thousands). Essential changes in current assets were observed with regard to the following items:

- A decline in restricted bank balances by EUR 1,582,201 thousands: On the one hand, this concerns the cash collateral deposited by clearing participants in connection with the ECC and Nodal Clear clearing business. On the other hand, own contributions to the ECC as well as Nodal Clear clearing funds are reported under this item. The decline is due to reduced margin requirements resulting from lower volatilities towards the end of the year. This asset is offset by a liability of the same value.
- Decline in trade receivables by EUR 335,168 thousands: This position essentially comprises the reporting date-specific disclosure of accounts receivable from the physical settlement of power and gas contracts by ECC Luxembourg. This asset is also offset by a liability of the same value on the liabilities side of the balance sheet.

[6] The balance sheet includes some positions which are shown as identical amounts on the assets and liabilities side because of the position of ECC and Nodal Clear as a central counterparty. The adjusted items are addressed in more detail in the following subsection.

Development of equity and debt
The EEX Group assets were financed by equity of EUR 516,827 thousands (2018: EUR 474,135 thousands) as well as by debt of EUR 4,684,513 thousands (2018: EUR 6,643,262 thousands). The debt consisted of long-term liabilities of EUR 57,823 thousands (2018: EUR 61,210 thousands) as well as short-term liabilities of EUR 4,626,689 thousands (2018: EUR 6,582,052 thousands).

The growth in equity in the past financial year is shown by the partial retention of the 2018 earnings. As a result, reserves increased by EUR 32,714 thousands. At the same time, the generated earnings increased by EUR 8,638 thousands, while the other results declined by EUR 3,272 thousands.[7] The share of non-controlling shareholders declined by EUR 1,932 thousands.

As of the reporting date, long-term liabilities largely consisted of deferred tax liabilities (EUR 31,019 thousands), leasing liabilities (EUR 18,158 thousands) and derivative financial instruments (EUR 6,580 thousands). In addition, they included long-term provisions (EUR 1,767 thousands) and long-term liabilities (EUR 300 thousands). The decline in long-term liabilities essentially reflects the development of options trading on the EEX Group trading platforms, which, in line with the assets side of the balance sheet, is reflected in the derivative financial instruments with a decline of EUR 22,992 thousands. This decline was partly offset by the new leasing liabilities resulting from the first-time application of IFRS16.

The short-term liabilities are characterised to a significant degree by the trading participants' cash deposits of EUR 4,289,221 thousands, trade payables of EUR 246,960 thousands and derivative financial instruments of EUR 59,828 thousands. Furthermore, short-term liabilities include other liabilities, short-term provisions, andleasing liabilities. As of the balance sheet date, there were no essential liabilities towards affiliated companies and banking institutes. The development of short-term liabilities is largely influenced by the following:

- Decline in trading participants' cash deposits of EUR 1,586,045 thousands: This is the opposite position to the restricted bank balances on the current assets item.
- Decline in liabilities to affiliated companies by EUR 325,222 thousands: This item offsets the reporting date-specific disclosure of accounts receivable from the physical settlement of power and gas contracts of ECC Luxembourg on the assets side of the balance sheet.
- Decline in liabilities to affiliated companies by EUR 30,123 thousands: This item comprises the repayment of a loan to Deutsche Börse AG.

Adjustment to the balance sheet total with clearing-specific matters
The balance sheet includes certain items which are identical on the assets and liabilities side because of ECC and Nodal Clear's role as the central counterparty in clearing. A central counterparty steps into the chain between the original counterparties to a transaction and replaces the original transaction between these two counterparties with two individual transactions with the central counterparty. The balance sheet total after adjusting for these positions is explained in the following section to determine valid parameters for the evaluation of the EEX Group's capital structure and profitability on this basis.

On the one hand, the item of restricted bank balances includes cash collateral of the clearing participants in an amount of EUR 4,289,221 thousands (2018: EUR 5,875,265 thousands); on the other hand, there is identical short-term debt from the cash deposits of the trading participants. Moreover, reporting date-specific customer balances of settlement transactions of EUR 206,830 thousands (2018: EUR 521,196 thousands) were included. This concerns the reporting date-specific recognition of receivables and liabilities from the allocation of power and natural gas. Furthermore, the short- and long-term derivative financial instruments recognised at the fair value of the options are included in the assets and liabilities side in an amount of EUR 66,408 thousands (2018: EUR 102,674 thousands). After the deduction of these positions, the adjusted balance sheet total at the end of the period under review was EUR 606,043 thousands (2018: EUR 589,268 thousands) and the equity ratio on the reporting date was 85% (2018: 80%). The high equity ratio underlines EEX's high profitability and highlights the fact that its financing strategy, in principle, is aligned towards maximum independence from external creditors.

The debt ratio, which is equal to the proportion of long-term and short-term debt in the adjusted balance sheet total, declined to 15% (2018: 20%). The Group was able to cover all expenses using its own financial resources and current income at all times during the year. External credit lines were not taken out in 2019; however, they will be maintained as potential financing for future strategic projects.

[7] Reporting of reserves and results generated was adjusted as a supplement.

Financial position

The Group's liquidity remained almost constant during the reporting year. Given that ECC is a clearing house, there are high requirements regarding liable equity according to EMIR which tie up financial resources.

As of the reporting date, the EEX Group's cash and cash equivalents amounted to EUR 168,986 thousands, which corresponds to a slight decrease of EUR 7,513 thousands compared to the previous year (EUR 176,498 thousands). Cash and cash equivalents comprise cash in hand, cash in bank accounts and financial investments available at short notice reduced by short-term liabilities to banks in the form of loans.

The development in cash and cash equivalents was driven by cash flow from current operations of EUR 86,903 thousands. Cash outflows of funds from financing activities of the EEX Group of EUR 57,920 thousands and from investing activities of EUR 37,652 thousands were financed from this source.

The cash flow from current operations comprised the annual net profit (EUR 67,292 thousands) after adjustment for non-cash-effective income and expenses during the reporting period. These amounted to EUR 19,611 thousands and mainly included depreciation/amortisation and changes in receivables, liabilities and provisions.

The funds paid for investing activities of EEX Group during the reporting year include, on the one hand, investments in intangible assets (EUR –21,101 thousands) and, in particular, the IT infrastructure of the EEX Group. On the other hand, they include investments in associated companies of EUR 5,022 thousands and investments in property, plant and equipment of EUR 2,428 thousands. Furthermore, there were payments for the acquisition of shares in subsidiary companies. These concern the acquisition of Grexel and amounted to EUR 9,101 thousands.

The cash flow from financing activities of the EEX Group include the repayment of funds taken out for short-term financing of EUR 30,000 thousands, and the dividend payment to the EEX AG shareholders of EUR 16,220 thousands and to non-controlling interests of EUR 11,700 thousands.

On account of its sufficient financial resources and sound internal financing power, as in previous years, the EEX Group does not expect any liquidity shortfalls for the 2020 financial year. As a result, it will again be able to carry out the planned investments required to maintain and expand its good competitive position in the future. Moreover, intra-Group and external credit lines are available to cover additional liquidity requirements arising at short notice.

Financial and non-financial performance indicators

Financial performance indicators
As outlined in the section "Corporate management", the EEX Group management essentially uses the success parameters of earnings before interest and taxes (EBIT) and annual net profit as well as (net) sales revenue and fixed costs to manage the company. A detailed description of its developments was provided under "Assets, financial and revenue position".

Non-financial performance indicators
EEX Group uses, in particular, the trading volumes, market shares and trading and clearing participants as non-financial performance indicators. The development of these performance indicators is outlined in the section "Development of business".

General statement on the Group's economic position by the Management Board

The Management Board of the EEX Group is very satisfied with the development of business in 2019. The Group was able to significantly exceed its sales and results parameters of the previous year in almost all business fields, which is very positive in view of the challenging market environment and the lasting uncertainties on the market.

The Management Board's assessment of the EEX Group's financial position in 2019 is extremely sound. The company generates significant cash flow from ongoing business activities. The high equity ratio and the good liquidity of the EEX Group are essential preconditions which enable the Group to finance both organic and inorganic growth using its own resources and this is expected to continue in the future.

Upon the preparation of this annual report, the commercial position of the company and its financial strength were both considered to be very good. However, since significant uncertainties and risks persist, setbacks in the implementation of the growth strategy cannot be fully excluded.

3. Risk and opportunities report

Risk management

Organisational structure
In accordance with the requirements defined in Section 91 (2) AktG [German Stock Corporation Act], the Management Board of the EEX Group implemented a monitoring system ensuring that risks jeopardising the survival of the company are recognised early on and addressed accordingly.

Operative responsibility for the design of early-risk warning system of the EEX Group rests with the EEX Chief Financial Officer (CFO). The individual Group companies largely control their risks on their own. With regard to risks that require Group coordination, minimum standards are specified by the Management Board of EEX for all Group companies. Depending on their size, the individual companies have a risk controlling unit of their own which is responsible for reporting within the respective Group company. Based on the risk reports of the individual risk controlling units, the EEX risk controlling department prepares a risk report for the EEX Group every quarter. Moreover, there is a requirement for the Management Board to submit ad-hoc reports to the Supervisory Board with regard to fundamental changes in the risk position.

EEX Group uses the value-at-risk (VaR) approach to quantify all essential risks. The required economic capital (REC) is determined at a confidence level of 99.9% and for a time window of 12 months.

With the capital requirement on the one side, there is, on the other side, risk coverage potential essentially comprising the equity reported in the balance sheet. For the purpose of risk control, EEX Group regularly uses the parameter of REC in proportion to the risk coverage potential, the so-called utilisation of the available risk-bearing capacity.

The results of the VaR calculation are reported regularly and used in the framework of risk control. In addition to the quantification of risks, reporting also includes information on the risk profile in the form of risk indicators or analyses on realised losses. Risk-relevant events are explained in detail and possible countermeasures are described.

Through independent audits, the internal auditing department ensures that risk controlling and risk management functions are adequate.

The risk position of the EEX Group is determined by its business areas: Specifically, the companies of the EEX Group operate electronic market platforms for derivatives and spot transactions in various commodities. Due to the complex requirements of IT operations (e.g. because of 24/7 trading for power and gas spot transactions), operational risk constitutes a dominant component in risk control, in addition to business risks. For the clearing houses of the EEX Group (ECC and Nodal Clear), in turn, the default risk is of significant importance for risk control on account of their activity as a central counterparty.

Furthermore, the companies of the EEX Group operate within an increasingly complex technological environment which is determined by regulatory requirements. This results in operational risks as well as business risks since negative effects on the trading behaviour of market participants cannot be excluded. In addition, the environment is being shaped by increasing risks associated with, in particular, low interest rates threatening the stability of European financial institutions.

Risk strategy and risk control
The EEX Group aligns its risk control to its business and corporate strategy. It aims to ensure that risks are specifically controlled in line with the supervisory legislation framework and do not pose a threat to the existence of the EEX Group. Minimum standards for risk management are established. As a result of strict risk limitation in the customer business in the framework of clearing, ongoing controlling reports and profitability analyses of new projects and/or markets, an adequate risk-return ratio is ensured.

The risk management system is integrated into all planning, controlling and reporting systems in the individual EEX Group companies and at the level of the Group. The internal auditing department and the respective compliance departments form an essential component of the risk management system. It is based on the systematic identification, assessment, documentation and communication of risks. Corresponding principles, processes and responsibilities are established in the guidelines applicable throughout the Group.

Essential risks

During the year under review, the EEX Group monitored the following essential types of risks which, if they materialise, might have adverse effects on the Group and its asset, financial and earnings positions.

Risk profile
The EEX Group risk profile is determined by the overall risk position based on the economic capital required, calculated for the loan, market, operating and business risk as of the end of 2019 with a confidence level of 99.9% and a time window of 12 months. Diversification effects between the risk classes are not considered in the determination of the overall risk position.

On the balance sheet date on 31st December 2019, the risk covering assets were EUR 340 million (2018: EUR 311 million).

Total risk position (based on economic capital requirement)

in %	31/12/2019	31/12/2018
Counterparty risk	7	5
Market risk	0	0
Operational risk	50	40
Business risk	43	55
Total	**100**	**100**
Utilisation of the risk covering assets	**59**	**71**

Counterparty risk

Counterparty risk is defined as the risk that business partners might not fulfil their payment obligations under the relevant contract or that they might not fulfil these obligations in a timely manner, which may result in a potential loss for the EEX Group. Within the EEX Group, the main counterparty risks occur within the clearing houses of the EEX Group (ECC and Nodal Clear). ECC is a central counterparty according to Regulation (EU) No. 648/2012 on OTC derivatives, central counterparties and trade repositories, and is an institute within the meaning of Section 1 (1) no. 12 KWG [German Banking Act]. As a derivatives clearing organisation (DCO), Nodal Clear is regulated by the US Commodity Futures Trading Commission (CFTC) and, in the EU, it is recognised by ESMA as a third-country clearing house. In this function, the clearing houses position themselves between the buyer and the seller and assume the default risk of both sides for all transactions concluded on their markets or registered for clearing. The clearing houses pursue a risk strategy of covering this default risk with a high security level through their margining system, the clearing fund and their own financial resources at all times. The quality of the margining system is reviewed on an ongoing basis with the help of regular back testing. By means of daily stress tests, the clearing houses simulate counterparty risk in extreme yet plausible market conditions and adjust the clearing fund and their own financial resources in such a way that counterparty risk is also covered under these conditions and also in the event of a simultaneous default of two clearing members.

Moreover, a potential counterparty risk arises with regard to the investment of funds of the individual companies of the EEX Group. For this reason, funds are exclusively invested in recognised institutes with a low default risk in accordance with the investment guidelines of the EEX Group. For identification purposes, the EEX Group has developed an internal scoring procedure. The clearing houses' margin collateral is invested in reverse-repo transactions with securities collateral with a high credit rating and liquidity. Moreover, ECC has access to the central bank and can also deposit EUR collateral there.

Furthermore, default risks arise in the event of a trading participant not paying its due transaction fees. Therefore, the creditworthiness of trading participants is constantly monitored on the basis of financial parameters and of rating information (provided such is available). In contrast, at Nodal Exchange, the transaction fees are collected by the clearing members as central counterparties, whose creditworthiness is also constantly monitored by Nodal Exchange.

With regard to EEX Group, there are only minor country-specific risks since a large part of the sales revenue is generated by trading participants within the EU or the EFTA free trade area as well as North America.

Market price risk

Market price risks are defined as adverse developments in the value of assets on account of a change in valuation-relevant market parameters such as exchange prices. In the context of the investment guideline, market price risks are largely avoided. The market price risks resulting from other operations (essentially currency risks) are minor and are controlled in accordance with the respective situation, e.g. by concluding corresponding hedging transactions. The foreign currency risk resulting from the investment income of Nodal Exchange is monitored and covered based on the respective situation, if required.

Liquidity risk

Liquidity risk is defined as the risk that the EEX Group might not be able to fulfil its payment obligations at a point in time contractually agreed on. Current operations do not lead to any essential incongruities of dates within the EEX Group. The financing need for current expenses and investments is identified and concluded within the context of medium-term planning. Any possible gaps in financing are closed or avoided by providing sources of liquidity in accordance with the investment guideline of the EEX Group. Structural liquidity risk is monitored within the context of medium-term planning, which is prepared every year, and through ongoing liquidity management. The aim is to specify the liquidity reserve and credit lines in planning to ensure that sufficient liquidity is available for all eventualities. The investment guideline requires Group companies to provide, at least, 25% of their operating expenses in cash funds and, moreover, it only permits investments of free liquidity with counterparties with a good credit standing and within approved limits. Further, the maximum term is limited so that sufficient liquidity is available at all times in the event of short-term demand.

The risk of a clearing member defaulting and its impact on liquidity at ECC are controlled according to the requirements under section 44 of the EMIR implementing law in conjunction with the delegated regulation 153/2013. At Nodal Clear, this risk is controlled in accordance with CFTC rules. Nodal Clear only accepts cash for payments to the guarantee fund and for the internal margin collateral. With regard to customer margin collateral, Nodal Clear accepts both cash and guarantees (with corresponding limits) for the clearing members and with corresponding requirements for the issuing banks.

On a daily basis, ECC generates a liquidity report regarding available cash and cash-equivalent resources as well as the liquidity requirement under the stress test scenario. Moreover, potential sources of liquidity risks are recorded in the liquidity plan which is updated every quarter and submitted to the entire Management Board.

In principle, there is no market liquidity risk at EEX Group since the Group does not have an investment portfolio with securities.

