

# Annual Report 2019



# Group Results at a Glance

3U Group (IFRS)		Year-on-year comparison 1 January–31 December	
		2019	2018
Sales	(in EUR million)	51.45	47.97
EBITDA (earnings before interest, taxes and amortisation)	(in EUR million)	10.10	6.72
EBIT (earnings before interest and taxes)	(in EUR million)	5.50	2.71
EBT (earnings before tax)	(in EUR million)	4.65	1.83
Net earnings for the period	(in EUR million)	4.09	1.93
Earnings per share total (undiluted)	(in EUR)	0.12	0.06
Earnings per share total (diluted)	(in EUR)	0.11	0.06
Equity ratio (as of 31 December)	(in %)	57.79	55.63
Total assets	(in EUR million)	80.48	74.49
Free cash flow	(in EUR million)	13.85	8.72

3U Group (IFRS)		Quarterly comparison 1 October–31 December	
		2019	2018
Sales	(in EUR million)	13.24	12.76
EBITDA (earnings before interest, taxes and amortisation)	(in EUR million)	5.67	1.00
EBIT (earnings before interest and taxes)	(in EUR million)	4.60	0.00
EBT (earnings before tax)	(in EUR million)	4.32	-0.26
Net earnings for the period	(in EUR million)	3.95	-0.02
Earnings per share total (undiluted)	(in EUR)	0.12	0.00
Earnings per share total (diluted)	(in EUR)	0.11	0.00
Equity ratio (as of 31 December)	(in %)	57.79	55.63
Total assets	(in EUR million)	80.48	74.49
Free cash flow	(in EUR million)	10.49	-0.16

Target achievement and forecast 3U Group (in EUR million)	Forecast 2020	2019 as is	Last forecast 2019	2018 as is
Sales	58.0–63.0	51.5	51.0–55.0	48.0
EBITDA	10.0–12.0	10.1	10.0–12.0	6.7
Net earnings	2.0–3.0	4.1	4.0–5.0	1.9

Rounding differences may occur in tables and charts for arithmetic reasons.

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## Letter to our shareholders

### Ladies and Gentlemen, dear Shareholders,

One year ago to the day this is what we said: “We will be setting the prerequisites in place for a new chapter to be written in the history of your 3U.” We think you will agree: We achieved some important milestones on our journey towards this objective over the past year. Indeed, the year 2019 was an eventful one – and it proved to be another good one.

We presented our strategy to you in last year’s report and at the Annual General Meeting. It builds on our strengths and is derived, as before, from our successful business models in the megatrends of Cloud Computing, e-commerce and renewable energies: enhance technologies, overcome barriers to growth, tap potential!

Growth, profitability, and enhanced value.

These are our three major objectives. We work on implementing them with rigorous determination – and our success is steady proof that we are on the right track.

We achieved significant revenue growth in 2019. For the fourth time in a row, we succeeded in raising consolidated profit. Once again, we will be putting a proposal to you to pay higher dividend than in 2018.

And what about the current year? We anticipate even stronger growth with earnings remaining stable in 2020. What are we doing to secure this?

Our top priority remains Cloud Computing.

weclapp, our cloud-based ERP platform has no inherent barriers to growth. A globally active community of customers and IT service providers works consistently on add-ons and optimisations. A growing number of language versions forms the basis for active internationalisation. The platform offers a gigantic database. We require this database also with a view to harnessing it to expand machine learning, not as an end in itself, but to meet our aim of creating new competitive advantage for our customers. The steady expansion of our customer base and the unabated stream of fresh interest are naturally the most important guarantees for continuing to write this success story in the future.

Our proven online marketing is and will remain a key success factor. Our online shops also rank in the premier league in terms of customer feedback and in the opinion of expert juries. In the face of fierce competition, these tools consistently translate this advantage into winning new customers and contracts. We are investing in extending and optimizing our supply chain with the aim of promoting growth. Indeed, the transition period will see the SHAC segment’s result burdened by these measures. In the future, however, this massive upgrade project will most certainly secure additional earnings potential.

As a part of this, our investments in a larger, more contemporary distribution center will also create value for our operations, and thus also for our shareholders. This is a guiding principle in 3U HOLDING AG’s business model – but easier said than done: deploying resources in a way that the assets acquired can be expected to raise the value, doing everything possible to realize this increase in value – and converting it all into funds for new investments at the right time.





The Management Board of 3U HOLDING AG (from left): Christoph Hellrung, Michael Schmidt and Andreas Odenbreit

We are making headway with this part of our strategy as well: As evidenced once again in 2019 through the lucrative disposal of two properties, as well as the successful placement of part of our treasury shares, and, on the other hand, the purchase of a promising commercial site in Würzburg.

And what news do we have about the much discussed IPO? As you know, we still have some homework to do before we can launch weclapp SE on the stock exchange. Our road map provides for capital measures in 3U HOLDING AG and in weclapp SE. We will be catapulting weclapp into new dimensions through acquisitions. Once we have achieved this, we will embark on the final lap towards an IPO.

What have we achieved so far? Well, we are not quite as far as we had hoped. At the same time, we have got a great deal further than the skeptics thought we would. To reiterate: We are resolutely continuing on our chosen path.

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Are we able to decouple from external influences, such as pandemics and stock market crashes? Probably not. We can, however, do our bit by continuing on our successful course.

Our special thanks go to those who are making this possible: our employees. With dedication and commitment, drive and vigor, they have assumed responsibility and are taking our 3U down the path of success. Together with our employees and with yourselves as our valued Shareholders, we have the strategy, the skills and the resources to realize our ambitious plans.

We are therefore confident once more in saying: "The year 2019 was a good one, but 2020 will be even better."

Marburg, March 2020

Your Management Board

A blue ink signature, appearing to be 'MS', written in a cursive style.

Michael Schmidt

A blue ink signature, appearing to be 'CH', written in a cursive style.

Christoph Hellrung

A blue ink signature, appearing to be 'AO', written in a cursive style.

Andreas Odenbreit

# Chronicle

January 2019

- **3U Energy PE: Focus on existing plants**

After the State of Brandenburg decided that the regional planning authority could suspend wind turbine approvals for two years, we have temporarily reduced the intensity of project development. We are following further developments closely and will take every suitable opportunity to obtain approval for wind turbines in individual cases. Until then, we will focus on existing turbines in this area.

February 2019

- **weclapp: New location – New jobs**

In February weclapp GmbH opened a new location in Frankfurt am Main. The weclapp-location in Frankfurt shall enable short distances to the workplace for new employees from the Rhein-Main area. An essential growth factor for weclapp is the acquisition of competent personnel for research and development, sales and customer service. The currently still small location is to be significantly expanded in the course of the company's growth in the future.

March 2019

- **weclapp expands with indirect sales approaches**

Since the beginning of the year, weclapp GmbH has been expanding more and more with indirect sales approaches, especially through cooperation with sales partners. In March weclapp organised its first partner event. About 30 responsible persons of newly won sales partner companies took part.

- **3U TELECOM commissions Next Generation Network (NGN)**

All telecommunications companies of 3U have now successfully converted all interconnections to Deutsche Telekom to NGN interconnection. With the technological development in modern ITC networks, circuit-switched (PSTN/ISDN) technology in telecommunications networks is gradually being supplemented or replaced by IP technology, the so-called "Next Generation Networks" (NGN). In an NGN, voice is transmitted using the Internet Protocol (Voice over IP, "VoIP").

- **3U TELECOM: Virtual network operation**

3U TELECOM GmbH has won its first external customers for its offer of "virtual network operation". 3U TELECOM provides operators of subscriber or connection networks with their Next Generation Network (NGN) and offers comprehensive service with permanent quality assurance.

April 2019

- **inVENTer relies on online sales power of Selfio GmbH**

Selfio is consistently expanding its product range and has signed an agreement with inVENTer GmbH, the leading manufacturer of decentralised ventilation systems, to market its products online. This addition to the product portfolio with a widely used and technically leading ventilation technology strengthens Selfio's market position and opens up additional economic potential.

May 2019

- **3U sells distribution centre: Future new location to develop capacity and efficiency advantages**

As an important interim step in the expansion and future optimisation of the supply chain management of its e-commerce business, 3U HOLDING AG has signed a contract for the sale of its own warehouse and logistics centre, which has been used for many years. Preparations are currently underway for the planned move to a considerably larger property.

- **Annual General Meeting of 3U HOLDING AG: lively discussion – high majorities – tax-free dividend**

This year's Annual General Meeting took place on 23 May 2019 in Marburg. After a lively exchange between the Board of Management and shareholders, the motions of the administration were approved by a large majority. Among other things, the shareholders were once again pleased about a higher dividend of 3 cents, which was paid from the tax deposit account without deduction of capital gains tax.

June 2019

- **3U wins new customers for its data centre services**

Our data centres win new customers for the increasingly popular "Infrastructure as a Service" offer! Among others, CBXNET com-box internet GmbH, a well-known Internet service provider, has placed its servers with 3U TELECOM GmbH in order to technically secure the further growth of its worldwide Internet services, innovative network and cloud solutions.

- **A valuation report puts the enterprise value of weclapp GmbH at EUR 70.3 million**

The Frankfurt District Court-appointed valuation report, eagerly awaited by shareholders, estimates the enterprise value of weclapp GmbH at EUR 70.3 million. The report is related to the registration of the merger of weclapp GmbH into a Societas Europaea (SE), one of the corporate law requirements for a possible IPO of the subsidiary in which 3U HOLDING AG holds around 75 % of the shares.

July 2019

- **weclapp penetrates into new customer segments**

The 3U subsidiary for Cloud Computing (SaaS) was represented with its own stand at a total of eleven regional, national and internationally renowned trade fairs in the first half of 2019. From the large number of contacts and inquiries made there, a whole series of new customers have already been contractually bound. In addition, weclapp is thus increasing the share of larger companies in its customer base.

- **Selfio acquires a building for the shooting of how-to-videos**

The online trading company Selfio GmbH is pursuing the goal of moving up into the ranks of the hundred top-selling German online shops and is strengthening its online marketing. With their slogan "Do it yourself, but do it right!" Selfio positions itself as a friendly partner and helper. Anyone can install building systems themselves. In order to be able to demonstrate and prove this in practice, Selfio has acquired the construction shell of a detached house. Under the motto "Selfio builds a house" it will be used as a scenery for the shooting of further videos that demonstrate how the interior work is done with the help of Selfio.



## August 2019

- **Merger with weclapp SE entered into the commercial register**

The local court Frankfurt am Main has registered the merger of weclapp GmbH into a Societas Europaea (SE) in the commercial register. As part of the merger, the share capital of the SE was increased by EUR 70.0 million. As was previously the case with weclapp GmbH, 3U HOLDING AG holds around 75 % of the shares in weclapp SE.

- **3U HOLDING AG expands financial scope by selling its company premises in Marburg**

3U HOLDING AG is selling its company premises in Marburg and is generating a contribution to earnings before taxes of around EUR 5 million from this transaction, as well as a net inflow of funds of around EUR 9.7 million after repayment of existing loan obligations.

- **New weclapp brand identity reflects successful growth**

weclapp has given itself a newly designed brand identity for the ongoing internationalisation. Just like the facelift of the weclapp user interfaces, the harmonious language of colours and shapes is an expression of an agile, young new-economy spirit and underlines the claim to offer the “digital natives” a unique user experience.

## September 2019

- **Partner distribution of weclapp is increasingly gaining momentum**

weclapp had invited its sales partners to an information event in Frankfurt am Main on 23 September 2019. Besides an outlook on the further product, marketing and sales strategy, the event also served the exchange and evaluation of the experiences since the start of the cooperation in March 2019. weclapp is already used by the majority of the partners in their own companies and they now recommend weclapp as a cloud-based ERP platform to their customers. With more than 15 % IT service providers represent one of the larger customer groups of the weclapp ERP system.

## October 2019

- **3U subsidiary Selfio ranks among the best online shops in Germany for the third time in a row**

For the third time in a row, Selfio GmbH received the award as “Germany’s Best Online Shop 2019” in the segment Building and DIY (without branch network).

- **3U creates basis for groundbreaking Artificial Intelligence cluster in Würzburg**

InnoHubs GmbH, a company of 3U HOLDING AG and WüWi Beteiligungsgesellschaft mbH, has acquired a property of around 5,700 sqm in the Skyline Hill commercial area in Würzburg, directly adjacent to the university. InnoHubs GmbH intends to construct an innovation and office property on this site. There, in the vicinity of Würzburg university the building will host companies and institutions that are mainly engaged in innovations in the field of artificial intelligence, including a team from weclapp SE.

## November 2019

- **Online retailer Selfio is one of the ten most visible heating technology providers on the Internet**

Selfio GmbH is one of the ten most visible German online shops for heating technology. This is the result of a current study by the market research company research tools under the title “eVisibility Heating Technology”. The study investigated which of the 285 observed providers on the Internet have the highest visibility. Manufacturers, DIY stores, specialist online shops and generalists such as Amazon and eBay were taken into account.

- **3U acquires significant share in the Roge wind farm**

Through Group companies, 3U HOLDING AG acquired more than 40 % of the limited partner shares in Windpark Roge GmbH & Co. Betriebs-KG through Group companies and will also take over 100 % of the general partner Windpark Roge GmbH and the management and operation of the wind farm from the 2020 financial year.

## December 2019

- **Cloud ERP provider weclapp on the way to internationalisation**

In the future, weclapp offers its customers in Switzerland the use of a data center in Zurich. This offer will be technically implemented at the beginning of the current 2020 business year.

- **3U HOLDING AG places one million treasury shares with institutional investors**

With the approval of the Supervisory Board, the Management Board of 3U HOLDING AG sold one million treasury shares to interested German institutional investors on 18 December 2019. The purchase price amounted to EUR 1.67 per share. Thus, institutional investors have made a significant commitment to 3U HOLDING AG. The net proceeds of the transaction will be used to finance the further growth of the subsidiary weclapp SE.

# Report of the Supervisory Board

## Dear Shareholders,

The following is to inform you about the work of the Supervisory Board in the 2019 financial year:

## Cooperation between the Supervisory Board and Management Board

In the 2019 financial year, the Supervisory Board again continuously monitored the conduct of business of the Management Board and regularly advised it on the management of the Company. In doing so, we were always able to satisfy ourselves that its actions were lawful, appropriate and correct. The Management Board fulfilled its information duties and informed us regularly, promptly and comprehensively in written and verbal form about all issues of strategy, planning, business development, risk situation, risk development and compliance relevant to the Company and the Group. This also included information about deviations in actual performance from previously reported targets and deviations in business performance from planning. The members of the Supervisory Board always had ample opportunity to critically examine the reports and resolution proposals submitted by the Board of Management and to contribute their own suggestions. In particular, we held intensive discussions about all business transactions of importance to the company on the basis of written and oral reports by the Management Board and checked them for plausibility. On several occasions, the Supervisory Board dealt in detail with the company's risk situation, liquidity planning and the equity situation. The Supervisory Board gave its consent to individual business transactions to the extent required by law, the Articles of Association or the rules of procedure for the Management Board.

There were no indications of conflicts of interest on the part of members of the Management Board and Supervisory Board that would have to be disclosed to the Supervisory Board without delay and about which the Annual General Meeting should be informed.

## Meetings and participation

A total of six Supervisory Board meetings were held in the 2019 financial year (23 January 2019, 19 March 2019, 23 May 2019, 24 August 2019, 10 October 2019 and 13 December 2019), at each of which the Supervisory Board was fully represented. The members of the Management Board attended the Supervisory Board meetings, unless otherwise determined by the Chairman of the Supervisory Board. In two meetings, the Supervisory Board also negotiated without the participation of members of the Board of Management.

The Supervisory Board consists of three members and has not formed any committees. Resolutions of the Supervisory Board were passed both in meetings and by written circular. All resolutions of the Supervisory Board were passed without any dissenting votes. The Chairman of the Supervisory Board also maintained a close and regular exchange of information and ideas with the Management Board between committee meetings and kept himself informed of significant developments.

## Main subjects of the Supervisory Board's deliberations

In the past financial year, the Supervisory Board dealt intensively with the strategic development and orientation of the Group. The Supervisory Board exchanged information with the Management Board in a timely manner on significant developments and any necessary measures in the various affiliated companies and discussed these critically with the Management Board.

The main subject of the Supervisory Board's discussions with the Management Board and the internal discussions within the Supervisory Board was in particular the Group's sales, earnings and business development as well as the company's financial position. In particular, the Supervisory Board had the Management Board explain and justify in detail any deviations in the course of business from the planned figures and defined targets.

As part of the discussion of the Group's strategic development, the Supervisory Board dealt intensively with the development of the Cloud Computing and IT license trading business lines. The Supervisory Board paid particular attention to the strong sales and earnings development of the subsidiary weclapp GmbH. In detail, it discussed the plans of the Management Board for its market positioning, its strategic orientation towards accelerated organic and inorganic growth and options for its financing.

Furthermore, the Supervisory Board dealt with the constantly changing framework conditions, especially for telephony and renewable energies, and the associated adjustment measures. Among other things, the discussions focused on regulatory decisions by the German Federal Network Agency, opportunities and risks in the wholesale and call-by-call areas, and the portfolio of data center services.

In the Renewable Energies segment, the Supervisory Board dealt with plans to expand the portfolio of existing wind farms. Various options were thoroughly examined and intensively discussed between the Supervisory Board and the Management Board. In particular, the purchase of external wind farms and considerations on the further strategic positioning of the segment played an important role in this context. For example, the Management Board kept the Supervisory Board informed on an ongoing basis about the status of the acquisition of the Roge wind farm. The associated steps and measures were approved by the Supervisory Board.

Other focal points of discussion included the expansion of the SHAC segment (sanitary, heating and air-conditioning technology) and in particular the development of online trading, the measures introduced there to increase efficiency and improve margins, and the optimisation and expansion of the supply chain.

On the basis of detailed information provided by the Management Board, the Supervisory Board also discussed and approved the sale of the distribution centre in Montabaur and the property in Marburg, the establishment of the InnoHubs GmbH affiliate and the acquisition of a commercial site in Würzburg in connection with the establishment of an artificial intelligence cluster.

The Management Board informed the Supervisory Board about the further development of the capital market strategy and communication as well as the options for financing further corporate growth through equity measures.

Other topics discussed at the Supervisory Board meetings were compliance and corporate governance issues, in particular the efficiency review of the Supervisory Board in accordance with the principles of corporate governance.

The German Corporate Governance Code suggests that the Chairman of the Supervisory Board should be prepared to discuss Supervisory Board-specific issues with investors within an appropriate framework. The Chairman of the Supervisory Board has repeatedly fulfilled this task in the past financial year and will continue to do so in the future within the scope of his possibilities.

The Company's risk management system was also, in addition to being examined by the Supervisory Board, the subject of a review by Ebner Stolz GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Bonn, which was commissioned to audit the financial statements. The audit has confirmed that the Management Board of the Company has taken the measures required by section 91 (2) of the German Stock Corporation Act (AktG) in an appropriate manner and that the existing monitoring system is suitable for the early detection of developments that could jeopardise the continued existence of the Company.

## Corporate Governance

The members of the Supervisory Board again dealt with the German Corporate Governance Code in the year under review. In March 2019 and January 2020, the Management Board and Supervisory Board issued declarations of compliance in accordance with section 161 of the German Stock Corporation Act (AktG). The Declarations of Compliance can be viewed permanently on the 3U HOLDING AG website ([www.3u.net](http://www.3u.net)) under the path "Investor Relations/Corporate Governance". The respective current declaration on corporate governance in accordance with Article 289 f HGB can also be viewed there.

In addition, the Management Board also reports on corporate governance at 3U HOLDING AG for the Supervisory Board in the Corporate Governance Report and in the Declaration on Corporate Governance.

## Audit of annual and consolidated financial statements 2019

The Ebner Stolz GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Bonn, was elected as auditor by the Annual General Meeting on 23 May 2019 and was accordingly commissioned by the Supervisory Board to audit the annual and consolidated financial statements. The Supervisory Board had requested the auditor's declaration of independence and received it on 18 March 2019.

The annual financial statements of 3U HOLDING AG prepared by the Management Board in accordance with the German Commercial Code (HGB) and the consolidated financial statements prepared in accordance with IFRS and the combined management report for the 2019 financial year were audited by the auditor and each received an unqualified audit opinion. The aforementioned documents and the auditor's reports were made available to all members of the Supervisory Board in a timely manner and dis-

cussed in detail at the balance sheet meeting on 19 March 2020. At this meeting, the responsible auditors reported on the main results of their audit and were available to provide additional information. In accordance with Article 171 of the German Stock Corporation Act, the Supervisory Board examined the annual financial statements of 3U HOLDING AG, the consolidated financial statements and the combined management report for 3U HOLDING AG in detail and raised no objections. The Supervisory Board concurred with the results of the audit of both sets of financial statements by the auditor and approved both the annual financial statements of 3U HOLDING AG and the consolidated financial statements as of 31 December 2019; the annual financial statements are thus adopted.

The Supervisory Board would like to thank the members of the Management Board and all employees of the Group for their performance and commitment in the past 2019 financial year.

Marburg, 19 March 2020

The Supervisory Board



Ralf Thoenes  
Chairman



# Corporate governance report

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The German Corporate Governance Code has been in force since 2002. At the time this Corporate Governance Report was prepared the version of February 2017 was in force. The Government Commission on the German Corporate Governance Code adopted a new version of the Code on 9 May 2019. However, the new Code will only be submitted to the Federal Ministry of Justice and Consumer Protection for publication after ARUG II has come into force.

The code contains rules, recommendations and suggestions for appropriate and responsible corporate governance. The code serves to create more transparency in order to increase the confidence of investors, customers, employees and the public in the corporate governance of German companies. 3U HOLDING AG welcomes the provisions of the German Corporate Governance Code (GCGC), which consider the interests both, of the company and of investors.

For 3U HOLDING AG as a Group with a large number of subsidiaries, good and sustainable corporate governance is of particular importance. The Management Board and Supervisory Board are convinced that good corporate governance, which takes into account the company and sector-specific aspects, is an important basis for the success of 3U HOLDING AG. The implementation and observance of these principles are regarded as a central management task.

In the 2019 financial year, the Management Board and Supervisory Board again dealt intensively with the Corporate Governance of 3U HOLDING AG and the Group as well as with the contents of the German Corporate Governance Code – including the new version of the Code. As in previous years, 3U HOLDING AG complied with almost all recommendations of the German Corporate Governance Code in the reporting period.

The Supervisory Board and Management Board of 3U HOLDING AG submitted the declaration of compliance required by the German Stock Corporation Act (AktG) in the reporting period on 12 March 2019 and most recently on 17 January 2020. It can be viewed permanently on the Company's website ([www.3u.net](http://www.3u.net)) under the path "Investor Relations/Corporate Governance".

**Declaration of the Management Board and the Supervisory Board of 3U HOLDING AG on the recommendations of the “Commission of the German Corporate Governance Code” in accordance with Section 161 AktG.**

Since the last declaration of conformity of 12 March 2019, 3U HOLDING AG has complied with the recommendations of the “Government Commission’s German Corporate Governance Code” in the current version of the German Corporate Governance Code of 7 February 2017 with the exceptions listed below:

- No. 3.8: The company’s D&O policy does not include a deductible for the Supervisory Board. In this regard, 3U HOLDING AG believes that the responsibility and motivation with which the members of the Supervisory Board carry out their tasks cannot be improved by such a deductible.
- No. 4.1.5: When filling management positions, the Management Board is guided by the requirements of the respective function and looks for the best possible person who meets these requirements. If several equally qualified candidates are available, the Management Board pays attention to diversity and appropriate consideration of women in the company when filling positions, without making these criteria a priority principle.
- No. 5.1.2: When appointing members of the Management Board, the Supervisory Board is guided by suitability and qualifications and seeks the best possible person to fill the Management Board positions. In the Company’s opinion, the special weighting of further criteria stipulated by the Code would limit the selection of possible candidates for the Management Board.
- No. 5.4.1: The same applies to the composition of the Supervisory Board: suitability, experience and qualifications are the decisive selection criteria. Being tied to specifications regarding future appointments restricts flexibility without this being associated with any other advantages for the Company. This applies even more as the Supervisory Board consists of only three members.

Düsseldorf/Marburg, 17 January 2020

For the Supervisory Board  
Ralf Thoenes

For the Management Board  
Michael Schmidt

## Enhancement of corporate governance

3U HOLDING AG continues to develop its understanding of good and responsible corporate management. It is also evaluating the basic principles and practice of its corporate management against the background of the publicly available new version of the Corporate Governance Code dated 9 May 2019 with a view to its foreseeable coming into effect.

Professional and efficient corporate management and control in the Group are based on governance, risk and compliance systems.

Risks must chiefly be prevented where they can arise. If this is not possible, they must be identified and minimised. In order to guarantee this, preferably automated internal controls are implemented in the business processes. As this is not entirely feasible in every case, the effectiveness of the control system must be ensured with additional control measures by the management.

Secondly, this is done, for example, through guidelines and work instructions within the framework of the design of the internal control system, the risk management system and the compliance management system. Close integration of the internal control system, risk management system and compliance management system ensure the highest possible degree of efficiency in the avoidance and management of risks.

The Group's risk manager performs independent reviews to monitor the appropriateness and effectiveness of the processes and systems implemented for risk management in the broadest sense. The risk manager reports directly to the Management Board Chairman and the Supervisory Board. The model is rounded off by the external monitoring of the auditor, which includes the results of the risk manager's reviews in its assessment.

## Appropriate control and risk management

A responsible approach to risk is part of corporate governance at 3U HOLDING AG. Continuous and systematic management of business opportunities and risks is of fundamental importance for professional corporate governance. It contributes to identifying risks at an early stage, evaluating them and controlling them through measures. The Management Board regularly reports to the Supervisory Board on the current development of the main Group risks. The Supervisory Board regularly focuses on monitoring the effectiveness of the accounting process and the internal control and risk management system. 3U HOLDING AG continuously develops the individual systems and adapts them to changing conditions. Key features of our control and risk management system can be found in the Opportunities and Risk Report.

## Compliance

Compliance as Group-wide measures for adherence to the law, regulations and internal company guidelines is a key management and monitoring task at 3U HOLDING AG. There is a clear commitment to compliance with the law, the law and internal guidelines: violations are not tolerated in the sense of “zero tolerance”. All indications of misconduct are followed up.

### Objectives of the Supervisory Board and the Management Board regarding their respective composition and the composition of the management levels below the Management Board

The Supervisory Board currently comprises three male members. They were appointed until the end of the Annual General Meeting that approves their conduct for the 2022 financial year. The Supervisory Board remains committed to its stipulation of 30 September 2015 that the target for the proportion of women on 3U HOLDING AG's Supervisory Board is 0 %.

The Management Board currently comprises three male members. The Supervisory Board is of the opinion that the Management Board positions are currently filled by the best possible people and that enlarging the Management Board is not advisable in light of the company's size and structure. The Supervisory Board therefore remains committed to its stipulation of 30 September 2015 that the target for the proportion of women on 3U HOLDING AG's Management Board is 0 %.

There is currently only one management level below the Management Board at 3U HOLDING AG, which presently comprises one male member. The Management Board remains committed to its stipulation of 30 September 2015 that the target for the proportion of women at the management level below the Management Board is 0 %.

### Avoidance of conflicts of interest

There were no significant consultancy or other service and work contracts between members of the Supervisory Board and the company in the year under review. The contractual relationships in the financial year are presented in the remuneration report. There were no conflicts of interest of members of the Management Board or Supervisory Board, which must be disclosed to the Supervisory Board without delay.

Related party relationships are presented in the notes to the consolidated financial statements.

## Shareholders and Annual General Meeting

The shareholders of 3U HOLDING AG exercise their rights at the company's Annual General Meeting, which is led by the Chairman of the Supervisory Board in accordance with the Articles of Association. The Annual General Meeting is held once a year. Each share carries one vote.

The shareholders can exercise their voting rights at the Annual General Meeting either themselves or via a proxy of their choosing or via a proxy appointed by the company who is bound by the shareholder's instructions. All documents and information on the Annual General Meeting are available to shareholders at an early stage on the company's website. Shareholders can also address questions to employees of the Investor Relations department by telephone or e-mail.

## Transparency due to high quality of information

Our dialogue with the capital market is based on the principle of informing all target groups comprehensively, equally and promptly, while providing valuation-relevant facts in the highest possible quality.

Up-to-date, comprehensive company presentations can be viewed freely on the website shortly after they were held. There, our Investor Relations department also provides comprehensive facts and figures to help analysts and investors better understand and evaluate our business and its value prospects.

We provide information on recurring dates such as the date of the Annual General Meeting or the publication dates of interim reports in a financial calendar that is published in the Annual Report, in the interim reports and on the company's website.

Our website also provides information on current developments in the Group. All press releases and ad-hoc announcements of 3U HOLDING AG are published there in the Investor Relations, IR-News and Press sections in German and English.

The Company's Articles of Association can be accessed there as well as the consolidated financial statements, interim reports and information on the implementation of the recommendations and suggestions of the German Corporate Governance Code. All interested parties can also register on an IR distribution list on the website, which will keep them up to date with news from the Group.

## Corporate Governance Statement

The current declaration of the Management Board of 3U HOLDING AG on corporate governance in accordance with Article 289 f HGB is generally and permanently accessible on the 3U HOLDING AG website ([www.3u.net](http://www.3u.net)) under the path Investor Relations/Corporate Governance/Declaration on corporate governance. The declaration explains the relevant corporate management practices that are applied beyond the statutory regulations. It also describes the working methods of the Management Board and Supervisory Board and describes the composition of the Management Board and Supervisory Board.