Operational risk

Operational risks are defined as all potential cases of damage arising from malfunctions of IT systems due to inadequate design of internal processes, errors by members of staff, mistakes or defaults of external service providers and project risks. Due to the high degree of automation in processing business transactions combined with a large number of transactions, malfunctions of the IT systems used constitute essential operational risks for the EEX Group. Since key parts of these systems are operated by external service providers, mistakes or defaults of external service providers also constitute a significant source of risk. Controlling of availability risks is supported by business continuity management. This comprises provisions for the non-availability of IT systems and technical infrastructure as well as the absence of core staff, such as in the event of a pandemic, e.g. the SARS-CoV-2 viral infection (“coronavirus”). The situation is managed on the basis of the incident and crisis management procedures. Precautionary measures are centrally coordinated in order to ensure the continuity of business-critical processes as well as the employees’ health and safety. The back-up locations are tested regularly and remote access is available.

The risk strategy pursues the fundamental aim of minimising operational risks by using approved methods for system development, test procedures and operations. The EEX Group either provides core services itself or has them performed by selected specialised, external partners. Individual services are also provided by specialised companies which are part of the Deutsche Börse Group. The quality of the service providers is reviewed in the context of selection processes and continuously on the basis of established service-level agreements. Furthermore, back-up processes are implemented for critical business processes. The quality of the internal control system is checked regularly with the help of examinations by internal auditors and the targeted use of external auditors. There are process descriptions and control activities for all fundamental processes. These are documented in checklists in order to reduce the likelihood of human error.

Operational risks are identified and assessed throughout the Group in the context of an annual self-assessment. These assessments constitute the basis for the calculation of the required economic capital. In addition, professional liability insurance with regard to errors in commercial activities (E&O insurance) has been taken out.

Ensuring the enforceability of the legal rules and regulations of the Group companies (essentially, trading and clearing conditions) in the relevant jurisdictions forms a fundamental legal risk. This risk is reduced by using standard rules and regulations in combination with standard contract forms. The enforceability of these standard rules and regulations is regularly reviewed by internal and external experts.

A damage incident database is maintained for the ongoing monitoring and reporting of malfunctions during operations. All untoward incidents which occur in the course of operations – even those that do not lead to any direct financial loss – are recorded in this database and analysed in cooperation with the relevant members of the Management Board on a monthly basis and, if required, preventative measures are adopted and implemented.

Compliance Risk

The EEX Group is exposed to potential compliance risks primarily in the fields of sales tax fraud, damage to its reputation on account of the unauthorised publication of information as well as abuse through money laundering and/or the financing of terrorism. Furthermore, it has to be ensured that transactions are not concluded with individual persons or legal entities included on the relevant sanctions lists. In order to identify potential risks, control functions (e.g. compliance, money laundering officer and data protection) have been set up at the relevant points within the organisation.

Within the EEX Group, ECC and Nodal Clear settle all fundamental payments via clearing members or settlement banks. As institutions, these are subject to the rules of the German Banking Act (KWG) or other equivalent provisions which require the implementation of measures to combat these risks. Therefore, the clearing houses have a low risk of being abused for the purposes of money laundering, financing of terrorism or fraud. This risk is re-evaluated every year in the context of a risk analysis.

In addition, know-your-customer measures are intended to identify suspicious counterparties during the initial stages of the business relationship. In case of doubt in the admission process, a decision by the Management Board is requested. Furthermore, continuous monitoring of markets is undertaken at ECC and by the Market Surveillance departments. Moreover, all business partners of ECC and Nodal Clear, including important associates of these business partners, are continuously (and on an ad hoc basis, if necessary) checked against known sanctions lists. These measures are monitored by the function of the money laundering officer in the relevant Group companies.

Sensitive data requiring specific protection are required to be treated as confidential and protected against unauthorised access in accordance with internal instructions. In order to avoid conflicts of interest, rules of conduct have additionally been established for staff.

As a member of Deutsche Börse Group, EEX Group is integrated in the Group-wide data protection system. In addition, information security measures are monitored by the respective information security officers in the individual EEX Group companies.

Business risk

Business risks are defined as effects resulting from the market entry of new competitors, technical changes or modifications to the product environment which have a negative effect on the Group's earnings position in the medium to long term.

These risks are monitored by analysing information on competitors, customers, products and markets. Furthermore, the effect certain price and volume changes have on the EEX Group's earnings are analysed in the context of scenario calculations.

Concentration risks

In addition to the management of individual risks, monitoring and controlling of concentration risks form an essential element ensuring the stability of the EEX Group clearing houses. The term "concentration risk" refers to potential losses which might result from the concentration of contracts in individual portfolios at the level of the trading participants or clearing members because of insufficient diversification in terms of accepted collateral or the business partners.

Concentrations in terms of counterparty risks and liquidity risks can arise in the actual clearing business as well as in the uncleared business. Concentrations regarding operational risks are controlled in the framework of stress test considerations. With regard to outsourcing measures, concentrations of several outsourcing measures to one service provider are considered under outsourcing risks.

Regulatory risks

Because of the influence of energy and financial market legislation on the EEX Group transaction revenue, amendments and reforms in regulation constitute risks for the Group.

RISK OF STRICTER REGULATION IN THE FINANCIAL AND ENERGY SECTOR

In the framework of the EU Markets in Financial Instruments Directive II (MiFID II), EEX focussed, in particular, on the requirements regarding pre-trade transparency for transactions submitted to the exchange through Trade Registration in the 2019 financial year. These result in challenges for the exchanges in view of the fact that the required information on bids leading to the conclusion of transactions is not available for the exchanges. In order to avoid negative effects for example on trading liquidity, EEX Group, in coordination with the regulators and trading participants, developed a solution taking account of the regulatory requirements for increased transparency.

The introduction of a common financial transaction tax on (commodity) derivatives in individual EU member states, including Germany, entails the risk of a shift in trading activities to countries that do not charge such a tax. This, in turn, would form a competitive advantage for competitors in member states not taking part. A final decision regarding the introduction of the transaction tax was not taken in 2019; moreover, at present, there are no plans to include commodity derivatives in such a tax.

Further risks for EEX Group result from the European Benchmark Regulation, which classifies benchmarks according to their size and data origin and aims to improve the transparency in the preparation and administration of indices. Commodity benchmarks also fall within the regulation's scope of application, which will result in corresponding effects on individual EEX Group indices depending on the origin of the underlying data and the market size. In 2019, the Group intensively dealt with the Benchmark Regulation and took all necessary preparations for the time after the end of the transition rules from 1st January 2020 on. Both EPEX and EEX have applied for the status as benchmark administrators to the respective national supervisory authorities in France and Germany. All the relevant parts of EEX Group have implemented the requirements for users of benchmarks.

As a financial institute under the German Banking Act, ECC is also affected by developments in the supervisory legislation practices of the German Federal Financial Supervisory Authority. This results in higher requirements for risk management and the entire ECC organisation and, as a result, leads to higher expenses incurred in the context of the implementation of these requirements. Moreover, ECC is affected by regulations regarding central counterparties, for example, in the framework of the EMIR regulations. In this respect, ECC regularly monitors foreseeable reforms and makes adjustments to its rules and regulations in close coordination with the supervisory authority.

AMENDMENTS OF THE POWER MARKET DESIGN

The Clean Energy Package, which took effect in 2019, will have a significant impact on the development of the European energy markets and, in particular, the power markets. This legislative package introduces a number of new or revised legal provisions in the fields of energy efficiency, renewable energies, power market design and security of supply and also includes provisions in the interest of competitive energy markets. In particular, the requirements having effects on the design of power bidding zones are of essential importance for the EEX Group power markets. The negative effects of such a change in bidding zones on liquidity and, as a result, the trading volumes of EEX Group were observed as early as in 2017. EEX Group responded to the split of the German-Austrian bidding zone by introducing separate power derivatives contracts for the German and Austrian markets, with the newly launched Phelix DE Futures becoming established as the new benchmark product for German power within a short period of time. The answer to the question of whether there will be further changes to power bidding zones and whether these entail potential risks depends on the specific design of the Clean Energy Package and remains to be seen.

The EU Regulation on Capacity Allocation and Congestion Management (CACM) described in the section "Regulatory framework" and the introduction of the "nominated electricity market operators" (NEMO) included in it also involve risks for EEX Group. For example, upon the effectiveness of the regulation, other NEMOs can use the market depth and level of development of the markets which have been operated by EPEX alone so far and, as a result, they can benefit from the liquidity without necessarily contributing any additional liquidity on their own. This can lead to significant declines in the EEX Group trading volumes. Moreover, in addition to the possible market entry of competitors into the EPEX markets, this regulation also provides the opportunity of developing new markets.

A further risk resulting from CACM is the non-guaranteed reimbursement of costs generated in exercising the so-called Market Coupling Operator function. While, before the effectiveness of the regulation, the reimbursement of costs was contractually determined and guaranteed by the transmission system operators, the amount of the costs to be reimbursed is now determined by the respective regulatory authority at a national level depending on the amount, adequacy and proportionality of such. As a result of this, EEX Group might incur potential losses in the seven-digit range. Overall, it remains to be seen which risks will materialise through the adjustment of CACM to the Clean Energy Package.

The development of the market integration of renewable energies will lead to further effects on power market design and, as a result, the overall market. While the share of renewable energies in the gross power consumption is growing, the expansion is increasingly coming to a halt, especially in Germany, because of land scarcity, delayed approval procedures and declining acceptance of major infrastructure projects. This involves the risk that the further development of market integration, e.g. through new marketing or support, might be delayed or that market-based approaches, such as tendering procedures, might even be called into question altogether.

Moreover, as a result of the coal phase-out in Germany, there are uncertainties as to whether concrete measures providing relief in view of rising power prices or to ensure the security of supply will be established. As seen from the perspective of EEX Group, the introduction of such additional instruments involves the risk that the reference effect of the power price signal and the functioning of the trading market might be undermined or even called into question in the long term.

AMENDMENTS OF THE GAS MARKET DESIGN

At present, the role of natural gas as a fossil fuel is being discussed in principle. In the course of the different debates as well as the implementation of the so-called "European Green Deal", EEX Group expects both risks and opportunities. The envisaged integration of green and synthetically manufactured gasses will result in a liquidity split between different gas qualities and, hence, a weakening of the existing gas markets. On the other hand, the integration of such gasses also offers the gas markets a perspective for the future which means that, as a source of flexibility, they can contribute to successful decarbonisation. Moreover, the Europe-wide introduction of a system of guarantees of origin for renewable gas would lead to expanded market opportunities for the Registry Services business field.

However, at present, the discussion does not centre on possible scenarios for the formation of a Central European wholesale market area, which had already been developed during the QuoVadis discussion. In the event of further market area mergers, such as, e.g., those being adopted for Germany, EEX Group might be forced to reduce the product range on its gas markets. Moreover, traders would lose the arbitrage opportunities resulting from the current price differences between the different market areas.

REFORM OF EUROPEAN EMISSIONS TRADING

The climate package adopted in 2019 formed a comprehensive joint programme for the energy, transport, building, industrial and agricultural sectors. The year-by-year reduction targets for the individual sectors contained in the package involve the risk that the market's potential for the coordination of various sectors (sector integration) might not be used to the full extent. For EEX Group, there is the risk that the reference effect of the market price signals, e.g. on the power and emissions market, might be restricted.

The introduction of a trading system for fuels, which comprises the transport and heating sectors and forms a decision against a CO_2 tax, forms a central element of the climate package. In this respect, EEX Group sees risks, in particular, in the long introduction phase of the national emissions trading system during which companies can purchase certificates at a fixed price without any volume limits and during which trading is not provided for. Moreover, after the introduction phase, pricing will still be open. Therefore, EEX Group advocates a prompt transfer of the national ETS to a European solution with free market pricing. For EEX Group, risks arise, in particular, as a result of a possible fragmentation of energy and climate policy which might call the common market into question in the long run.

For EEX Group, the "European Green Deal", which was presented in December, involves, in particular, the risk of excessively fragmented regulations for individual sectors, a stronger use of tax measures at a European level and of the proposed CO_2 balancing mechanism for imports into the EU (the so-called "Carbon Border Tax"). On the other hand, opportunities for EEX Group result from the proposals to expand emissions trading and to reinforce the integration of different sectors.

Brexit
The United Kingdom's exit from the European Union results in a large number of risks for EEX Group. These are due to, for example, potential differences between the EU and UK regulation which might lead to regulatory arbitrage regarding competitors based in the United Kingdom. Furthermore, upon Brexit, depending on the design of the future legal framework, numerous ECC clearing members based in the United Kingdom as well as trading participants of the exchanges which are part of EEX Group have to ensure continued market access. This can be affected by, for example, moving activities to the European Union. EEX Group has closely accompanied this process with its customers and, with its licence as a Recognised Overseas Investment Exchange by the British supervisory authority FCA, it has safeguarded British trading participants' access for the future. In submitting its application as a Recognised Clearing House to the Bank of England, the ECC clearing house benefits from a transition system in the United Kingdom spanning several years and, moreover, it has taken all the precautions enabling it to continue to support its British clearing members as customers also in future.

General political uncertainty
While, in principle, wholesale markets are subject to the influence of the respective market-specific political environment, uncertainty regarding the fundamental stability of the political framework and capacity continues. In addition to the concrete example of Brexit, this includes growing uncertainty and, as a result, pressure on established institutions of the political systems. As a result, in some European countries, a strengthening of nationalist positions is observed, which, in turn, leads to difficulties in defining clear political majorities as the basis for a stable government. Moreover, new protest movements, such as the "Yellow Vests" in France or "Fridays for Future" in Germany and other European countries, are developing. These have the potential for extra-parliamentary opposition which can influence political decisions because of the high level of public attention. For economic actors, this involves a certain risk since government action is at risk of becoming less predictable and extending even to fundamental political change, in the framework of which, e.g., decisions already taken might be called into question.

Essential opportunities

Organiation of opportunities management
Within the EEX Group, management of opportunities is carried out in the context of strategic management, corporate and product development as well as a continuous improvement process. Base on an analysis of strengths and weaknesses, which is regularly updated, opportunities are identified for entry into new markets or strengthening the Group's market position in existing markets via sophisticated products or processes and an improved cost base as well as new pricing strategies or new partnerships. The projects are then prioritised as part of the annual strategy discussion and planning processes as well as project portfolio management. In this context, value added from the customer's perspective is taken into account, as well as strategic aims and available resources. Essential opportunities are characterised by a significant impact on the assets, financial and earnings position and, as a result, are regularly submitted for profitability assessments during the prioritisation phase. These assessments are recorded in a business plan, along with any major quality assumptions. In this context, the financial analysis (costs, revenue, cash flows and net present value) is conducted for a multi-year period.

Organic growth potential
In general, the EEX Group has potential for organic growth by expanding its market share in existing markets and by developing new markets.

Market share in existing markets can be expanded by means of the following measures:

- Further increasing the attractiveness of the EEX Group as a trading platform;
- Further expanding clearing services;
- Product innovations and regional growth.

By transferring its expertise from the core markets to new markets, EEX Group aims to achieve global growth and to develop new sources of turnover. In this process, the most attractive and relevant countries are identified based on sales potential and market-entry opportunities. Following a market testing phase to assess the likelihood of success and the schedule to be expected, new market development potentials are considered in the strategy product development roadmap.

EEX Group is planning to expand and connect existing participant networks in Europe, the USA and Asia. In this context, the focus is on the development of an international sales network offering customers in all regions the full portfolio of EEX Group products and services.

The increase in the attractiveness of the EEX Group's markets can be achieved by implementing various measures. On the one hand, the quality of individual order books can be enhanced by improving their liquidity and by reducing the bid-ask spread by acquiring additional market makers or liquidity providers providing additional liquidity in the order books. This can be achieved by attracting additional Market Makers or Liquidity Providers providing additional liquidity in the order books. On the other hand, targeted price measures also provide the opportunity to increase the attractiveness of the EEX Group's markets. Moreover, the establishment of new representative offices also raises the visibility of the EEX Group in local markets and, as a result, increases awareness of the Group.

In addition, the above-mentioned CACM regulation also offers the opportunity to expand the existing market offering for power spot market products. As a result, the EEX Group can begin to operate in markets, which have not been part of its offering so far. These comprise, in particular, the Nordic markets of Sweden, Norway, Finland and Denmark for which EEX Group will expand its market presence for spot products.

The enhancement and expansion of clearing services directly improves the competitive position of both clearing houses which are part of the EEX Group. All measures which reduce barriers to market entry (particularly relevant for smaller trading participants) while cutting the costs of clearing can lead to the addition of further clearing participants. Furthermore, the introduction of new services, the expansion of clearing house licences as well as the admission of clearing members facilitated by this and the connection of new partner exchanges are also relevant in this regard. Against the background of increasingly stringent regulatory requirements and, therefore, the growing importance of clearing worldwide, this constitutes a significant opportunity for improving the positioning of ECC and Nodal Clear in the global clearing business.

Moreover, EEX Group sees further potential in the use of data of the Group companies as well as in the expansion of the offer for services connected with these. This includes market data (real-time and historic data), index data and reporting services.

Furthermore, the stronger connection to trading on the physical market offers opportunities to increase derivatives volumes. Hedging and trading must be seamlessly integrated into the entire lifecycle of a transaction between the EEX Group customers.

Product innovations tailored to customer requirements can provide the EEX Group with significant opportunities for increasing its market share. The EEX Group is able to respond to changing conditions by developing new, customised products and by adjusting its existing product portfolio. Examples include the day- and week-ahead futures introduced on the power derivatives markets as a result of a trend towards increased short-term trading because of the energy transition or the introduction of further short-term products in the gas segment.

As a result of the growing expansion of and demand for renewable energies in Germany and Europe, new market players are emerging that can also benefit from the central exchange structure of EEX Group and from the elimination of their counterparty risk through clearing. In this growth field, EEX Group is planning to continuously expand its product and service offering, for example by trading in guarantees of origin or by expanding the Power Forward Curve to ten years facilitating clearing of Power Purchase Agreements (PPA) concluded off the exchange.

Inorganic growth potential
In future, opportunities may again arise for the EEX Group to expand its activities inorganically. This concerns both partnerships and acquisitions with a view to strengthening existing markets and with a focus on the regional expansion and extension of the product range. Inorganic growth underlines the Group's strategic aim of establishing itself as a globally operating exchange for commodity products.

General statements on threats and opportunities

In spite of growing uncertainties, in particular due to the financial burdens on the large energy groups (which are important trading participants of the EEX Group) and increasing regulatory developments in both the financial and the energy sectors, the risk assessment for the 2019 financial year has not indicated any threat to the Company's continued existence on account of individual risks or aggregated risk positions. However, since there are further noteworthy – and particularly industry-specific– risks, setbacks on the way to permanently implementing planned growth targets cannot be ruled out.

Overall, in view of its innovative and increasingly diversified portfolio of products and services, as well as its earnings power and financial strength, the EEX Group sees itself as being well prepared to achieve its aims and to further strengthen its position with regard to intensified competition. This is due to the competitive value chain within the Group, which is characterised by liquid trading platforms and cost-effective clearing solutions, as well as further services. The EEX Group has set itself the aim of achieving growth rates in the future and increasing its market share in the medium term.

The Management Board is confident that the risk and opportunities management system established within the company will also recognise risks and opportunities early on in future and that, as a result, the current risk position can be successfully managed and potential opportunities can be realised.

4. Outlook report

Comparison of earnings position with the forecast for the 2019 financial year

The EEX Group has significantly outperformed the target range for sales revenue and earnings before taxes forecast for the reporting year. This was primarily due to the very successful development of sales revenue in almost all business fields and the other revenue components.

in EUR thousands	Forecast 2019	Actual 2019
Net revenue	248,730 – 276,367	285,572
Operating result	78,265 – 87,957	98,064

Forecast for the 2020 financial year

The outlook report describes the probable development of the EEX Group in the 2020 financial year. It contains statements and information regarding future processes and is based on current expectations, assumptions and forecasts of the Management Board and on the information available at the time of publication. These forward-looking statements cannot be considered as guarantees regarding the future developments and results referred to therein. Instead, the future developments and results depend on a large number of factors. They involve different risks and uncertainties and are based on assumptions which might turn out to be inaccurate. The Group does not assume any obligation to update the forward-looking statements made in this report.

The forecasts listed below are essentially based on the following assumptions regarding the economic and regulatory environment in 2020:

- Potential changes within the regulatory environment do not have a detrimental impact on the EEX Group.
- Regulatory changes affecting financial markets (for example higher capital requirements for clearing members, no introduction of a financial transaction tax) do not lead to an impairment.
- There is no negative impact on the liquidity of the core markets as a result of changed power and gas market design and, in particular, the formation of a Central European wholesale market area on the gas market.

Further growth in sales revenue in all business areas is expected for the 2020 financial year with the power and gas markets in Europe and North America expected to continue to be essential drivers of growth. This growth is driven to a significant degree by the increase of the EEX Group market shares in the European and North American power and gas markets. Furthermore, because of the constant growth in liquidity on EEX Group trading platforms as well as an improvement and expansion in the Group's range of products and services and the technical availability for the customer, growth in the number of trading and clearing participants is expected to continue in the future. Overall sales revenue is expected to range between EUR 301,632 thousands and EUR 317,507 thousands in 2020.

The attainment of these growth targets requires additional expenses in the form of variable costs as well as additional investments in product development and projects, an increase in staff numbers and in IT infrastructure. Moreover, the EEX Group expects costs to increase in connection with the implementation of regulatory requirements in 2020. As a result, increasing fixed costs in the range between EUR 188,912 thousands and EUR 208,798 thousands are expected.

Considering the planned sales revenue and costs for the 2020 financial year, earnings before taxes are expected to be in a range of EUR 92,834 thousands to EUR 128,595 thousands.

It can be expected that the positive development of exchange-traded volumes in the European energy markets will lead to an intensification of competition – e.g. in the form of price wars and further market entries. As a result of new regulatory provisions, further increasing competition between broker and exchange trading platforms is conceivable. The entry of competitors in both existing markets and growth markets of EEX Group involves the risk of losing opportunities to design the European energy market and of not reaching its own commercial aims.

The intensification of the competition for power spot market products in Europe under CACM which makes it easier for the exchanges to compete on most European power spot markets constitutes another risk. In this process, the liquidity of the individual exchanges is bundled within market, as a result of which trading and clearing fees on the day-ahead and intraday markets constitute an increasingly important distinguishing feature. This concerns, in particular, the core power spot markets in Germany and France as well as, for example, the markets in Belgium, Austria and the Netherlands. Here, EEX Group has already competed with hitherto regional competitors, such as Nord Pool and EXAA, since 2018. For 2020, Nasdaq announced that it would be set up as a power spot market operator in Sweden and expand its offering to further markets. As a result, increasing competition has to be assumed.

Moreover, at the time of the publication of this summary management report, there were signs indicating that the SARS-CoV-2 viral infection ("coronavirus"), which had broken out in China in late 2019, would have significant negative effects on the development of the global economy, at least, during the first months of the year 2020. Because of the current pandemic and depending on its further development and intensity, impacts on the Company's financial, asset and revenue situation, which might develop in different directions over time, cannot be excluded.[8]

If conditions do not develop as outlined above, the EEX Group is convinced that it will still be able to operate its business profitably because of its successful business model. Sensitivity analyses have shown that a decline of 10% compared to the budget would correspond to a decline in profits of approximately 27%. In this context, it is assumed that no cost-cutting measures would be taken and that fixed costs would be kept constant. Subject to these assumptions, a decline in turnover of approx. 63% could be handled without resulting in negative earnings before taxes.

Overall statement on the future development of the EEX Group

s a result of its diversified business model, the EEX Group is convinced that it is still very well prepared and expects a positive development in its earnings position in the coming year as well as in the medium term. In 2020, the focus will again be on the further development of the Group's position in individual markets and the development of new markets, as well as the continuing integration of the trading platforms in the USA, Europe and Singapore into the corporate Group. The further strengthening and expansion of the good position established within a competitive environment, particularly on the power spot and derivatives market as well as the gas markets, form the strategic aim for the coming financial year.

[8] Sentence regarding the effect on the financial, asset and revenue situation added as a subsequent adjustment.

5. EEX AG (Notes based on HGB [German Commercial Code])

Unlike the consolidated financial statements, the annual financial statements of EEX are not prepared in accordance with International Financial Reporting Standards (IFRS) but according to the provisions of the German Commercial Code (HGB) as well as the supplementary provisions of the German Stock Corporation Act (AktG).

As the parent company of the Group, EEX AG is not listed on the exchange and does not use an organised market within the meaning of Section 2 (7) of the German Securities Acquisition and Takeover Law for shares issued by it.

Business and general framework

EEX is the parent company of the EEX Group. It operates the Power Derivatives Europe, Environmental Products Europe, Agriculturals and Freight business fields. In addition, EEX operates market data services for itself and other Group companies and provides the technical connection landscape for these companies' customers. Furthermore, it is the central service provider for its subsidiaries in the context of service level agreements.

Statements on the shareholding structure as well as the corporate management of EEX are provided under the section "Group overview" in the "Business activities and Group structure" subsection. Information on strategy and research and development is also provided in the corresponding sections of this management report.

Because of the structure of the EEX Group and EEX's position as a parent company within the Group, EEX participates in the development of all business areas within the Group in accordance with the respective shareholdings via profit-and-loss transfer agreements and dividends. With regard to statements on business development and the general framework, reference is made in the report on the "Economic position" of the EEX Group and the corresponding sections "Macro-economic, industry-specific and regulatory framework" and "Development of business".

Earnings position

EEX was again able to significantly improve its earnings position in the past financial year. This growth was based on the positive development in almost all business fields of EEX and its subsidiaries. In the past financial year, the total revenue of EEX – i.e. the sum of sales revenue, other operating income and investment income – was EUR 155,861 thousands and, hence, around 9% higher than in the previous year (EUR 142,843 thousands). The annual net profit was EUR 54,804 thousands compared to EUR 45,459 thousands in the previous year and, hence, 21% higher.

Sales revenue
In the 2019 financial year, EEX generated sales revenue of EUR 83,852 thousands, which corresponds to a 12% increase as compared to the previous year (EUR 74,562 thousands). This consists of transaction fee revenue from trades concluded at EEX, other sales revenue and revenue from the provision of services in the context of intra-Group service agreements.

This strong growth in sales revenue was primarily driven by the positive development of business. As a result, during the year under review, transaction revenue of EUR 58,314 thousands was generated from trading in power derivatives contracts, environmental products, freight contracts and agriculturals as against EUR 50,880 thousands generated in the previous year.

The other sales revenue consisted of revenue from technical connections (EUR 2,805 thousands; 2018: EUR 2,501 thousands), revenue from marketing of information products and transparency data as well as regulatory reporting (EUR 4,319 thousands; 2018: EUR 3,480 thousands), annual fees (EUR 3,104 thousands; 2018: EUR 3,140 thousands) as well as training fees (EUR 391 thousands; 2018: EUR 257 thousands) and other sales revenue (EUR 164 thousands; 2018: EUR 238 thousands).

In the previous financial year, the revenue from intra-Group service agreements of EUR 14,756 thousands (2018: EUR 14,066 thousands) formed an essential EEX sales component. In its capacity as the parent company of the EEX Group, EEX provides a wide range of services, such as IT services, management services and administrative services, for its subsidiaries. The costs of these services are charged via service level agreements. The growth in sales as against the previous year was essentially due to the increase in expenses of EEX.

Other operating income
In the 2019 financial year, other operating income was EUR 2,566 thousands (2018: EUR 2,369 thousands). This income primarily included revenue from the reversal of provisions and exchange rate gains.

Expenses
During the reporting period, at EUR 22,507 thousands, EEX **staff costs** remained almost stable as against the previous year (EUR 22,551 thousands). This was essentially due to organisational restructuring in 2019 and the transfer of individual functions from EEX to ECC in connection with it. These transfers compensated for the continued staff increases for the further expansion of business and compliance with increased regulatory requirements.

Compared to 2018, **depreciation** of intangible assets, and property, plant and equipment, declined to EUR 3,460 thousands by EUR 1,677 thousands. This decline by 33% is due to the reduction of planned periods of use of several IT systems against the background of an imminent update of the technological basis in 2018, which led to increased depreciations in 2018 and reduced the basis for depreciations in 2019.

During the year under review, the **other operating expenses** grew from EUR 53,756 thousands to EUR 58,871 thousands. To a large extent, these were determined by variable costs and expenditure on IT systems, consultancy, marketing and infrastructure. This increase in expenses was primarily connected with:

- variable fees and costs as well as performance-related reimbursements to certain market participants, such as market makers, brokers or liquidity providers;
- the growth of the entire corporate Group and the resulting higher costs for infrastructure and travelling;
- the implementation of new strategic projects;
- the constant optimisation of the IT infrastructure and IT processes as well as the general expansion of the business area with effects on IT systems;
- increasing regulatory requirements;
- exchange-rate fluctuations.

Investment income
As a result of the EEX Group structure and the position of EEX as the parent company within the Group, EEX participates in the development of its subsidiaries and, as a result, of all business fields within the Group through profit-and-loss transfer agreements and dividends.

EEX's results were primarily driven by investment income and expenses from the assumption of losses, which were EUR 69,443 thousands in the past financial year compared with EUR 65,911 thousands in the previous year. These results consist of income from shareholdings in EPEX, Powernext and Grexel, which was added during the reporting year, as well as income from the transfer of results from ECC.

The increase in investment income in the past financial year was primarily due to the strong growth of the subsidiary ECC. In 2019, the profit transfer from ECC to EEX was EUR 51,956 thousands (2018: EUR 49,930 thousands). After EUR 13,755 thousands in the previous year, Powernext paid a dividend of EUR 14,120 thousands from the 2018 profits. The EPEX dividend from the 2018 profit was EUR 2,369 thousands (2018: EUR 2,226 thousands).

Moreover, on 31st January 2019, the EEX shareholding portfolio was supplemented by the 100% shareholding in Grexel, which paid dividends of EUR 998 thousands to EEX during the year under review.

As the parent company, EEX depends on the operating results of its subsidiaries because of the effects outlined above. The combined results from the shareholdings account for 45% (2018: 46%) of the total results (consisting of sales revenue, other operating income and investment income).

Financial result
During the reporting year, the financial result (consisting of interest income and expenses, external and internal loans as well as appreciation and depreciation/amortisation in the value of financial assets) was EUR 879 thousands (2018: EUR 886 thousands). The 2019 financial result included interest income from affiliated companies as well as interest expenses for internal and external loans.

Development of profitability
The EEX return on equity constitutes the ratio between the result after taxes in proportion to the EEX equity stock at the beginning of the reporting period. As against 2018, return on equity increased from 15% to 16%.

Asset position

Development of assets
During the year under review, the fixed asset value increased to EUR 372,201 thousands by EUR 23,182 thousands and was primarily influenced by a rise in value of financial assets by EUR 21,384 thousands to EUR 361,179 thousands compared to the previous year. Financial assets reflect the acquisition and sale of shares on the one hand and lending to affiliated companies on the other. During the year under review, the most important financial investments of EEX comprised the shareholdings in Nodal Exchange, ECC and Powernext. The increase during the financial year was largely due to additions to the capital reserves of ECC, EEX Asia and enermarket, which resulted in a corresponding increase in the book values of these shareholdings. Furthermore, the acquisition of Grexel led to an increase in shares in affiliated companies. Intangible assets and property, plant and equipment increased by EUR 1,799 thousands to EUR 11,022 thousands.

As of the reporting date, current assets of EUR 50,761 thousands (decline by EUR 6,660 thousands as against the previous year) consisted of accounts receivable from affiliated companies of EUR 39,226 thousands (2018: EUR 46,214 thousands), trade receivables of EUR 7,458 thousands (2018: EUR 5,830 thousands), other assets of EUR 1,276 thousands (2018: EUR 1,304 thousands) as well as cash in hand and cash in bank accounts of EUR 2,800 thousands (2018: EUR 4,073 thousands). The decline in accounts receivable from affiliated companies is essentially due to cash pooling with DBAG in 2018.

As of the reporting date, accruals were EUR 1,787 thousands (2018: EUR 1,868 thousands).

Financial position

The EEX capital consisted of equity of EUR 378,879 thousands (2018: EUR 340,295 thousands) as well as borrowed capital of EUR 45,871 thousands (2018: EUR 68,005 thousands).

On the balance sheet date, the EEX balance sheet total was EUR 424,750 thousands as against EUR 408,308 thousands in the previous year. At 89% at the end of the 2019 financial year, the equity ratio was higher than in the previous year (83%). It is calculated as the ratio between equity and the balance sheet total as of the deadline (31st December of the reporting year).

Starting at EUR 4,073 thousands on the 2018 balance sheet date, the liquid funds of EEX declined to EUR 2,800 thousands as of the balance sheet date. In order to secure EEX's liquidity requirements, there are also intra-Group and external credit lines which can cover short-term, additional liquidity requirements as they arise ("cash pooling"). On the balance sheet date (31st December 2019), the credit lines comprised a total of EUR 35 million. As a result of the mode of payment under the profit-and-loss transfer agreements with its subsidiaries (quarterly pre-payment instead of annual payment), the liquidity of EEX is additionally protected.