## Remuneration Report

The remuneration report in the Group management report, which is both part of the Group management report and part of the corporate governance statement, contains remarks on the remuneration of the Management Board and the Supervisory Board. Since 2018, the Management Board's remuneration has also included stock options as a long-term incentive instrument. Further information on the 2018 stock option plan can be found in the Group management report, in particular the remuneration report contained therein, and in the notes to the consolidated financial statements.



## Reportable securities transactions and shareholdings of the Management Board and Supervisory Board

According to Article 19 of the EU Market Abuse Regulation, members of the Management Board and Supervisory Board or related parties are obliged to disclose reportable transactions in shares of 3U HOLDING AG or related financial instruments if the value of the transactions reaches or exceeds EUR 5,000 within a calendar year. In the 2019 financial year, the Company was notified of the following proprietary transactions by managers:

Transaction date	Reporting person	Type of transaction	Quantity	Exercise price in EUR	Total volume in EUR
14 August 2019	Jürgen Beck-Bazlen (Supervisory Board)	Purchase	11,000	1.400	15,400.00
19 August 2019	Jürgen Beck-Bazlen (Supervisory Board)	Purchase	20,000	1.380	27,600.00
13 September 2019	Jürgen Beck-Bazlen (Supervisory Board)	Donation	-200,000	0	0
13 September 2019	Felix Bazlen (Person closely associated with Jürgen Beck-Bazlen)	Donation	200,000	0	0

As of 31 December 2019, the following Management Board and Supervisory Board members held the following shares in the company's capital:

Name	Position	Number of shares	Percent of voting rights
Michael Schmidt	Speaker of the Management Board	8,999,995	25.49 %
Andreas Odenbreit	Member of the Management Board	20,500	0.06 %
Ralf Thoenes	Chairman of the Supervisory Board	25,000	0.07 %
Stefan Thies	Deputy Chairman of the Supervisory Board	33,084	0.09 %
Jürgen Beck-Bazlen	Member of the Supervisory Board	1,379,000	3.90 %

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## The 3U share

### Overview of the 3U share

International Securities Identification Number (ISIN)	DE0005167902
Wertpapierkennnummer (WKN) [ <i>Securities Identification Number</i> ]	516790
Stock exchange symbol	UUU
Transparency level	Prime Standard
Designated sponsor	BankM – Repräsentanz der Fintech Group Bank AG
Initial listing	26 November 1999
Registered share capital in EUR at 31 December 2019	EUR 35,314,016.00
Registered share capital in shares at 31 December 2019	35,314,016
Share price at 31 December 2019*	EUR 1.690
Share price high in period from 1 January to 31 December 2019*	EUR 1.765 (13 and 17 December 2019)
Share price low in period from 1 January to 31 December 2019*	EUR 0.926 (2 January 2019)
Market capitalisation at 31 December 2019	EUR 59,680,687.04
Earnings per share (undiluted) at 31 December 2019	EUR 0.12

\*Xetra closing price, last day of trading in 2019 was 30 December 2019

The shares of 3U HOLDING AG are no-par value bearer shares and are listed on Prime Standard of the Frankfurt Stock Exchange. Along with trading on Xetra in Frankfurt and on the floor, the share is also traded OTT in Berlin, Düsseldorf, Hamburg, Munich and Stuttgart, as well as on Tradegate.

### General market development

The DAX as Germany's leading index got off to the stock market year on 2 January 2019 at 10,478 points. Similar to the other indices its development had been weaker in 2018. The reasons for losing ground also persisted in 2019: uncertainty in the international political arena, the unpredictable course of the US government, turbulence about the United Kingdom's withdrawal from the European Union, and threats to global trade. The lack of investment alternatives and the central banks' zero interest rate policy, which ran counter to predictions, drove investors back to building up further stock positions over the course of 2019.

Despite fluctuations, the DAX rose steadily as the year progressed and, having gained 28 % compared with the start of the year, closed at 13,407.66 points on the last day of trading on 16 December 2019. Slight declines through to the end of the year were compensated at the start of 2020.

### Performance of the 3U share

The 3U share continued its uptrend for the third year in a row. With the share price around 80 % higher, it ranked among the shares which performed best during the 2019 stock market year in Germany. It put clear blue water between itself and the overall market and also compared with the peer group of other German investment holdings (price information based on Xetra closing prices). In 2018, it closed at EUR 0.944 on Xetra. Thanks to stepping up the flow of news and maintaining continuous dialogue with investors and banks, we observed a growing interest in the 3U HOLDING strategy and a better understanding of the goals, conditions and prospects of the business models operated by our subsidiaries in their mega trends. Growing trust was also reflected by the increasingly positive reception on the stock market. The 3U share set new highs for the year from quarter to quarter, from EUR 1.13 on March 26 to EUR 1.43 on June 26, and EUR 1.65 on September 23 through to 13 December 2019, when the highest share price for more than 15 years was reached at EUR 1.77. Following the successful placement of one treasury million shares on 18 December 2019 at a price of EUR 1.67 per share, the share price gradually approached this selling price. The share closed at EUR 1.69 on the last trading day on Xetra on 30 December 2019.

Investors closely followed the preparations for a possible IPO of weclapp SE with great interest. In the context of the merger of weclapp GmbH into a stock company under European law, the registry court appointed an independent expert. The enterprise value of weclapp calculated in this expert opinion was set at EUR 70 million. The value assumed for the subsidiary exceeded the current valuation of 3U overall which is currently trading on the stock exchange for less than EUR 60 million

We published the result of the expert opinion on 24 June 2019. On the same day, the share price of 3U HOLDING AG soared by 10.44 %, with a trading volume of almost one million units.

The 3U share's liquidity generally stabilised over the course of the year, without, however, re-attaining the level seen in 2018. An average of around 37,000 shares were traded daily on the German stock exchanges, on Xetra and on the Tradedate trading platform in 2019. In 2018, approximately 42,000 shares were traded daily.

In the first few weeks since the beginning of the 2020 financial year, the price of the 3U share was characterised by high volatility. After losses in January and a rise to an interim high of EUR 1.725 on 20 February 2020, it was unable to escape the global price slump triggered by concerns about the effects of the Covid 19 epidemic.

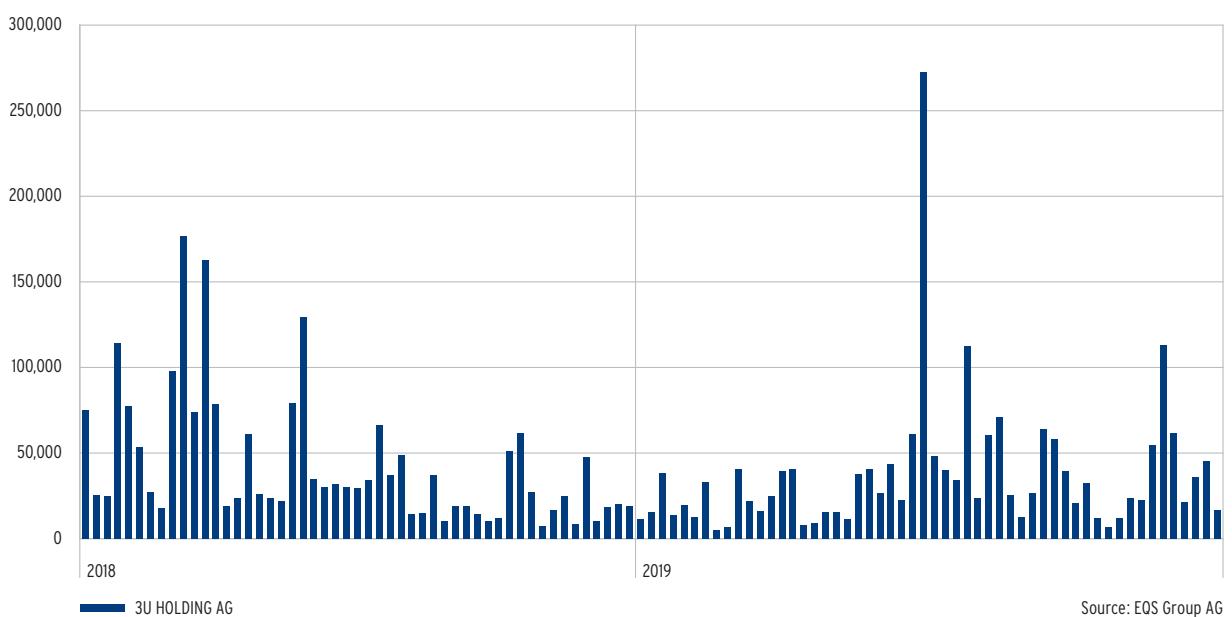
### Performance of the 3U share\* from 1 January 2019 to 31 December 2019 compared to the Prime All Share Index



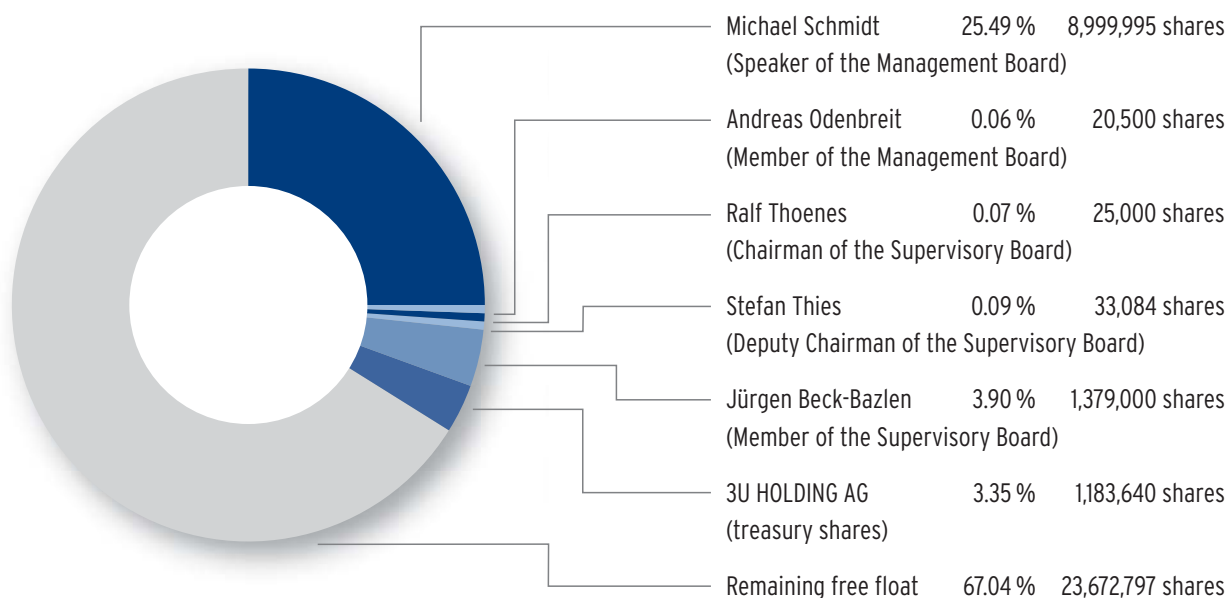
\*Xetra daily closing price

### Trading volume of 3U shares from 1 January 2018 to 31 December 2019

(average of shares traded daily per week)



## Shareholder structure as at 31 December 2019



## Investor Relations

In the first quarter of the fiscal year 2019, we reviewed and supplemented our Investor Relations objectives. The important operational basis through the focus on successful business models in the three segments of ITC, Renewable Energies and SHAC having been laid, and after the clear strategic prioritisation of Cloud Computing and e-commerce, along with generating electricity through wind and solar, the way was paved for enhanced proactive communication with our shareholders and the capital market.

Back in mid-year fiscal 2018, the Management Board defined the cornerstones of a new capital market strategy. They were derived from the promising outlook for our high-growth business lines and gave fresh impetus to management's aspiration to forge ahead with endeavours to achieve leading market positions. A decisive step toward market leadership has been taken since then in preparing for the launch of subsidiary weclapp on the stock exchange.

As part of this process, the company, formerly known as weclapp GmbH, was merged to form a company under European law (Societas Europaea, SE) in fiscal 2019. Since then, our Cloud Computing operations have gone by the name of weclapp SE. Further preconditions under the strategy provide for pre-stock exchange capital measures that serve in particular to finance the acquisition of customer bases and companies. Organic and anorganic growth is aimed at achieving a higher stock market valuation for weclapp.

Of ultimate importance here is the trust of investors in weclapp's growth outlook and its profitability prospects. Naturally, gaining a fundamental understanding on the capital market for the successful development of our e-commerce operations under Selfio GmbH, as well as of the other business lines, of the holding and of the Group as a whole is in the interest of our shareholders.

A stronger presence in the financial media, the use of new communication channels and stepping up direct dialogue with investors were the goals we identified. Under the "Success in Mega Trends" claim, we have taken on this task and made initial headway.

In fiscal 2019, a total of 30 press releases were published (2018: eight press releases). In three cases, these consisted of disclosing insider information within the meaning of Article 17 of the EU's Market Abuse Directive. The number of subscribers to our newsletter rose from 296 to 403 over the course of the year. The response in the investor media was satisfactory, and we continue to strive towards strengthening our presence in the financial press.

We gave interviews on the Börsenradio and set up a YouTube channel on which we give explanatory video interviews on important developments and events. They explain the background and wider context, also for interested international parties in particular. Setting up the new corporate website <https://weclapp.se> also serves the same purpose. The Facebook and Instagram platforms, as well as the LinkedIn network are already being used intensively by weclapp for current topics and information which could be of interest to investors. The greater use of social media by 3U HOLDING AG as well is at the preparation stage.

We have extended our research coverage to give investors, both local and international, more diversified access to corporate analysis by third parties. For the first time in August, GSC Research informed its subscribers and the public about its insight into 3U, and SMC Research published a comprehensive study in German and English in September.



Analyst	Last update	Recommendation	Stock price target in EUR
SRC Equity Research (Stefan Scharff)	7 November 2019	Buy	1.90
GSC Research (Jens Nielsen)	11 November 2019	Hold	1.75
SMC Research (Dr. Adam Jakubowski)	13 November 2019	Buy	2.10

Current information on news from the 3U Group's companies and the enhanced transparency were positively received by the investors. This was ultimately also reflected by the Annual General Meeting that took place on 23 May 2019 in Marburg. Our shareholders deliberated on the current operational and strategic development and discussed approval, concerns and suggestions with the Management Board and management. The Management Board and the Supervisory Board were discharged. The resolutions put forward by management were adopted with a clear majority.

Institutional investors are also increasingly showing interest in 3U HOLDING AG. The company was presented to delegates at the autumn conference of the Equity Forum in Frankfurt, at the Baader Conference in Munich, as well as at the German Equity Forum in Frankfurt am Main. weclapp CEO Ertan Özdil met with technologically savvy investors in San Francisco and Los Angeles. Intensive discussions with capital market participants took place on the occasion of eight roadshows in Munich, Hamburg, Frankfurt, Düsseldorf, Paris and London. Before the end of December, and in accordance with the resolutions adopted by the Annual General Meeting, one million shares from the company's treasury portfolio were placed with investors at a price of EUR 1.67 per share. This marks another milestone on the map of implementing the capital market strategy: The proceeds are to be used in particular for possible acquisitions in the domain of Cloud Computing.

In the current fiscal year 2020, we will continue to implement our strategy, uphold and intensify the approaches and measures newly introduced in 2019, and expand Investor Relations by hiring a new staff member. Open dialogue conducted with our shareholders, with investors and other capital market participants on the basis of trust remains, as before, the focus of all capital market activities for management and staff.



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# 28 Background information

## Business model

3U HOLDING AG is the operating management and investment holding company which heads up the 3U Group. It manages and monitors all important activities within the Group. The company is responsible for defining the corporate strategy and directing the development of the 3U Group. It is in charge of accounting and controlling in the 3U Group, operates the groupwide risk and opportunities management, and oversees the Legal, Investor Relations and Corporate Communication departments. 3U HOLDING AG also allocates financial resources, for capital expenditure and acquisitions, for instance. HR policy and development and supporting the Group's senior management are also part of its remit. The members of 3U HOLDING AG' Management Board have operational responsibility in dual roles as managing directors of Group companies.

In accordance with its articles of association, 3U HOLDING AG's business model comprises the acquisition, management and the sale of investments in national and international companies, along with the administration of its own assets.

The 3U Group's activities are largely focused on Germany, as well as on neighbouring European countries. The Group's core business currently lies in the segments of ITC (Information and Telecommunications Technology), Renewable Energies and SHAC (Sanitary, Heating and Air Conditioning Technology).

Under its corporate strategy, 3U HOLDING AG places special emphasis on the main growth drivers of Cloud Computing (ITC) and e-commerce (SHAC), while also operating other business lines in its three segments:

The ITC segment (Information and Telecommunications Technology) encompasses several business lines.

Group companies operating in the telecommunications technology business provide services in the areas of voice retail, voice business and data centre services and operation. The Voice Retail business line offers private fixed line users a range of products for cost-effective and reliable connections. Business customers (Voice Business) use the voice termination (wholesale, resale), meaning the running of traffic to receivers of calls over 3U's own next generation network, along with several value-added services. The growing demand for secure data centre capacity is catered to in the Data Center Services & Operation business line. Our computer centres in Berlin, Hanover and Marburg also provide space for installing servers, as well as offering to operate virtual servers (infrastructure as a service (IaaS)).

The highest-growth and highest-margin business line in the ITC segment is Cloud Computing. Group company weclapp SE develops and operates a cloud-based transaction platform for corporate software, in particular cloud enterprise resource planning (ERP), merchandise management and customer relationship management (CRM). Customers include small- and mid-sized companies that conduct their business extensively via the weclapp platform and acquire licences for this purpose, generally for one or several years. Key factors for Cloud Computing's further growth include the maintaining and ongoing development of online marketing, extending the sales network in Germany and internationally, as well as the accelerated expansion of the weclapp community of active customers. The customers themselves develop add-ons to the system and make these add-ons available. They also extend the functional scope of the system through components of artificial intelligence.

In the Renewable Energies segment, 3U is active as the owner and operator of wind energy and photovoltaic plants. Due to the political environment, the company scaled back the development of new wind farms for time being in fiscal 2019. Success in this

segment therefore depends on weather conditions and the technical quality and availability of the respective facilities. In entrepreneurial terms, growth can be achieved through acquiring other generating capacities.

In the SHAC (Sanitary, Heating and Air Conditioning) segment, 3U sells and installs the patented ClimaLevel® multi-floor technology as an energy conserving combination of floor heating, air conditioning and cooling system, as well as other floor heating systems. Customers are generally owner-builders and general contractors who are mostly managing and erecting large buildings (business customers, B2B). Good performance in this business line depends on construction activity levels and sales success

Selfio GmbH as the Group's largest company with the strongest growth in this segment offers DIYers and self-builders a wide range of systems and products covering the entire construction works of sanitary, heating and air conditioning (mainly private customers, B2B) which can be procured online. Selfio stands out in this market segment through a comprehensive advisory service. Along with activity levels in the construction industry, the ongoing development of professional online marketing, including the efficient management of the offering and prices, are key to safeguarding and generating competitive advantage.

The supply chain management for e-commerce is the responsibility of PELIA Gebäudesysteme GmbH, a Group company which also supplies third parties. Two other companies currently operate to a smaller extent in the business of leasing professional machinery and tools for DIYers and self-builders, as well as providing support for and supplying craftsmen.

### **Main locations**

The various businesses of 3U HOLDING AG's Group operate out of several locations. The parent company is based in Marburg where it provides holding services for the companies and operates its business of acquisition, administration, and the sale of participations, as well as managing its own assets. This location is also the site of the telecommunications business with several individual companies.

Marburg is also home to weclapp SE's product management and customer support though the company also maintains two other locations. weclapp's head office is situated in Frankfurt am Main. Research and development are concentrated in the Kitzingen location. Other, also international locations are at the planning stage.

Selfio GmbH's e-commerce operations are located in Bad Honnef.

In fiscal 2019, the SHAC segment's logistics were managed from a distribution centre in Montabaur. Plans are under way to relocate to a new building. Clima Level Energiesysteme GmbH maintains headquarters in Cologne.

The portfolio of wind farms in Lower Saxony, Mecklenburg-Western Pomerania, Brandenburg and Saxony-Anhalt are managed from Berlin and Marburg.





\* As of 1 January 2020



## Management system

The 3U Group's structure and organisation are subject to continuous review and improvement. Ongoing adjustments to the organisational structures guarantee clear responsibilities with a view to ensuring that the competences under the monitoring, planning and management system are clearly defined. The monitoring and planning system essentially consists of management information reporting and risk reporting on a monthly basis. In addition, the Management Board and the managing directors of the subsidiaries regularly communicate with one another for coordination purposes, flanked by monthly forecast and liquidity development.

The management system is geared to revenue planning and EBITDA targets and to consolidated net income for the next twelve months respectively. Planning for the subsequent two financial years is based on the detailed planning of the first planning year. The assumptions for revenue planning are analysed at the level of the respective company. At market level, they include regulatory projects, capital market outlooks and industry trends. Changes relevant to earnings are communicated through direct and up-to-date ad-hoc reporting between the Management Board and the managing directors. The organisational structures and components of the management system therefore form a holistic mechanism which links up strategic and operating company levels.

## Economic report

### Macroeconomic and industry-specific conditions

The business models of the 3U Group's various segments depend to varying degrees on the macroeconomic and regulatory environment. As 3U's business is mainly conducted in Germany, the German economy, as well as both local and European economic, energy and climate policies have a significant effect on the Group's prospects.

The general economic development impacts the investment propensity of companies and private households. In the company's environment, the economic trend impacts more on demand for suitable corporate software that enables newly founded as well as mid-sized companies to optimise and automate their business processes with a view to gaining or safeguarding competitive advantage. Strong business activity also generates a large volume of calls, which continue to be handled to a large extent via fixed line in the business environment.

In the context of the general development of construction activity, the framework under the climate policy and incentives is behind an uptrend in the demand for more environmentally compatible heating and air-conditioning technologies. The employment situation and wage levels also influence the willingness of DIYers to buy and install new components and systems.

3U activities in the telecommunications sector and in renewable energies are subject to stringent regulatory requirements and the changes arising from these requirements, which often occur at short notice and are difficult to assess.

#### Development of the macroeconomic environment

Measured on a global scale, growth in economic and commercial activity was slower in 2019 than in the previous years. This also applies to Germany where gross domestic product expanded, but only by a mere 0.6 % (GDP growth in 2018: 1.5 %). Here it is evident that industry and export-oriented companies in particular were unable to sustain the growth momentum seen in the preceding year. Factors of influence include the trade dispute between the US and China, the United Kingdom's withdrawal from the European Union, as well as difficulties experienced by Germany's automotive industry in its attempts to adjust to changed consumer patterns.

This situation was offset by positive developments in other sectors: First and foremost, sustained brisk building activity, private consumption and the services sector contributed to lifting the gross domestic product. This scenario also ensured high employment figures, accompanied by a decline in unemployment, as well as higher wage and salary levels. From January through to September 2019, the number of business registrations exceeded deregistrations by 64,800. Seen against this backdrop as well, concerns about being on the verge of a recession for the first time since the financial crisis in 2008/2009 appeared to have no basis in reality.

At the start of the current financial year 2020, economic data and expectations present a disparate picture. According to the ifo business climate index, the situation and outlook in the manufacturing sector were assessed more positively than before, as opposed to the services and construction industries that take a more sceptical view of the future. If business activity regains momentum rather than slowing, the 3U Group's segments could develop well in a favourable economic environment.

In implementing the 3U Group's growth strategy, and notwithstanding the above, strengthening the competitiveness of the products and services and expanding sales will be decisive.

## Development of the financial environment

The business models, especially of 3U HOLDING AG and the Renewable Energies segment, depend to a great extent on acquiring assets. This includes participating investments, also in wind farm operators, as well as real estate. With a view to financing these activities, 3U deploys a range of borrowing and equity financing instruments, alongside internal funding.

The possibilities and the scope of equity financing depend on the valuation of 3U HOLDING AG's equity, and especially that of weclapp SE. 3U HOLDING's value as a listed company is measured by its share price performance on the stock exchange. The almost 80 % increase in the share price over the course of the financial year 2019 has improved the prospects for placing shares with investors, and consequently the scope for raising capital. The share price trend depends on numerous factors of influence, and ultimately also on how the general stock exchange environment develops.

Although the DAX reached a new record high at the start of January 2020, investors do not generally anticipate any significant increase in the price level, as shown by the Frankfurt Stock Exchange's sentiment index. Conversely, this is precisely the view that is interpreted by other players as an indicator of upside price potential. In terms of its share, 3U HOLDING AG strives to achieve a fair market valuation at an attractive level by providing transparent and regular information for market participants. The resolutions passed by the 3U HOLDING AG's Annual General Meeting authorise the Management Board to place the company's treasury shares and shares from Authorised Capital, to the exclusion of shareholders' subscription rights, against cash contribution if the issue price is not significantly lower than the stock market price. The Management Board anticipates net proceeds of at least EUR 1.60 per share from placements of this kind.

The valuation of weclapp SE's equity as a non-listed company hinges on the expectations of investors who may be potentially interested in subscribing to capital increases of weclapp SE. The current shareholders of weclapp SE (3U HOLDING AG and Ertan Özdil with stakes of around 75 % and 25 % respectively) have reached an agreement that, in the event of a capital increase, the company valuation they will take as a basis will be no lower than the current nominal capital of around EUR 70 million.

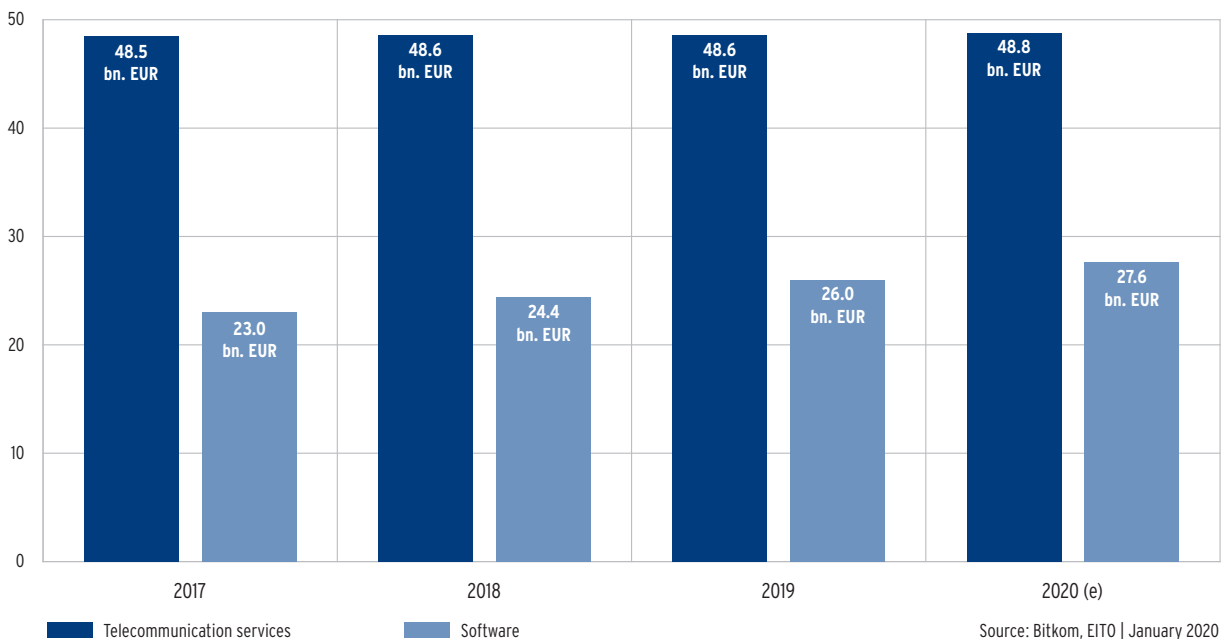
The conditions for borrowed capital are heavily dependent on national and international interest rate levels. At its meeting on 23 January 2020, the Governing Council of the European Central Bank (ECB) decided to leave the interest rate for main refinancing operations, as well as the rates for the marginal lending facility and the deposit facility unchanged at 0.00 %, 0.25 % and -0.50 % respectively. The ECB Governing Council assumes that the ECB key rates will remain at their current level for the foreseeable future, or even envisages further cuts.

The low interest rate level ensures low financing costs within the 3U Group, for instance for procuring assets, and generally has positive impact on the financial result. Given that the ECB's negative rates are increasingly causing commercial banks to levy negative interest on customer deposits, however, the inflow of funds, such as proceeds from 3U HOLDING AG's disposal of assets, place more of a burden on financial result.

## Development of conditions in the ITC segment

Growth in the market for information and telecommunication technology (ITC) is ongoing in Germany. The industry environment for the activities of the 3U Group's ITC segment is therefore favourable, and demand remains upbeat. The industry association Bitkom anticipates that revenues will rise by 2.7 % to EUR 95.4 billion in the information technology submarket (hardware and software services) in 2020 (2019: EUR 92.9 billion). The software segment is the strongest driver of growth, with the potential to lift the sales volume by 6.4 % to EUR 27.6 billion (2019: EUR 26.0 billion). By contrast, growth in the telecommunications submarket is somewhat weaker, with an increase of 0.9 % to EUR 68.8 billion (2019: EUR 68.1 billion). The demand for telecommunications services appears to be picking up somewhat again. Bitkom is expecting an increase to EUR 48.8 billion in this segment (2019: EUR 48.6 billion).

### ITC industry market data (in EUR bn.)



The uptrend in the market is also highlighted by the Bitkom ifo digital index from December 2019 which is generated by a regular representative survey conducted on companies in the sector. Both the current business situation (40.7 points, up 4.9) and business expectations (14.0 points, up 7.7) were assessed much more positively by companies in the digital sector than latterly.