Against this background, the company has good liquidity which enabled it to fulfil its payment obligations at all times during the 2019 financial year.

Threats and opportunities report

For the most part, the risks and opportunities for EEX as well as measures and processes to be adopted when dealing with these risks and opportunities correspond to those of the EEX Group which are outlined in the section "Risk and opportunities report". In principle, EEX participates in the risks and opportunities of every shareholding and subsidiary in accordance with its shareholding.

Outlook report

The probable business development of EEX is essentially subject to the same influences as the EEX Group. Statements on this are contained in the "Outlook report" of the EEX Group.

Overall, EEX AG expects annual profits between EUR 60,578 thousands and EUR 66,954 thousands for 2020.

Statement by the Management Board according to Section 312 (3) AktG

As a subsidiary of Deutsche Börse AG, EEX has prepared a dependency report according to Section 312 AktG. The final statement in this report is as follows:

"The Management Board of European Energy Exchange AG, Leipzig, declares in accordance with Section 312 AktG that the company has received adequate consideration for every legal transaction listed. The assessment was effected on the basis of the circumstances at the time at which the legal transaction was concluded.

During the period under review, there were no further legal transactions in addition to the legal transactions listed and we are not aware of any measures which would have to be reported."

Leipzig, 31th March 2020

Peter Reitz
Chief Executive Officer (CEO)

Steffen Köhler
Chief Operating Officer (COO)

Dr. Dr. Tobias Paulun
Chief Strategy Officer (CSO)

Jens Rick
Chief Information Officer (CIO)

Iris Weidinger
Chief Financial Officer (CFO)

Consolidated Financial Statements

for the Financial Year from
1st January to 31st December 2019

Rounding differences of ± one unit may occur in the tables for arithmetical reasons.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

in EUR thousands	Consolidated notes	01/01/2019 to 31/12/2019	01/01/2018 to 31/12/2018
Sales revenue	[6]	304,212	267,654
Net income from banking business	[7]	11,453	8,872
Other operating income	[8]	1,259	1,325
Volume-related costs	[9]	–31,352	–25,243
Net revenue		**285,572**	**252,607**
Staff costs	[10]	–76,089	–65,513
Depreciation, amortisation and impairment losses	[11]	–23,053	–19,635
Other operating expenses	[12]	–88,366	–75,482
Operating result		**98,064**	**91,977**
Financial income	[13]	570	594
Financial expense	[13]	–353	–239
Financial result		**216**	**356**
Income from at-equity investments	[14]	–305	–227
Earnings before tax (EBT)		**97,975**	**92,106**
Income tax expense	[15]	–30,683	–25,394
Net profit for the period		**67,292**	**66,712**
Of which attributable to			
shareholders of EEX AG		57,491	53,620
non-controlling interests		9,801	13,091
Reconciliation to consolidated comprehensive income			
Net profit for the period		**67,292**	**66,712**
Other comprehensive income	[16]	2,400	8,474
Total comprehensive income		**69,692**	**75,186**
Of which attributable to			
shareholders of EEX AG		59,888	62,091
non-controlling interests	[25]	9,804	13,094

Consolidated Statement of Financial Position

ASSETS

in EUR thousands	Consolidated notes	31/12/2019	01/01/2019*	31/12/2018
Non-current assets		**387,156**	**387,058**	**368,320**
Goodwill	[17]	134,326	129,119	129,119
Intangible assets	[17]	205,303	194,559	194,559
Property, plant and equipment	[18]	27,547	25,037	6,299
Investments in associates and joint ventures	[19]	5,013	278	278
Other equity investments		0	0	0
Derivative financial instruments	[20]	6,580	29,572	29,572
Deferred tax assets	[15]	8,387	8,493	8,493
Current assets		**4,814,183**	**6,749,078**	**6,749,078**
Derivative financial instruments	[20]	59,828	73,102	73,102
Trade receivables	[21]	250,151	585,319	585,319
Other assets	[22]	13,138	9,848	9,848
Tax refund claims	[22]	22	26	26
Accounts receivable from associates		0	25	25
Restricted bank balances	[23]	4,322,059	5,904,259	5,904,259
Other cash and bank balances	[24]	168,985	176,498	176,498
Total assets		**5,201,340**	**7,136,135**	**7,117,397**

* Implementation IFRS 16

Consolidated Statement of Financial Position

LIABILITIES

in EUR thousands	Consolidated notes	31/12/2019	01/01/2019*	31/12/2018
Equity		**516,827**	**474,135**	**474,135**
Subscribed capital	[25]	60,075	60,075	60,075
Capital reserve	[25]	145,458	145,458	145,458
Reserves	[25]	164,518**	131,804**	131,804**
Retained earnings	[25]	104,035**	95,397**	95,397**
Other results	[25]	–7,533	–10,805	–10,805
Non-controlling interests	[25]	50,274	52,205	52,205
Long-term liabilities		**57,823**	**77,011**	**61,210**
Non-current provisions	[26]	1,767	1,410	1,410
Derivative financial instruments	[20]	6,580	29,572	29,572
Non-current liabilities	[27]	300	186	186
Non-current leasing liabilities	[3]	18,158	15,801	0
Deferred tax liabilities	[15]	31,019	30,042	30,042
Short-term liabilities		**4,626,689**	**6,584,989**	**6,582,052**
Current provisions	[28]	12,061	12,960	12,960
Derivative financial instruments	[20]	59,828	73,102	73,102
Other bank loans and overdrafts		0	0	0
Trade payables	[29]	246,960	572,182	572,182
Payables to affiliated companies	[39]	4	30,127	30,127
Cash deposits by trading participants	[31]	4,289,221	5,875,265	5,875,265
Current leasing liabilities	[3]	3,375	2,937	0
Other current liabilities	[32]	15,240	18,415	18,415
Total equity and liabilities		**5,201,340**	**7,136,135**	**7,117,397**

* Implementation IFRS 16
** Subsequent adjustment, see Note 25

Consolidated Statement of Changes in Equity

in EUR thousands	Subscribed capital	Capital reserve	Reserve according to EMIR Article 45 (4)	Results generated	Equity of EEX shareholders	Share of non-controlling interests	Consolidated equity
As of 31/12/2017	**60,075**	**145,458**	**10,000**	**160,481**	**376,014**	**49,792**	**425,806**
Total result				53,620		13,091	
Capital increase							
Consolidation effects							
Dividends paid Reclassifications of reserves				–16,220		–10,573	
Sale of treasury shares			1,500	–1,500			
Net investment hedge							
Actuarial profit (loss)				1,959			
Foreign currency effects				6,199		3	
Others				45		–108	
As of 31/12/2018	**60,075**	**145,458**	**11,500**	**204,897**	**421,930**	**52,205**	**474,135**
Total result				57,491		9,801	
Capital increase							
Consolidation effects						920	
Dividends paid Reclassifications of reserves				–16,220		–11,700	
Sale of treasury shares			3,500	–3,500			
Net investment hedge							
Actuarial profit (loss)				860			
Foreign currency effects				–327			
Others				2,738		3	
Sonstiges				81		–955	
As of 31/12/2019	**60,075**	**145,458**	**15,000**	**246,020**	**466,553**	**50,274**	**516,827**

Consolidated Statement of Cash Flows

in EUR thousands	Consolidated notes	**2019**	**2018**
Annual net profit	[5]	1,156	0
Depreciations on intangible assets and property, plant and equipment		67,292	66,712
Expenses for/income from deferred taxes	[11]	23,053	19,635
Result of at-equity investments	[15]	48	4,971
(Increase)/reduction in trade receivables and other assets	[14]	–305	–227
(Increase)/reduction in liabilities and provisions	[21]–[24]	3,274	5,663
Cash flow from operating activities	[26]–[29], [32]	–6,459	3,681
Cashflow aus laufender Geschäftstätigkeit		**86,903**	**100,435**
Payments for investments in associated companies	[19]	–5,022	–507
Payments for investments in intangible assets	[17]	–21,101	–11,727
Payments for investments in property, plant and equipment	[18]	–2,428	–5,181
Payments for the acquisition of shares in fully consolidated subsidiaries	[5]	–9,101	0
Dividends received		0	0
Cash flow from investing activities		**–37,652**	**–17,415**
Dividend payments to shareholders of EEX AG	[26]	–16,220	–16,220
Dividend payments to non-controlling interests	[26]	–11,700	–10,573
Cash inflow from non-controlling interests		0	0
Cash inflow (outflow) from short-term financing		–30,000	–7,000
Outflow of funds from the acquisition of own shares		0	0
Cash inflow from capital increase		0	0
Cash flow from financing activities		**–57,920**	**–33,793**
Cash-effective change in cash and cash equivalents		–7,513	49,227
Cash and cash equivalents at the beginning of the accounting period		176,498	127,271
Cash and cash equivalents at the end of the accounting period		**168,985**	**176,498**
In the financial year			
Interest received and similar income	[13]	570	586
Dividends received		0	0
Interest paid and similar expenses	[13]	–296	–209
Taxes on income paid	[15]	14,164	5,105

Notes on the Consolidated Financial Statements

Principles and methods

1. General principles

The European Energy Exchange (EEX) is the leading energy exchange in Europe. It develops, operates and connects secure, liquid and transparent markets for energy and commodity products. Within EEX Group, contracts on Power, Environmental Products, Freight Rates, Metal and Agricultural Products are traded or registered for clearing and settled.

EEX is a public limited company registered in the Federal Republic of Germany. It has its registered offices at Augustusplatz 9, 04109 Leipzig, Germany and is registered in the commercial register of the Leipzig Local Court under HR B no. 18409.

EEX Group is fully consolidated in the consolidated financial statements of Deutsche Börse AG.

The consolidated financial statements as of 31th December 2019 have been prepared in accordance with the International Financial Reporting Standards (IFRS) adopted and published by the International Accounting Standards Board (IASB), as they are to be applied in the European Union. The consolidated financial statements are prepared in accordance with the provisions of Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19th July 2002, regarding the application of international accounting standards in conjunction with Section 315a (1) HGB, taking into account the supplementary commercial law regulations.

2. New standards and interpretations

NEW ACCOUNTING STANDARDS – IMPLEMENTED IN THE YEAR UNDER REVIEW

The following standards published by IASB and taken over by the EU Commission were applied within EEX Group in the 2019 financial year. They were not adopted ahead of schedule.

STANDARD/AMENDMENTS/INTERPRETATIONS

		Date of application	**Effects on EEX Group**
IFRS 9	Amendments regarding prepayment provisions with negative compensation payment	01/01/2019	None
IFRS 16	Leasing agreements	01/01/2019	See Note no.3
IAS 19	Amendments regarding plan amendment, curtailment or settlement	01/01/2019	None
IAS 28	Amendments regarding long-term interests in associates and joint ventures	01/01/2019	None
IFRIC 23	Uncertainty over income tax treatment	01/01/2019	None
	Amendments from the Annual Improvements Project 2015–2017 – Amendments to IFRS 3, IFRS 11, IAS 12, IAS 23	01/01/2019	Insignificant

NEW ACCOUNTING STANDARDS – NOT IMPLEMENTED SO FAR

The following new or amended standards and interpretations have already been adopted by IASB. Since, however, these standards have not yet been adopted by the EU or since their application is not mandatory, the EEX Group will only apply these standards and interpretations in future financial years. The EEX Group is not planning to adopt these at an earlier date.

STANDARD/AMENDMENTS/INTERPRETATIONS

		Date of application	Effects on the EEX Group
IFRS 3	Amendments of the definition of business	01/01/2021	insignificant
IFRS 17	Insurance contracts	01/01/2021	insignificant
IAS 1, IAS 8	Amendments of the definition of material	01/01/2020	insignificant
	Revised conceptual framework	01/01/2020	insignificant

3. Fundamental accounting and valuation methods

The fundamental accounting and valuation methods which are used in the preparation of these consolidated financial statements are described below. The methods described are used consistently for the specified accounting periods, unless otherwise stated.

PRINCIPLES FOR THE PREPARATION OF THE FINANCIAL STATEMEN

The requirements of IFRS are entirely fulfilled and ensure that an impression of the assets, earnings and financial position of the Group is conveyed which is in line with the actual situation of the Group.

With the exception of derivatives, which are measured at fair value, the consolidated financial statements were prepared on the basis of the historical costs of acquisition and production.

The consolidated financial statements are prepared in EUR. Unless otherwise stated, all amounts are specified in thousand Euros (EUR thousands).

PRINCIPLES OF CONSOLIDATION

Subsidiaries

All companies in which the Group controls rights which are required to conduct the decisive activities of the subsidiary are defined as subsidiaries; as a rule, such control is accompanied by a share of more than 50% of the voting rights. In addition to this, EEX is exposed to fluctuating returns from subsidiaries and is able to influence these returns. In assessing the question of whether such control is ensured, the existence and effect of potential voting rights, which can be currently exercised or converted, is taken into account.

Subsidiaries are included in the consolidated financial statements (full consolidation) as of the time at which control was transferred to the Group. They are deconsolidated at the time at which such control ceases.

Accounting for subsidiaries acquired in a business combination is done according to the purchase method. The acquisition costs correspond to the fair value of the assets given, the equity instruments issued and the debts created and/or taken over at the time of the transaction. Assets, debts and contingent liabilities which can be identified in the context of a corporate merger are measured at fair value on the date of acquisition, regardless of the extent of non-controlling interests. The surplus of the acquisition costs over and above the Group's share in the net assets measured at fair value is shown as goodwill. If the acquisition costs are lower than the net assets of the acquired subsidiary measured at fair value, the amount of such difference is directly recorded in the profit and loss account.

Intra-Group receivables and payables as well as intra-Group transactions are eliminated. In so far as necessary, the accounting and valuation methods for subsidiaries are adapted in order to ensure uniform accounting throughout the Group.

Assets held in the context of a fiduciary relationship are not considered assets of the Group and are not reported in the consolidated financial statements.

Transactions with non-controlling interests
Transactions with non-controlling interests are treated like transactions with parties external to the Group. Acquisitions and sales of non-controlling interests are recognised directly in equity in the consolidated financial statements.

Associates
Associates are those companies over which the Group exercises significant influence but which it does not control; as a rule, this is accompanied by a share of between 20% and 50% of voting rights. Investments in associates are reported in the balance sheet by using the equity method and, initially, they are measured at their acquisition costs. The investment in associates includes the goodwill created upon the acquisition (after consideration of cumulative impairments).

The Group's share in the profit and loss of associates is recorded in the consolidated statement of profit or loss as at the date of acquisition. The cumulative changes after acquisition are set off against the book value of the investment. If the Group's share in the loss of an associate is equal to the share of the Group in this company, including other unsecured accounts receivable, or exceeds said value, the Group does not record any further losses unless it has entered into obligations for the associate or has made payments for it.

In so far as necessary, the accounting and valuation methods for associates are adapted in order to ensure uniform accounting throughout the Group.

Joint Ventures
Joint ventures are accounted for using the equity method as per IFRS 11.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment assets are capitalised at the cost of acquisition and/or production and depreciated linearly as scheduled in accordance with the probable useful life.

Subsequent costs of acquisition and production, for example on account of expansion or replacement investments, are only recorded as a part of the costs of acquisition and production of the asset or – if appropriate – as a separate asset, provided it is likely that an economic benefit will accrue to the company from it in the future and that the costs of the asset can be reliably estimated.

Expenses for maintenance activities which do not constitute essential replacement investments (day-to-day services) are recognised as expenses in consolidated statement of profit or loss for the financial year during which they were incurred.

The EEX Group leases a large number of different assets. These include buildings, IT hardware and motor vehicles. The rights of use are assessed at costs of acquisition. In the framework of the subsequent assessment of the right of use, the costs of acquisition are reduced by the cumulative scheduled depreciations and impairment losses. Excepted are short-term assets with a term of, at a maximum, 12 months and leasing relationships regarding minor assets.

All assets are depreciated linearly according to the useful life.

in years	Useful life
Land and buildings	
Rights of use – buildings	As per term of lease
Leasehold improvements	As per term of lease
Plant and equipment	
User hardware	3
Audio and video equipment	4
Network technology	5
Rights of use – IT hardware and vehicle fleet	As per term of lease
Office equipment	
Steel cabinet	20
Other office furniture	13

Residual book values and useful life are reviewed as of every balance sheet date and adjusted if required. If the book value of an asset exceeds its estimated recoverable amount, it is immediately depreciated to the latter.

Gains and losses from the disposal of property, plant and equipment are determined as the amount of the difference between the sales proceeds and the book value of the property, plant and equipment, and recognised in profit or loss.

INTANGIBLE ASSETS

Intangible assets are amortised linearly, provided they have a definite useful life.

Goodwill
Goodwill is defined as the difference between the costs of acquisition of a company over and above the fair value of the share of the Group in the net assets of the company acquired at the time of acquisition. Any goodwill created by the acquisition of the company is reported in the balance sheet under intangible assets. Any goodwill resulting from the acquisition of an associate is contained in the book value of the investment in this associate. The goodwill shown in the balance sheet is subject to an annual impairment test and carried at its historical cost of acquisition minus cumulated impairments. Reversals of impairment losses are not permissible.

Goodwill is allocated on cash-generating units for the purpose of the impairment test. This allocation is effected into those cash-generating units which were expected to benefit from the business combination during which the goodwill was created.

Other intangible assets
Purchased software is capitalised at its cost of acquisition and production plus the cost for establishing a state ready for going into operation minus any possible grants. The total costs of acquisition are depreciated over the estimated useful life.

An intangible asset which is created by the company itself and results from development activity (or the development phase of an internal project) is shown if and only if all of the following proofs can be presented:

- Technical feasibility of completion of the intangible asset is ensured so that it will be available for use or for sale
- The completion of the intangible asset as well as its use or sale are intended
- There is a likelihood of using or selling the intangible asset.
- It has been assessed how the intangible asset will generate its probable future economic benefit
- The expected future benefit in the form of external sales revenues exceeds the expected costs of the project
- The availability of adequate technical, financial and other resources for the completion of the development and the use or sale of the intangible asset is ensured
- There exists the capacity to reliably determine the expenses allocable to the intangible asset in the context of the development

The value at which an intangible asset created by the company itself is capitalised for the first time corresponds to the total of the expenses incurred as of the day on which said intangible asset fulfils the conditions specified above. In the case where an intangible asset created by the company cannot be capitalised, the development costs are recognised as costs in the accounting period during which they are incurred.

Capitalised costs of acquisition and production for software are amortised linearly over its useful life. A useful life of three years is assumed for standard software. Individual software, on the other hand, is amortised over five years.

IMPAIRMENT OF NON-MONETARY ASSETS

Assets which have an indefinite useful life are not depreciated according to schedule; rather, they are subject to an impairment test, at least once a year, as well as upon the emergence of corresponding indicators as a supplement. Assets which are subject to scheduled depreciations are tested for impairment where there are corresponding triggers (events and/or changes in circumstances) signalling that the book value may no longer be realised. An impairment loss is recorded as the amount by which the book value exceeds the recoverable amount. The recoverable amount is the higher of the fair value of the asset less costs of disposal and its value in use.

For the purpose of the impairment test, assets are combined at the lowest level for which the cash flows can be identified separately (cash-generating units). Non-monetary assets for which an impairment has been recorded in the past are reviewed as to whether a reversal of impairment losses needs to be effected as of every reporting date.

FINANCIAL ASSETS

A financial instrument is defined as a contract which simultaneously leads to a financial asset for one company and to a financial liability or equity instrument for the respective other company.

Financial assets comprise the following:

- Liquid funds.
- An equity instrument of another company held as an asset.
- A contractual right:
  a) to obtain liquid funds or other financial assets from another company, or
  b) to exchange financial assets or financial liabilities with another company at potentially advantageous conditions; or
- A contract which will or can be fulfilled in own equity instruments of the company and which constitutes the following:
  a) a non-derivative financial instrument which comprises or can comprise a contractual obligation of the company to receive a variable number of equity instruments of the company, or
  b) a derivative financial instrument which will or can be fulfilled in another manner than through the exchange of a fixed amount of available funds or other financial assets in return for a fixed number of equity instruments of the company. In that sense, the equity instruments of a company do not comprise any instruments which themselves constitute contracts regarding the future receipt or the future sale of equity instruments of the company.

Recognition and derecognition of financial instruments are effected as per trading day. Said day is the day of the purchase or sale of a financial asset on which the terms of contract provide for the delivery of the financial asset within the time frame common for the market concerned. Initial recognition is effected at fair value plus transaction costs. Financial assets categorised as “at fair value through profit or loss” are exempt from this. In this case, initial recognition is effected at fair value without consideration of transaction costs.

Financial assets are allocated according to the following categories:

- Debt instruments, derivatives and equity instruments recognised at fair value through profit or loss.
- Debt instruments at amortised cost.
- Debt instruments at fair value through other comprehensive income.
- Equity instruments at fair value through other comprehensive income.

The allocation to a category depends on the type and intended purpose of the financial assets and is effected upon addition of the asset. The allocation to a category needs to be reviewed as of every reporting date.

Financial assets in EEX Group are allocated to the following three categories:

Debt instruments, derivatives and equity instruments at fair value through profit or loss
These are financial assets classified as “held for trading” or as “assets recognised at fair value through profit or loss” at inception. A financial asset is assigned to this category if it was acquired with the intention of selling it in the short term on principle or where the financial asset was designated accordingly by management. Derivatives are also part of this category unless they are designated as financial instruments in a hedge relationship (hedges). Assets falling under this category are reported as current assets if they are either held for trading or will probably be realised within a period of 12 months after the balance sheet date.

Debt instruments at amortised cost
Loans and receivables are non-derivative financial assets with fixed and/or definable payments which are not quoted on an active market. They are part of the current assets if their term does not exceed a period of 12 months after the reporting date. If this is not the case, they are reported as non-current assets.

Loans and receivables are reported under trade receivables or other assets in the balance sheet.

Equity instruments at fair value through other comprehensive income
According to IFRS 9, financial investments are also allocated to this category. They are generally shown in the balance sheet at fair value as at the reporting date.

DERIVATIVES AND HEDGES

In connection with the acquisition of Nodal Exchange Holdings, LLC a shareholder loan with the principal amount of USD 50 million was designated as hedge against foreign exchange risk arising from the translation of this item into euros to hedge the net investment in Nodal Exchange Holdings, LLC. Effective exchange rate differences from the loan were reported in the balance sheet item “other comprehensive income”, as are exchange rate differences from the translation of the functional currency of foreign subsidiaries. For the business year 2019 the effectiveness of this net investment hedge was confirmed.

FINANCIAL INSTRUMENTS OF THE CENTRAL COUNTERPARTIES

The European Commodity Clearing (ECC) and Nodal Clear being acquired in the business year 2017 (see note 5) are the clearing houses of EEX Group and they have the function of a central counterparty.

Unconditional futures transactions
In the case of certain futures, the physical delivery of the subject of the contract is intended and mandatory from the outset. The parties to the contract can close out their obligations through a matching transaction. Futures which were already traded before the reporting date but whose last trading day occurs after the reporting date, in particular, are relevant in terms of the balance.

Variation margins cover daily profits and losses of open positions which are caused by changes in the market price. Since this is a daily profit and loss settlement in cash, futures are not shown in the consolidated balance sheet according to IAS 39.17(a) and IAS 39.39.

Futures with mandatory cash settlement are treated as being equivalent to forward contracts with physical settlement and, consequently, they are neither shown as assets nor as liabilities in the balance sheet.

Conditional futures transactions
In the case of options, the buyer of an option has to pay an option premium upon the conclusion of the contract. In the event of price fluctuations which have a negative impact on the seller of the option and lead to losses if the option is exercised, collaterals are called from the seller. The buyer of an option, on the other hand, cannot sustain any further losses beyond the option premium already paid, since the buyer is not obliged to exercise the option. In other words, the value of an option depends on the possible losses which the seller might sustain.

Options need be shown at fair value as at the reporting date. In this context, the option premiums for open positions are used. Assets and liabilities positions of the same amount are created since ECC, in its capacity as the central counterparty, has both an account receivable from the seller of the option and an account payable to the buyer of the option.

Options are classified under the category “Financial assets or financial liabilities at fair value through profit or loss”.

TRADE RECEIVABLES

Initially, trade receivables are recognised at fair value. Afterwards, they are valued at amortised acquisition cost and, in as far as they have a remaining term of more than 12 months, by using the effective interest rate method, as well as by deducting impairments. An impairment of trade receivables is recorded if there are objective indications pointing to the fact that the amounts of trade receivables which have fallen due cannot be collected in their entirety. Considerable financial difficulties of a debtor, an increased likelihood of the debtor becoming insolvent or entering into some other reorganisation measure and a breach of contract such as a default or delay in interest or redemption payments are considered indicators of the presence of an impairment. The amount of such impairment is categorised as other operating expenses in the consolidated statement of profit or loss.

For the measurement and recognition of expected loan losses within the trade receivables the simplified approach according to IFRS 9 was adopted. For this an allowance matrix is used which calculates allowances based on historical default rates on the basis of the aging of the receivables.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash assets, sight deposits and other highly liquid short-term financial assets with an original term of, at a maximum, three months, and overdraft facilities. These are financial assets available for sale.

Overdraft facilities used are shown as “Other bank loans and overdrafts” under current liabilities in the consolidated statement of financial position.

COLLATERALS

According to the Clearing Conditions, every trading participant needs to provide a certain amount of collateral. This form of collateral can be delivered in securities, bank guarantees (only for the clearing fund) or in the form of cash funds.

Liabilities from cash collaterals are reported under the item “Cash deposits by trading participants” in the consolidated statement of financial position. The corresponding amounts are reported under “Restricted bank balances”.

Collaterals delivered in the form of securities are pledged by the Clearing Members. These are not shown in the consolidated statement of financial position.

FINANCIAL DEBTS

Upon their first recognition, financial debts are measured at fair value and after the deduction of transaction costs. In subsequent accounting periods, they are valued at amortised acquisition costs; every difference between the payout amount (after the deduction of transaction costs) and the repayment amount is recorded in the profit and loss account by using the effective interest method throughout the term of lending.

Loan liabilities are classified as current liabilities if the Group does not have the unconditional right to postpone the repayment of the liability to a date at least 12 months after the reporting date.

DEFERRED TAXES

Deferred taxes are recognised for all temporary differences between the tax balance sheet value of the assets/liabilities and their book values according to IFRS. Deferred taxes are measured by using the tax rates (and taxation provisions) which are applicable on the reporting date or which have essentially been adopted legally at the reporting date and which are expected to be valid at the time of the realisation of the deferred tax asset and/or of the settlement of the deferred tax liability.

Deferred tax liabilities which are caused by temporary differences in connection with investments in subsidiaries and associates are stated, unless the time of the reversal of the temporary differences can be determined by the Group and it is likely that the temporary differences will not be reversed in the foreseeable future on account of this influence.

Deferred tax assets on losses carried forward are assessed to the degree to which it is likely that they can be used. The use of deferred tax assets on losses carried forward depends on whether sufficient taxable income is likely to be generated in the future. The earnings situation in the past as well as planning calculations are used to evaluate the likelihood of such a situation.

EMPLOYEE BENEFITS

Within the Group there are both defined benefit pension plans and defined contribution pension plans.

A defined contribution pension plan is a pension plan under which the Group pays fixed contributions to a company (fund) which is not part of the Group. The Group is not subject to any legal or de facto obligation to provide additional contributions where the fund does not have sufficient assets in order to settle the pension claims of all employees from the current and previous business years. By contrast, defined benefit pension plans typically specify an amount for the pension benefit which an employee will receive upon retirement and which usually depends on one or more factors, such as age, length of service and salary.

The provision for defined benefit plans recognised in the consolidated statement of financial position corresponds to the present value of the defined benefit obligation (DBO) at the reporting date. The DBO is calculated annually by an independent actuarial expert by using the projected unit credit method. The present value of the DBO is calculated by discounting the expected future outflow of funds at the interest rate for industrial bonds with the highest credit rating. The industrial bonds are specified in the currency of the payment amounts and have terms corresponding to those of the pension obligations.

Current service costs to be settled subsequently are immediately recognised in the statement of profit or loss unless the modifications of the pension plan depend on the continuance of the employee in the company for a fixed term (term until the beginning of non-vesting). In this case, the current service costs to be settled subsequently are recognised in the statement of profit or loss linearly throughout the period until the beginning of non-vesting.

Actuarial profits and losses are immediately recognised in the statement of profit or loss. In so far as there are plan assets, these are deducted from the pension provision.

PROVISIONS

Provisions are carried as liabilities where the Group has a current legal or de facto obligation resulting from a past event if it is more likely than not that the settlement of the obligation will lead to a cash outflow and the amount of the provision can be determined reliably. Provisions for future operating losses are not recorded.

Provisions are recognised at the present value of the expected expenses; in this process, a pre-tax interest rate is used which takes into account current market expectations regarding the interest effect and the risks specific to the obligation. Increases in the provision resulting merely from compounding are recognised as interest expenses in the statement of profit or loss.

REVENUE RECOGNITION

All trading and clearing fees for derivatives transactions are provided on the trading day, while delivery fees for spot market transactions are provided upon successful nomination.

Revenue is primarily generated through fees charged on exchange trading and clearing commodity products. The transaction fees are set out in the price list. Discounts are mainly granted in the form of monthly discounts for the provision of a certain volume or liquidity level. Such discounts depend on the monthly total volume or the monthly fulfilment of certain requirements for the provision of liquidity.

Revenue is shown when a contract is matched or registered; that is, if there are no unfulfilled obligations to customers, because at this point the service has already been provided. EEX reports receivables if the promised service is provided at a certain point in time and the right to consideration depends solely on the passage of time. The majority of the amounts invoiced are collected directly by the clearing members, which means that there are no financing components.

Sales revenue is recorded during the period in which the services are provided by the Group.

Interest income and interest expenses are recorded if it appears sufficiently likely that an economic benefit from the transaction will accrue to the company and the amount of the revenue can be determined reliably. Interest expenses are recorded as expenses during the period in which they were incurred.

The statement of profit or loss is structured according to the total cost method.

TRANSACTIONS IN FOREIGN CURRENCIES

Transactions in foreign currencies are converted into the functional currency (EUR) at the mean foreign exchange rate valid at the time of the transaction. Gains and losses resulting from the fulfilment of such transactions as well as from the conversion of monetary assets and debts recorded in foreign currencies at the exchange rate, valid at the reporting date, are recorded in the statement of profit or loss.

Foreign exchange differences which arise in the context of consolidation as a result of the conversion of financial statements in foreign currencies are recognised in other comprehensive income.

FAIR VALUE MEASUREMENT

The fair values of financial instruments are determined on the basis of corresponding market values or valuation methods. The fair values for liquid funds and other current original financial instruments (in particular trade receivables and trade payables) correspond to the book values shown in the balance sheet as at the respective reporting dates.

The fair value of derivatives traded in an active market is based on the exchange price on the reporting date. Since ECC acts as buyer and seller at the same time, the relevant exchange price of financial assets corresponds to their current bid price.

The fair value of financial liabilities disclosed in the Notes is determined by discounting contractual future cash flows at the currently valid market interest rate which would be granted to the Group for comparable financial instruments.

FIRST-TIME APPLICATION OF IFRS 16 “LEASING RELATIONSHIPS”

IFRS 16 governs the assessment, evaluation, disclosure and reporting requirements regarding leasing relationships. It aims to provide the lessee and the lessor with relevant information regarding the effects of leasing relationships. This standard has to be applied to business years beginning on or after 1st January 2019. The EEX Group applies IFRS 16 “Leasing” for the first time according to the modified retrospective method. According to the permitted transitional rules, comparative figures were not adjusted and, as a result, comparability with the previous year is not ensured. The amendments of the accounting and valuation methods resulting from the first-time application of IFRS 16 are described below:

LESSEE

As a lessee, EEX Group uses office properties, computer centres and its vehicle fleet. Leasing relationships are recorded in the lessee’s balance sheet: On the one hand, there is the right-of-use asset, or the lessee’s right to use the underlying assets; while on the other hand, there is the lessee’s liability under the leasing relationship, or the lessee’s obligation to make leasing payments.

In the case of leases including a renewal or termination option, EEX Group needs to make an assessment regarding the term of the lease. All material facts and circumstances have to be considered in assessing the question of whether exercising a renewal or termination option is considered as being sufficiently safe.

EEX Group uses the provisions for easier application of IFRS 16 by not recording rights of use and leasing liabilities for short-term leases (with a term of less than 12 months) and low-value leased assets.

ASSESSMENT OF LEASING LIABILITIES

Leasing liabilities are assessed at the present value of the leasing payments which have not been made yet. EEX Group’s incremental borrowing rate at the beginning of the lease is used to determine the present value. The value-added tax included in the leasing payments is not included in the leasing liabilities and in the book value of the right of use regardless of whether or not the EEX Group is entitled to deduct input tax.