### Cloud Computing

Cloud computing is a technology that underpins digital transformation. The technology confers huge efficiency gains on companies, and is very often adopted as the basis for new business models in the digital economy. From a user standpoint, Cloud Computing is defined as the needs-driven use of IT services, such as software, storage or processing power, via platforms and third-party networks.

The Cloud Computing business in the 3U Group is operated by weclapp SE (formerly weclapp GmbH until 5 August 2019). In the financial year 2019, weclapp offered mainly small and mid-sized customers in Germany access against a flat-rate fee to its cloud-based corporate software (Enterprise Resource Planning, ERP) which goes by the same name. This access enabled customers to map and manage key processes in their operations in a consistent and uniform way with the aid of a single application.

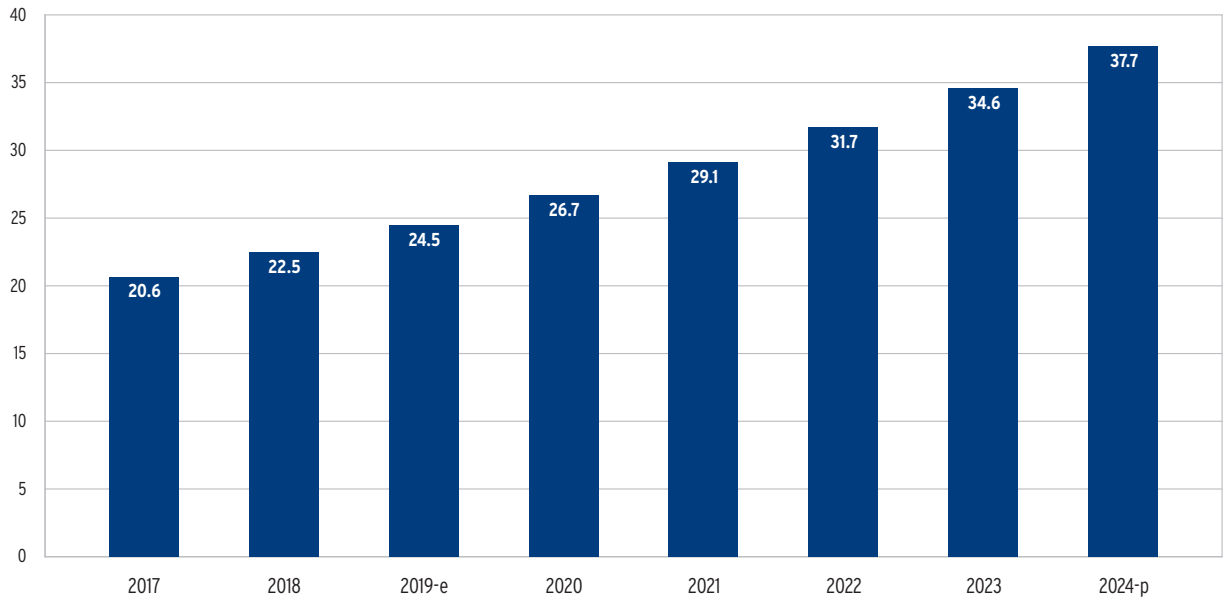
Along with the general development of the market for ERP systems and the competitiveness and performance capability of the weclapp solution, success depends on the willingness of customers and interested parties to process and to store their business processes and data on an external platform (cloud).

ERP systems are used to streamline the value-added processes of a company and make them more efficient, while enabling the ongoing optimisation of entrepreneurial and operational workflows. As opposed to the past when the ERP market was dominated by on-premise solutions installed on servers belonging to a company with systems maintained on site, Cloud Computing is gaining traction in terms of its market share. From a user standpoint, these solutions excel as there is significantly less effort involved in implementation and access is simpler using popular, Internet-enabled devices, which includes mobile devices. Moreover, the use of cloud applications does not generally require trained internal IT personnel, and dispenses with maintenance such as installing updates and patches. Moreover, central data storage facilitates cooperation between companies on the platform as well as in particular the development and the use of self-learning algorithms (machine learning, artificial intelligence).

The technical advantages and cost benefits of Cloud Computing makes deploying standard ERP systems increasingly attractive to small and mid-sized enterprises. The greater acceptance of cloud applications in general by senior executives is also a contributing factor.

According to the most recent representative survey of Bitkom Research conducted on behalf of KPMG AG, just under three quarters (73 %) of all companies were using computing capacity from the cloud in 2018 (2017: 66 %). Another 19 % of companies are planning to use Cloud Computing, or are at least at the discussion stage (2017: 21 %). The group of sceptics who do not attribute importance to the topic of Cloud Computing has diminished to a mere 8 % (2017: 13 %).

The trend towards using cloud-based ERP solutions is generating steady market growth on a global scale. MarketsandMarkets analysts predict an average annual growth (CAGR) of 9 % through to 2024 and anticipate global sales of USD 37.7 billion.

**Global Cloud-ERP-revenue (in USD bn. )**

Source: MarketsandMarkets Analysis

This positive development in the market and in the sector is conducive to weclapp SE's strategy and may promote the achieving of the ambitious corporate goals. weclapp's expansion strategy provides for organic growth as well as growth through acquisitions of customer bases or entire companies.

## Telecommunications

The 3U HOLDING Group's telecommunications services are subject to regulatory and general economic conditions. Moreover, their success depends on the competitive ability and efficiency of the Group's own technical infrastructure.

3U offers end customers call-by-call and preselection numbers for inexpensive telephony in the Voice Retail business line as part of the ITC segment. With a view to protecting competition, this market was ringfenced by the regulatory authority and monitored by the German Federal Network Agency. Adopting this approach was aimed at encouraging competition in the telecommunications market in the consumer interest. In the financial year 2019, the Federal Network Agency stated that the market was showing signs of effective competition and was therefore no longer subject to regulation. The Association of Telecommunications and Value-Added Service Providers (VATM) of which 3U is a member entered into negotiation with Telekom Deutschland GmbH to secure this offer by way of a private contract instead of through regulatory channels. In an agreement from September 2019, Telekom Deutschland voluntarily undertook to allow its end customers unhindered access to the offerings of contractual partners over a period up until 31 December 2022. Consequently, 3U is able to uphold this service offering, at least until Telekom Deutschland GmbH's commitment expires.

In the meantime, the general trend on the telephone services market suggests that use of the fixed line is set to dwindle, with prices tending to decline.

The price of telecommunication services for fixed line, Internet and mobile for private households in Germany dropped again in 2019 compared with the previous year. According to information from the German Statistical Federal Office (DeStatis) in a survey from December 2019, the consumer price index for telecommunications services settled 0.5 % below the level posted in December 2018.

A joint study from VATM and Dialog Consult on the German telecommunications market in 2019 showed another downturn in revenue from service numbers (including call-by-call and preselection numbers) to EUR 344 million in 2019 (2018: EUR 371 million).

By contrast, revenues from telecommunications services increased by EUR 0.5 billion to EUR 58.4 billion, up from EUR 57.9 billion in 2018. This growth only benefited mobile operators, however, as revenues from fixed line calls stagnated at EUR 32.8 billion. In terms of call connection minutes, the trend observed since 2012 is holding steady: Fewer calls are being made, which continues to apply to fixed line calls in particular. While 345 million minutes of calls were made per day using mobile devices (2018: 330 million minutes per day), and OTT suppliers (over-the-top, services such as Skype, What's App and others) stagnated at 265 million minutes per day, the share of fixed line connections in the telephone volume declined to 263 million minutes per day (2018: 293 million minutes per day).

## Renewable energies in Germany

### Political conditions

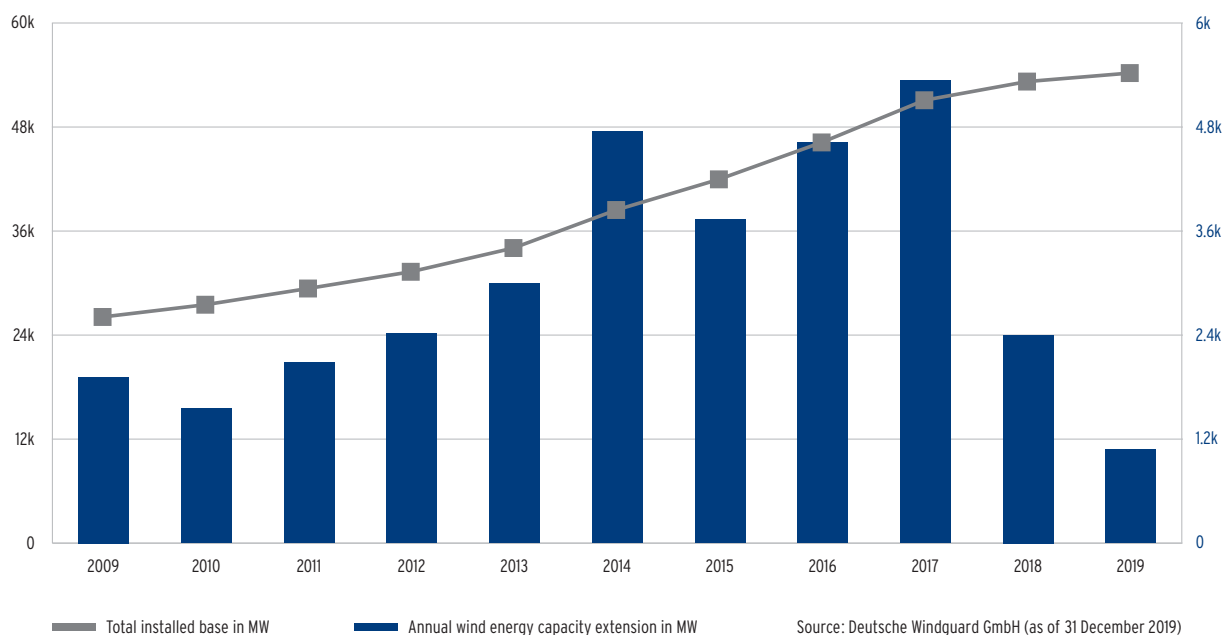
One of the greatest challenges of the 21st century is to secure a reliable, economical and environmentally compatible supply of energy. The endeavours in recent years to cover power generation increasingly by renewable energies resulted in another increase of electricity produced through these means to 237 TWh in the financial year 2019 (2018: 216 TWh), reflecting a share of 46.0 % in net electricity production (2018: 40.0 %).

The political environment for the expansion of renewable energies in Germany appears to be increasingly contradictory, however. Although, according to a survey of the Wind Agency, an unchanged number of German citizens consider ramping up wind energy as “very important” or “important”, the political will to improve the conditions for building more wind farms in Germany is currently lacking. In the context of signing off the recent climate change package, the German government has made decisions which run counter to its own objectives.

On the one hand, the expansion phase is to be expedited under the Renewable Energies Act in order to increase the share of renewable energies in the power supply to 65 % by 2030. On the other, the decision was taken to ensure that new wind farms are erected at a distance of at least 1,000 meters away from housing developments. A bill tabled by the Federal Ministry for Economic Affairs in November 2019 specified that this distance must be observed upwards starting with groups of five houses. Consequently, this measure has drastically reduced the areas available for building new wind farms, which means that the agreed expansion objectives are unachievable.

In 2019, the slump in the construction of new wind farms in Germany intensified following the drastic downturn in 2018. Experts anticipate that newly installed output is likely to settle around only one gigawatt in 2020. The installed output, projected for solar energy at a level similar to 2019 (4 GW), and the completion of a wind offshore farm currently under construction (around 1 GW by mid-2020), will be unable to compensate for these declines. All in all, the growth in installed output of renewable energies in 2020 is likely to be a great deal lower than in 2019.



**Annual wind energy capacity extension and total installed base in Germany (in MW)**

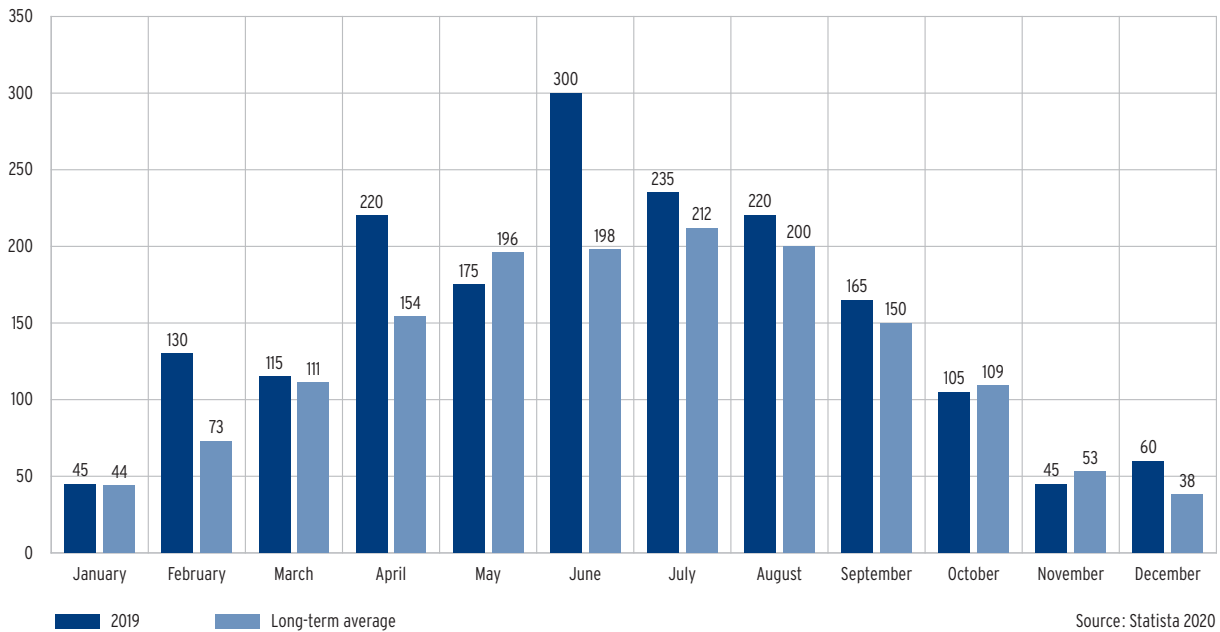
This situation was ultimately further exacerbated by the local government of Brandenburg. At the end of 2018, it issued a two-year moratorium on the building of new wind turbines, which affected all 3U projects under way. This moratorium prompted 3U to temporarily scale back the development of the aforementioned projects and of new ones. The moratorium caused 3U to temporarily reduce the development of these or new projects. During this period, the existing project developments will be preserved in a suitable manner and adapted to the current conditions in order to be able to realise the project developments promptly when the moratorium ends.

### Weather conditions

Solar radiation and wind yield are fundamental factors of influence on the earnings of the 3U Group's power plants. Both sun and wind are subject to seasonal and long-term fluctuations but had a positive impact on the Renewable Energies segment's earnings trend in the financial year 2019.

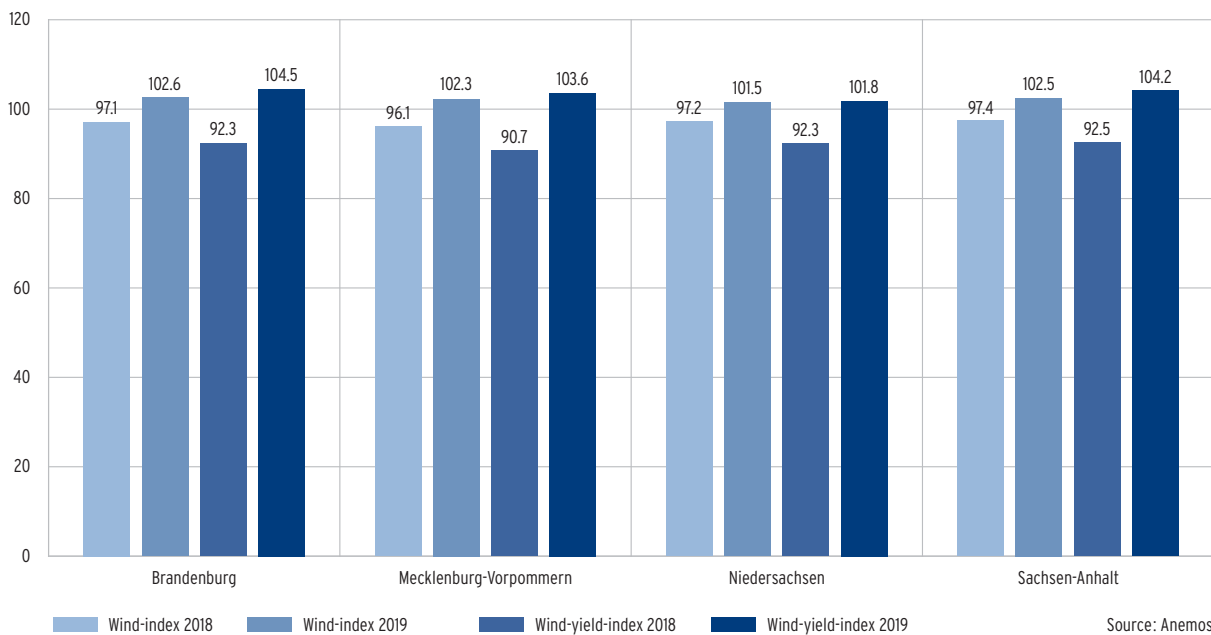
In the financial year 2019, annual sunshine came in at 1,815 hours in Germany, some 18 % above the long-term average of 1,538 sunshine hours.

### Average sunshine duration per month in Germany 2019 (in hrs.)



The year 2019 marked the end of a series of years with weak winds and proved to be above the average of the last 20 years again. In the reporting year, the wind index stood at 101.9 % (2018: 97.0 %). The wind yield index was as much as 104.7 % (2018: 93.1 %).

#### Wind- and wind-yield-indices (in %)

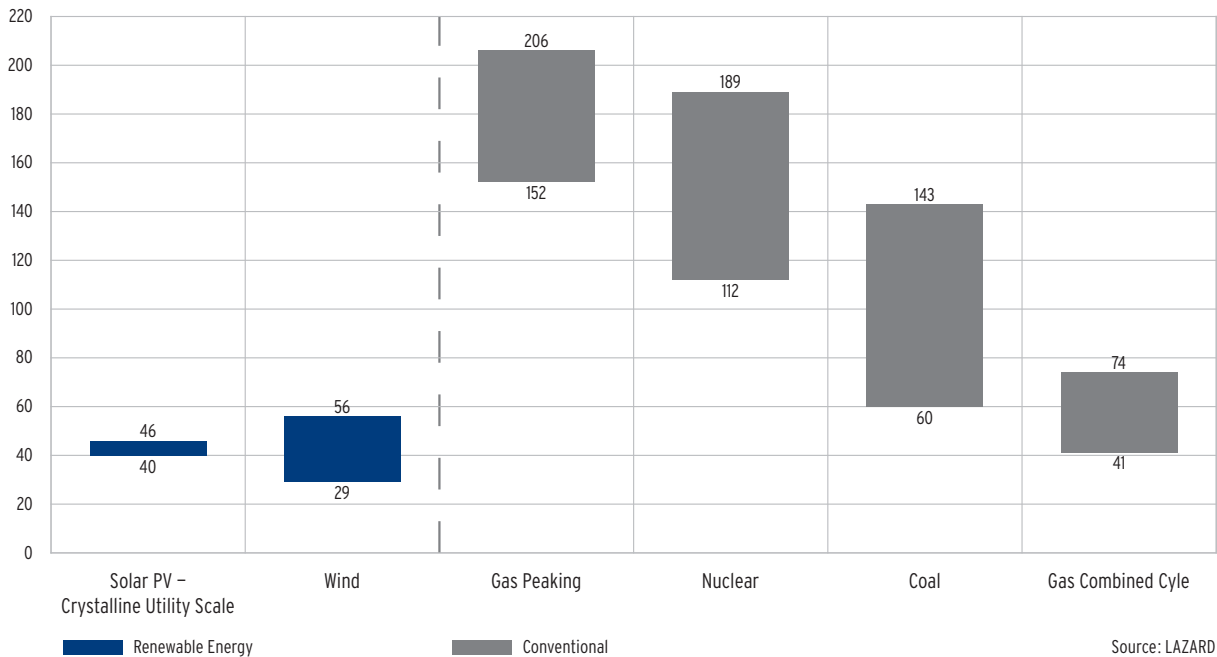


### Economic environment

The prices commanded for power determine the commercial success of plant operations.

In principle, the cost of generating electricity from renewable energies continues to make progress in terms of their competitive advantage compared with fossil fuels and nuclear power. Bank Lazard's analysis of the levelised cost of energy without factoring in any subsidies (LCOE) shows that producing energy in the conventional way has meanwhile become much more expensive than using wind and solar power.

#### Comparison of levelised cost of energy – unsubsidised (in USD/MWh)



This is one of the factors of influence which makes the spot market price for power produced from the sun and wind relatively cheaper than that of power from fossil or nuclear sources. Accordingly, the relative market value of wind power and solar power stood at 89.5 % and 95.3 % respectively of the average in 2019.

At present, 3U facilities have guaranteed remuneration under the German Renewable Energies Act. When this subsidy comes to an end, the facilities will take steps to offer the electricity produced directly to customers, both from private and the public sector. Low electricity generation costs lead to advantages in competition for electricity customers.

## Development of conditions in the SHAC segment

Companies in the SHAC segment operate in a niche of the construction sector. Within the construction industry, increasing emphasis is being placed on environmentally compatible, but also affordable equipment with components and systems, in particular heating and air conditioning technology, not forgetting sanitary equipment. This is applicable to property developers of large-scale residential and commercial real estate to which the business of ClimaLevel Energiesysteme GmbH is geared, as well as to home builders and DIYers in particular who order Selfio GmbH products online and receive advice and support.

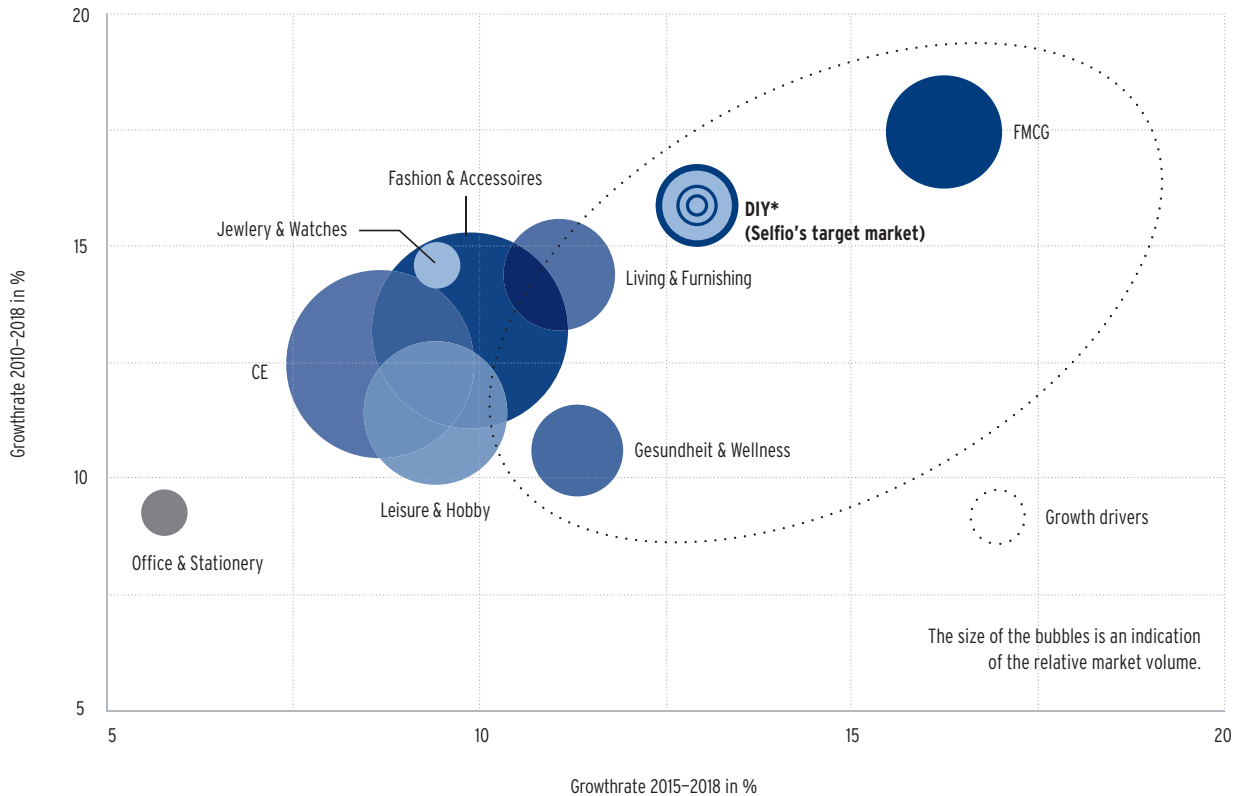
### General Business Conditions

The uptrend which has lasted several years in the construction industry held steady in 2019. Order intake in the construction industry came in at around EUR 7.1 billion, which is 10.3 % higher than in November 2018. Measured by the value of orders, this marked the highest figure ever recorded in a November in Germany.

The German DIY sector also reported strong growth in demand in 2019, with revenues rising to EUR 19.5 billion (2018: EUR 18.8 billion). The SHAC market is on a growth trajectory and has consolidated its position as the second strongest sub-segment in the industry with a sales volume of EUR 1.8 billion (2018: EUR 1.75 billion). The overlapping DIY market, across all sales channels, continued to expand to EUR 248 billion (2018: EUR 244 billion). According to the German DIY retail association BHB, sales generated through Other Sales Channels, including e-commerce, accounted for a volume of EUR 31.4 billion, which equates to a share of approximately 13 % in the industry's revenues (2018: EUR 31.4 billion, approximately 13 %). Industry association BHB remains optimistic for 2020 as a whole and expects further growth at a high level.

According to information from the Central Association of the German Retail Trade (HDE), e-commerce sales across all sectors in 2018 grew by 9.1 % to EUR 53.3 billion (2017: EUR 48.9 billion). This corresponds to a share in overall retail sales of 10.1 % (2017: 9.5 %). The DIY segment of home improvement and gardening took a share of 4.3 % in e-commerce sales and is one of the fastest growing submarkets.

### Online growth rate per industry



\*DIY core products, ex wholesale and workshops, ex illumination, ex decoration/home textiles

Source: HDE Online-Monitor 2019

### Political conditions

The demand for components and systems, heating and air conditioning technology in particular is promoted by an array of political initiatives. These measures are aimed at mitigating climate change and at achieving internationally agreed climate targets. As part of the German Energy Saving Ordinance, replacing heating systems which are over 30 years old has already been mandatory since 2014. The resolutions of the German government from December 2019 ("climate action package") places special importance on reducing CO<sub>2</sub> emissions in housing and buildings. Emissions are to be reduced from currently around 120 million tons to 72 million tons by 2030.

As part of this process, the German government will be extending its arsenal of rules and regulations and subsidising measures to promote the energetic refurbishment and retrofitting of residential buildings. Among other measures, exchanging heating systems for more environmentally compatible ones is to be expedited. 3U anticipates that this scenario will have a positive impact on the SHAC segment having filtered through in the form of additional demand.

## Business development

The financial year 2019 was largely characterised by progress made in the segments' operations as well as by the purchase and sale of assets, in particular on the part of 3U HOLDING AG.

### ITC

In the ITC segment, the Group company weclapp GmbH was merged to form a European stock corporation in the financial year 2019 and has since then gone by the name of weclapp SE. The expansion of the multiple prizewinning provider of a cloud-based ERP platform for small and mid-sized companies is attributable, on the one hand, to successful online marketing which has formed the basis of weclapp's meanwhile strong growth. On the other, a partner sales network has been additionally built up since the start of the financial year, and has enjoyed growing popularity. The rapid growth is also evident in the opening of a new location in Frankfurt am Main which is now the company's headquarters. weclapp will offer its customers in Switzerland the use of a computer centre in Zürich. This service is to be technically implemented at the start of the current financial year 2020.

All telecommunications companies in the Group successfully switched all interconnects to Deutsche Telekom to a new NGN (Next Generation Network, Voice over IP) interconnection at the start of the financial year 2019. The NGN interconnection to Deutsche Telekom and to other well-known network operators has enabled substantial additional network capacity. 3U has therefore set in place the technical prerequisites for developing the range on offer in its six interconnection networks and three subscriber networks. Revenue generated through end customers (Voice Retail) therefore declined in the financial year 2019 in line with expectations. This decline was not fully offset by growth in the new service offerings for business customers (Voice Business), with service telephone numbers, as well as, to a smaller extent, with virtual servers (Infrastructure as a Service) which was, however, unable to fully compensate for the downturn in Voice Retail.

### Renewable Energies

The Federal State of Brandenburg's moratorium against the development of new wind farms required project development activities in the Renewable Energies segment to be scaled back for the time being.

The production capacities in the portfolio, which were expanded further over the course of the financial year 2019 through the acquisition of 40 % of the shares in a wind farm in Mecklenburg-Western Pomerania, now stand at around 60 MW.

### SHAC

The e-commerce business in the SHAC segment, which is mainly the domain of Selfio GmbH, performed well in terms of revenue. In order to support successful marketing through advisory services, the shell structure of a single family house was purchased in the financial year 2019 for use as the location for filming new how-to videos. The e-commerce business of the segment also elicited a positive response from customers and experts in 2019: According to a customer survey conducted on a nationwide scale

in Germany, Selfio has once again been voted one of the best online shops in its market segment, as well as ranking among the ten most visible heating technology suppliers on the Internet.