Thereafter, the leasing liability increases by interest expenses for the leasing liability and reduced by leasing payments made. A re-assessment is effected whenever changes to the outstanding leasing payments of a leasing liability are recorded.

ASSESSMENT OF RIGHTS OF USE

Rights of use are assessed at costs of acquisition. In the framework of the follow-up assessment of the rights of use, the costs of acquisition are reduced by the cumulative scheduled depreciations and impairment losses.

At the time of first adoption, IFRS 16 was applied as follows:

- The present value of the leasing liabilities is established on the basis of the future leasing payments by using the incremental borrowing rate. This value was selected uniformly for similar leasing relationships.
- The assessment of the right of use was calculated on the basis of the individual contract either retroactively using the interest rate upon the first application or on the basis of the adjusted leasing liabilities.
- A decision regarding the treatment of contracts with a residual term of less than 12s months as of the time of the switch was taken at the level of the contract.
- All those contracts which have already been identified as leasing relationships will continue to be classified as leasing relationships.
- Initial direct costs have not been considered in the right of use.

EFFECTS OF THE FIRST-TIME ADOPTION OF IFRS 16 "LEASING"

As a result of the inclusion of rights of use and the corresponding leasing liabilities in the balance sheet, the EEX Group balance sheet total increased by EUR 18,738 thousands at the time of the first application of the standard. Reconciliation of the liabilities under leasing contracts as of 1st January 2019 was as follows:

in EUR thousands	
Off-balance-sheet leasing and rental commitments as of 31/12/2018	18,852
Short-term leases	445
Variable leasing payments	–
Others	–
Minimum leasing payment as of 01/01/2019 (gross amount without discounting)	**18,407**
Minimum leasing payment as of 01/01/2019 (discounted)	17,377
Consideration of lease renewal options	1,361
Leasing liabilities resulting from the first-time application of IFRS 16 as of 01/01/2019	**18,738**

The weighted incremental interest rate for the leasing liabilities assessed for the first time as of 1st January 2019 was 0.7% p.a. Furthermore, as of 1st January 2019, the type of expenses in connection with these leasing relationships has changed. Since then, EEX Group has recorded depreciations on rights of use and interest expenses under leasing liabilities instead of rent and leasing expenses as part of the other operating expenses. These shifts lead to an improvement in earnings before taxes, depreciation and amortisation (EBITDA).

4. Estimates, valuation uncertainties and discretionary decisions

All estimates and assessments are constantly re-evaluated and are based on experience gained in the past and further factors, including expectations with regard to future events, which appear reasonable under the prevailing circumstances.

The Group makes assessments and assumptions regarding the future. The estimates derived from these will obviously only in very rare cases correspond exactly to the actual circumstances arising later.

IMPAIRMENT OF NON-FINANCIAL ASSETS

The EEX Group reviews both goodwill and intangible assets with indefinite useful lives for impairment at least once a year. In order to determine the recoverable amount, which is regularly determined on the basis of discounted cash flow models, certain assumptions have to be made. The corporate planning of the EEX Group is based on the business segments. In this, assumptions about the future development of the expense and income items of the affected cash-generating units are processed.

INCOME TAX

EEX Group is subject to the tax laws in those countries in which it operates and generates income. Material discretionary powers have to be exercised to determine the tax provisions. However, for a large number of transactions and calculations, final tax-relevant data was not yet available at the time of the determination. Therefore, the EEX Group determines corresponding provisions for risks expected in connection with tax audits. Should the final results of these tax audits deviate from the estimates, the resulting effects on current and deferred taxes are recorded in the accounting period in which such effects become known.

Further estimates and assumptions are made, in particular, with regard to the assessment of the likelihood of the use of certain provisions and the realisability of deferred tax assets.

5. Scope of consolidation

The EEX AG shareholding in subsidiaries, associated companies and joint ventures as of 31st December 2019 included in the scope of consolidation is shown in Note 39.

Through its subsidiary Powernext, EEX acquired a 25% shareholding in the establishment of Spark Commodities PTE. LTD. with registered office in Singapore in 2019. This company offers technology-based solutions to strengthen liquidity on the physical LNG market via a transaction-based platform. These shares are reported in the balance sheet at equity.

With effect of 31st January 2019, EEX AG acquired 100% of the shares in Grexel Systems Oy, Helsinki, Finland, (Grexel Systems). Grexel Systems is the leading provider of registries of guarantees of origin and other energy certificates in Europe. At present, it operates 15 energy certificate registries in Europe.

This acquisition was made with a view to strengthening the Registry Services business field. The goodwill resulting from the transaction primarily includes expected cost synergies.

The purchase price was EUR 9,365 thousands in cash. Upon the conclusion of the transaction as of 31st January 2019, Grexel Systems was fully included in the consolidated financial statement.

The provisional purchase price allocation had the following results:

in EUR thousands	
Consideration transferred	**9,365**
Acquired bank balances	–1,156
Total consideration	**8,209**
Acquired assets and liabilities	
Customer relationships	3,200
Brand names	400
Software and other intangible assets	1,500
Other short-term assets	542
Short-term liabilities	–207
Deferred tax liabilities on temporary differences	–1,020
Non-controlling shares	0
Total acquired assets and liabilities	**4,415**
Goodwill	**3,794**

The full consolidation of Grexel Systems resulted in an increase in net revenue by EUR 1.8 million and of the result after tax by EUR 0.1 million.

In the financial year, JV Epex-Soops B.V. was liquidated as of 10th October and, as a result, is no longer part of the scope of consolidation.

Notes on the consolidated profit and loss account

6. Sales revenue

The product portfolio includes contracts on power and gas and emission allowances as well as freight rates and agriculturals. Revenue is primarily generated through fees charged on exchange trading and clearing of commodity products. These transaction fees are specified in the price list. Discounts are primarily granted in the form of monthly discounts for the provision of a certain volume or liquidity level and depend on the overall monthly volumes or compliance with certain liquidity provision requirements for a given month. Revenue from a transaction is reported through matching or the registration of a contract, i.e. if there are no unfulfilled liabilities towards customers since the service was already provided at that time. Liabilities are reported if the promised service is provided at a certain time and the claim to compensation is exclusively based on time. The majority of the amounts invoiced is collected directly by the clearing members.

Sales revenue was as follows:

in EUR thousands	2019	2018
Transaction fees		
Power Derivatives	92,884	76,647
Power Spot	72,654	72,585
Natural Gas	55,119	44,888
US Commodites	20,358	11,563
Environmental Products	4,120	8,091
Clearing Services	1,334	914
Agriculturals	594	360
Global Commodities	384	371
Other revenues		
Market Data Services	7,649	6,600
Registry-Services	6,452	4,928
Other	42,664	40,707
Total sales revenue	**304,212**	**267,654**

The sales revenue in the Power Derivatives Europe business field is mainly determined by the trading volumes in the individual market areas. This is primarily driven by the market share in the German market area, which has increased to 42% (2018: 30%), and by the 34-% increase in volume. The market share in the Italian market area, which was already high, increased slightly and reached 86% (2018: 84%) with a 14-% share in trading volumes. The market share in France rose to 46% (2018: 38%), with sales volume rising by 11%. Their share in the total volumes is 9%.

In the Power Spot Europe business field, the overall sales revenue of all markets was at the same level as in the previous year, while the underlying trading volumes increased by 4%. The trading volumes on the day-ahead markets rose by 2% and account for 85% of the total volumes in this business field. The volumes in the biggest market area, Germany, rose by 1% and account for 45% of the entire day-ahead volumes. While the volumes on the markets in the United Kingdom and other smaller markets grew significantly (+6% and +14% as against 2018), turnover declined in France (–1%) and the Netherlands (–5%). Trading volumes on the intraday markets rose by 11% as against 2018 and account for 15% of the total volumes in this business field. In this segment, trading volumes grew significantly in all major market areas.

The sales revenue generated in the Natural Gas Europe business field rose compared with the previous year, with the spot markets accounting for a share of 79% in the overall revenue. Two-digit growth rates were achieved in almost all market areas both on the spot and on the derivatives market. On the spot markets, this growth was essentially based on gains in market shares within a concurrently growing overall market. Declines in volume were only observed on the French Gas Spot Market as a result of a decline in market shares. The increase in trading volumes on the derivatives markets is due, in particular, to growth in the overall market.

The sales revenue in the US Commodities business field is significantly higher than in the previous year. In this field, a number of local power derivatives contracts, gas derivatives contracts with the Henry Hub underlying and North American environmental products are offered. Moreover, in March 2019, financially settled futures in the field of Trucking Freight were launched. The sales revenue is driven by the power derivatives market. In this segment, the Nodal Exchange trading volumes rose by 79%, while the overall market recorded growth of only 8%.

In the field of Environmental Products Europe, declines in emission allowance trading volumes led to lower sales revenue than in the previous year on both the primary and the secondary markets. On the one hand, this reduction in volumes was due to a significant reduction of the auction volumes required by regulation in the framework of the market stability reserve to strengthen the CO_2 price, which led to a decline in the overall market. On the other hand, EEX was unable to continue the positive development in its option volumes in 2019. The decline in volumes on the primary markets (auction) was 28%, with volumes on the secondary markets declining by approximately 50%. The option volume sank by 93% as against 2018.

The sales revenue within the Clearing Services business field rose as against 2018. This business field includes clearing for those partner exchanges that are not part of the EEX Group. In the 2019 financial year, this included the Hungarian HUPX/HUDEX, the Norwegian NOREXECO and the Irish SEMOpx. The increase in sales is attributable to the SEMOpx clearing.

In the Global Commodities business field, EEX Group generated significant growth in revenue compared with 2018. This increase is essentially due to the Freight segment which generated two- to three-digit growth rates every quarter. The lasting organic growth was primarily driven by the increase in the number of trading participants, improvements in sales and connectivity and the increase in position limits as well as an expanded product portfolio. Moreover, the trading volumes for the iron ore contracts on the EEX Asia platform rose by 37%. In contrast, the volumes in futures on fuel oil and fertilisers, as well as other futures, declined.

In the Agriculturals business field, EEX Group slightly increased its sales revenue in the 2019 financial year. While a decline of one third was observed in futures contracts on dairy products compared with 2018, EEX achieved growth of 16% in trading in futures on processing potatoes.

In 2019, the Market Data Services sales revenue was higher than in the previous year. This business field is divided into the three segments of Information Services, Transparency Services and Reporting Services. In the Information Services segment, data are marketed which are generated by the trading activities within the EEX Group and which are made available through the trading participants' publication processes on the EEX transparency platform. The Transparency Services comprise the publication of insider information of the trading participants for power, natural gas and emission allowances on the EEX transparency platform in the framework of EU Regulation on Wholesale Energy Market Integrity and Transparency (REMIT), the EU transparency regulation and the Market Abuse Directive (MAD). The Reporting Services segment brings together reporting services provided on the basis of various legal provisions.

The Registry Services business field comprises all registry services provided by Powernext and Grexel Systems. At the beginning of 2019, the acquisition of the registry provider Grexel Systems formed an important milestone for this segment. As a result of this, EEX Group was able to significantly increase revenue in this field in 2019 compared with the previous year.

The other sales revenue comprises annual and technical fees. Moreover, this also includes sales revenue from market coupling, services for third parties and cost reimbursements and sales revenue generated through training services. Because of the lasting decline in the development of revenue for market coupling services for power spot markets in Europe, the other sales revenue is lower than in 2018.

7. Net income from banking business

The net interest income from the banking business essentially results from interest income from the investment of excess liquidity (positive interest rate environment). Moreover, as a result of the current interest anomaly, EEX Group generates interest income from credit balances which customers hold at EEX Group (negative interest environment). In addition, this item also includes interest allowances for customer balances (positive interest environment) and from funds invested (negative interest environment) as well as commitment fees for credit lines. Interest income and interest expenses are calculated using the effective interest method on a daily basis and accrue accordingly. Moreover, they are realised upon maturity.

The net income from the banking business was as follows:

in EUR thousands	2019	2018
Interest income from investment and management of cash collateral	30,616	23,138
Interest expenses from investment and management of cash collateral	–19,163	–14,266
Net income from the banking business	11,453	8,872

8. Other operating income

This item includes other operating income which is not considered as sales revenue. It includes, among others, gains from foreign currency differences.

9. Volume-related costs

This reflects variable costs, such as Market Maker costs or system costs which are incurred based on sales.

10. Staff costs

As at 31st December 2019, 681 members of staff were employed in EEX Group (2018: 586).

in EUR thousands	2019	2018
Wages and salaries	60,259	51,090
Social security contributions	12,101	11,052
Pension costs	3,730	3,371
Total	**76,089**	**65,513**

11. Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses were structured as follows:

in EUR thousands	2019	2018
Intangible assets	17,022	17,369
Property, plant and equipment	6,031	2,266
Total	**23,053**	**19,635**

12. Other operating expenses

Other expenses include, for example, costs for temporary employment, training programmes and foreign currency exchange losses. The item non-deductible input tax contains in the prior-year column reimbursements from previous years.

in EUR thousands	2019	2018
System costs	37,255	33,768
Consulting	33,819	20,523
Office expenses	3,035	7,029
Marketing, events and travelling expenses	6,666	6,013
Insurances, contributions	1,016	1,274
Audit costs	1,117	1,158
Supervisory Board emoluments	415	741
Non-deductible input tax	1,121	674
Other expenses	3,922	4,302
Total	**88,366**	**75,482**

Auditor fees according to Sec. 314 No. 9 HGB [German Commercial Code]

in EUR thousands	2019	2018
Year-end audit	719	620
Tax advisroy services	9	1
Other auditing services	0	0
Others	72	36
Total	**800**	**656**

Auditor fees for the year-end audit of KPMG AG Wirtschaftsprüfungsgesellschaft mainly related to the audit of the consolidated financial statements of EEX Group according to IFRS and the annual financial statements according to HGB of EEX AG as well as the annual financial statements of various subsidiaries according to local accounting regulations.

13. Financial result

The financial result has the following structure:

in EUR thousands	2019	2018
Interest and similar income	570	587
Interest expenditure	–316	–209
Dividends from investments	0	8
Compounding of provisions	–37	–30
Financial result	**217**	**356**

14. Income from at-equity investments

The result from at-equity investments contains basically the result for SEEPEX A.D. as well as enermarket GmbH accounting for using the equity method.

15. Income tax expense

This item records the current income taxes as well as deferred taxes. Current income taxes are recognised at the time at which they are incurred.

in EUR thousands	2019	2018
Current income taxes	31,403	30,942
Income taxes for previous periods	–672	–577
Deferred income taxes	–48	–4,971
Total	**30,683**	**25,394**

For the purpose of calculation of deferred taxes, a country-specific tax rate is used according to the following overview:

	Tax rate in %
Belgium	29.000
Denmark	22.000
Germany	31.925
France	31.000
Finland	20.000
Great Britain	19.000
Netherlands	25.000
Austria	25.000
Czech Republic	19.000
USA	27.000

In the case of already adopted tax rate reductions which partially become effective incrementally in Belgium, Great Britain and France, applicable tax rates are determined as those for which the deferred taxes will be realised.

The tax rate for Germany is unchanged in comparison to the previous year with an assessment rate for the trade tax rate of 460%, a basic rate of tax of 3.5%, a corporation tax rate of 15% and the solidarity surcharge of 5.5% on corporation tax.

The expected income tax expenses which would have resulted from the application of the tax rate of 31,925% for Germany on the earnings before tax under IFRS are reconciled to the reported income taxes as follows:

in EUR thousands	**2019**	**2018**
Earnings before tax	**97,975**	**92,106**
Tax rate	31.925%	31.925%
Expected tax expenditure	**31,278**	**29,405**
Tax-free income	–1	–4
Non-deductible operating expenses	37	568
Other permanent balance sheet differences	126	–330
Different tax rates	306	29
Changes in tax rates	–102	–5,165
Amendments/non-use of loss carry-forwards	130	829
Tax expenses/income for previous periods	–667	–582
Non-domestic income and different non-domestic taxes	–375	997
Others	–50	–353
Effective tax expenditure	**30,682**	**25,394**

The following deferred tax assets and deferred tax liabilities arise from temporary differences between the tax balance sheet and the IFRS balance sheet and from tax loss carry-forwards:

	Deferred tax assets		Deferred tax liabilities	
in EUR thousands	**2019**	**2018**	**2019**	**2018**
Intangible assets	6,646	7,401	30,858	30,010
Property, plant and equipment	37	35	0	1
Other receivables	21	66	0	0
Loss carry-forwards	0	0	0	0
Non-current provisions	319	72	161	31
Current provisions	721	583	0	0
Current liabilities	643	336	0	0
Outside basis differences	0	0	0	0
Gross value	**8,387**	**8,493**	**31,019**	**30,042**
Offset				
Total	**8,387**	**8,493**	**31,019**	**30,042**

Deferred tax assets are recognised with regard to tax loss carry-forwards if their realisation appears sufficiently probable based on corporate planning calculations. Tax loss carry-forwards of EUR 31,609 thousands (2018: EUR 26,859 thousands) were not recognised. These loss carry-forwards are not restricted as to the date at which they may be used.