The e-commerce range is reviewed and supplemented on a running basis. Among other measures, Selfio has also been selling its own brands since mid-2019. Samoba GmbH, a new Group company set up in 2019, offers homebuilders and DIYers the possibility of leasing high-quality tools.

The SHAC segment initiated measures to optimise and extend the supply chain over the course of the financial year. These measures will place a burden on the segments result in the financial year 2020 and beyond, and therefore on the consolidated result as well. Counteracting measures include expanding the share of the in-house brand and intensive optimisations in procurement.

### **3U HOLDING AG**

As part of its business model of acquiring, operating and selling assets, 3U HOLDING AG successfully carried out several transactions in the financial year 2019. In May 2019, an agreement was concluded to sell the Montabaur distribution centre. Until operations are relocated to a new logistics property, it will continue to be used in the SHAC segment as a hub for the handling of goods. 3U's company premises in Marburg was sold in August. 3U has secured the right to rent the building on the land for another five years. These two transactions made a considerable contribution to earnings by generating a significant cash flow. Particularly the sale of the company premises in Marburg is considered by 3U HOLDING AG as part of its growth strategy and the associated financing concept. The proceeds are to be used for potential acquisitions in Cloud Computing.

3U HOLDING AG founded the affiliate company InnoHubs GmbH in the second half of the year. The company's business purpose is to operate real estate business, in particular the development, construction, management and leasing of a property in Würzburg. A stake of 75 % in InnoHubs GmbH is held by 3U HOLDING AG and 25 % by WüWi Beteiligungsgesellschaft mbH. In October 2019, InnoHubs GmbH purchased an around 5,700 square metre parcel of land in the Skyline Hill commercial complex in Würzburg, in the direct vicinity of the university. The company plans to build an innovation hub and office building on this land. With close links to research, the building complex is to offer large and small companies, as well as research institutions and mixed work groups from research and business, the opportunity of developing groundbreaking technologies. Activities are to centre around the development of innovation in the field of artificial intelligence. The plans for this innovation hub have already reached an advanced stage, and the marketing of space not needed by the company itself is to commence.



## Results of operations\*

### Consolidated revenue

Consolidated revenue increased significantly by EUR 3.48 million to EUR 51.45 million, up 7.3 % from EUR 47.97 million in the previous year. The Renewable Energies and SHAC segments reported strong growth, while the ITC segment saw a downturn in revenue in line with expectations. The strategically significant e-commerce and Cloud Computing business lines were once again the most important drivers of growth. Together they accounted for almost half the Group's consolidated earnings (2018: approximately 40 %). Sales revenue breaks down as follows: ITC segment with 27.3 % (2018 30.8 %), Renewable Energies segment with 14.0 % (2018: 13.1 %) and the SHAC segment with 59.1 % (2018: 55.6 %).\*\*

Changes in inventory are also mainly incurred in connection with ongoing wind farm project development in the financial year 2019 as well. The increase in other own work capitalised results from intragroup software development services in connection with the expansion of logistics activities in the SHAC segment.

Other income largely results from the sale of company premises in Marburg and, at EUR 8.03 million, has risen by 67.8 % year on year (2018: EUR 4.79 million). In the 2019 financial year, proceeds on the sale of properties totalled EUR 5.2 million (previous year: EUR 2.6 million). The cost of materials remained virtually unchanged in comparison with the previous year. In relation to sales, the cost of materials declined as against the year-earlier period. Its share in revenue stood at 55.9 % compared with 59.7 % of revenues in 2018. The improvement in the cost-of-materials ratio is essentially attributable to the lower transmission fees in the telephony business. This resulted in gross profit of EUR 30.68 million, reflecting an increase of 24.1 % compared with the figure of EUR 24.72 million posted in the financial year 2018.

### Research and development

Research and development are exclusively conducted in the 3U Group in Cloud Computing in the Group company weclapp. The personnel costs incurred by employees in the development teams of this Group company are recorded as research and development costs. They amounted to EUR 1.40 million in the financial year 2019.

### EBITDA

At EUR 10.10 million, EBITDA grew EUR 3.38 million (50.3 %) compared with the previous year (2018: EUR 6.72 million). Along with the improved cost of materials ratio, the increase in other earnings made a substantial contribution to improving the results of operations. The absolute and relative increase in the personnel expenses and in other operating expenses were more than offset by these positive developments. The share of personnel expenses in revenue (personnel expenses ratio) climbed to 22.7 % in the financial year 2019, slightly up from 20.0 % in 2018. A significant part of this development was due to recruiting new personnel to account for growth in Cloud Computing, as well as temporarily greater requirements for staff in logistics in the SHAC segment, which also contributed to the higher level of personnel expenses. The share of other operating expenses also rose from 15.0 % to 17.4 % in the financial year 2019, which was mainly attributable to greater expenses in the ITC and SHAC segments. Significantly higher selling fees charged by sales platforms such as Amazon were incurred by business in the SHAC segment. The increase in the ITC segment was principally due to higher marketing and sales expenses in Cloud Computing and in advisory and support

\*Note: Account must be taken of the fact that, in the distribution across the individual quarters presented below, the quarterly figures have not been audited.

\*\*Difference between the sum total of segment sales revenue and 100 % of the consolidated sales revenue pertaining to earnings from other activities.

services for developing a new Voice Business service offer. Write-offs of receivables from prior years were carried out in both segments, which was partly offset by other income from the reversals of value adjustments.

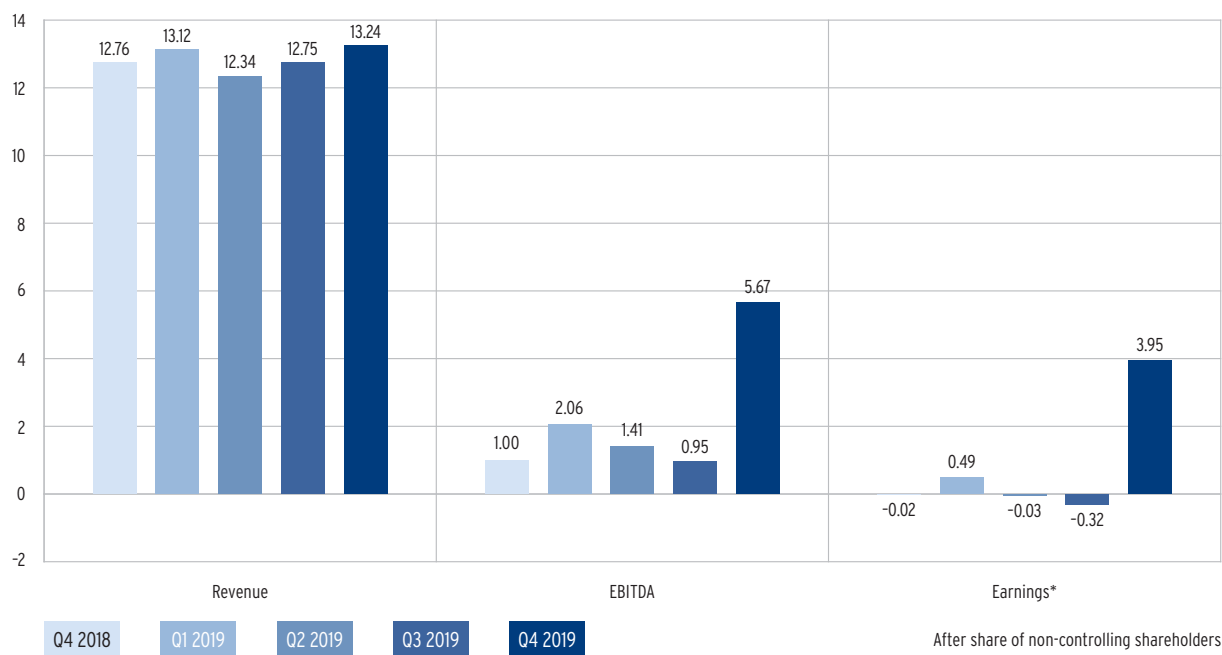
The first-time application of the new IFRS 16 as an accounting standard for leases has relieved the Group's EBITDA. The expenses previously reported under other operating expenses (effect: EUR -0.75 million) in connection with operating leases were reflected in depreciation and amortisation (effect: EUR +0.68 million) and interest expenses (EUR +0.08 million) in the 2019 financial year due to the capitalisation of rights of use and corresponding lease liabilities.

#### **Group result**

The financial result was essentially at the same level as in the previous year. A tax expense of EUR 0.25 million was incurred (2018: tax income EUR 0.32 million). The formation of deferred taxes due to temporary differences between valuations according to IFRS and the tax balance sheet had a significant impact on the tax result. In the financial year 2019, the balance of deferred taxes amounted to EUR 0.88 million. This is offset by current income tax expenses of EUR 1.13 million. EUR 0.84 million of this amount results from the merger of weclapp GmbH into weclapp SE.

The result allocated to the shares of non-controlling shareholders rose by EUR 0.09 million compared with the previous year's reporting period. In the ITC segment in particular, non-controlling shareholders have benefited from the positive development of business.

The consolidated result of the financial year 2018 attributable to the owners of the parent company, which came in at EUR 4.10 million, exceeded the previous year's consolidated results by EUR 2.16 million (EUR 1.93 million).

**Development (revenue, EBITDA, earnings) – 3U Group in EUR million**

In line with its internal reporting, the Group reports on the ITC, Renewable Energies and SHAC segments as well as on the Other Activities/Reconciliation unit.

The segments are presented below with their inter-segment revenues. It should also be noted that income taxes – where there is a tax group relationship with 3U HOLDING AG – are borne by 3U HOLDING AG, the parent of the tax group.

## **ITC (Information and Telecommunications Technology) segment**

### **Segment revenue**

Revenue in the ITC segment declined slightly to EUR 14.06 million in the financial year 2019, down from EUR 14.78 million in the previous year. The drop in revenue resulted from the Voice Retail business line and is partly attributable to the lower transmission fees. In the Cloud Computing business, revenue was raised by around 50 % year on year.

This segment's improvement in earnings largely resulted from the successful development in the Cloud Computing business. Profitability stabilised in the telephony business line which continued to make a major contribution to margins in this segment.

Revenue in the Voice Retail business line dropped from EUR 2.46 million to EUR 1.95 million due to the ongoing volume- and price-driven downtrend in fixed line telephony. Voice Business Customer revenue fell from EUR 6.77 million to EUR 5.03 million, while the Data Centre Services & Operation business line generated revenue of EUR 1.66 million in the financial year 2019 (2018: EUR 1.74 million). Cloud Computing activities raised revenue from EUR 3.03 million to EUR 4.64 million.

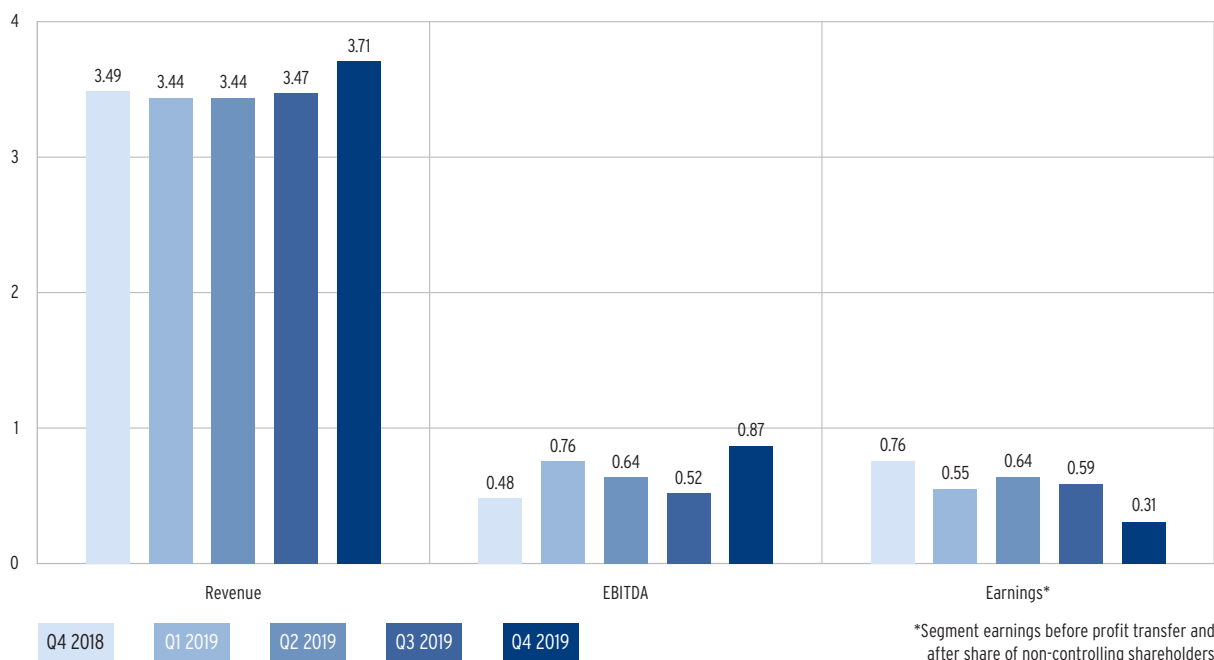
### **EBITDA**

The sharp increase in gross profit is mainly due to the reduction in transmission fees. This was counteracted by the higher level of personnel expenses and of other operating expenses. Personnel expenses rose from EUR 3.80 million to EUR 4.70 million due mainly to recruiting new staff to cover the growth in Cloud Computing. As a result, EBITDA in this segment increased by almost 50 %, from EUR 1.90 million to EUR 2.79 million.

### **Segment result**

The creation of deferred taxes due to the expected use of existing loss carryforwards resulted once again in tax income, which was nevertheless lower than in the previous year. This decline, combined with a higher level of depreciation and amortisation, led to a disproportionate increase in the segment result. In the financial year 2019, this figure rose by 10.9 % to EUR 2.08 million, up from EUR 1.88 million in the previous year.

**Development (revenue, EBITDA, earnings) – ITC segment in EUR million**



## Renewable Energies segment

### Segment revenue

Project development had to be scaled back due to a moratorium issued by the Federal State of Brandenburg, which impacted sales revenue in the Renewable Energies segment, along with the major factor of influence being the weather. The power generated by the portfolio of wind farms benefited from wind that was much stronger than in the previous years, particularly in the first and fourth quarter. Revenue achieved from producing electricity from photovoltaic plants, especially from the Adelebsen Solar Park, came in at EUR 2.02 million, therefore falling only marginally short of the excellent year-earlier level. All in all, revenues rose from EUR 6.30 million in 2018 to EUR 7.22 million in the reporting year.

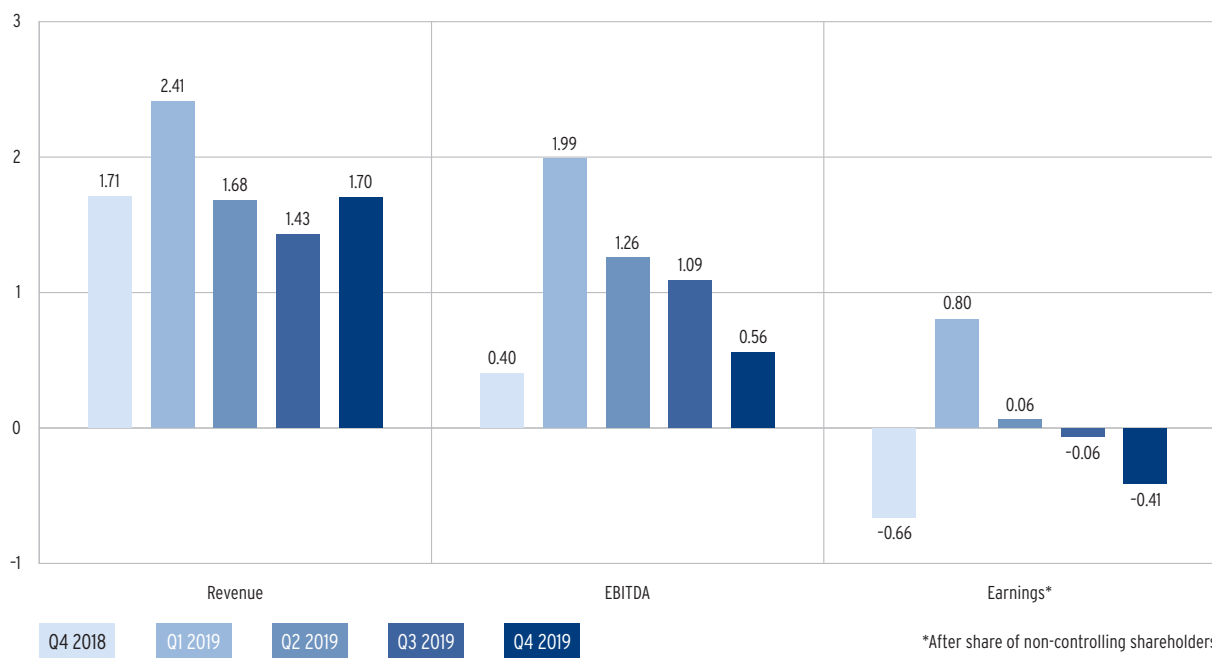
### EBITDA

The general development of wind farm project development was taken into account by focusing on promising project developments and their continuation over the term of the moratorium of the State of Brandenburg. In this context, project developments whose realisation currently appears unlikely were written off in the amount of EUR 0.58 million. For the full year 2019, the reduction in the portfolio will amount to EUR 0.20 million compared to an increase of EUR 0.55 million in the previous year. The decline in personnel expenses from EUR 0.47 million to EUR 0.28 million is due to the restriction of project development activities. Other operating expenses in fiscal year 2019 were only slightly higher than in the previous year. EBITDA was thus increased from EUR 3.98 million in the previous year to EUR 4.90 million in fiscal year 2019.

### Segment result

Higher depreciation and taxes meant that the segment result only improved from EUR 0.02 million in the previous year to EUR 0.38 million. As in the previous year, no income was generated from the sale of realised wind park project developments in the 2019 financial year.

**Development (revenue, EBITDA, earnings) – Renewable Energies segment in EUR million**



## **SHAC (Sanitary, Heating and Air Conditioning Technology) segment**

### **Segment revenue**

The SHAC segment's revenue exceeded the EUR 30 million mark for the first time, advancing from EUR 26.67 million to EUR 30.38 million. With an increase of EUR 3.71 million (13.9 %), the strong growth in the financial year 2018 was outperformed despite the high starting point (2018: 13.3 %). The expansion was largely driven by e-commerce. The sales revenue of the Group company Selfio GmbH climbed by 18.3 % to EUR 20.61 million (2018: 17.42 %). The cost of materials ratio in the SHAC segment came in at 76.6 %, thus virtually unchanged from the previous year's level (2018: 76.8 %).

### **EBITDA**

EBITDA posted a slightly negative result of EUR -0.09 million and had deteriorated compared with the previous year's figure of EUR 0.41 million. The decline in EBITDA resulted mainly from higher personnel expenses and other operating expenses incurred by optimising and extending the supply chain and preparing for relocation to a new distribution centre. Both in the e-commerce business and in the assembly of components in the air conditioning business, EBITDA was raised substantially despite fierce competition, with an increase of 32.4 % and 25.6 % respectively.

### **Segment result**

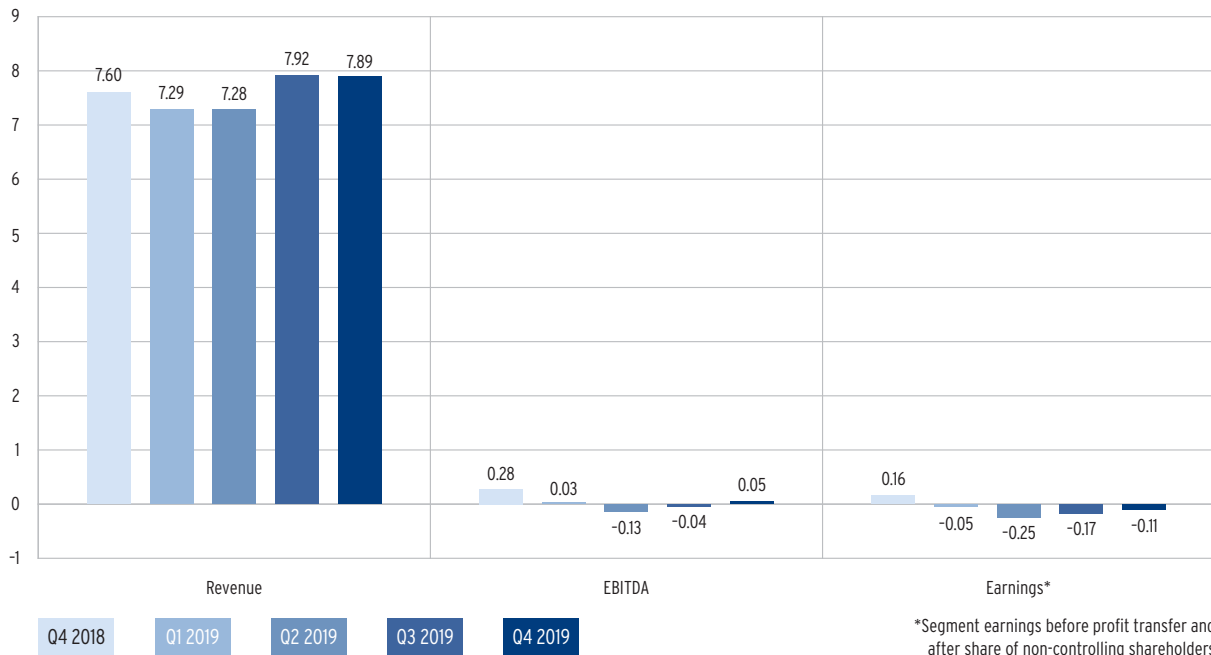
The SHAC segment delivered a negative result of EUR -0.59 million in the financial year 2019 compared with the marginally positive result of EUR 0.09 million in the previous year.

Tax expenses in the financial year 2019 stood at EUR 0.10 million and were therefore at the level of the previous year.

The result attributable to shares of non-controlling shareholders came in at EUR -0.02 million (2018: EUR 0.05 million).



**Development (revenue, EBITDA, earnings) – SHAC segment in EUR million**



## Other Activities/Reconciliation

The holding activities, other property leasing activities and effects from the requisite group consolidation are combined under Other Activities/Reconciliation.

### Revenue

Revenue of EUR -0.21 million was disclosed under Other Activities/Reconciliation in the reporting period (2018: EUR 0.23 million). This figure comprises revenue of the holding company amounting to EUR 1.98 million (2018: EUR 2.14 million) and from revenue consolidation of EUR -2.19 million (2018: EUR -1.91 million). Revenue consolidation is chiefly attributable to the consolidation of inter-segment revenue as well as of intra-Group services. Revenue essentially comprises rental income from properties, including the Adelebsen site. Other operating income of EUR 5.77 million (2018: EUR 3.77 million) consists of the proceeds from selling the distribution centre in Montabaur and the premises in Marburg.

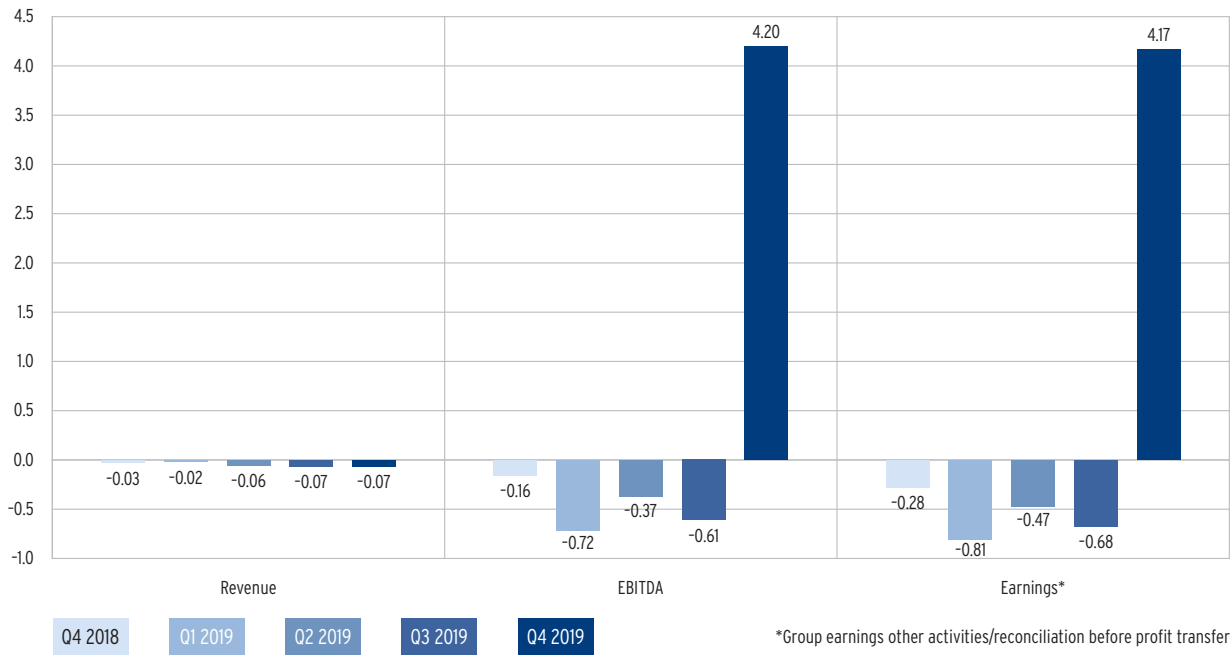
### EBITDA

EBITDA therefore amounts to EUR 2.49 million (2018: EUR 0.42 million). Along with other operating income, the main factors of influence on EBITDA include personnel expenses of EUR 2.71 million (2018: EUR 2.80 million) and other operating expenses of EUR 2.53 million (2018: EUR 2.69 million), both of which declined in the financial year 2019. The employees from strategic investment management and from the Finance, HR and Law departments, as well as from centralised marketing resources are allocated to the parent company. The holding makes a particular contribution to promoting overall strategic development of the subsidiaries with these resources.

### Result

This area contributed earnings of EUR 2.22 million to consolidated profit as opposed to the previous year when the result was negative at EUR -0.05 million.

**Development (revenue, EBITDA, earnings) – Other Activities/Reconciliation in EUR million**



## Financial position

### Capital structure

In the 2019 financial year, the Group made payments for investments totalling EUR 4.37 million (2018: EUR 1.74 million). The payments related in particular to the acquisition of a commercial site in Würzburg, of around 40 % of the shares in a wind farm in Mecklenburg-Western Pomerania, of IT software and the investment in the Selfio house used as a setting for how-to-videos. As in the previous year, investments were also made in the computer centre, IT and telecommunications infrastructure and in the existing facilities for generating electricity from renewable energies. Significant inflows of liquidity were generated by the sale of the company premises in Marburg and, to a lesser extent, by the sale of the distribution centre in Montabaur.

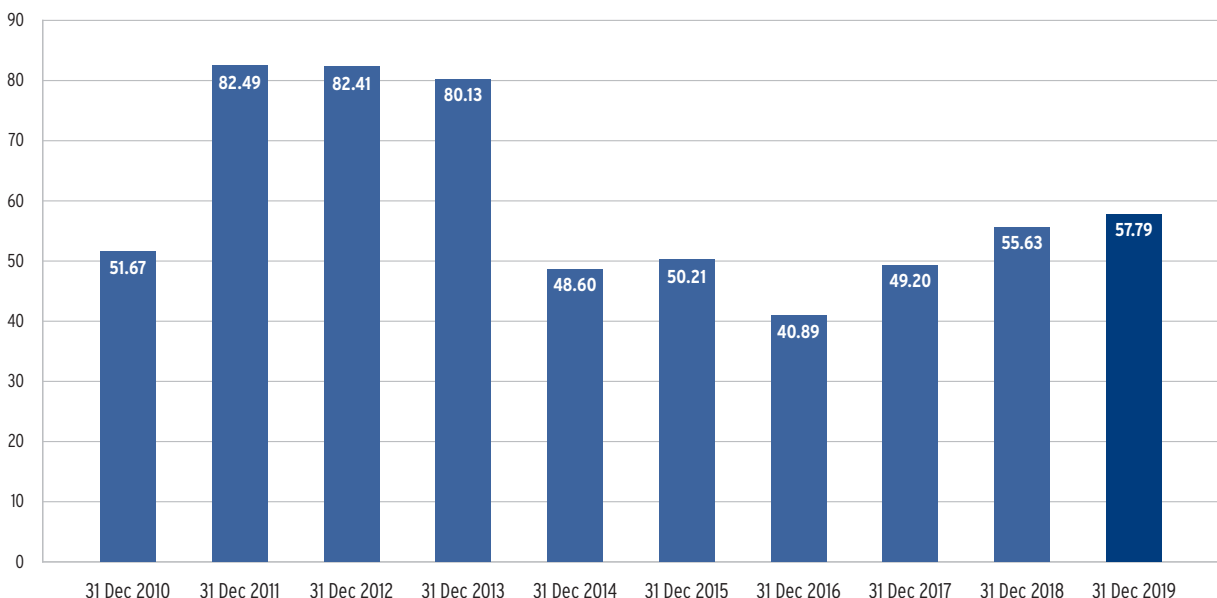
3U HOLDING AG invests the funds exclusively in overnight and short-term time deposits with Baden-Württembergische Bank, Sparkasse Marburg-Biedenkopf and Deutsche Kreditbank AG.

Compared to 31 December 2018, liquid and near-liquid funds increased by EUR 8.25 million from EUR 12.30 million to EUR 20.55 million as of 31 December 2019. Together with the elimination of restrictions on disposal, this resulted in an increase in cash and cash equivalents from EUR 8.38 million as of 1 January 2019 to EUR 17.46 million as of 31 December 2019. Without the scheduled and extraordinary repayments of financial loans, the positive cash flow from investing activities of EUR 9.17 million would have contributed to an even more significant increase in liquidity.