There are taxable temporary outside basis differences of EUR 7,456 thousands (2018: EUR 4,338 thousands), which were not shown as deferred tax liabilities in accordance with IAS 12.39.

The deferred taxes are structured as follows (depending on the term until realisation):

in EUR thousands	2019	2018
Deferred tax assets		
which will be realised after more than 12 months	7,002	7,508
which will be realised within a period of 12 months	1,385	985
Total	**8,387**	**8,493**
Deferred tax liabilities		
which will be realised after more than 12 months	31,019	30,042
which will be realised within a period of 12 months	0	0
Total	**31,019**	**30,042**

16. Other comprehensive income

This item includes effects recorded directly in other comprehensive income from the conversion of financial statements of subsidiaries prepared in foreign currencies in the amount of EUR 2,738 thousands (2018: EUR 6,199 thousands) and from a hedge of a net investment in a foreign operation in the amount of EUR 860 thousands (2018: EUR 1,959 thousands).

In addition, actuarial losses from the revaluation of defined benefit pension plans in the amount of EUR –327 thousands (2018: EUR 313 thousands) were recorded in this item in the 2019 financial year.

With regard to currency conversion as at 31st December 2019, the following relevant exchange rates to the euro were used:

	Closing rate on 31/12/2019	Closing rate on 31/12/2018	Year average rate 2019	Year average rate 2018
SGD	1.5090	1.5577	1.5256	1.5907
GBP	0.8537	0.8978	0.8767	0.8863
CHF	1.0857	1.1264	1.1112	1.1513
USD	1.1212	1.1433	1.1195	1.1801
CZK	25.4068	25.7315	25.6700	25.6605
DKK	7.4712	7.4664	7.4658	7.4534
SEK	10.4668	10.2423	10.5885	10.2901
NOK	9.8567	9.9422	9.8514	9.6262

Notes on the consolidated statement of financial position

17. Goodwill and intangible assets

The goodwill and intangible assets developed as follows:

in EUR thousands	Other intangible assets	Goodwill	Total
Costs of acquisition as at 31/12/2017	**257,306**	**159,066**	**416,372**
Change in the scope of consolidation			0
Additions	11,727		11,727
Disposals	−2		−2
Costs of acquisition as at 31/12/2018	**269,031**	**159,066**	**428,097**
Change in the scope of consolidation	1,900	3,794	5,694
Additions	21,101		21,101
Disposals	−75		−75
Costs of acquisition as at 31/12/2019	**291,957**	**162,860**	**454,817**
Depreciation/impairment as at 31/12/2017	**53,785**	**26,519**	**80,304**
Scheduled amortisation	16,984		16,984
Impairment	385		385
Disposal	0		0
Depreciation/impairment as at 31/12/2018	**71,154**	**26,519**	**97,673**
Scheduled amortisation	13,821		13,821
Impairment	0		0
Disposal	0		0
Depreciation/impairment as at 31/12/2019	**84,975**	**26,519**	**111,494**
Currency differences	−1,679	−2,015	−3,694
Book value as at 31/12/2018	**194,559**	**129,119**	**323,678**
Book value as at 31/12/2019	**205,303**	**134,326**	**339,629**

ANNUAL IMPAIRMENT TEST AS AT 30TH SEPTEMBER 2019

The impairment test is based on medium-term planning for the cash-generating units (CGU). In 2015, the CGU were defined as a business segment for the first time so that the respective trading and clearing portion is allocated to the asset classes. Subsidiaries which are not planned within the business segments and which largely operate independently are exempt from this for the initial period after their acquisition. These cash flows, which are forecast on an annual basis, are discounted.

in EUR thousands	Allocated book value	Growth rate	Discount rate
Power Spot	201,720	−1.00%	3.8%
Power Derivatives	92,361	−1.00%	3.8%
Natural Gas	55,893	1.00%	3.8%
Global Commodities	3,456	1.00%	3.8%
US Commodities	164,050	2.25%	8.3%
Other Segments	9,526	1.00%	3.8%

For current planning, a growth rate of –1 to +2% was used. The rate of the weighted average cost of capital (WACC), which reflects the capital market's required rate of return for the provision of borrowed capital and equity for EEX, is used for the purpose of discounting cash flows. The rate used for the weighted average costs of capital for the calculation of the recoverable amount is 3.8–8.3% depending on the segment.

In all cases, the calculation resulted in a fair value less costs of disposal which was above the book values of the cash generating units.

SENSITIVITY OF THE PLANNING ASSUMPTIONS

A sensitivity analysis was carried out for the CGUs which contain a goodwill. The need for impairment was analysed for rather pessimistic scenarios. The declines in sales revenue which would give rise to an impairment are far beyond any scenario which can be regarded as being realistic at present.

18. Property, plant and equipment (incl. right-of-use assets)

PROPERTY, PLANT AND EQUIPMENT (INCL. RIGHT-OF-USE ASSETS)

During the year under review, property, plant and equipment developed as follows:

in EUR thousands	Land and buildings	Leashold improvements	Computer hardware, fixtures and furnishing	Total
Costs of acquisition as at 31st December 2017	**0**	**2,368**	**10,485**	**12,853**
Change in scope of consolidation	0			0
Additions	0	1,540	3,641	5,181
Disposals	0	–240	–129	–369
Costs of acquisition as at 31st December 2018	**0**	**3,668**	**13,997**	**17,665**
Starting Recording Right-of-use Assets according to IFRS 16 at 1st January 2019	18,343	0	394	18,738
Change in scope of consolidation	236			236
Additions	5,505	104	2,624	8,233
Disposals	0	–237	–409	–646
Costs of acquisition as at 31st December 2019	**24,084**	**3,535**	**16,606**	**44,225**
Depreciation/impairment as at 31st December 2017	**0**	**1,894**	**7,555**	**9,449**
Scheduled depreciation	0	201	2,065	2,266
Disposals	0	–237	–25	–262
Depreciation/impairment as at 31st December 2018	**0**	**1,858**	**9,595**	**11,453**
Scheduled depreciation	3,413	304	2,314	6,031
Disposals		–237	–405	–642
Depreciation/Impairment as at 31st December 2019	**3,413**	**1,925**	**11,503**	**16,842**
Currency differences	41	4	118	163
Book value as at 31st December 2018	**0**	**1,812**	**4,487**	**6,299**
Book value as at 31st December 2019	**20,712**	**1,615**	**5,220**	**27,547**

Right-of-use assets
In the reporting period, the rights-of-use assets have developed as follows:

in EUR thousands	Land and buildings	Leashold improvements	Computer hardware, fixtures and furnishing	Total
Costs of acquisition as at 1st January 2019	**18,343**	**0**	**394**	**18,738**
Change in scope of consolidation	236	0	0	236
Additions	5,505	0	300	5,805
Disposals	3,413	0	145	3,558
Währungsdifferenzen	41	0	0	41
Book value as at 31st December 2019	**20,712**	**0**	**549**	**21,261**

The average lease term is 8.1 years.

19. Investment in associates and joint ventures, other equity investments as well as other financial assets

Associates and equity investments, as at the reporting date were as follows:

	SEEPEX A.D.	enermarket GmbH	Spark Commodities Ltd.
Registered office	Serbia Belgrade	Germany Frankfurt	Singapore Singapore
Initial recognition in the balance sheet	2015	2018	2019
Share in capital as at 1st December 2018 in %	12	40	0
Share in capital as at 31st December 2019 in %	12	40	25
Nominal capital in EUR thousands	500	1,250	17,838
Inclusion	at equity	at equity	at equity

The book values developed as shown in the table below:

in EUR thousands	Associates	Other equity investments
Costs of acquisition as at 31/12/2017	**85**	**153**
Change in scope of consolidation	380	0
Addition	65	0
Disposal	0	–153
Costs of acquisition as at 31/12/2018	**530**	**0**
Change in scope of consolidation	0	0
Addition	5,040	0
Disposal	0	0
Costs of acquisition as at 31/12/2019	**5,570**	**0**
Revaluation as at 31/12/2017	**–25**	**–129**
Result of at-equity valuation	–227	0
Disposal	0	129
Revaluation as at 31/12/2018	**–252**	**0**
Result of at-equity valuation	–305	0
Disposal	0	129
Revaluation as at 31/12/2019	**–557**	**129**
Book value as at 31/12/2018	**278**	**0**
Book value as at 31/12/2019	**5,013**	**0**

20. Derivative financial instruments

This item comprises the fair value of options, which is determined on the basis of the current exchange price of open positions.

On account of ECC's function as the central counterparty, accounts receivable and accounts payable are recorded on the asset side and on the liabilities side to the same amount of EUR 31,177 thousands (2018: EUR 102,674 thousands). Options with a total value of EUR 24,597 thousands included in this will mature within one year.

21. Trade receivables

in EUR thousands	31/12/2019	31/12/2018
Accounts receivable	250,242	585,517
Less specific individual bad debt allowance	–91	–198
Trade receivables	**250,151**	**585,319**

in EUR thousands	2019	2018
Initial amount of the specific allowance as at 1st January	**198**	**6**
Change in scope of consolidation	0	0
Addition	0	195
Utilisation of allowance	–42	0
Reversal	–65	–3
Currency conversion	0	0
Final amount of the specific allowance as at 31st December	**91**	**198**

Trade receivables essentially comprise sales on the Power and Gas Spot Market which are high due to the reporting date, in addition to trading and clearing fees.

As in the previous year, there were no accounts receivable for sales and services with a remaining term of more than one year.

In the financial year under review for the first time allowances for expected loan losses according to the simplified approach were recognised at the amount of EUR 91 thousands (2018: EUR 198 thousands).

22. Other assets and tax refund claims

in EUR thousands	31/12/2019	31/12/2018
Accounts receivable from tax authorities regarding sales tax	1,983	0
Accruals for system changes	2,868	3,538
Accruals and deferrals	3,167	2,344
Tax refund claims	22	26
Other	5,120	3,966
Total	**13,160**	**9,874**

The other assets and tax refund claims are short-term.

23. Restricted bank balances

The restricted bank balances of EUR 4,289,221 thousands (2018: EUR 5,875,265 thousands) concern in particular collaterals which have been paid by clearing members for the Spot and Derivatives Market in the form of cash collaterals. These are shown as a liability to the same amount.

This item also contains own contributions to the clearing fund by ECC AG in the amount of EUR 15 million and by Nodal Clear in the amount of USD 20 million (EUR 17.5 million).

24. Other cash and bank balances

As at the reporting date, the Group had cash and cash equivalents of EUR 168,985 thousands (2018: EUR 176,498 thousands).

25. Equity

The changes in the equity items are shown in the consolidated statement of changes in equity.

In the 2019 financial year, EUR 16,220 thousands were paid out to the shareholders of EEX.

The amounts reported in previous years as earnings were reclassified in the current financial year within the item Equity to the retained earnings in accordance with the profit appropriation decisions of the Annual General Meeting of EEX AG. The previous year's figures were also adjusted accordingly.[9]

The item non-controlling interest shows the shares of minority shareholders of EPEX Group, PEGAS CEGH Gas Exchanges Services GmbH (PCG) and Power Exchange Central Europe a.s. (PXE). The change compared with the previous year can be explained by the net profit of the current financial year minus dividend payments to non-controlling shareholders.

[9] Section for the correction of the presentation of retained earnings within equity subsequently supplemented.

26. Non-current provisions

Non-current provisions comprise provisions for pensions, archiving and the removal of installations with a term of more than one year. These developed as follows during the financial year under review:

in EUR thousands	Pension provisions	Other non-current provisions
As at 31/12/2017	**–7**	**1,224**
Utilisation	0	0
Reversal	0	–359
Compounding	16	16
Addition	255	1,294
Transfer	0	–600
Actuarial gains/losses	–372	0
Currency conversion	0	–1
Change-in-plan assets	–55	0
As at 31/12/2018	**–163**	**1,574**
Utilisation	0	–350
Reversal	0	–30
Compounding	29	8
Addition	212	940
Transfer	0	–737
Actuarial gains/losses	331	0
Change-in-plan assets	–46	0
As at 31/12/2019	**363**	**1,404**

There are provisions for pensions for one former employee in Germany and, in total, 143 employees in France. As at 31st December 2019, there were actuary reports under IFRS available stating a discount rate of 0.9% (2018: 1.85%).

The amount of the provision for another employee is based on the asset value of the reinsurance contract.

The dominant share of non-current provisions has an estimated pay-out after more than five years.

27. Long-term liabilities

This position contains contingent purchase price obligations measured at fair value. In the financial year under review the probability for effective payments was reassessed which lead to unrealised valuation gains in the amount of EUR 162 thousands which are shown under other operating income. These purchase price obligations are measured on the basis on discounted cashflow models where expected future cashflows are discounted to the reporting date by adopting risk-adequate interest rates.

28. Current provisions

Current provisions developed as follows during the financial year under review:

in EUR thousands	2019	2018
As at 01/01	**12,960**	**10,666**
Change in scope of consolidation	0	0
Utilisation	–11,300	–9,715
Reversal	–1,235	–358
Addition	10,864	11,719
Transfer	737	600
Currency adjustment	35	48
As at 31/12	**12,061**	**12,960**

The provisions essentially concern legal risks and bonuses for employees and members of the Management Board.

29. Trade payables

As at the reporting date, there were trade payables in the amount of EUR 246,960 thousands (2018: EUR 572,182 thousands). As in the case of the trade receivables, these trade payables primarily include high liabilities from Spot Market sales in power and gas on account of the reporting date.

There were no trade payables with a remaining term of more than one year as at 31st December 2019, as in the previous year.

30. Liabilities to associated companies

The liabilities exist towards SEEPEX A.D. and are described in Note 38.

31. Cash deposits by trading participants

As at the balance sheet date, these amounted to EUR 4,289,221 thousands (2018: EUR 5,875,265 thousands).

in EUR thousands	2019	2018
EEX	328	246
ECC	3,794,686	5,502,328
Nodal	494,205	372,692
Total	**4,289,221**	**5,875,265**

32. Other current liabilities

Other current liabilities comprise the following items:

in EUR thousands	2019	2018
Liabilities to staff	6,482	10,446
Tax liabilities	1,593	6,496
Payments received on account	0	0
Supervisory Board remuneration	246	344
Other liabilities	6,920	1,129
Total	**15,240**	**18,415**

All other liabilities are short-term.

Liabilities to staff contain liabilities for vacation days not yet taken.

Notes on the consolidated statement of cash flow

33. Notes on the consolidated statement of cash flows

The cash flow statement indicates the balance and the development of the cash and cash equivalents of the Group. The cash flow statement differentiates cash flows from operating activities, investing and financing activities.

Cash and cash equivalents comprise the cash assets and bank deposits with a term of less than three months reduced by short-term liabilities to banks from overdraft facilities.

Restricted bank balances – the cash deposits by market participants – are not part of cash and cash equivalents.

in EUR thousands	2019	2018
Other cash and bank balances	168,985	176,498
Less liabilities to banks	0	0
Cash and cash equivalent	**168,985**	**176,498**

CASHFLOW FROM OPERATING ACTIVITIES

Cash flow from operating activities is determined using the indirect method. In this process, the annual net profit in an amount of EUR 67,292 thousands is adjusted for non-cash expenses which amount to EUR −19,611 thousands in the reporting year.

This results in a cash flow from operating activities of EUR 86,903 thousands (2018: EUR 100,435 thousands).

CASH FLOW FROM INVESTING ACTIVITIES

The cash flow from investing activities shows payments made for investments in fixed assets, less dividends received.

In the financial year 2019, it amounts to EUR −37,652 thousands (2018: EUR −17,415 thousands) and was characterised by payments for investments in intangible assets, especially in the IT infrastructure of the EEX Group, as well as investments in associated companies and investments in property, plant and equipment. The payments for the acquisition of shares in subsidiaries are also shown here and relate in particular to the acquisition of Grexel Systems in the reporting year.

CASH FLOW FROM FINANCING ACTIVITIES

In addition to distributions of profits to shareholders of EEX AG and non-controlling shareholders, cash flow from financing activities also includes inflow of funds from short-term financings. In 2019 it amounts to EUR −57,920 thousands (2018: EUR −33,793 thousands).