3U HOLDING AG continues to have a solid equity ratio of 57.8 % (31 December 2018: 55.6 %). The increase in the absolute amount of equity from EUR 41.44 million to EUR 46.51 million is due to the profit of EUR 4.40 million in the 2019 financial year and in particular to the sale of treasury shares. Borrowings account for 42.2 % of the balance sheet total, compared to 44.4 % as of 31 December 2018.

Only the payments to the shareholders of 3U HOLDING AG as part of the dividend payment and to non-controlling shareholders in the form of profit distributions had an opposite effect.

### Development equity ratio (in %)

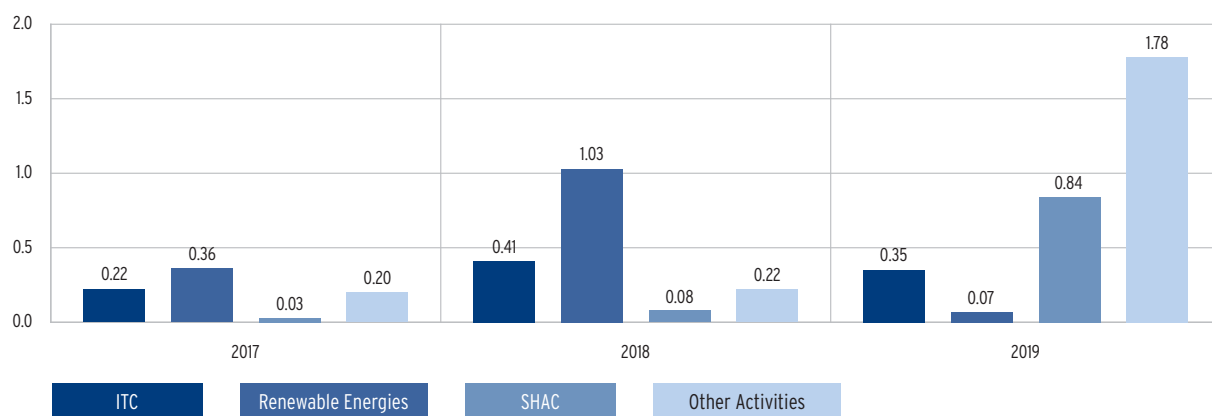


### Capital expenditure

In the 2018 financial year, the Group invested EUR 3.04 million in intangible assets, property, plant and equipment and investment properties (2018: EUR 1.74 million).

In the ITC segment, EUR 0.35 million (2018: EUR 0.41 million) was invested. Investments in the Renewable Energies segment amounted to EUR 0.07 million, compared to EUR 1.03 million in the previous year. At EUR 0.84 million, investments in the SHAC segment were above the previous year's level (2018: EUR 0.08 million). The investments in the holding company's fixed assets of EUR 1.78 million in 2019 (2018: EUR 0.22 million) were mainly for the acquisition of the commercial property in Würzburg.

### Development of investments in EUR million



### Liquidity

The operating cash flow in the past fiscal year was EUR 4.68 million (2018: EUR 0.60 million). This development was mainly influenced by the positive result for the period, increased by depreciation and amortisation for the financial year. Profits from the disposal of fixed assets are excluded from the result for the period, as they are attributable to investment activities. In the year under review 2019, these mainly relate to the profits from the disposal of the company site in Marburg and the distribution centre in Montabaur.

The cash flow from investing activities is characterised by the high inflows of liquidity from the disposal of property, plant and equipment and, in the previous year, also from the disposal of investment properties. This is offset by the investments in intangible assets, property, plant and equipment and financial assets. The cash flow from investing activities of EUR 9.17 million (2018: EUR 8.12 million) is EUR 1.05 million higher than in the previous year.

Cash flow from financing activities is again negative at EUR -5.62 million (2018: EUR -8.16 million). This is primarily the result of payments for scheduled and extraordinary loan repayments and payments to the shareholders of 3U HOLDING AG and non-controlling shareholders.

The 3U Group was able to meet its payment obligations at all times during the reporting period and is also guaranteed for 2020. The liquidity situation as of 31 December 2019 is good.

The following cash flow statement shows the change in cash and cash equivalents and is prepared in line with the cash flow statement presented in the consolidated financial statements (without correction of cash and cash equivalents).

Cash flow statement (in TEUR)	2019	2018
<b>Cash flow</b>	<b>8,235</b>	<b>563</b>
Cash flows from operating activities	4,681	595
Cash flows from investing activities	9,170	8,124
Cash flows from financing activities	-5,616	-8,156
<b>Consolidation-related changes</b>	<b>15</b>	<b>0</b>
<b>Thereof from assets previously held for sale</b>	<b>0</b>	<b>469</b>
<b>Changes in cash and cash equivalents</b>	<b>8,250</b>	<b>1,032</b>
<b>Cash and cash equivalents at beginning of period*</b>	<b>12,301</b>	<b>11,269</b>
<b>Cash and cash equivalents at end of period**</b>	<b>20,551</b>	<b>12,301</b>

\*Incl. fixed deposits as collateral resp. restricted cash in the amount of TEUR 3,923 (1 January 2018: TEUR 3,094)

\*\*Incl. fixed deposits as collateral resp. restricted cash in the amount of TEUR 3,089 (31 December 2018: TEUR 3,923)

## Net assets

Overview of balance sheet items	31 December 2019		31 December 2018	
	TEUR	%	TEUR	%
<b>Non-current assets</b>	<b>45,659</b>	<b>56.7</b>	<b>48,035</b>	<b>64.5</b>
Fixed assets	42,726	53.1	46,083	61.9
Deferred tax assets	2,671	3.3	1,661	2.2
Other non-current assets	262	0.3	291	0.4
<b>Current assets</b>	<b>34,819</b>	<b>43.3</b>	<b>26,455</b>	<b>35.5</b>
Inventories	7,796	9.7	6,990	9.4
Trade receivables	3,911	4.9	4,440	5.9
Other current assets	2,561	3.2	2,724	3.7
Cash and cash equivalents	20,551	25.5	12,301	16.5
<b>Assets</b>	<b>80,478</b>	<b>100.00</b>	<b>74,490</b>	<b>100.00</b>
<b>Non-current liabilities</b>	<b>69,157</b>	<b>85.9</b>	<b>63,382</b>	<b>85.1</b>
Equity attributable to 3U HOLDING AG shareholders	47,208	58.7	42,445	57.0
Non-controlling interests	-696	-0.9	-1,004	-1.4
Provisions and liabilities	22,645	28.1	21,941	29.5
<b>Current liabilities</b>	<b>11,321</b>	<b>14.1</b>	<b>11,108</b>	<b>14.9</b>
Trade payables	2,986	3.7	3,181	4.3
Other provisions and liabilities	8,335	10.4	7,927	10.6
<b>Liabilities</b>	<b>80,478</b>	<b>100.0</b>	<b>74,490</b>	<b>100.0</b>

As of 31 December 2019, total assets stood at EUR 80.48 million (31 December 2018: EUR 74.49 million), and had therefore increased by EUR 5.99 million compared with the previous year's reporting date. The changes are attributable to the capitalisation of rights of use in an amount of EUR 3.65 million due to the initial application of the IFRS 16 international accounting standard. The sale of the distribution centre in Montabaur and of the company premises in Marburg is reflected in the decline in property, plant and equipment, and was a major contributing factor to the increase in cash and cash equivalents.

Along with the newly posted rights of use, non-current assets of EUR 45.66 (31 December 2018: EUR 48.04 million) essentially comprised intangible assets (EUR 2.60 million; 31 December 2018: EUR 2.19 million) and property, plant and equipment (EUR 31.11 million; 31 December 2018: EUR 39.66 million), along with investment property of EUR 3.94 million (31 December 2018: EUR 4.11 million).

As before, this pertains to the leasing of parts of the properties in Adelebsen and in Linz/Rhine. A new addition is the site in the commercial area in Würzburg acquired with effect from 31 October 2019.

The first-time application of the IFRS 16 accounting standard contributed to an increase in total assets, with rights of use under leases amounting to EUR 3.65 million capitalised and lease liabilities of EUR 4.33 million recognised as of 31 December 2019.

Non-current assets amounted to EUR 34.82 million as of 31 December 2019 (31 December 2018: EUR 26.46 million), reflecting an increase of EUR 8.36 million compared with the 2018 reporting date. The change is due above all to the proceeds from the disposals transacted in the financial year 2019. The share of cash and cash equivalents in non-current assets stood at 59.02 % on 31 December 2019 (31 December 2018: 46.50 %). A reporting-date-induced higher level of inventories is offset by lower trade receivables and income tax receivables.

Key financials had partly improved considerably by the end of the financial year 2019. Non-current and current financial liabilities were reduced to a considerable extent beyond the scheduled repayments as a result of selling the distribution centre and the Marburg premises. They therefore amounted to only EUR 17.72 million in total as of 31 December 2019 (31 December 2018: EUR 23.19 million). The debt-to-equity ratio declined from 79.8 % on the 2018 reporting date to currently 73.3 %. Net debt of EUR 10.89 million as of 31 December 2018 was repaid in full. Cash and cash equivalents as of 31 December 2019 exceeded financial liabilities by EUR 2.83 million. At the same time, working capital increased by 11.1 % and had reached EUR 23.50 million by the reporting date (31 December 2018: EUR 15.35 million).



## General statement on the economic situation

The Management Board considers the economic situation, and especially the current development of the company at the time when the combined management report was drawn up, as having improved further. From the standpoint of the Management Board, the 3U Group has good prospects, both operational and financial, of continuing on its positive trajectory.

Sales revenues were raised in the financial year 2019 compared with the previous year. EBITDA and the consolidated profit improved considerably compared with the preceding financial year. Along with progress made in operations, this performance was attributable to the successful sale of real estate and properties by 3U HOLDING AG. Expenses in connection with optimising and expanding logistics in the SHAC segment burdened the result. The key financials improved considerably over the course of the financial year 2019.

The targets set for the Group in the financial year 2019 were partly achieved by the segments.

The ITC segment performed well over the course of the year. The revenue plan was met in full. EBITDA and earnings before profit transfer in particular exceeded the budgeted figures. Cloud Computing contributed EUR 1.26 million to the segment's result for the period.

The Renewable Energies segment was unable to achieve the targeted figures in the financial year 2019, which was largely due to the planned sale of a wind farm not being brought to completion. Revenue dropped by approximately EUR 1.3 million, EBITDA by around EUR 3.7 million, and the result was approximately EUR 2.8 million below budget.

The SHAC segment did not achieve the targeted figures in the financial year 2019 either. Revenues dropped around EUR 2.1 million below budget. The developing of additional online sales offers (leasing and B2B business) in particular was slower than anticipated. Along with the higher-than-planned expenses incurred by optimising the supply chain, the resulting divergence from budgeted revenue was a factor contributing to underperforming the EBITDA target by EUR 0.7 million. This divergence from budget is also reflected in the segment's result.

## Financial and non-financial performance indicators

We use our Group-wide financial performance indicators to set targets, measure performance and determine the variable compensation of our managers. The most important financial performance indicators for us are sales, earnings before interest, taxes, depreciation and amortisation (EBITDA) and earnings after taxes.

Non-financial performance indicators are not covered by regular financial reporting and are not part of Group management. They are determined in the various business segments in accordance with the respective business models and are used there, for example, to monitor and support marketing and sales decisions.

### Online marketing and sales

In Cloud Computing and e-commerce in particular, 3U has built up years of experience in target group-oriented online marketing and has tested and used the respective new channels at an early stage. In the opinion of the management, 3U has also gained an advantageous competitive position in each of the two business areas as a result of this, which forms a basis for the current and future success of the company.

Selfio GmbH, as the largest and fastest-growing company in the SHAC segment, differs from its competitors in its marketing presence in particular through the high quality of its diverse guide formats. These include blog posts, detailed assembly instructions – which are also available via app – and videos produced by the in-house media team with a high level of technical and media expertise. In addition to its own platform with shop connection, Selfio uses various social media channels and its own specialised websites for distribution.

To measure success, user figures are continuously collected and evaluated. These are subject to a high volatility due to registrations and deregistrations and are therefore only given here as an estimate. The success of online marketing is reflected in the number of customers who have placed orders and received an invoice via one of the distribution channels. The strong increase in the 2019 financial year reflects the higher order intake via marketplaces such as Amazon, eBay and others.

	1 Jan–31 Dec 2019	1 Jan–31 Dec 2018
Visitors on selfio.de	>1.3 million	>1.2 million
YouTube viewers	>2.5 million	>1.6 million

	31 Dec 2019	31 Dec 2018
YouTube subscribers	>6,000	>3,000
Facebook-follower	>20,000	>12,000
Number of customers	127,812	81,999

In Cloud Computing, too, the focus is on customer acquisition and customer loyalty, and online marketing is one of the key success factors in this strategic area as well. The number of visitors per year to weclapp.com has stabilised at over half a million, even though it declined in the 2019 financial year compared with the previous year. The proportion of registered users who sign a license agreement after the test phase is also stable at more than 11 %. Here, the company weclapp SE pursues the strategy of winning increasingly larger customers. The expansion of the strategic focus led to the establishment of partner sales as an additional sales channel in the financial year 2019. This is also directly reflected in the financial figures. While the number of new customers is no longer increasing at the same rate as in the early years, and may even decline at times within a fluctuation range, 3U in Cloud Computing is recording strong growth in recurring revenue per month and new customer, but also across the entire customer portfolio.

	1 Jan–31 Dec 2019	1 Jan–31 Dec 2018
Visitors on weclapp.com	approx. 1.3 million	approx. 1.5 million
Number of new customers	839	865
Recurring revenue per month and new customer (ARPA)	approx. EUR 160	approx. EUR 120

In addition to the further penetration of the German market, weclapp will also begin a targeted internationalisation of its business in fiscal year 2020. Market entry in various European countries is planned.

## Research and development

For the further success of Cloud Computing, the customer-oriented further development of the weclapp platform is of decisive importance. Therefore, weclapp SE will further strengthen its product management and development teams.

The development activities of weclapp will also be applied in other areas of the group. Among other things, the development of an app that Selfio customers can use to configure their underfloor heating systems themselves online is nearing completion.

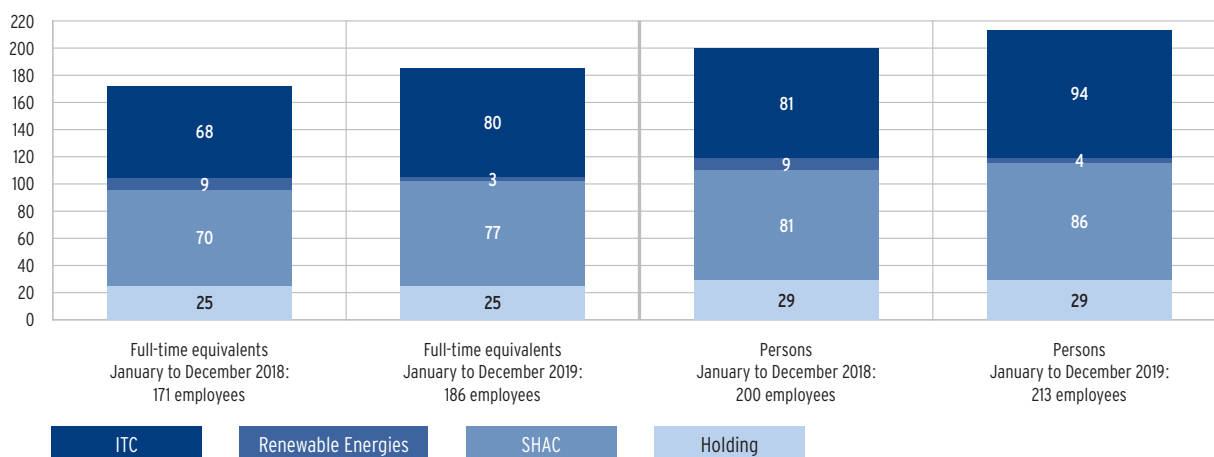
Across the Group, 3U is increasingly focusing on the development and use of algorithms for machine learning (artificial intelligence, AI). Here, too, the focus is initially on development projects that help weclapp customers to maintain or gain competitive advantages. The development team working for this is to be expanded in the current fiscal year. In addition, 3U intends to establish a small unit for basic research in cooperation with the Chair of Business Administration and Business Information Technology at the University of Würzburg, which will consist of employees of weclapp as well as employees and students of the university.

## Employees

Highly qualified and motivated employees are the prerequisite for ensuring the long-term success of a company, particularly in the technologically demanding megatrends in which the companies of the 3U Group operate. Responsible personnel development and continuous improvement play a decisive role in this respect. Therefore, sustainable development and targeted promotion of the potential of all employees is the core task of the Company's personnel management. Through targeted personnel development, the Group aims to increase its attractiveness as an employer and thereby further increase employees' identification with the 3U Group and their commitment to its goals.

As of 31 December 2019, a total of 234 persons were working in the 3U Group (including Management Board, temporary and part-time employees) (31 December 2018: 210 persons). The 3U Group employed an annual average of 213 people (2018: 200 persons) in financial year 2019 (excluding members of the Management Board, including temporary and part-time employees).

Translated into full-time equivalents, the 3U Group employed 205 persons at the end of the year (31 December 2018: 177 full-time equivalents). The annual average number of employees (full-time equivalents, excluding members of the Management Board) was 186 (2018: 171). The employees were distributed among the individual divisions as follows:



Of the 234 persons (including the Board of Managing Directors, part-time staff and temporary employees) who worked for the Group as of the balance sheet date in 2019 (31 December 2018: 210), 60 were female (2018: 56); this corresponds to a share of 25.6 % (2018: 27 %). The age structure in the Group is spread across all age groups: 32 % (2018: 33 %) of employees are under 30 years of age, 24 % (2018: 25 %) are between 30 and 40 years of age, 26 % (2018: 25 %) between 40 and 50 years of age and 18 % (2018: 17 %) of employees are over 50 years of age. The average age in the Group is 38 years (2018: 38 years).

With their ideas, the employees make a decisive contribution to greater profitability and competitiveness. This is why a cooperative and communication-friendly climate is fostered in the Group, motivating all employees to make suggestions for optimizing products and work processes, synergies and other improvements in the Group.

The remuneration system is divided into fixed and variable components depending on the activity, so that above-average performance can be rewarded accordingly.

Promoting commitment and creativity should also serve to promote employee loyalty. 3U attaches great importance to maintaining and securing the experience and competence that employees bring with them, acquire through their work and place at the service of customers and the Company. In 2019, this endeavour will be reflected in a noticeable reduction in fluctuation. Only 6 % of employees left the company at their own request (2018: 14 %). The most frequent reason for leaving the company was the end of a fixed-term employment contract.

### **Promoting employee health**

According to the definition of the World Health Organisation (WHO), 3U understands health as psychological, physical and social well-being. Targeted measures are implemented in the Group to maintain and promote the health of employees. In this way, the Group supports the health care of its employees. In addition, employees have the opportunity to participate in internal and external training and continuing education events. The bond with 3U is strengthened by a series of measures in which social aspects are in the foreground.

Safety at the workplace is increased through training measures. As in previous years, no employee suffered permanent health impairment as a result of an accident at work in the 2019 financial year.

At 9.7 days, the number of sick days per employee in the 3U Group in 2019 was significantly below the German average, which according to the 2019 Absenteeism Report 2019 of the AOK Scientific Institute was 11.8 days (2018: 12.1 days), but only slightly below the previous year's figure (9.9 days).

## **Corporate responsibility**

### **Impact of our business on the environment**

Awareness of corporate responsibility is an essential component of our Group strategy. We systematically consider the various concerns of our stakeholders and reduce the environmental impact of our business. In doing so, we seek a balance between economic goals and social responsibility. With our increased commitment to renewable energies and the expansion of the SHAC segment through efficient solutions for energy avoidance, we are actively investing in environmental protection and thus demonstrating social commitment. In the other divisions of the Group, too, we are increasingly focusing on the use of renewable energies. We try to take environmental aspects into account when purchasing products and services.

## 3U HOLDING AG

3U HOLDING AG is the operational management and investment holding company at the top of the 3U Group. It controls and monitors all significant activities within the Group. Its tasks include determining the Group strategy and managing the development of the 3U Group. It is responsible for accounting and controlling in the 3U Group and also operates Group-wide risk and opportunity management as well as the legal, investor relations and corporate communications departments. 3U HOLDING AG also assumes the allocation of financial resources, for example for investments or acquisitions. It is responsible for personnel policy, personnel development and support of the Group's senior management. The members of the Management Board of 3U HOLDING AG also assume operational responsibility as managing directors of subsidiaries.

In preparing the annual financial statements, 3U HOLDING AG observes the provisions of the German Commercial Code (HGB) and the German Stock Corporation Act (AktG) with regard to accounting, valuation and disclosure. It prepares the annual financial statements under the assumption of a going concern. The income statement is prepared using the total cost method.

The following explanations refer to the individual financial statements of 3U HOLDING AG. In individual cases, certain business transactions have been presented differently in the consolidated financial statements in accordance with IFRS.

### Analysis of the annual financial statements

#### Earnings situation

Total revenues of 3U HOLDING AG amounted to EUR 2.24 million in 2019 (previous year: EUR 2.48 million). Sales primarily include management services for subsidiaries and investments of 3U HOLDING AG as well as income from rental and leasing. The decline in revenues is mainly due to the sale of the properties in Marburg and Montabaur in the 2019 financial year and the sale of the computer centre property in Hanover in the course of 2018. This lower rental income could not be fully compensated for by higher income from letting in Adelebsen and higher income from management services provided.

The operating expenses and income presented below are related in particular to the management and investment function of the Company. Accordingly, the result is mainly influenced by general administrative expenses, other operating income and the financial result.

Other operating income includes income from the sale of property, plant and equipment in the amount of EUR 5.90 million (previous year: EUR 2.60 million). This mainly relates to income from the sale of the administrative property in Marburg and the warehouse and logistics location in Montabaur. Other operating income also mainly includes income from the reduction of allowances for doubtful accounts and the write-up of financial assets in the amount of EUR 0.15 million (previous year: EUR 0.14 million), as well as insurance compensation and indemnity payments and income for non-cash compensation of employees. The income of the previous year includes income of EUR 0.52 million resulting from an agreement with the Adelebsen solar park regarding the waiver of the dismantling of the PV system in return for a one-off payment.

Personnel expenses of EUR 2.61 million were incurred for the employees and the Management Board of 3U HOLDING AG after EUR 2.79 million in the previous year. Other operating expenses mainly include IC services in the amount of EUR 0.73 million (previous year: EUR 0.45 million), value adjustments on receivables, maintenance and office space costs, costs for financial statements and audits, vehicle costs, tax and other consulting costs, Supervisory Board remuneration and costs of the stock exchange listing as well as costs for IR and press work.

The financial result in the amount of EUR 1.02 million (previous year: EUR 0.20 million) results from income from investments in the amount of EUR 0.42 million (previous year: EUR 0.58 million), income from profit and loss transfer agreements of EUR 1.17 million (previous year: EUR 0.76 million), expenses from the assumption of losses of EUR 0.93 million (previous year: EUR 0.29 million), and a positive interest result of EUR 0.36 million (previous year: EUR 0.33 million). The investment result is due to the profits generated by the subsidiaries in the ITC, Renewable Energies and SHAC divisions. Compared to the previous year, expenses from the assumption of losses have increased significantly. This is due in particular to the optimisation of warehousing and logistics activities at the subsidiary in the SHAC division. In fiscal 2019, impairment losses of EUR 0.002 million (previous year: EUR 1.18 million) were also recognised on the carrying amount of investments in subsidiaries.

Mainly due to the other operating income generated from the sale of the properties in Marburg and Montabaur, the annual result of EUR 3.50 million (previous year: EUR 0.01 million) was significantly better than planned. The annual result of 3U HOLDING AG also improved significantly compared to the previous year. This development has been reinforced by the significantly higher write-downs on the carrying amount of investments in subsidiaries in the previous year.

### **Financial position**

As of the balance sheet date, 3U HOLDING AG had granted its subsidiaries short-term loans with a total volume of EUR 31.56 million (previous year: EUR 27.77 million) to develop/expand their business activities. Of these loans, EUR 6.44 million (previous year: EUR 6.43 million) were impaired as of 31 December 2019.

As of 31 December 2019, available liquid and near-liquid funds amounted to EUR 12.32 million (previous year: EUR 5.82 million). The balance of cash and cash equivalents increased by EUR 6.50 million. As in the previous year, EUR 1.50 million of the fixed-term deposit balance is pledged as collateral for own credit lines. As of 31 December 2019, these were drawn down under a guarantee credit in the amount of TEUR 570 (previous year: TEUR 797).

The sale of the properties in Marburg and Montabaur made a significant contribution to the improvement in the financial situation. Repayments of short-term loans by the subsidiaries weclapp SE (formerly: weclapp GmbH) and RISIMA Consulting GmbH were more than offset by the granting of further loan amounts to the subsidiaries InnoHubs GmbH, PELIA Gebäudesysteme GmbH, 3U ENERGY AG, ClimaLevel Energiesysteme GmbH, samoba GmbH and 3U Euro Energy Systems GmbH.

In connection with the sale of the properties in Marburg and Montabaur, the existing loans for these properties have been repaid in full. As of 31 December 2018, the loans outstanding amounted to EUR 2.20 million.

**Net assets**

Total assets of 3U HOLDING AG amounted to EUR 58.95 million as of 31 December 2019 (previous year: EUR 56.39 million), an increase of 4.5 %.

The main reason for this increase is the sale of the properties in Marburg and Montabaur as well as the sale of treasury shares and the associated inflow of liquidity. Together with the higher receivables from affiliated companies, this liquidity build-up led to an increase in the balance sheet total despite the significantly lower property, plant and equipment of EUR 6.29 million (previous year: EUR 13.90 million).

At EUR 11.53 million (previous year: EUR 11.28 million), financial assets increased slightly compared to the previous year due to the write-up of the carrying amount of the investment in subsidiaries and the formation of the subsidiary InnoHubs GmbH and the acquisition of weclapp SE (formerly: Atrium 141, European VV SE). At 19.6 % (previous year: 20.0 %), the share of the balance sheet total is almost unchanged compared to the previous year.

Current assets including prepaid expenses and deferred charges of EUR 41.09 million (previous year: EUR 31.15 million) accounted for 69.7 % (previous year: 55.2 %) of total assets. A major component of this item was the intercompany short-term loans with a book value of EUR 25.12 million (previous year: EUR 21.34 million). This change was mainly due to the taking out of loans by subsidiaries to finance the acquisition of wind park participations and real estate. Cash and cash equivalents increased by EUR 6.50 million to EUR 12.32 million (previous year: EUR 5.82 million).

Equity amounted to EUR 50.37 million (previous year: EUR 46.20 million) and increased due to the positive net income of EUR 3.50 million and the sale of treasury stock in the amount of EUR 1.67 million. Only the dividend payment of EUR 0.99 million made in 2019 had an opposite effect. The equity ratio as of 31 December 2019, was thus 85.4 % (previous year: 81.9 %).

Within liabilities, liabilities to banks were completely reduced due to loan repayments in connection with the sale of properties (previous year: EUR 2.20 million).

**Overall statement**

The asset and financial position as at 31 December 2019 remained satisfactory and improved significantly compared with the previous year. The Management Board is also generally satisfied with the development of the earnings situation. The result for fiscal 2019 was considerably better than planned, particularly as a result of the sale of the properties in Marburg and Montabaur. However, the financial result fell short of expectations due to the assumption of losses from subsidiaries. 3U HOLDING AG was able to meet its financial obligations at all times, and this is also guaranteed for 2020. The financial position can still be described as satisfactory, particularly due to the continued very good equity ratio.



## Events after the reporting period

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On 11 March 2020, 3U HOLDING AG acquired a 24,000 sqm site for the construction of a new distribution centre in the A61 industrial park in Koblenz. The purchase price of the land amounts to around EUR 1 million. The total investment for the land and buildings is expected to amount to around EUR 11 million. It is intended to finance the investment mainly through a long-term loan.

# Forecast, opportunities and risk report

## Forecast report

### Comparison between forecasted and actual performance in the financial year 2019

In February 2018, the Management Board issued the following forecast for the financial year 2019: The Board anticipated a significant increase in revenue over the course of the financial year 2019. Sales revenue was forecast in a range of between EUR 51.0 million and EUR 55.0 million in 2019. Earnings before depreciation and amortisation, interest and taxes (EBITDA) were expected to settle between EUR 7.0 million and EUR 9.0 million. Due to the higher level of depreciation and amortisation and of tax expenses, current planning again estimates the consolidated result in a band of between EUR 1.0 million and EUR 2.0 million.

This forecast was revised upwards in August 2019 following the successful sale of a property in Marburg: As before, the Management Board anticipated consolidated revenue of EUR 51 million to EUR 55 million. EBITDA was estimated in a range of between EUR 10 million and EUR 12 million (prior forecast: EBITDA of between EUR 7 million and EUR 9 million; actual 2018: EUR 6.7 million). Consolidated profit was predicted between EUR 4 million and EUR 5 million (prior forecast: consolidated profit of EUR 1 million to EUR 2 million; actual 2018: EUR 1.9 million).

The performance as it stands is in line with the forecast. The annual targets under the revised forecast were fully met.

It should be noted that there would have been a shortfall of the EBITDA target without the sale of the Marburg property. This is principally attributable to the expenses for extending and optimising the SHAC's supply chain which were higher than originally anticipated.

### Economic outlook

In its annual economic report, the German government is expecting the economy to stage a recovery over the course of 2020. In specific terms, it predicted an increase of 1.1 % in the price-adjusted gross domestic product. Consequently, economic momentum is set to remain initially subdued at the start of the year. As the year progresses, the economy is likely to pick up momentum again. The government anticipates that the economy will develop in two directions: A robust domestic economy, supported by rising income, tax reliefs and dynamic public spending, will coincide with an ailing export-oriented industry. Industrial production is expected to gain ground slowly over the course of the year, however. Headwind from the external environment will abate in the wake of a recovery in global trade. The German economy is expected to accelerate over the course of the year. This would create a positive environment for the 3U Group's companies.

In its annual economic report, the German government does not see any significant impact of the UK withdrawal on the German economy. On the contrary, the current decisions of the British government contribute to more planning security.

Whether the spread of the coronavirus can have a sustained impact on the business development of the 3U Group and what this could be, cannot be reliably estimated based on current knowledge. For further information, please refer to the comments in the risk report.

## Strategic direction

The Management Board considers the prerequisites for 3U HOLDING AG turning this environment successfully to its advantage as good. Through its work to build up new, successful areas of business in recent years, 3U Group enjoys profitable business models in its three segments. The Group places emphasis on safeguarding sustainable operational profitability in the individual segments, along with enhancing the value of assets in its portfolio, both current and newly acquired. In recent years, 3U has continually improved and has made great headway in 2019 as well.

The Management Board therefore considers that the 3U Group's fields of business are well equipped for fulfilling the forecast. They remain active in mega trends which lay the basis for success. Management in the customer-centric segments of ITC and SHAC ensure that the products and services are in line with market demand. Customer feedback is obtained and used for the continuous optimisation of the product range and offering.

Enhancing efficiency and improving margins continue to be a central task incumbent on management at all levels. Optimisation potential has been identified and rigorously exploited. The initial position and projects initiated underpin the confidence of 3U HOLDING AG's Management Board that the following defined goals can be achieved.

All activities are aimed at sustainably raising the value of the 3U Group for its shareholders, as well as for the employees and other stakeholders. The success of these endeavours are mirrored in the positive performance of the 3U share.

In the ITC segment, we will be able to return to a slight increase in revenue in 2020.

With the Next Generation Network brought to operation in 2019, our telecommunication activities enjoy an excellent technical foundation for stabilising the revenue development after the downturn seen in recent years through efficiency and new service offerings in a market which is no longer growing, and for raising profitability. The decline is anticipated in the Voice Retail business line will thus be more than compensated through the foreseeable stabilisation in the other telephony operations and the strong growth envisaged in Cloud Computing.

The ambitious planning in the Cloud Computing business line is based on the successful pursuit of the strategy: ongoing online marketing and its active implementation in markets outside Germany, the consistent developing of partner distribution in Germany, with a move towards internationalisation, customer-oriented development and expansion of the weclapp platform and additions to the offer through AI components.

In the ITC segments, the higher proportion of high-margin business will once again drive an increase in EBITDA to deliver a slight increase in the segment result.

For the time being, our strategy in the Renewable Energies segment is based – for the duration of the moratorium in Brandenburg – on the successful operation of the wind farm portfolio, the careful expansion of our portfolio, as well as the sale of wind farms. We follow the developments in Brandenburg attentively and, when the opportunities arise, will review whether to resume our project development activities and seize these opportunities in an economically expedient way.

In addition to technical availability, sales and earnings from existing plants are largely dependent on weather conditions. Deviations of the wind yield index from the long-term average are normal, but cannot be calculated. Planning for the financial year 2020 is based on the assumption of steady feed-in compensation in accordance with the German Renewable Energies Act (EEG). 3U is striving to bring the expansion of the wind farm portfolio which has been ongoing for some time to an end. New possibilities for selling the Lüdersdorf Wind Farm are being investigated.

We are fundamentally planning for a considerable increase in revenue, EBITDA and profit in the Renewable Energies segment.

We envisage strong organic revenue growth in the SHAC segment in our planning. The e-commerce business line, which is also set to become one of the key drivers of growth in the financial year 2020, is characterised by fierce competition. In order to achieve our targets, we are constantly engaged in the task of at least compensating for price pressure in the market by offering advantageous purchasing conditions. The planned organic growth in e-commerce depends on the ongoing implementation and expansion of successful online marketing.

Another increase in expenses is anticipated due to the continuous optimisation and expansion of the supply chain. Our proven supplier relationships, the use of our own brands and economies of scale may contribute to strengthening our profitability despite great competitive pressure. All in all, breakeven has been planned for EBITDA, along with another negative result.

Stepping up the strong organic growth in the Cloud Computing and e-commerce business lines can be achieved through the strategic acquisition of other companies. This approach would serve to significantly expand the respective group of customers and business partners, along with the range of products and services on offer. The Management Board will actively seize such acquisition opportunities if they are financially expedient. With a view to financing accelerated growth, the option of a possibly launching the subsidiaries on the stock exchange is under investigation.

## **Outlook 3U HOLDING AG**

The result of 3U HOLDING AG as an operating management and investment holding company is significantly influenced by administrative costs and the financial result. The administrative costs of 3U HOLDING AG in the 2020 financial year are expected to be slightly above the level of the previous year, but to rise at a lower rate than consolidated sales growth. In addition to interest expenses, the financial result is strongly dependent on income from distributions and from profit transfer agreements or expenses from loss absorption. In particular, valuations of investments and value adjustments on loans to subsidiaries may have a significant impact on the net income for 2020. Overall, the financial result is expected to be higher than in 2019. In the 2019 financial year, the result of 3U HOLDING AG was characterised by the profit from the sale of the distribution centre in Montabaur and the company premises in Marburg, and was considerably better than planned. Although income from the sale of assets has been included in the planning, comparable income to 2019 is not expected in the 2020 financial year. The Management Board therefore expects a clearly negative result for 3U HOLDING AG in 2020.

## Forecast

Against this backdrop, the Management Board anticipates further significant growth in consolidated revenue in the financial year 2020. Sales revenue is expected to settle within a band of between EUR 58 million and EUR 63 million in 2020. Moreover, earnings in the lower single-digit million range from the sale of assets have been incorporated into planning. The Management Board anticipates EBITDA of EUR 10 million to EUR 12 million, which would bring the consolidated results to between EUR 2 million and EUR 3 million.

The actual performance of business may be higher or lower than forecast here due to acquisitions of companies in the Cloud Computing business or to selling operating units of the Group. The resulting effects can, however, only be planned for to limited extent.

From the standpoint of 3U HOLDING AG, the disposal of assets in the financial year 2019 took place in the context of its growth strategy and the associated financing concept. The proceeds are to be used principally for potential acquisitions in the Cloud Computing business and could thus bolster preparations for a possible IPO of weclapp SE. Beyond this, the 3U Group will remain true to its strategy of developing successful parts of the business in the long term and selling them at attractive conditions when the respective demand arises.

In line with the Group strategy, the Management Board is working on a number of investment projects. In addition to the acquisition of companies or customer bases in the cloud computing environment, these include construction projects for the optimisation and expansion of the supply chain in the SHAC segment and for the Innovation Hub in Würzburg, as well as the completion of the acquisition of an existing wind farm.

At the same time, however, the 3U Group's business activities are subject to a number of risks, which, if they were to occur, could lead to the forecast not being achieved. There are, however, also opportunities which, if they are successfully seized, could lead to the forecast being outperformed.

## Opportunities report

Similar to risks, opportunities are systematically identified and assessed in the 3U Group. Potential opportunities are discussed and documented in the risk inventories of the individual companies. The further analysis and evaluation of opportunities and potential measures are incumbent on the Management Board and the managers of the respective companies in accordance with their corporate strategies.

As opportunities always entail risks, considering risks and opportunities together whenever possible is expedient in order to enable the deliberate and controlled exploitation of potential profit opportunities in a full awareness of the risks and risk relationships. The significant opportunities identified within the individual segments are presented below.

### ITC segment

Although the assumption must be made that revenue in the conventional Voice Retail business line is set to decline further in the long term, new products in the Data Centre Services & Operation business line offer profitable opportunities for the ITC segment.

In Voice Business, the Next Generation Network as a highly topical and powerful technology platform contributes to lowering costs while enhancing flexibility. This gives rise to the opportunity of winning additional customers in greater numbers than originally planned, and also of raising the contribution margins in this business.

The Cloud Computing business line reports ongoing, strong growth in Germany. New customers are won, on the one hand, through successful online marketing and, on the other, to an increasing degree through a growing network of sales partnerships. If online marketing is successful in raising the conversion rate of registered visitors to paying customers, and customer support is able to convince existing customers to increase the number of their licenses in excess of the budgeted figure, this will generate additional revenue and earnings potential.

The expansion into other countries, supported by online marketing, flanked by sales and finance partners, is the objective of the strategy in the financial year 2020 and going forward. The competitive advantages of the weclapp platform may be instrumental in making swifter progress than planned. The recruitment of qualified and customer-centric personnel may improve the performance of the organisation and the software more rapidly than expected. A counteracting effect emanates from higher than planned personnel expenses. As is known, the corporate strategy also provides for the acquisition of competitors and customer bases. Successively implementing this strategic component may also lift revenue and earnings above budget.

### Renewable Energies segment

The current discussions about the medium- and long-term energy supply and the transition away from conventional sources of energy have boosted the demand for renewable energies.

The 3U Group is already well positioned with its portfolio of new and older wind farms and a large number of projects in the pipeline. Planning envisages the purchasing of a new wind farm and the sale of an existing one. The possible purchase of more wind farms could generate additional future proceeds and income. The sale of other segment assets could result in a one-off cash inflow but will incur the loss of future contributions anticipated from the respective asset. If project development activities are eventually resumed, 3U HOLDING AG could use various selling opportunities of wind farm projects in the future, also in the early

stages; the company is, however, maintaining the option of operating existing wind farms as part of its commitment in the Renewable Energies segment and thus of generating additional cash flow.

#### **SHAC segment**

Expanding the product portfolio to include water treatment, pumps, decentralised ventilation units, pipe insulation systems and the dry screed underfloor heating system contributed to the growth of the business through e-commerce in recent years and will continue to do so. Beyond planning, the launch of new product groups, as well as increasing the volume of the segment's own brands in the range open up new earnings opportunities. Improved customer orientation may also raise the repeat purchase rate above the budgeted level. Significant opportunities also arise from extending and optimising the supply chain. If the completion date of this project is earlier than planned and the savings potential to be realised is greater, this will also create additional earnings potential.

Given the price pressure, procurement is becoming increasingly important. The centralised management of procurement enables us to generate a higher procurement volume than would be possible in the individual companies. More favourable procurement conditions may possibly be passed onto the customer, and above-average gains in market shares may be achieved.

## Risk report

### Risk management system of 3U HOLDING AG

Entrepreneurial activity is always associated with risks. Consciously taking risks for the benefit of entrepreneurial success is unavoidable and sensible. The 3U Group systematically deals with all risks and opportunities and pursues the goal of identifying and managing risks in a controlled and conscious manner on the one hand, and exploiting the opportunities that arise on the other. The risk policy of the 3U Group therefore defines the desired relationship between risks and opportunities and links these closely to the strategic corporate goals.

As part of Group-wide risk management, individual risks are regularly examined, evaluated and reported by risk owners and risk managers. Opportunities, on the other hand, are identified and documented, particularly during the risk inventories of the individual companies. As part of the annual medium-term planning, comprehensive analyses and evaluations of risks and opportunities are also carried out by the individual management teams and the Management Board. The entire risk management system with its processes, documentation and reports thus serves to secure the strategic corporate goals and strengthen the company's success.

In order to achieve optimum corporate and risk management, the Management Board has implemented a risk management system that is adequate for the Group and also complies with legal and regulatory requirements. This group-wide risk management system covers all risks not only of the parent company but also of all subsidiaries.

The risk management system adapts permanently to changing conditions and is subject to continuous development to ensure that external factors, such as changes in legislation or market changes, are taken into account in addition to internal changes. In addition, methods, definitions and processes are also considered and, if necessary, adapted to current conditions.

In order to ensure optimal reporting, the risk management system of 3U HOLDING AG reports the material risks of all subsidiaries in a methodically uniform manner. In addition, specific risks existing in the individual companies are assessed and reported by them.

The risk management system of 3U HOLDING AG complies with legal requirements.

As part of a continuous improvement process, the 3U Group has linked the topics of compliance, accounting process, ICS and risk management as a whole of individual systems. In doing so, the 3U Group orients itself to the internationally recognised standard COSO ERM, insofar as management considers the procedure described there to be appropriate. The Management Board and Supervisory Board of the 3U Group thus illustrate the importance of corporate governance, which stands for responsible management and control of the Company geared towards long-term corporate success.



**Risk management strategy**

Derived from the corporate objectives, the Management Board determines the risk strategy, in which the fundamental framework conditions for the risk management system are specified. On this basis, strategic and operational measures to achieve the objectives are developed, derived and implemented. The aim here is not to prevent all potential risks generally and comprehensively, but to sound out and take action. The strategy is always defined and implemented on the basis of comprehensive knowledge of the interrelationships between the individual risks and the opportunities they present.

**Responsibility and reporting concept**

The risk management system introduced by the Management Board of 3U HOLDING AG for the entire Group some time ago has proven to be efficient and targeted. All employees of the Group are required to act in a risk-conscious manner within the scope of the tasks and responsibilities assigned to them. Direct responsibility for the early identification and control of risks lies with the respective operational risk managers and any risk owners who may be named. Regular information and updated documentation help to ensure that all employees are aware of the requirements and the system of risk management.

With the support of professional risk management software, the process and workflows in risk management within the Group are documented and further improved with regard to the effectiveness and efficiency of the system. The software supports both those responsible for risk management and the risk manager in the assessment and control of risks for all Group companies.

Overall responsibility for the functionality and effectiveness of the risk management system lies with the Management Board of 3U HOLDING AG. As risk owners, the members of the Management Board are themselves active users of the Group-wide risk management software R2C and are therefore informed at all times about current changes. In addition, the risk manager regularly provides information on the current risk situation and its possible future development as part of standardised reporting. In addition to the Management Board, the Supervisory Board of 3U HOLDING AG also receives this standardised reporting directly from the Group Risk Manager. The managing directors of the individual subsidiaries are obliged to keep themselves continuously informed about the risk situation in their companies by means of access to the risk management software. The use of risk management software ensures a high level of detail in reporting. After consulting the risk manager and, if necessary, the risk manager, the Management Board decides on the risk management templates and initiates the necessary measures based on current risk assumptions. In addition, it regularly informs the Supervisory Board about this risk development and the measures initiated.

The risk manager informs the Supervisory Board at least once a year about the efficiency and effectiveness of the processes in the risk management system and compliance with the rules and guidelines. At the same time, reports are also provided on other topics such as the accounting process, ICS and compliance management, so that the Supervisory Board can systematically fulfil its monitoring duties in accordance with section 107 (3) sentence 2 of the German Stock Corporation Act.

**Methodology of the risk management system**

In the risk management system of the 3U HOLDING AG Group, the opportunities and risks of the 3U Group are recorded in regular discussions and risk inventories down to departmental level and operational work processes of the individual subsidiaries in order to identify developments that could impair development and threaten the continued existence of the Company as early as possible and to recognise and utilise promising developments as far as possible. If acute risks are identified, these are also integrated into the system and reported at the next possible reporting date. The risks and opportunities identified in this way are assessed in terms of possible damage/expected results and probability of occurrence.

Indicators with measured values and associated threshold values are defined for acute risks or risks identified in the course of a risk inventory, which are suitable for monitoring and assessing risks. Identified risks are constantly monitored and assessed by the decentralised risk managers and the central risk manager on the basis of operational and financial key figures and form the basis for regular reporting.

**Determination of the understanding of risk**

The risk is the possibility of a negative deviation of the actual result from the expected result (company target). There is a risk that undesirable events will occur (loss of assets or reduction in earnings) or the risk that desired events will not occur (missed opportunities).

**Definition of the terms gross and net risk**

The risks identified in the risk inventories are assessed using the methodology of so-called gross and net risks. When determining the gross risks, the compensatory controls of risk limitation and management are not taken into account for the time being. Compensatory controls are defined as measures that are suitable for avoiding, reducing or shifting a risk. In addition, there is the possibility of accepting risks at an acceptable level if a further reduction is not economically viable.

A consideration of the gross risks is indispensable, because a purely net view of these risks would entail the danger that risks that are currently well controlled but that fundamentally threaten the company's existence are not continuously and promptly monitored. This could lead to changes in processes and any additional risks that may result not being identified in good time.

To evaluate net risks, existing compensatory measures are taken into account in the risk assessment. They serve as a basis for operational risk management.

### Gross risks become net risks (residual risks) through internal controls



Risk assessments of both gross and net risks in the categories of loss amount and probability of occurrence are carried out using key figures.

The following key figures are assigned for the probability of occurrence:

- |                    |                                    |
|--------------------|------------------------------------|
| (1) Unlikely       | – lower than 5 %                   |
| (2) Low            | – at least 5 % and less than 35 %  |
| (3) Medium         | – at least 35 % and less than 65 % |
| (4) High           | – at least 65 % and less than 95 % |
| (5) Almost certain | – at least 95 % to 100 %           |

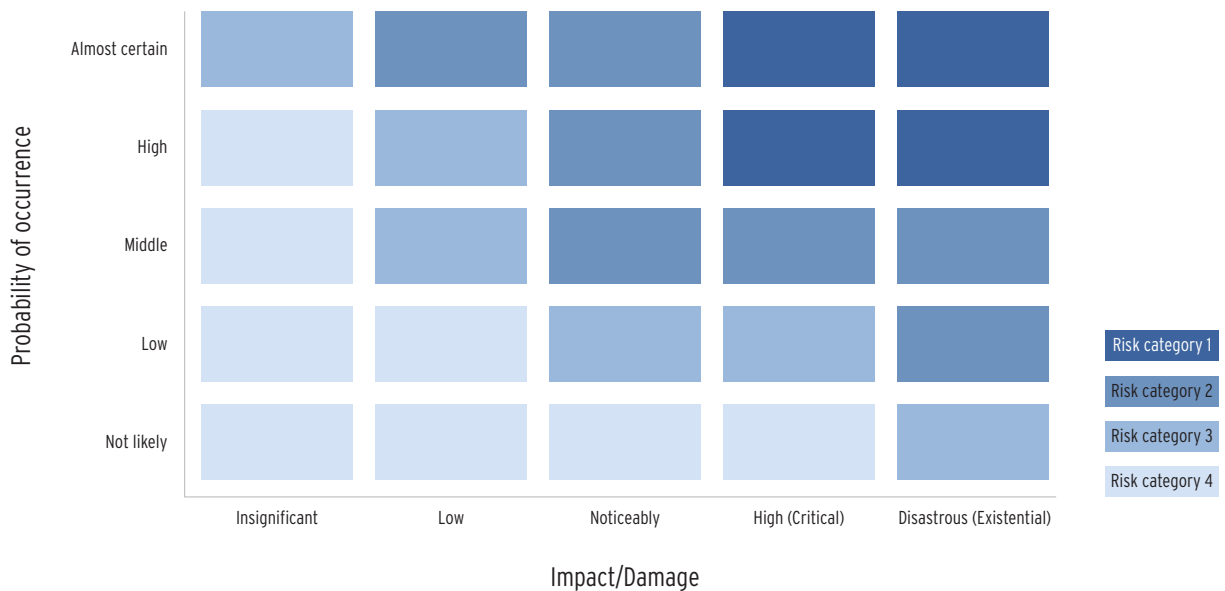
The amounts of damages are determined individually for each company at the level of the individual company. Individual risks are aggregated at Group level and categorised according to an evaluation scheme.

The extent of damage of risks in the Group is based on the subscribed capital of 3U HOLDING AG. The key figures are allocated to different loss amounts (impact/loss):

- |                                |  |
|--------------------------------|--|
| (1) Negligible                 | – the share capital is depleted by less than 5 % or EUR 1.76 million                                       |
| (2) Low                        | – the share capital is depleted by at least 5 % or EUR 1.76 million and less than 10 % or EUR 3.52 million |
| (3) Palpable                   | – the share capital is depleted by at least 10 % or EUR 3.52 million and less than 25 % or EUR 8.8 million |
| (4) High (critical)            | – the share capital is depleted by at least 25 % or EUR 8.8 million and less than 50 % or EUR 17.6 million |
| (5) Catastrophic (existential) | – the share capital is depleted by at least 50 % or EUR 17.6 million or more                               |

Following the risk inventories, the key figures determined are transferred to the R2C risk management software. As part of regular reporting, the key figures and classes are presented on the basis of the quantitative evaluation in terms of the amount of loss in euros and the probability of occurrence in percent. Multiplying these two figures results in an expected value in euros. This is used to divide the risk into four classes.

### Classes of risk



Risk class 1 is the highest category and the risks contained therein may be critical for the 3U Group.

All identified risks are managed on the basis of the probability of occurrence and extent of damage. The extent of the measures used varies depending on the type and classification of the respective risk.

In individual cases, the Management Board can remove a risk from management if, as part of monthly reporting over a period of at least six months, the assessment is in the lowest risk category 4.

Selected material gross risks of the Company are listed below in their net view according to qualitative criteria. As shown in the preceding diagram, the individual probabilities of occurrence and amounts of loss result in the expected values, which are assigned to the individual risk classes from 1 to 4. The arrows show the change in the risk class compared with the previous year, with a rising arrow indicating a change to a lower-risk class.

Risks	Probability of occurrence	Amount of damage	Risk category	Changes compared to the previous year
<b>Operative Risks</b>				
ITC segment	Low	Low	4	➡
Renewable Energies segment	Middle	Insignificant	4	➡
SHAC segment	Gering	Insignificant	4	➡
<b>Strategic Risks</b>				
ITC segment	Low	Noticeably	3	➡
Renewable Energies segment	Low	Noticeably	3	↗
SHAC segment	Low	Low	4	↘
<b>Regulatory Risks</b>				
ITC segment	Low	Insignificant	4	➡
Renewable Energies segment	Middle	Insignificant	4	➡
SHAC segment	Middle	Insignificant	4	➡
<b>Financial Risks</b>				
ITC segment	Middle	Low	3	➡
Renewable Energies segment	Low	Low	4	➡
SHAC segment	Low	Insignificant	4	➡

➡ Unchanged    ↘ Decreased    ↗ Increased

## Risks

### Significant current and future risks in the Group

Out of the entirety of the risks identified for the Group, the significant risks in the individual segments which, from today's standpoint, could exert a significant influence on the net assets, financial position and results of operations of the individual companies and, as a sum total, on the 3U Group if they occurred are listed below.

In the 2019 reporting year, the risks in the ITC and Renewable Energies segments were once again the risks with the highest potential in terms of the amount of loss and the probability of occurrence. This is because the expected values of the loss amounts if the risks occurred in these two segments significantly exceeded the amounts of loss incurred by risks in the SHAC segment or other risks that have a direct or indirect impact on the 3U Group. The risk inventories of the Group companies mostly affirm the risks from past inventories, with only the extent of the amount of loss and probability of occurrence varying. Such variation takes account of changed market and operating conditions. New risks and risk scenarios were, however, identified and assessed, while other risks were eliminated due to project completions, for instance.

If new companies are integrated into the 3U Group through investments, these companies undergo a risk inventory which is conducted as swiftly as possible in order to identify company-specific risks and to assess them. These companies and their risks are automatically integrated into the Group's risk management system.

#### **Risk assessment in view of the current virus epidemic and the measures required by health policy**

Since the onset of the crisis, the Management Board has been observing social and economic developments very closely and regularly assessing the resulting risks. At an early stage, the Management Board introduced precautionary measures at the sites and in the companies to minimize the risk of infection in the workplace for employees. The individual segments are affected in different ways by the current virus epidemic and the measures required by health policy. In the ITC segment, business development in the telephony sector is currently being positively influenced by the increased network utilisation. 3U has countered the risk of congestion by expanding network capacity. The cloud-based ERP platform weclapp meets the currently increased demand for location-independent operational readiness. Whether and to what extent possible insolvencies of small and medium-sized customers could have a negative impact on business in cloud computing cannot be assessed with certainty at this point in time. Our business in the Renewable Energies segment is currently not subject to any discernible risks arising from the current virus epidemic and the measures required by health policy. In the SHAC segment, online trading did not show any decline in demand from the outbreak of the epidemic until the present point in time. The supply chains to our suppliers were intact during this period. However, there are risks in this respect in the area of supply chains and in our own order processing. An epidemic-related decline in construction activity may lead to project postponements in the business area of the assembly of air-conditioning systems.

Thanks to the Group's good liquidity position and the measures we have initiated, we currently consider ourselves well equipped to counter the crisis situation.

### General economic risks in the segments

In addition to the risks specific to the company and to the segment resulting from the business environment and the individual sectors in which the companies operate, there are many risks whose identification, assessment and management are, for example, universally applicable and necessary across segment boundaries. Operating risks pertain to contractual obligations, potential downtime and damage to technical systems, for instance, as well as to personnel and the maintaining of business processes. Strategic risks relate to the regulatory environment and changes in legal conditions, among others.

The company's business activities are based on contracts, also with business partners, which is applicable to almost all parts of the Group's organisation structure. Contract risks exist, for instance, in compliance with legal requirements when drawing up contracts, fulfilling contractual deadlines and in contract enforcement with business partners.

The Group manages this risk by way of contract management carried out by the internal Legal department. In addition, specific criteria are reviewed and assessed when selecting business partners. The ITC segment's services are based mainly on software applications, along with information and telecommunications technologies. Deploying these technologies is also of huge significance in the Renewable Energies and SHAC segments. IT availability and the IT infrastructure are essential for maintaining business operations and implementing critical processes. Appropriate system redundancy, timely replacement investments and regular maintenance keep this risk at a level customary in the market. The 3U Group counteracts these risks through aligning the information management system with ISO 27001, among other measures.

Highly qualified personnel are required in all parts of the 3U Group's companies. The absence or loss of necessary knowledge or skills and experience in key positions at these companies could jeopardise the achieving of the respective business objectives and restrict the ability to seize opportunities as they arise. HR management is therefore run centrally via 3U HOLDING AG. Suitable employees are searched for and hired, or existing staff trained further in accordance with the planning requirements. Observing the customary principles practised in employee management forms the basis of a positive working atmosphere. Employee management and development lays the foundation for a positive corporate culture. In addition, a performance-based remuneration system, combined with internal and external training measures, ensure a high level of loyalty and affinity with the company on the part of qualified employees, which is reflected in their commitment and long-term service to the company. These measures are also effective when new skilled employees, and especially managers, are integrated into the Group as a result of investment activities or the acquisition of companies by 3U HOLDING AG.

Achieving the Group's targets requires them to be aligned to the business processes and the associated productivity of the Group. This also applies to companies which are integrated into the Group structures following an acquisition or investment by 3U. The use of modern methods in quality and process management also supports continuous improvement in this area. In addition, vertical and horizontal communication within the company must be efficient and in keeping with the assigned responsibilities and defined measures.

Operating instructions, as well as functional descriptions and guidelines which are regularly revised and updated as required, also in the context of quality management, form the basis of this communication.

**Compliance management**

Compliance management is part of the groupwide risk management system. With a view to fulfilling the increasingly sophisticated requirements and expectations and to mitigating risks as they arise, compliance management is developed on an ongoing basis. The key components of compliance management consist of a values management system, a whistleblowing process and additional rules on organisational structure and procedures. Training and measures to raise awareness are regularly held with respect to the binding rules and standards. In order to mitigate the risks incurred in the field of compliance, and for the purpose of coordinating and further optimising compliance management, this function was reinforced through segregation and assignment to a further senior executive.

**Risks arising from regulation and changes in the legal framework conditions**

Risks from regulation and changes in the legal framework conditions in the ITC segment and especially in the Renewable Energies segment will continue to prevail with respect to the 3U Group's current segments and future investments. Discussions regarding financial support for renewable energies in particular have created uncertainty in the market. In the past, the 3U Group took an important step in the field of renewable energy projects by developing wind farm projects. Appropriate and reliable planning of major projects in this segment is, however, hampered by continuous changes in the legal prerequisites, such the tendering model introduced from 2017 onwards. The Group will continue to watch these developments closely in order to respond in a timely manner.

**Risks from the ITC segment**

The Voice Retail business line is exposed to the risk of another downturn in demand of a technical nature and due to changes in the market, as well as against the backdrop of evolving regulatory framework conditions. The impact of these risks is mitigated by several factors: On the one hand, the agreement of the telecommunication association with Telekom Deutschland GmbH has secured the validity of the business model through to 31 December 2022. On the other, 3U is consistently aligning itself in the telecommunications business to profitable products in the business customer sector (wholesale and value-added services). It is also optimising the network and augmenting the business line by adding new, products geared to the customer (e.g., computer centres). Here, the risks arise more from general customer and supplier relationships (B2B) than from the regulatory environment. In this context, potential disruption to the network services offered is a major risk. This has been countered through the expanding and ensuring the redundancy of the network infrastructure, along with the associated processes. The standards achieved so far always constitute the next step in an evolving technical and security-relevant environment, however. Protecting data and facilities against unauthorised access is a permanent challenge. With the aim of improving security in the network, the technical monitoring equipment (active monitoring and blocking systems) are optimised on a running basis, and employees build concertedly on their qualifications through regular training.