Other notes

34. Classification of financial instruments as per IFRS 7

Assets as at 31/12/2018

	Amortised acquisition costs		**Fair value**				**Total**	
Valuation category	Other accounts receivable		Financial assets recognised at fair value through profit or loss (FVTPL)					
			Trading (HFT)		Fair value option			
Classes of financial instruments	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value
Other equity investments	0	0					0	0
Derivative financial instruments			102,674	102,674			102,674	102,674
Trade receivables	585,319	585,319					585,319	585,319
Other assets	9,848	9,848					9,848	9,848
Tax refund claims	26	26					26	26
Accounts receivable from associates	25	25					25	25
Restricted bank balances	5,904,259	5,904,259					5,904,259	5,904,259
Other cash and bank balances	176,498	176,498					176,498	176,498
Total	**6,675,976**	**6,675,976**	**102,674**	**102,674**	**0**	**0**	**6,778,650**	**6,778,650**

Assets as at 31/12/2019

	Amortised acquisition costs		**Fair Value**				**Total**	
Valuation category	Other accounts receivable		Financial assets recognised at fair value through profit or loss (FVTPL)					
			Trading (HFT)		Fair value option			
Classes of financial instruments	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value
Other equity investments	0	0					0	0
Derivative financial instruments			66,408	66,408			66,408	66,408
Trade receivables	250,151	250,151					250,151	250,151
Other assets	13,138	13,138					13,138	13,138
Tax refund claims	22	22					22	22
Accounts receivable from associates	0	0					0	0
Restricted bank balances	4,322,059	4,322,059					4,322,059	4,322,059
Other cash and bank balances	168,985	168,985					168,985	168,985
Total	**4,754,356**	**4,754,356**	**66,408**	**66,408**	**0**	**0**	**4,820,764**	**4,820,764**

Liabilities as at 31/12/2018

	Amortised acquisition costs		Fair value				Total	
Valuation category	Other liabilities		Financial assets recognised at fair value through profit or loss (FVTPL)					
			Trading (HFT)		Fair value option			
Classes of financial instruments	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value
Non-current provisions	1,410	1,410					1,410	1,410
Derivative financial instruments			102,674	102,674			102,674	102,674
Non-current liabilities	186	186					186	186
Current provisions	12,934	12,934	26	26			12,960	12,960
Other bank loans and overdrafts	0	0					0	0
Trade payables	572,182	572,182					572,182	572,182
Liabilities to affiliated companies	30,127	30,127					30,127	30,127
Cash deposits by market participants	5,875,265	5,875,265					5,875,265	5,875,265
Other current liabilities	18,415	18,415					18,415	18,415
Total	**6,510,520**	**6,510,520**	**102,700**	**102,700**	**0**	**0**	**6,613,220**	**6,613,220**

Liabilities as at 31/12/2019

	Amortised acquisition costs		Fair value				Total	
Valuation category	Other liabilities		Financial assets recognised at fair value through profit or loss (FVTPL)					
			Trading (HFT)		Fair value option			
Classes of financial instruments	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value
Non-current provisions	1,767	1,767					1,767	1,767
Derivative financial instruments			66,408	66,408			66,408	66,408
Non-current liabilities	300	300					300	300
Current provisions	12,061	12,061	0	0			12,061	12,061
Other bank loans and overdrafts	0	0					0	0
Trade payables	246,960	246,960					246,960	246,960
Liabilities to affiliated companies	4	4					4	4
Cash deposits by market participants	4,289,221	4,289,221					4,289,221	4,289,221
Leasing liabilities	21,533	21,533					21,533	21,533
Other current liabilities	15,240	15,240					15,240	15,240
Total	**4,587,086**	**4,587,086**	**66,408**	**66,408**	**0**	**0**	**4,653,494**	**4,653,494**

Other cash and bank balances as well as trade receivables are short-term. Their book values are approximately equal to the fair value on the reporting date.

Financial assets and liabilities which are recognised at fair value have to be assigned to the following three hierarchy levels:

Financial assets and liabilities have to be assigned to level 1 if there is an exchange price available for identical assets anddebts on an active market.

Assets and liabilities are assigned to level 2 if the parameters which are used as the basis for the measurement of the fair value are derived either directly as prices or indirectly from observable prices.

Financial assets and liabilities are assigned to level 3 if the fair value is derived from non-observable parameters.

The balance sheet value of derivative financial instruments is measured at the price on the reporting date and, hence, has to be allocated to level 1 of the fair value hierarchy.

During the past reporting period, the valuation category "Loans and receivables" generated interest income of EUR 522 thousands (2018: EUR 461 thousands). Furthermore, accounts receivable in the amount of EUR 8 thousands (2018: EUR 50 thousands) were impaired in the year under review. For receivables in the amount of EUR 1,893 thousands (2018: EUR 3,313 thousands) allowances for expected losses according to the simplified approach under IFRS 9 were recognised.

The following table shows the age structure of the valuation categories:

in EUR thousands		**Daily**		**Not more than 1 year**		**More than 1 year, not more than 5 years**		**More than 5 years**	
	Consolidated notes	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Trade receivables: from associates, from companies in which participating interests are held and other current assets	[21], [22]	208,733	498,185	54,557	97,007	0	0	0	0
Restricted bank balances	[23]	4,322,059	5,904,259	0	0	0	0	0	0
Other cash and bank balances	[24]	168,985	174,930	0	1,568	0	0	0	0
Non-derivative financial assets		**4,699,777**	**6,577,374**	**54,557**	**98,575**	**0**	**0**	**0**	**0**
Non-current liabilities	[27]					300	186	0	0
Other bank loans and overdrafts		0	0	0	0	0	0		
Trade payables: to associates, to companies in which participating interests are held, leasing liabilities and other current liabilities	[29], [30]	208,733	498,185	56,847	122,539	11,258	0	6,900	0
Cash deposits by market participants	[31]	4,289,221	5,875,265	0	0	0	0	0	0
Non-derivative financial liabilities		**4,497,953**	**6,373,450**	**56,847**	**122,539**	**11,558**	**186**	**6,900**	**0**
Financial assets and derivatives	[20]	0	0	59,828	73,102	6,580	29,572	0	0
Financial liabilities and derivatives	[20]	0	0	59,828	73,102	6,580	29,572	0	0

35. Financial risk and capital management

In accordance with the requirements defined in art. 91 paragraph 2 AktG [German Stock Corporation Act], EEX Group has a risk early warning system covering all business areas. This is intended to identify and address risks early on.

The Chief Risk Officer (CRO) of ECC AG is in charge of designing EEX Group's risk early warning system. The individual Group companies are largely responsible for risk management on their own. With respect to risks requiring Group coordination, minimum standards are specified by ECC's Management Board for all Group companies. Depending on their size, the individual Group companies have their own risk management unit to this end. The Group companies report to ECC risk management on a monthly basis.

Counterparty risk, market price risk, liquidity risk, operational risk as well as business and compliance risk constitute potential risk categories.

For a detailed description of risk management within EEX Group, reference is made to the explanations in the management report.

36. Other financial liabilities and contingent liabilities

Other financial liabilities of the Group comprise future payment obligations under operating leases. These are structured as follows:

31/12/2018
in EUR thousands

Leased item	Up to 1 year	1 to 5 years	More than 5 years
Systems/maintenance/ infrastructure	14,687	16,275	0
Rent	3,888	8,680	5,379
Motor vehicles	434	471	0
Others	1,384	386	0
Total	**20,393**	**25,812**	**5,379**

31/12/2019
in EUR thousands

Leased item	Up to 1 year	1 to 5 years	More than 5 years
Systems/maintenance/ infrastructure	13,373	4,816	0
Rent	484	39	0
Motor vehicles	0	0	0
Others	4,340	1,290	0
Total	**18,197**	**6,145**	**0**

37. Corporate Institutions

Management Board

Peter Reitz (Chairman) Leipzig – Chief Executive Officer	**Dr. Dr. Tobias Paulun** Leipzig – Chief Strategy Officer
Steffen Köhler Oberursel – Chief Operating Officer/ Managing Director Exchange	**Jens Rick** Oberursel – Chief Information Officer, as of 1st February 2019
Dr. Egbert Laege Gröbenzell – Executive Director Gas Markets,until 31st December 2019	**Iris Weidinger** Markkleeberg – Chief Financial Officer

Supervisory Board

Dr. Jürgen Kroneberg (Chairman) Lawyer, Kampen (Sylt) († 9th February 2019)	**Dr. Karin Labitzke** Former head of the central function CRO Central Functions UniCredit Bank AG, Gauting
Dr. Thomas Book (Chairman) Member of the Executive Board, Deutsche Börse AG, Frankfurt/Main	**Xavier Lafontaine** Head of Strategic Partnerships, Electricité de France SA, Paris/ Frankreich
Jürg Spillmann (Vice-Chairman) Member of the Executive Board, Eurex Global Derivatives AG, Zug/Schweiz	**Michael Lockett** Director of Power Dispatch & Real-Time Trading, Uniper Global Commodities SE, Düsseldorf
Hans E. Schweickardt (Vice-Chairman) Vice-Chairman of the Supervisory Board, Polenergia SA[10], Warschau/Polen	**Katja Mayer** Managing Partner, KM Networks GmbH, Hofheim
Dr. Hartmut Mangold (Vice-Chairman) Secretary of State, Saxon State Ministry for Economic Affairs, Labour and Transport, Dresden	**Prof. Harald R. Pfab** Managing Director, HHP Beratung GmbH, Fronreute
Dr. Dirk Biermann Managing Director, 50Hertz Transmission GmbH, Berlin	**Andreas Preuß** Former Deputy-CEO Deutsche Börse AG, Frankfurt/Main
Heike Eckert Member of the Management Board, Eurex Clearing AG, Eschborn	**Dr. Michael Redanz** Managing Director, EWE Trading GmbH, Bremen
Dr. Nigel Hawkins Head of Power & Fuel Portfolio Management, Enel Global Trading S.p.A., Rom/Italien	**Uwe Schweickert** Managing Director Market Operations & Executive Office, Deutsche Börse AG, Eschborn
Peter Heydecker Executive Director Trading, EnBW Energie Baden-Württemberg AG, Karlsruhe	**Vincent van Lith** Executive Director, ABN AMRO Bank N.V., Frankfurt/Main
Burkhard Jung Mayor of the City of Leipzig, Leipzig	

[10] Function and company name were subsequently adjusted.

38. Relations with related parties and companies

According to IAS 24, those persons and companies, who or which control the Group or exercise significant influence over it or who or which are controlled by the Group or over which the Group exercises significant influence, are considered related parties and companies.

Accordingly, members of the Management Board and the Supervisory Board, shareholders holding an interest of more than 20% as well as the subsidiaries, associates and joint ventures are defined as related parties and companies.

Business transactions with related companies and parties are concluded according to the arm's-length principle.

RELATIONS WITH RELATED PERSONS

Managing Board: In the financial year 2019, the fixed and variable remuneration of the Managing Board amounts to EUR 5,767 thousands, which includes EUR 748 thousands for pension expenses.

Supervisory Board: The members of the Supervisory Board of EEX received remunerations of EUR 246 thousands for their work during the financial year. The payment will be made in 2020.

RELATIONS WITH RELATED COMPANIES

As of 31th December 2019, Deutsche Börse AG, Eschborn, held a total of 75.05% of the shares in EEX.

The relations with companies belonging to Deutsche Börse Group are as follows:

in EUR thousands	2019	2018
Deutsche Börse Group		
EEX Group as the recipient of services		
Provision of trading system & IT infrastructure	10,859	8,484
Provision of services	4,730	1,256
Financial services	48	76
EEX Group as the provider of services		
Provision of market data	–712	–518
Receivable as at 31st December	391	446
Financial receivable as at 31st December	24,884	41,050
Liability as at 31st December	9,418	1,742
Financial liability as at 31st December	0	30,127

RELATIONS WITH UNCONSOLIDATED COMPANIES, ASSOCIATES AND JOINT VENTURES

in EUR thousands	2019	2018
SEEPEX AD		
EEX Group as the provider of services		
Provision of services	–320	–323
EEX Group as the receiver of services		
Provision of services	42	0
Receivable as at 31st December	0	25
Liability as at 31st December	–4	0

Representatives of the board of directors of Powernext hold at the same time key positions at the companies GRTgaz, Bois-Colombes, France, parent company of 3GRT, Tarascon, France, and EDF Developpement Environnement SA, Courbevoie, France. In the financial year 2019, Powernext provided services in the context of the development and maintenance of individual software solutions for market coupling and balancing and of an electronic trading platform for 3GRT. In the context of these services, revenue of EUR 736 thousands was generated in 2019 (EUR 791 thousands in 2018).

The transactions with affiliated parties were carried out on terms and conditions that correspond to market conditions under third parties.

39. Overview of shareholdings as at reporting date according to Sec. 313 Para. 2 Nos 1 to 4 HGB [German Commercial Code]

Company	**Headquarters**	**Share in capital directly (indirectly) 31/12/2019**
Fully consolidated subsidiaries		
EEX Asia Pte Ltd[11]	Singapore	100%
EEX Link GmbH	Germany	100%
EPEX Netherlands BV	Netherlands	(51%)
EPEX SPOT Schweiz AG	Switzerland	(51%)
EPEX SPOT SE	France	(51%)
European Commodity Clearing AG	Germany	100%
European Commodity Clearing Luxembourg S.à r.l.	Luxembourg	(100%)
Gaspoint Nordic A/S	Denmark	(100%)
Grexel Systems oy	Finland	100%
Nodal Exchange Holdings, LLC	USA	100%
Nodal Exchange, LLC	USA	(100%)
Nodal Clear, LLC	USA	(100%)
PEGAS CEGH Gas Exchange Services GmbH	Austria	(51%)
Power Exchange Central Europe, a.s.	Czech Republic	67%
Powernext SAS	France	100%
Joint venture and associates accounted at equity		
SEEPEX AD	Serbia	(12%)
enermarket GmbH	Germany	40%
SPARK Commodities Ltd.	Singapore	(25%)

[11] Former Cleartrade Exchange Pte Ltd

40. Significant events after the reporting date

After the balance sheet date, there was an outbreak of the viral infection SARS-CoV-2 (“coronavirus”) in China. Due to the current pandemic, depending on the future course and intensity, effects on the VFE situation of society cannot be excluded, which can develop different modes of action over time. [12]

Leipzig, 31th March 2020

Peter Reitz
Chief Executive Officer (CEO)

Steffen Köhler
Chief Operating Officer (COO)

Dr. Dr. Tobias Paulun
Chief Strategy Officer (CSO)

Jens Rick
Chief Information Officer (CIO)

Iris Weidinger
Chief Financial Officer (CFO)

[12] The sentence on the effects of the corona pandemic were subsequently adjusted.

Independent Auditor's Reports

To European Energy Exchange AG, Leipzig

Report on the audit of the consolidated financial statements and the combined management report

Opinions
We have audited the consolidated financial statements of European Energy Exchange AG, Leipzig, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31st December 2019, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1st January to 31st December 2019, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the combined management report of European Energy Exchange AG for the financial year from 1st January to 31st December 2019.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315e (1) HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 31st December 2019, and of its financial performance for the financial year from 1st January to 31st December 2019, and
- the accompanying combined management report as a whole provides an appropriate view of the Group's position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

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

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

Other Information
Management and the Supervisory Board are responsible for the other information. The other information comprises the information in the annual report. The other information does not include the consolidated financial statements, the combined management report information audited for content and our auditor's report thereon.

Our opinions on the consolidated financial statements and on the combined management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

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

- is materially inconsistent with the consolidated financial statements, with the combined management report information audited for content or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of Management and the Supervisory Board for the Consolidated Financial Statements and the Combined Management Report

Management is responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, management is responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report

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

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

We exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.
- Evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by management in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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

Note on subsequent audit report

We issue this auditor's report for the amended consolidated financial statements and the amended combined management report on the basis of our audit performed on 4 March 2020 and our subsequent audit performed on 1 April 2020 that related to the changes in the consolidated balance sheet, notes and combined management report which have been marked with footnotes. Please see the description of the amendment by the legal representatives in the amended notes, section »25. Equity«, »37. Corporate Institutions« and »40. Significant events after the reporting date« and in the amended combined management report, sections »2.4. Asset Position« and »4.2 Outlook Report«.

Frankfurt am Main, 4 March 2020/ limited to the amendment dated 1 April 2020 described in the note on subsequent audit

KPMG AG
Wirtschaftsprüfungsgesellschaft
[Original German version signed by:]

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