The cloud activities which are becoming increasingly important for the ITC segment take place in a dynamic market environment which requires innovative and customer-focused solutions within a narrow time window. There is a permanent risk here that markets requirements and developments will not be identified and implemented in time. The market is therefore observed very closely, and the solutions are adapted to customer requirements. The success of these endeavours is reflected in the steady increase in the number of users deploying cloud products. The risk of low customer satisfaction, especially as a result of very different expectations, is countered by regular quality inspections and maintaining close contact with customers. With a view to counteracting the risks of developing products which are not in line with the market, discussions with strategic partners and financial investors have been stepped up in order to promote growth and expansion into new markets.



### **Risks from the Renewable Energies segment**

In addition to the general risks in the Group, this segment in particular entails legal and regulatory risks as well as risks in dealings with suppliers and customers. Discussions regarding government subsidies for renewable energies have also contributed to uncertainty on the part of consumers and energy suppliers, and thus to less reliable planning. In the wake of scaling back project development activities in response to the moratorium in Brandenburg, the resulting assessment of the risks, both legal and inherent in the approval processes, for instance, from building regulations, was adjusted accordingly. Risk analysis in the Renewable Energies segment is therefore currently concentrated on the technical availability of the wind farms in the portfolio.

### **Risks from the SHAC segment**

The risks in the SHAC segment lie in the contradiction between a traditional, established sector and the challenging requirements of Internet-focused B2B and especially of B2C customers. The segment's success results from the bridging of these two worlds and necessitates a great deal of sensitivity and knowledge of the market on the part of management. Skilled employees who have in-depth knowledge of the products and the markets and are familiar with the processes and supply chains make a decisive contribution to this success. The risks to delivery capacity and supply are minimised by a qualified selection of suitable suppliers and logistics specialists. The additional expenses associated with relocating the segment's logistics operations to a new distribution centre have been included in the planning.

New products are only approved for very transparent online trading after intensive market analyses and competitor surveys, without entering into any additional risks due to high stock levels or dependence on producers. The payment methods established in online markets and preferred by customers are offered on a broad scale. These largely low-risk payment methods, such as credit cards, prepayment, PayPal and instant transfers, reduce the risk of default and customer disputes to a minimum, while ensuring that internal work processes are kept lean and simple.

The market environment is characterised by fierce competition. 3U is also increasingly seeing the use of unfair practices on the part of individual competitors. Dumping prices in particular can contribute to throwing the entire price level out of kilter, which will result in lower earnings in the SHAC segment. 3U counteracts this risk through screening the market intensively, continuously optimising its procurement and its own price structures.

### **Financial risks**

As a company operating in the market, the 3U Group is exposed to various risks. Consequently, one of management's core objectives is to manage and reduce financial risks with a view to facilitating reliable planning.

In the event that the planned results are not achieved, significant risks affect the capital resources and funding power, as a lower level of capitalisation may restrict the company's ability to act, in particular regarding acquisitions and concluding follow-up or fresh financing.

Another important financial risk arises from the concentration of revenue on one or a few key customers. This risk correlates with default risk, which is defined as the risk of a contract partner in a financial transaction not being able to meet its obligations, thereby exposing the 3U Group to financial loss. If the 3U Group conducts business abroad, the associated currency risks are subjected to a more intensive assessment and analysis and transactions are hedged if financially expedient. In addition, the share

price, procurement, liquidity, along with market and interest rate changes, also feature among the significant areas in which financial risks may arise.

The possible occurrence of these potential risks is countered by groupwide receivables and liquidity management, which ensures that sufficient liquidity is available for operations at all times. Receivables management is complemented by secure payment methods such as PayPal and credit card payments, as well as by consistent down payment requests. All other cases, the 3U Group avails itself of debt collectors and the existing legal options. Defaults are also covered in some areas by credit default insurance.

The 3U Group only uses derivative financial instruments to hedge the underlying transaction. Before derivative financial instruments are deployed, meticulous risk analyses and assessments are carried out in order to minimise the potential risk through adequate measures.

3U HOLDING AG has an almost ambivalent attitude to the current low interest rate environment. On the one hand, it is negatively affected because it has invested its cash exclusively in demand deposits and fixed-interest, short-term investments, and is therefore currently only generating low interest income or even has to pay negative interest. At the same time, 3U HOLDING AG has used the low interest rates to secure long-term debt capital at attractive interest rates. As the low interest rate level in Germany is expected to persist for the time being, the plan is to continue using debt for future investments in the expansion of existing business areas.

#### **Management's assessment of the overall risk situation**

The significant risks described here could potentially cause substantial harm to the 3U Group's assets, financial position and results of operations, in the present and in the future. Our key challenges include in particular the regulatory framework conditions and fierce competition. The changes in the development of risk across all segments have required the Management Board to take measures. The combination of the diverse risk management systems, ICS, compliance, controlling, planning processes and regular reporting enables potential risks to be identified and managed as an early stage. The possibility of risks arising in the future on the basis of assumptions made, which could deviate from the company's expectations and significantly impair the 3U Group's development cannot, however, be excluded.

# Internal control system and risk management system related to the accounting process

The accounting process for all Group company is realised largely on a central basis in the 3U HOLDING AG Finance department. As a result, all companies have a uniform process and risk assessment in terms of the accounting process.

The internal control system implemented for the accounting process aims to achieve compliance with rules, standards and laws on the basis of suitable principles, processes and measures so as to secure appropriateness, reliability and completeness in accounting and financial reporting, taking account of possible risks. The basis for this includes working and procedural instructions, as well as functional descriptions and guidelines which are regularly examined and updated as required. This includes an accounting policy, account assignment instructions and support from external consultants. The accounting process is examined on an ongoing basis, optimised and further developed, also in terms of documentation. The internal control system consists of internal management and monitoring functions which are either integrated in processes or implemented independently. For example, the separation of administration and approval functions to different employees with clear responsibilities are integrated in the context of regular checks ("dual-control principle"). Process-independent audits and controls are implemented, for example by the Supervisory Board within the context of its monitoring obligations or by the risk management team on the basis of defined audit routines. Some of the control mechanisms operate on an automatic basis in the accounting software system used, so that the performance of the work processes is not negatively impacted. The IT systems used deploy an authorisation concept to provide protection against unauthorised accesses. In addition, within the scope of the audit of the annual and consolidated financial statements, the auditor examines the IT systems used and their applications.

New legal rules and changes of existing regulations in respect to accounting and the resulting risks are examined promptly for their impact on the 3U Group and suitable measures taken if necessary.

The internal controls implemented result from identifying a risk at this point of the accounting process. This risk can originate in various places, also to due legal requirements. The interaction of risk and compliance management with the internal control system is particularly clear in the accounting process. For this reason, it is optimised on an ongoing basis using a continuous improvement process.

The functions in all areas of the accounting process are allocated and documented. Even so, in the case of human misconduct, e.g. as a result of incorrect controls or criminal actions by internal staff, the implemented and continuous further development of the risk management system with the compliance and internal control system components cannot entirely guarantee complete security or correctness of Group accounting.

## Other information

### Information relevant to takeovers

#### Disclosures in accordance with § 289a and § 315a HGB

##### Appointment and dismissal of the Management Board and amendments to the Articles of Association

The Management Board is appointed and dismissed in accordance with Sections 84, 85 of the German Stock Corporation Act. Amendments to the Articles of Association are generally based on §§ 179, 133 AktG. However, in accordance with section 13 (2) of the Articles of Association in conjunction with section 179 (2) sentence 2 AktG, resolutions of the Annual General Meeting are adopted by a simple majority of the votes cast, unless a different majority is required by law. If the German Stock Corporation Act also requires a majority of the share capital represented at the time of the resolution, a simple majority of the capital represented is sufficient, to the extent permitted by law.

##### Share capital and powers of the Management Board to issue or buy back shares

The share capital consists of 35,314,016 no-par value bearer shares. All shares grant the same rights. Each share conveys one vote and is decisive for the share in the profit. The rights and obligations arising from the shares are based on the statutory provisions.

For more detailed information, please refer to the notes to the financial statements under item 6.7.

As of 31 December 2019, corporate bodies of the Company held the following interests in the Company's capital:

Name	Function	Number of shares	Percent of voting rights
Michael Schmidt	Speaker of the Management Board	8,999,995	25.49 %
Andreas Odenbreit	Member of the Management Board	20,500	0.06 %
Ralf Thoenes	Chairman of the Supervisory Board	25,000	0.07 %
Stefan Thies	Deputy Chairman of the Supervisory Board	33,084	0.09 %
Jürgen Beck-Bazlen	Member of the Supervisory Board	1,379,000	3.90 %

The Company is not aware of any shareholders holding more than three percent of the voting rights (other than the aforementioned).

Pursuant to Article 3 (4) of the Articles of Association, the Management Board is authorised, with the consent of the Supervisory Board, to increase the share capital on one or more occasions until 26 August 2019 by up to a total of EUR 7,062,803.00 in return for cash and/or non-cash contributions by issuing new no-par value bearer shares. With the approval of the Supervisory Board, the Management Board may exclude the subscription right of the shareholders in whole or in part only in the following cases: 1. in the case of capital increases against contributions in kind for the purpose of granting shares for the purpose of acquiring companies, parts of companies or interests in companies or for acquiring other assets (including third-party claims against the Company or companies affiliated with the Company) and for the purpose of issuing shares to employees of the Company and companies affiliated with the Company within the framework of the statutory provisions; 2. insofar as this is necessary to grant holders of warrants and convertible bonds issued by the Company or its subsidiaries a subscription right to new shares to the extent to

which they would be entitled after exercising the option or conversion right or after fulfilling conversion or option obligations; 3. for fractional amounts; 4. in the case of capital increases in return for cash contributions, if the issue price of the new shares is not significantly lower, within the meaning of Sections 203 (1) and (2), 186 (3) sentence 4 of the German Stock Corporation Act, than the stock exchange price of the already listed shares of the same class and features at the time of the final determination of the issue price by the Management Board and the total pro rata amount of the share capital attributable to the new shares for which the subscription right is excluded does not exceed 10 % of the share capital existing at the time of the issue of the new shares. The maximum limit of 10 % of the share capital shall include shares that are sold during the term of the authorised capital under exclusion of the subscription right of shareholders in accordance with Sections 71 (1) No. 8 Sentence 5, 186 (3) Sentence 4 of the German Stock Corporation Act, as well as shares for which a conversion right or option right or a conversion obligation or option obligation exists on the basis of warrants and/or convertible bonds that have been issued since this authorisation was granted under exclusion of the subscription right in accordance with Sections 221 (4), 186 (3) Sentence 4 of the German Stock Corporation Act. The Management Board is authorised, with the approval of the Supervisory Board, to determine the further details of the capital increase and its implementation, including the content of the rights attached to the shares and the conditions of the share issue.

Pursuant to Section 3 (5) of the Articles of Association, the Company's share capital is conditionally increased by up to EUR 3,531,401.00, divided into up to 3,531,401 no-par value shares (Conditional Capital 2016/I). The conditional capital increase will only be implemented to the extent that holders of option rights issued by the company on the basis of the authorisation of the Annual General Meeting of 25 May 2016 and 3 May 2018 exercise their option rights. The new bearer shares will participate in the profit from the beginning of the financial year for which no resolution of the Annual General Meeting on the appropriation of the profit has been passed when the option right is exercised. The Management Board is authorised, with the approval of the Supervisory Board, to determine the further details of the conditional capital increase and its implementation.

No agreements exist for members of the Management Board in the event of a takeover bid for 3U HOLDING AG.

## Share transactions

In accordance with Article 19 of the Market Abuse Regulation (EU) No. 596/2014, persons who perform management functions at 3U HOLDING AG must notify 3U HOLDING AG and BaFin of their own transactions with shares of 3U HOLDING AG or related financial instruments, in particular derivatives. This obligation is also incumbent on persons who are closely related to one of the aforementioned persons if the total amount of the transactions of a person with management functions and the persons closely related to this person reaches a total of EUR 5,000.00 by the end of the calendar year. The following transactions were reported to 3U HOLDING AG in the past financial year:

Transaction date	Reporting person	Type of transaction	Quantity	Exercise price in EUR	Total volume in EUR
14 August 2019	Jürgen Beck-Bazlen (Supervisory Board)	Kauf	11,000	1.400	15,400.00
19 August 2019	Jürgen Beck-Bazlen (Supervisory Board)	Kauf	20,000	1.380	27,600.00
13 September 2019	Jürgen Beck-Bazlen (Supervisory Board)	Donation	-200,000	0	0
13 September 2019	Felix Bazlen (Person closely associated with Jürgen Beck-Bazlen)	Donation	200,000	0	0

All share transactions were published on the 3U HOLDING AG website ([www.3u.net](http://www.3u.net)) under the path "Investor Relations/Directors' Dealings".

## Corporate governance statement (Section 289f and Section 315d HGB)

The Management Board and the Supervisory Board of 3U HOLDING AG have submitted a corporate governance statement in accordance with Section 289f and Section 315d HGB and made it publicly available for permanent review on the 3U HOLDING AG's website ([www.3u.net](http://www.3u.net)) under "Investor Relations/Corporate Governance".

## Remuneration Report

The remuneration report summarises the principles applied for determining the remuneration of the Management Board and Supervisory Board of 3U HOLDING AG and explains the amount and structure of the remuneration. The remuneration report is prepared on the basis of the recommendations of the German Corporate Governance Code and also includes the information required under the German Commercial Code, extended by the Act on the Disclosure of Management Board Remuneration (VorstOG).

### Remuneration of the Management Board

The structure and amount of the remuneration of the Management Board members are determined and regularly reviewed by the Supervisory Board. In doing so, it is guided by the German Act on the Appropriateness of Management Board Remuneration (VorstAG), which came into force on 5 August 2009.

All members of the Management Board of 3U HOLDING AG receive an annual fixed basic salary (fixed component), which is paid in monthly instalments. In addition, all members of the Management Board receive a variable performance-related remuneration (performance-related components). The performance-related remuneration is composed of a quantitative sub-target and a qualitative sub-target. In the case of quantitative sub-targets, the Supervisory Board primarily assesses the certified value of the Group's EBIT or EBT performance in relation to the budgeted value in the year under review; extraordinary developments may be taken into account. As part of the qualitative achievement of targets, the Supervisory Board evaluates the execution of priority tasks of the Management Board and the fulfilment of personal targets set by the Supervisory Board for the Management Board. The Supervisory Board sets targets at the beginning of each fiscal year, taking into account the situation of the Group.

In addition, the members of the Management Board may be granted stock options under stock option plans. The purpose of granting stock options is to reward the contribution of the Management Board (and also the other employees of the 3U Group) to increasing enterprise value and to promote the long-term success of the Company.

Part of the performance-related remuneration for a financial year is paid subject to the proviso that the Management Board continues to manage the Company's business sustainably in the two financial years following the financial year in question. Sustainability takes into account in particular the stability of the Group's development and the structure of its holdings. The Supervisory Board assesses sustainability in the two financial years following the financial year under review and will reclaim the partial amounts of the performance-related remuneration paid subject to reservation if the sustainability of the management is not guaranteed.

The Supervisory Board is entitled within the meaning of Section 87 (2) Sentence 1 AktG to reduce the remuneration of the Management Board to an appropriate level if the situation of the Company deteriorates after the remuneration has been determined and the continuation of the agreed remuneration would be unreasonable for the Company. This also applies to the granting of stock options.

If the appointment of a member of the Management Board is revoked in the course of a financial year for good cause in accordance with section 84 (3) of the AktG, there is no entitlement to performance-related remuneration for this financial year or for any further financial years until the termination of the employment contract of the Management Board.



No pension commitments were made to the members of the Management Board. The remuneration of the members of the Management Board is reported individually below, broken down into fixed and performance-related components.

#### Value of the benefits provided in the 2019 reporting year

Allowances (in TEUR)	Michael Schmidt Speaker of the Management Board			
	2019	2019 (min.)	2019 (max.)	2018
Fixed remuneration	300	300	300	300
Fringe allowances	26	26	26	8
<b>Subtotal</b>	<b>326</b>	<b>326</b>	<b>326</b>	<b>308</b>
One-year variable remuneration	100	0	300	100
Multi-year variable remuneration	0	0	0	0
<b>Total</b>	<b>426</b>	<b>326</b>	<b>626</b>	<b>408</b>
Pension allowances	0	0	0	0
<b>Total</b>	<b>426</b>	<b>326</b>	<b>626</b>	<b>408</b>

Allowances (in TEUR)	Andreas Odenbreit Management Board			
	2019	2019 (min.)	2019 (max.)	2018
Fixed remuneration	150	150	150	150
Fringe allowances	21	21	21	21
<b>Subtotal</b>	<b>171</b>	<b>171</b>	<b>171</b>	<b>171</b>
One-year variable remuneration	50	0	50	43
Multi-year variable remuneration	0	0	0	0
<b>Total</b>	<b>221</b>	<b>171</b>	<b>221</b>	<b>214</b>
Pension allowances	0	0	0	0
<b>Total</b>	<b>221</b>	<b>171</b>	<b>221</b>	<b>214</b>

Allowances (in TEUR)	Christoph Hellrung Management Board			
	2019	2019 (min.)	2019 (max.)	2018
Fixed remuneration	150	150	150	150
Fringe allowances	26	26	26	26
<b>Subtotal</b>	<b>176</b>	<b>176</b>	<b>176</b>	<b>176</b>
One-year variable remuneration	50	0	50	43
Multi-year variable remuneration	0	0	0	0
<b>Total</b>	<b>226</b>	<b>176</b>	<b>226</b>	<b>219</b>
Pension allowances	0	0	0	0
<b>Total</b>	<b>226</b>	<b>176</b>	<b>226</b>	<b>219</b>

#### Remuneration flow for the 2019 reporting year

Accruals (in TEUR)	Michael Schmidt Speaker of the Management Board		Andreas Odenbreit Management Board		Christoph Hellrung Management Board		Management Board total	
	2019	2018	2019	2018	2019	2018	2019	2018
Fixed remuneration	300	300	150	150	150	150	600	600
Fringe allowances	26	8	21	21	26	26	73	55
<b>Subtotal</b>	<b>326</b>	<b>308</b>	<b>171</b>	<b>171</b>	<b>176</b>	<b>176</b>	<b>673</b>	<b>655</b>
One-year variable remuneration	75	75	0	0	0	0	75	75
Multi-year variable remuneration	0	0	0	0	0	0	0	0
<b>Total</b>	<b>401</b>	<b>383</b>	<b>171</b>	<b>171</b>	<b>176</b>	<b>176</b>	<b>748</b>	<b>730</b>
Pension allowances	0	0	0	0	0	0	0	0
<b>Total</b>	<b>401</b>	<b>383</b>	<b>171</b>	<b>171</b>	<b>176</b>	<b>176</b>	<b>748</b>	<b>730</b>

In addition, Mr. Andreas Odenbreit received TEUR 43 in the reporting year (2019) and Mr. Christoph Hellrung received TEUR 43 for the previous year (2018). In the previous year (2018), both had received TEUR 50 each for 2017 as one-year variable remuneration. In the year under review (2019), Mr. Michael Schmidt received TEUR 25 for the previous year (2018) as one-year variable remuneration. In the previous year (2018) he had received TEUR 25 for 2017.

### Stock Option Plan 2018

By resolutions of 25 May 2016 and 3 May 2018, the Annual General Meeting created conditional capital of up to EUR 3,531,401.00 for the issue of stock options to members of the Management Board, executives and employees within the framework of a stock option plan and authorised the Management Board accordingly. The Management Board exercised this authorisation on 6 December 2018 with the approval of the Supervisory Board and set up a stock option plan 2018.

Information on stock options as of 31 December 2019 in units:

Name	Function	Stock options
Michael Schmidt	Speaker of the Management Board	166,666 pieces
Christoph Hellrung	Management Board	166,666 pieces
Andreas Odenbreit	Management Board	166,666 pieces

The stock options can only be exercised after the expiry of fixed blocking periods (vesting period). 3U HOLDING AG is entitled to refuse the exercise of option rights to the extent that their exercise would lead to a disproportionately high remuneration of the beneficiary due to extraordinary, unforeseen developments.

All remuneration for Management Board activities was paid by 3U HOLDING AG. The subsidiaries have not paid any remuneration. For components with a long-term incentive effect, please refer to the section "Concrete information on stock option programmes".

## Remuneration of the Supervisory Board

The remuneration of the Supervisory Board is defined in Article 9 of the Company's Articles of Association. Accordingly, the members of the Supervisory Board receive a fixed annual basic remuneration of EUR 5,000.00, with the Chairman of the Supervisory Board receiving twice and the Deputy Chairman one and a half times the aforementioned remuneration.

In addition, each member of the Supervisory Board receives a bonus in the amount of EUR 1,000.00 per EUR 0.01 dividend distributed to the shareholders in excess of EUR 0.05 per share for the past fiscal year, as well as an annual remuneration based on the long-term success of the company in the amount of EUR 1,000.00 per EUR 100,000.00 earnings before taxes in the consolidated financial statements of the company ("EBT") exceeding the average earnings before taxes in the consolidated financial statements ("EBT") for the three preceding fiscal years. However, the total remuneration shall not exceed EUR 50,000.00 for the Chairman, EUR 37,500.00 for his Deputy and EUR 25,000.00 for the other members of the Supervisory Board. In addition, each member of the Supervisory Board shall receive an attendance fee of EUR 2,500.00 for each Supervisory Board or committee meeting in which he participates. The Company reimburses the members of the Supervisory Board for the value added tax incurred on their remuneration and expenses.

The Supervisory Board remuneration for 2019 amounted to TEUR 158 (previous year: TEUR 130). A performance-related remuneration of TEUR 90 (previous year: TEUR 54) was accrued for 2019.

Name	Fixed remuneration in TEUR		Attendance-fee in TEUR		Performance related remuneration in TEUR		Total remuneration in TEUR	
	2019	2018	2019	2018	2019	2018	2019	2018
Ralf Thoenes (Chairman)	10	10	15	18	40	24	65	52
Stefan Thies (Deputy Chairman)	8	8	15	18	30	18	53	43*
Jürgen Beck-Bazlen	5	5	15	18	20	12	40	35
<b>Total*</b>	<b>23</b>	<b>23</b>	<b>45</b>	<b>53*</b>	<b>90</b>	<b>54</b>	<b>158</b>	<b>130*</b>

\*Deviations due to rounding in the totals line and in the Total remuneration column

In addition, the Supervisory Board members receive reimbursement of their travel and other expenses. In fiscal year 2019, Mr. Thoenes received reimbursements of TEUR 2.3 (prior year: TEUR 2.3), Mr. Thies TEUR 0.7 (prior year: TEUR 1.0) and Mr. Beck-Bazlen TEUR 0.7 (prior year: TEUR 1.5) for their expenses. Mr. Thoenes also received attendance fees and reimbursement of expenses for his Supervisory Board activities at 3U ENERGY AG in the amount of TEUR 6 (previous year: TEUR 6) for the 2019 financial year.

The law firm Altenburger Rechtsanwälte, whose partner is the Chairman of the Supervisory Board Mr. Thoenes, received a total of TEUR 1.0 (previous year: TEUR 10.2) plus VAT for its consulting services and reimbursement of expenses for the 3U Group in the past financial year. These were rendered to weclapp SE. In the previous year, these services were provided in the amount of TEUR 5.2 for 3U ENERGY AG, TEUR 4.6 for 3U TELECOM GmbH and TEUR 0.4 for 3U Euro Energy Systems GmbH.

## Concrete information on stock option programmes

By resolution of 25 May 2016, the Annual General Meeting created conditional capital of up to EUR 3,531,401.00 for the issue of stock options to members of the Management Board, executives and employees as part of a stock option plan and authorised the Management Board accordingly. By resolution of 3 May 2018, the Annual General Meeting limited the authorisation to 24 May 2021 and confirmed the resolution in all other respects. On 6 December 2018, the Management Board, with the approval of the Supervisory Board, made use of this authorisation and established a stock option plan 2018.

### Stock Option Plan 2018

The 2018 stock option plan has the following key points:

Beneficiaries are:

- Group 1: Members of the Management Board of the Company
- Group 2: Authorised signatories of the Company and members of the management of domestic and foreign affiliated companies (Section 15 of the German Stock Corporation Act)
- Group 3: Employees of the Company in key positions at the first management level below the Management Board and other employees of the Company
- Group 4: Employees of domestic and foreign affiliated companies (Section 15 of the German Stock Corporation Act) in key positions at the first management level below the Management Board and other employees of domestic and foreign affiliated companies (Section 15 of the German Stock Corporation Act)

A total of 2,635,998 stock options had been issued under the 2018 stock option plan as of 31 December 2019. The allocation to the individual groups is as follows:

Group	Stock options issued	Maximum number of stock options to be issued
Group 1:	499,998	500,000
Group 2:	1,400,000	1,900,000
Group 3:	252,000	350,000
Group 4:	484,000	781,401
<b>Total:</b>	<b>2,635,998</b>	<b>3,531,401</b>

The option rights under the 2018 stock option plan may be exercised within eight years from the date of issue of the option after a four-year vesting period.

The option rights may not be exercised in the period between the tenth day of the last month of a quarter and the day of the subsequent announcement of the (preliminary) quarterly results, January 1 of each year and the day of the subsequent announcement of the (preliminary) annual results, or the tenth day of the month before the announcement of the invitation to the Company's Annual General Meeting and the day of the Annual General Meeting. The option rights are not transferable.

Each option right entitles the holder to purchase one share of the Company at the exercise price. The exercise price for the option rights corresponds to the average closing price of the share on the 15 trading days prior to the launch of the stock option program on 6 December 2018 in the amount of EUR 1.03 plus a 20 % premium as a performance target. The exercise price is therefore EUR 1.24 per share.

The beneficiary may only sell the shares received through the exercise of the stock options subject to the statutory restrictions.

Of the 2,635,998 stock options issued under this program up to 31 December 2019, 20,000 stock options had expired as of the balance sheet date (31 December 2019).

# Responsibility Statement

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To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group and the combined management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Marburg, 19 March 2020

The Management Board

A blue ink signature consisting of a large, stylized 'M' and 'S'.

Michael Schmidt

A blue ink signature consisting of a series of horizontal, wavy lines.

Christoph Hellrung

A blue ink signature consisting of a large, stylized 'A' and 'O'.

Andreas Odenbreit







# Consolidated Financial Statements for the financial year 2019

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# 104 Consolidated statement of financial position

Assets 3U Group (in TEUR)	Notes to the consolidated financial statements [Note]	31 December 2019	31 December 2018
<b>Non-current assets</b>		<b>45,659</b>	<b>48,035</b>
Intangible assets	[2.3.7] [2.3.8] [2.3.15] [6.1.1]	2,601	2,188
Property, plant and equipment	[2.3.9] [2.3.23] [6.1.2]	31,107	39,664
Rights of use	[2.1] [2.3.10] [2.3.14] [6.1.3]	3,650	0
Investment property	[2.3.11] [6.1.4]	3,937	4,108
Other financial assets	[6.1.5]	1,412	109
Investments accounted for using the equity method	[6.1.5]	19	14
Deferred tax assets	[2.3.18] [6.2]	2,671	1,661
Other non-current assets	[6.1.5]	262	291
<b>Current assets</b>		<b>34,819</b>	<b>26,455</b>
Inventories	[2.3.16] [6.3]	7,796	6,990
Trade receivables	[2.3.13] [6.4] [6.11]	3,911	4,440
Receivables from income tax refunds	[6.5]	210	427
Other current assets	[6.5]	2,351	2,297
Cash and cash equivalents	[2.3.13] [6.6] [6.11]	20,551	12,301
<b>Total assets</b>		<b>80,478</b>	<b>74,490</b>

Shareholders' equity and liabilities 3U Group (in TEUR)	Notes to the consolidated financial statements [Note]	31 December 2019	31 December 2018
<b>Shareholders' equity</b>	[6.7]	<b>46.512</b>	<b>41.441</b>
Issued capital (conditional capital TEUR 3,531 / 31 December 2018: TEUR 3,531)	[6.7.1]	35.314	35.314
Treasury shares	[2.3.20] [6.7.1]	-1.184	-2.184
Capital reserve		11.014	10.349
Retained earnings		-844	-844
Total other comprehensive income		0	0
Profit/loss carried forward		-1.184	-2.123
Net earnings		4.092	1.933
<b>Total shareholders' equity attributable to the shareholders of 3U HOLDING AG</b>		<b>47.208</b>	<b>42.445</b>
<b>Non-controlling interests</b>	[6.7.4]	<b>-696</b>	<b>-1.004</b>
<b>Non-current provisions and liabilities</b>		<b>22.645</b>	<b>21.941</b>
Non-current provisions	[2.3.17] [6.10]	1.111	1.074
Non-current financial liabilities due to banks	[6.8]	16.177	19.648
Non-current lease liabilities	[2.3.14] [6.1.3]	3.436	0
Deferred tax liabilities	[2.3.18] [6.2]	893	766
Other non-current liabilities	[6.8]	1.028	453
<b>Current provisions and liabilities</b>		<b>11.321</b>	<b>11.108</b>
Current provisions	[2.3.17] [6.10]	343	302
Current income tax liabilities	[6.9]	1.019	153
Current financial liabilities	[6.8]	1.543	3.544
Current lease liabilities	[2.3.14] [6.1.3]	890	0
Trade payables	[2.3.13] [6.11]	2.986	3.181
Other current liabilities	[2.3.13] [2.3.19] [6.9] [6.11]	4.540	3.928
<b>Total shareholders' equity and liabilities</b>		<b>80.478</b>	<b>74.490</b>

# 106 Consolidated statement of income

3U Group (in TEUR)	Notes to the consolidated financial statements [Note]	Financial year 1 January – 31 December	
		2019	2018
Sales	[2.3.1] [5.1]	51,449	47,973
Other income	[5.2]	8,032	4,787
Changes of half-finished and finished services	[5.3]	-152	553
Other capitalised services	[5.4]	85	39
Costs of materials	[5.5]	-28,733	-28,634
<b>Gross profit or loss</b>		<b>30,681</b>	<b>24,718</b>
Staff costs	[5.6]	-11,652	-10,292
Other operating expenses	[5.7]	-8,931	-7,709
<b>EBITDA</b>		<b>10,098</b>	<b>6,717</b>
Depreciation and amortisation	[2.3.8] [2.3.9] [5.8]	-4,600	-4,012
<b>EBIT</b>		<b>5,498</b>	<b>2,705</b>
Income shares in companies that are accounted for using the equity method	[5.9]	6	1
Other financial result	[2.3.4] [2.3.5] [5.9]	-854	-873
<b>EBT</b>		<b>4,650</b>	<b>1,833</b>
Income tax expenses	[2.3.6] [5.10]	-246	320
<b>Earnings before non-controlling interests</b>		<b>4,404</b>	<b>2,153</b>
<b>Net earnings for the period</b>		<b>4,404</b>	<b>2,153</b>
Of which attributable to non-controlling interests		312	220
<b>Thereof Group earnings</b>		<b>4,092</b>	<b>1,933</b>
<b>Earnings per share, undiluted (in EUR)</b>	[2.2.5] [5.11]	<b>0.12</b>	<b>0.06</b>
<b>Earnings per share, diluted (in EUR)</b>	[2.2.5] [5.11]	<b>0.11</b>	<b>0.06</b>

# Consolidated statement of comprehensive income

3U Group (in TEUR)	1 January – 31 December	
	2019	2018
<b>Net earnings for the period</b>	<b>4,404</b>	<b>2,153</b>
Attributable to 3U HOLDING AG shareholders	4,092	1,933
Of which attributable to non-controlling interests	312	220
<b>Changes recognised directly in equity that may be reclassified to the income statement in the future</b>	<b>0</b>	<b>0</b>
<b>Changes recognised directly in equity that cannot be reclassified to the income statement in the future .</b>	<b>0</b>	<b>0</b>
<b>Change in the amount recognised in equity</b>	<b>0</b>	<b>0</b>
<b>Total comprehensive income of the period</b>	<b>4,404</b>	<b>2,153</b>
Attributable to 3U HOLDING AG shareholders	4,092	1,933
Of which attributable to non-controlling interests	312	220

# 108 Consolidated statement of changes in equity

3U Group (in TEUR)	Issued capital	Own shares	Capital reserve	Retained earnings/ Profit loss carried forward and net earnings attributable to 3U HOLDING AG shareholders
Notes to the consolidated financial statements [Note 6.7.1 and 6.7.4]				
<b>As of 1 January 2018</b>	<b>35,314</b>	<b>-2,184</b>	<b>10,345</b>	<b>-2,301</b>
Dividend payment for the 2017 financial year	0	0	0	-663
Total earnings 2018	0	0	0	1,933
Other earnings 2018	0	0	0	0
Stock option plan 2018	0	0	4	0
Proceeds/payments to non-controlling interests	0	0	0	0
Changes in the composition of the Group	0	0	0	-3
<b>As of 31 December 2018</b>	<b>35,314</b>	<b>-2,184</b>	<b>10,349</b>	<b>-1,034</b>

3U Group (in TEUR)	Issued capital	Own shares	Capital reserve	Retained earnings/ Profit loss carried forward and net earnings attributable to 3U HOLDING AG shareholders
Notes to the consolidated financial statements [Note 6.7.1 and 6.7.4]				
<b>As of 1 January 2019</b>	<b>35,314</b>	<b>-2,184</b>	<b>10,349</b>	<b>-1,034</b>
Dividend payment for the 2018 financial year	0	0	0	-994
Total earnings 2019	0	0	0	4,092
Other earnings 2019	0	0	0	0
Stock option plan 2018	0	0	56	0
Proceeds from sale of treasury shares	0	1,000	609	0
Proceeds/payments to non-controlling interests	0	0	0	0
Changes in the composition of the Group	0	0	0	0
<b>As of 31 December 2019</b>	<b>35,314</b>	<b>-1,184</b>	<b>11,014</b>	<b>2,064</b>

Total other comprehensive income		Equity attributable to 3U HOLDING AG shareholders	Non-controlling interests	Total shareholders' equity
Exchange rate differences	Hedging instruments			
<b>0</b>	<b>0</b>	<b>41,174</b>	<b>-1,208</b>	<b>39,966</b>
0	0	-663	0	-663
0	0	1,933	220	2,153
0	0	0	0	0
0	0	4	0	4
0	0	0	-72	-72
0	0	-3	56	53
<b>0</b>	<b>0</b>	<b>42,445</b>	<b>-1,004</b>	<b>41,441</b>

Total other comprehensive income		Equity attributable to 3U HOLDING AG shareholders	Non-controlling interests	Total shareholders' equity
Exchange rate differences	Hedging instruments			
<b>0</b>	<b>0</b>	<b>42,445</b>	<b>-1,004</b>	<b>41,441</b>
0	0	-994	0	-994
0	0	4,092	312	4,404
0	0	0	0	0
0	0	56	0	56
0	0	1,609	0	1,609
0	0	0	-19	-19
0	0	0	15	15
<b>0</b>	<b>0</b>	<b>47,208</b>	<b>-696</b>	<b>46,512</b>

## Consolidated statement of cash flows

3U Group (in TEUR)	Notes to the consolidated financial statements [Note 2.2.3 and 7]	1 January - 31 December 2019	2018
<b>Net earnings for the period</b>		<b>4,404</b>	<b>2,153</b>
+/- Depreciation/write-ups of fixed assets		4,600	4,055
+/- Increase/decrease of provisions		78	72
-/+ Profit/loss on disposal of non-current assets		-5,298	-2,581
-/+ Increase/decrease in inventories and trade receivables		-276	-979
+/- Increase/decrease in trade payables		-221	-38
+/- Changes other receivables		21	-1,334
+/- Changes to other payables		1,031	5
+/- Change in tax assets/liabilities including deferred taxes		198	-855
+/- Other non-cash changes		144	97
<b>Cash flows from operating activities</b>		<b>4,681</b>	<b>595</b>
+ Inflows from disposals of property, plant and equipment		13,542	5,286
- Outflows for investments in property, plant and equipment		-2,409	-534
- Outflows for investments in intangible assets		-625	-128
+ Inflows from disposals of investments property		0	4,945
- Outflows for investments property		0	-90
- Outflows from the addition of financial assets		-1,338	-18
- Cash outflow from the purchase of consolidated companies and other business units		0	-1,337
<b>Cash flows from investing activities</b>		<b>9,170</b>	<b>8,124</b>
<b>Sum carried forward*</b>		<b>13,851</b>	<b>8,719</b>

\*Refer to following page



3U Group (in TEUR)	Notes to the consolidated financial statements [Note 2.2.3 and 7]	1 January - 31 December 2019	2018
<b>Sum carried forward*</b>		<b>13,851</b>	<b>8,719</b>
+ Cash inflow from additions to equity (capital increases, sale of treasury shares etc.)		1,639	0
- Cash outflow to companies' owner and minority partners (dividends, equity capital payback, purchase of treasury shares, other disbursements)		-1,042	-735
- Payments from the repayment of bonds and (financial) loans		-5,472	-7,421
- Payments from the repayment of leasing liabilities		-741	0
<b>Cash flows from financing activities</b>		<b>-5,616</b>	<b>-8,156</b>
<b>Total cash flows</b>		<b>8,235</b>	<b>563</b>
+/- Change in disposition restrictions in cash and cash equivalents		834	-679
+/- Aggregate cash flows arising from obtaining or losing control of subsidiaries		15	-150
+/- Thereof as assets held for sale		0	469
<b>Cash and cash equivalents at beginning of period</b>		<b>8,378</b>	<b>8,175</b>
<b>Cash and cash equivalents at end of period</b>		<b>17,462</b>	<b>8,378</b>
<b>Total change in cash and cash equivalents</b>		<b>9,084</b>	<b>203</b>

\*Refer to previous page

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## Notes

### 1 General information about the Group

3U HOLDING AG (subsequently also referred to as 3U or Company), headquartered in Marburg, is the holding company of the 3U Group and a listed stock corporation. It is registered in the commercial register of the District Court Marburg under HRB 4680.

The business activities of 3U and its subsidiaries include the management of own assets, the acquisition, the administration and the sale of interests in domestic and foreign companies as well as the provision of telecommunication services and IT services in the segment ITC. The activities in the area of renewable energies and in the field of sanitary, heating and climate technology are presented in the segments Renewable Energies and SHAC.

The address of the registered office of the Company is Frauenbergstraße 31-33, 35039 Marburg, Germany.

## 2 Accounting and valuation policies

### 2.1 Basis of preparation

These consolidated annual financial statements relate to 3U HOLDING AG and its subsidiaries. Consolidated financial statements of 3U HOLDING AG for the 2019 financial year were compiled in accordance with the accounting standards of the International Accounting Standards Board (IASB), the International Financial Reporting Standards (IFRS). The IFRS valid on 31 December 2019 are being observed and the interpretations of the International Financial Reporting Committee (IFRIC) were also applied. The consolidated financial statements contain all the information required by the IFRS as endorsed by the European Union (EU) and based upon the additional requirements pursuant to section 315e (1) German Commercial Code (HGB). Where certain pronouncements have been applied prematurely, this is pointed out separately.

Presentation in the statement of financial position distinguishes between current and non-current assets and liabilities, which are generally broken down further by their respective maturities in the notes to the consolidated financial statements. In addition to the income statement, the statement of financial position and the cash flow statement, changes in shareholders' equity are also being presented. The income statement has been prepared using the aggregate cost method.

The consolidated financial statements of 3U HOLDING AG provide a true and fair view of the net assets, financial position and earnings. Consolidated financial statements and the combined management report of 3U HOLDING AG were compiled in accordance with Article 315e of the HGB (German Commercial Code) and will be published in the German Federal Gazette.

Consolidated financial statements were compiled in Euro. The figures are stated in the consolidated financial statements in thousands of Euro (TEUR) and were rounded to whole TEUR. For arithmetical reasons, rounding differences amounting to +/- one unit (TEUR, % etc.) may occur.

Group companies prepare their accounts and documents in accordance with the International Financial Reporting Standards (IFRS) and prepare separate financial statements in accordance with local regulations.

The financial year of 3U HOLDING AG and all its subsidiaries included in the consolidated financial statements is the calendar year. The consolidated financial statements are prepared under the assumption of going concern.

#### Newly applied standards

3U took into account all standards and interpretations issued by the IASB that were in force as of 31 December 2019 and adopted into EU law.

The following standards were applied for the first time:

- Amendments to IFRS 9: "Prepayment Features with Negative Compensation" (1 January 2019)\*
- IFRS 16: "Leases" (1 January 2019)\*
- IFRIC 23: "Uncertainties regarding the income tax treatment" (1 January 2019)\*
- Amendments to IAS 19: "Employee benefits: modification, curtailment or settlement" (1 January 2019)\*
- Amendments to IAS 28: "Non-current Investments in Associates and Joint Ventures" (1 January 2019)\*
- Annual Improvements to IFRS (AIP) – Cycle 2015-2017: "Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23" (1 January 2019)\*

\*Applicable for financial years beginning on or after the specified date.

IFRS 16 "Leases" is mandatory for reporting periods beginning on or after 1 January 2019. IFRS 16 has significant effects on the consolidated financial statements of 3U HOLDING AG, in particular the balance sheet total, the earnings position, the operating and financing cash flow and the presentation of the net assets and financial position.

In accordance with IFRS 16, lessees no longer have to differentiate between operating and finance leases. For all leases, the lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is amortised over the term of the lease in accordance with the rules for intangible assets. The lease liability is recognised in line with the rules for financial instruments. They are recognised separately in the income statement as amortisation on the asset and interest on the liability. Recognition is simplified only for short-term leases and low-value leased assets.

3U has chosen to apply the modified retrospective approach, in which the cumulative effect of the transition is recognised directly in equity. Comparative figures from the previous period are not adjusted. Payment obligations from previous operating leases are discounted at the corresponding marginal borrowing rate upon transition to IFRS 16 and carried as a leasing liability. The rights of use were recognised as of 1 January 2019 in the amount of the lease liability.

Significant options and facilitation options are exercised as follows:

- Rights of use and leasing liabilities are shown separately in the balance sheet.
- No separation is made in agreements that contain both leasing and non-leasing components. They are shown as one lease.
- Leases of intangible assets are not accounted for in accordance with IFRS 16 but in accordance with IAS 38.
- Short-term leases and leases where the underlying asset is of minor value are not recognised.

As of 1 January 2019, the first-time application of IFRS 16 results in the following changes in carrying amounts:

- Rights of use for leases were recognised under assets for the first time in the amount of EUR 3,404 thousand. Leasing liabilities of EUR 3.404 million were also recognised for the first time.
- The changeover did not result in any effect that has to be recognised in equity.

The following table shows the reported usage relationships as of 31 December 2019.

3U Group (in TEUR)	31 Dec 2019
Rights of use, land and buildings	3,155
Rights of use, other facilities and equipment	495
<b>Total</b>	<b>3,650</b>

For fiscal year 2019, the following presentation was made in the income statement.

<b>3U Group (in TEUR)</b>	<b>2019</b>
Depreciation of rights of use, land and buildings	389
Depreciation of rights of use, other facilities and equipment	294
<b>Total depreciation of rights of use</b>	<b>683</b>
<b>Interest expenses from leasing liabilities</b>	<b>77</b>

According to the assessment of the Management Board, the first-time application of the other standards and interpretations has not led to any changes in the net assets, financial position and results of operations of the Group.

There are currently no accounting pronouncements published by the IASB and adopted into EU law.

The IASB has published a number of other announcements, but these have not yet been transposed into EU law.

- IFRS 17: "Insurance Contracts" (1 January 2021)\*
- Amendments to IFRS 9, IAS 39 and IFRS 7: "IBOR Reform" (1 January 2020)
- Amendments to IFRS 3: "Definition of a Business Operation" (1 January 2020)\*
- Amendments to Conceptual Framework: "Update of the References to the Conceptual Framework" (1 January 2020)\*
- Amendments to IAS 1 and IAS 8: "Definition of materiality" (1 January 2020)\*

The individual effects of the changes are examined by the parent company 3U HOLDING AG for the Group. In particular, we do not expect any noticeable effects from the standard IFRS 17, the amendments to IAS 1, IAS 8, IAS 9 and 39 and the amendments to IFRS 3 and IFRS 7.

\* Applicable for financial years beginning on or after the specified date.

## 2.2 Basis of group accounting

### 2.2.1 Scope and policies of consolidation

In 2019, the scope of consolidation for 3U HOLDING AG consists of 26 (previous year: 23) German and foreign subsidiaries, in which 3U directly or indirectly holds the majority of the voting rights and in which 3U HOLDING AG controls the affiliated company. Control exists when 3U HOLDING AG has the power to govern the financial and operating policies of these companies. Domination by 3U HOLDING AG occurs in accordance with IFRS 10, if the following conditions are met:

- 3U HOLDING AG exerts power over the subsidiary;
- 3U HOLDING AG is exposed to fluctuating yields from its participation;
- 3U HOLDING AG affects the amount of yields by virtue of its power.

13 (previous year: 15) subsidiaries, whose impact on the net assets, financial position and results of operations individually and as a group is of minor importance are not consolidated. These are companies either not yet active or not active anymore. They are valued at cost and are shown under non-current assets.

A business combination occurs when 3U HOLDING AG obtains control of another company. According to the rules of IFRS the business combination (capital consolidation) is based on the acquisition method (revaluation method). The cost of an acquired subsidiary is measured at the fair value of the consideration transferred, i. e. the sum of surrendered assets acquired and liabilities assumed. Incidental acquisition costs are recognised as an expense. Acquisition costs are allocated to the acquired assets, liabilities and contingent liabilities. The assets and liabilities are measured in full at their fair values. Any surplus acquisition costs above the share in the fair values of the identified assets and assumed liabilities acquired by the parent company are recognised as goodwill.

Initial recognition takes place with effect from the day on which 3U HOLDING AG indirectly or directly enters into a controlling relationship with the subsidiary. Amounts allocated to noncontrolling interests are reported separately under equity.

Income and expenses of a subsidiary are consolidated from the acquisition date in the Consolidated Financial Statements. Income and expenses of a subsidiary are included in the Consolidated Financial Statements until control is terminated by the parent company. Where necessary, the accounting policies of subsidiaries are adjusted to the uniform Group accounting policies of 3U HOLDING AG.

The inclusion of subsidiaries ends at the point in time at which control no longer exists or the influence of the subsidiary on the net assets, financial position and results of operations of the Group is of minor significance.

Intercompany sales, expenses and income as well as the receivables and liabilities existing between the consolidated companies are eliminated. In the case of consolidation processes affecting income, the income tax effects are taken into account and deferred taxes are recognised.

Intercompany profits and losses from intra-group deliveries and services are eliminated.

Transactions involving the further purchase or sale of equity shares with other shareholders that do not affect the controlling influence of 3U HOLDING AG do not result in any change in goodwill. The difference between the fair value of the consideration transferred or received and the book value of the equity attributable to the non-controlling interests concerned is to be offset against consolidated equity with no effect on income.

In the event of the sale of a subsidiary and any other events which result in deconsolidation, the assets and liabilities included until this event and existing goodwill are offset against the proceeds from the disposal.

IFRS 11 distinguishes between two types of joint arrangements:

- joint operation
- joint venture (JV)

A joint venture is a joint arrangement whereby the parties exercise joint control and have rights to the net assets of the investee.

A joint venture is when two or more companies enter into an agreement under which they have direct rights to the assets and obligations arising from the liabilities.

Investments in joint ventures are accounted for using the equity method in accordance with IAS 28.

An associated company is a company over which the Group can exercise significant influence by participating in its financial and operating policy decision-making processes and which is neither a subsidiary nor a joint venture of the Group.

The earnings of associated companies are included by using the equity method according to IAS 28.

Shares in joint ventures and associated companies are posted on the balance sheet at historical cost, adapted in line with any changes in the Group share in the net assets of the joint venture or associated company following the acquisition and reduced in line with the decline in value of the individual shares. If the amount of losses of a joint venture or an associated company corresponds or surpasses the value of the full book value of equity held in the associated company, 3U will not record further shares of loss unless 3U has incurred respective obligations.

### **2.2.2 Foreign currency translation**

No foreign companies whose functional currency (local currency) is not the euro were included in the 3U Group in 2019 and 2018. The functional currency has therefore not been translated.

In general, transactions in foreign currencies are valued at the exchange rate at the time of the initial booking of the transaction. Up to the reporting date exchange gains and losses resulting from the valuation of financial instruments and cash and cash equivalents are included in income.

The exchange rates for foreign currencies are as follows:

	Exchange rate on the reporting date (EUR 1 in foreign currency units)		Average rate for the year (EUR 1 in foreign currency units)	
	2019	2018	2019	2018
Currency USD	1.1234	1.1450	1.1195	1.1810

In the 2019 financial year, net foreign exchange expenses resulted in expenses of TEUR 3 (previous year: net gain of TEUR 0). The recognition within the profit and loss statement is included in other operating income or expenses.

### 2.2.3 Cash flow statement

The cash flow statement shows how the cash of the 3U Group changed during the reporting year as a result of inflows and outflows. In accordance with IAS 7 cash flows from operating activities (indirect method), investing activities and financing activities are differentiated.

In the first-time inclusion of subsidiaries, only actual cash flows are reported in the cash flow statement. The cash amount from the purchase or sale of companies is reported as cash flow from investing activities. Aggregated cash flows from the purchase and sale of subsidiaries or other business units are reported separately and classified as investing activities.

### 2.2.4 Use of estimates and assumptions

The preparation of the annual financial statements and consolidated financial statements in accordance with the International Financial Reporting Standards requires estimations and assumptions that affect the amounts in the assets and liabilities, the notes to the financial statements and the income statement. Assumptions and estimations are mainly applied in stipulating the useful lives and terminal values of fixed assets, in measuring receivables, in calculating discounted cash flows as part of impairment tests and in creating provisions. There are also uncertainties regarding the recognition of deferred taxes. Management's estimates are based on experience and other assumptions, which are considered appropriate under the circumstances given. Estimates and assumptions are reviewed on an ongoing basis. Necessary adjustments are made in accordance with IAS. 8

The actual amounts may deviate from these estimations and assumptions.

The operations of 3U Group result in various legal disputes from time to time. These are regularly examined to measure the provisions for any probable claims including estimated legal costs. With regard to the uncertainty of the outcome of these proceedings, there is the possibility of a negative impact on future operating results.

On each balance sheet date, 3U establishes whether there are any indications that non-financial assets are impaired. Goodwill is reviewed at least once a year or if there are any indications of impairment. To estimate the useful life, management must estimate the likely future cash flow from the asset or cash-generating unit and select an appropriate discount rate to calculate the present value of this cash flow.



#### **2.2.5 Earnings per share**

Earnings per share correspond to the profit attributable to the shareholders of 3U, respectively the profit (after taxes) divided by the weighted average number of stock outstanding during the financial year. 3U calculates the result per share (fully diluted) under the assumption that all possibly dilutive securities and remuneration plans which are based on securities are converted or exercised.

## 2.3 Basis of accounting and valuation

### 2.3.1 Basic principles of sales realisation

Revenue includes all revenues resulting from the ordinary business activities of the 3U Group. Revenues are reported net of VAT and after deduction of discounts granted. They are recorded in accordance with the service provision. In doing so, a distinction is made between time and performance obligations.

Revenues in the ITC segment result from the activity as a fixed line network provider with its own transmission network and its own switching technology, as well as services related to its own data centers. This segment also includes revenue from the distribution and operation of cloud-based CRM and ERP solutions as well as from the IT licensing business.

In the Renewable Energies segment, external revenues were generated with the planning and development of projects in the area of renewable energies as well as with the production of electricity with own plants.

In the SHAC segment, revenues are generated from the marketing of products from the sanitary, heating and climatisation technology as well as from the installation of components for building air conditioning.

Revenues within Other Activities/Consolidation are also achieved from the rental of real estate.

Revenues from time-point-related obligations are recognised when the service has been completed and it is probable that the economic benefits will flow from the business to the company.

Revenues from construction contracts and service contracts (work services) are realised as a period-related performance obligation in accordance with the performance progress. The performance progress or degree of completion is generally determined by the ratio of the contract costs incurred up to the reporting date to the total contract costs estimated on the reporting date (cost-to-cost method). The orders are reported as assets under "Contractual assets" or, in the case of impending losses, as liabilities under "Contractual liabilities". If prepayments exceed the cumulative benefit, the liability is recognised as a liability under liabilities. Other contracts based on fixed prices are also recognised on a straight-line basis over the term of the contract. Income that is not related to the operating business is reported under other operating income.

Income that is not related to the operating business is reported under other operating income.

### 2.3.2 Total cost

Total cost comprises all arising costs in the year under review.

### 2.3.3 Research and development costs

Research costs, when incurred, are recognised as an expense in the profit and loss statement. The technological viability of the product is achieved only shortly before market maturity. Processes between the research and development stages are iteratively closely linked up to the stage of technological viability. Expenses for research and development which occur after the achievement of technological viability are insignificant. In fiscal year 2019 research and development costs of EUR 1.4 million (previous year: EUR 0.9 million) were incurred by the Group.

### 2.3.4 Interest earned

Interest earned is recognised using the effective interest rate method at the time it is incurred. The effective interest rate is the interest rate with which the expected future inflows are discounted over the duration of financial assets to the net carrying amount of these assets.

### 2.3.5 Interest expenses

Pursuant to the provisions of IAS 23, interest expenses for qualifying assets are capitalised as part of the cost of production, if their production takes a longer period. As in 2018, no interest expense was capitalised in the 2019 financial year.

Interest expenses are recognised using the effective interest rate method at the time they are incurred. The effective interest rate is the interest rate with which the expected future outflows are discounted over the duration of financial liabilities to the net carrying amount of these liabilities.

### 2.3.6 Income taxes

Income taxes are recognised and calculated in accordance with IAS 12 applying the balance-sheet orientated liability method. Tax expenses and refunds which are dependent on income and earnings are recorded as income taxes.

Current taxes are recognised for income taxes owed at the time they are incurred. Deferred taxes include expected tax payments or refunds from temporary valuation differences between the consolidated balance sheet and the tax balance sheet, as well as from the use of loss carryforwards and from consolidation entries. The capitalised goodwill does not result in deferred taxes. Deferred tax assets and liabilities are measured at the tax rates that will apply in the future, whereby changes in tax rates are generally not taken into account until the change in the law comes into force. If the realizability of deferred tax assets does not appear sufficiently probable in the future, they are not recognised.

### 2.3.7 Goodwill

Goodwill resulting from capital consolidation is not amortised in accordance with IFRS 3. Goodwill recognised on the statement of financial position is assessed once a year for its economic benefit and for declines in value and more frequently if there are indications of declines in value (impairment test) and in the event of a decline in value is written down to its recoverable amount.

Please refer to the comments under Note 2.3.15.

**2.3.8 Other intangible assets**

Intangible assets are capitalised in accordance with IAS 38 (Intangible Assets) if it is likely that a future economic benefit relating to the use of the asset and costs of the asset can be reliably determined. Intangible assets are measured at cost less scheduled depreciation and impairments. Regular depreciation is recognised under the item depreciation.

Depreciable intangible assets are in principle written down over a useful life of three to five years.

Rights to use the land on which plants were built to produce renewable energies are amortised over the contractual period of use.

Telecommunication licenses shown under intangible assets are written down linear over ten years. Software licenses for transmission and IT equipment are depreciated over three to ten years.

Again, please refer to the comments under Note 2.3.15.

**2.3.9 Property, plant and equipment**

Property, plant and equipment are reported pursuant to IAS 16 at depreciated cost. If property, plant or equipment are sold or retired, their acquisition cost and cumulated depreciation are eliminated from the statement of financial position and the profit or loss resulting from their sale is posted in the income statement.

The original cost of property, plant and equipment includes the purchase price plus additional acquisition costs and subsequent acquisition costs as well as the present value of restoration obligations. Financing costs pursuant to IAS 23 are included in the cost of assets.

Depreciation is calculated linearly over the following estimated useful lives taking into account the residual value and reported under the item depreciation:

Buildings	25-40 years	Switching technology	5 years
Power plants	10-25 years	Transfer technology	5-8 years
Operating equipment	4 years	Leasehold improvements	Duration of the lease agreement
Office equipment	3-13 years		

No depreciation is accounted for of land and leasehold rights.

The service lives and depreciation methods used are examined in each period to ensure that the depreciation methods and the depreciation period correspond to the anticipated economic benefit of property, plant and equipment. If the acquisition costs of certain tangible assets are crucial, in relation to the overall acquisition and production costs, 3U assesses those components separately and writes them off.

The costs of restoration obligations are individually assessed per location when the obligation arises on conclusion of the contract and were capitalised when a corresponding provision was created; they are checked to see whether they are up-to-date every year and adjusted if necessary.

Please refer to the comments under Note 2.3.15.

#### **2.3.10 Rights of use**

As of 31 January 2019, rights of use in accordance with IFRS 16 were reported for the first time in the amount of TEUR 3,650. These relate to rights of use of land and buildings in the amount of TEUR 3,155 and rights of use of other equipment, furniture and fixtures in the amount of TEUR 495.

The right of use is amortised on a scheduled basis over the shorter of its useful life or the term of the contract in accordance with the regulations for intangible assets. The rights of use in the 3U Group have a term of up to 23 years as of 31 December 2019.

Reference is made to the explanations under Note 2.3.14.

#### **2.3.11 Investment property**

Properties that are held to earn rentals or for capital appreciation and are not used in production or used for administrative purposes, are reported separately under investment property. The assessment of those held as investment property are measured at amortised cost.

Depreciation is calculated on a linear basis over the following estimated useful lives:

Buildings 25-40 years

Scheduled depreciation is not carried out on land and rights equivalent to land. Please refer to the comments under Note 2.3.15.

#### **2.3.12 Cost of debt**

Please refer to the comments under Note 2.3.5.

#### **2.3.13 Financial instruments**

##### **Financial assets**

For the purposes of IAS 39, financial assets are classified as loans and receivables and as available-for-sale financial assets. On initial recognition, available-for-sale financial assets are measured at fair value. The Company stipulates the classification of its financial assets when they are initially recognised and reviews this allocation at the end of each financial year. Following initial recognition, available-for-sale financial assets are measured at fair value with gains or losses being recognised net of deferred taxes via the overall result in equity. At the time the financial asset is derecognised or at which impairment in the financial asset is identified, the cumulative gain or loss posted in equity is recognised as profit or loss in the income statement. In fiscal years 2018 and 2019 there were no financial assets for sale available.

This notwithstanding, participations are not valued at fair value as this is not reliably measurable. Accounting is carried out at amortised cost.

In the case of standard sales and purchases of financial assets, they are reported on the trading date, i. e. the date on which the Company entered into the commitment to buy the asset. Standard purchases or sales are sales or purchases of financial assets, which prescribe delivery of the assets within a period, set by market rules or conventions.

Financial assets, which were classified as loans or receivables, are measured at amortised cost less impairments whereby the Company uses the effective interest rate method. Impairments of trade receivables and other receivables are recognised on separate value adjustment accounts.

Current financial assets included in the statement of financial position comprise other current receivables. Assets are recognised at par value and, where they are associated with apparent risks, are adjusted individually.

Lump-sum individual value adjustments are made based on uniform age structuring for the Group.

Receivables in foreign currencies are translated at the exchange rate on the closing date. Value adjustments based on exchange rates are recognised in profit or loss.

#### **Cash and cash equivalents**

This item includes all cash and cash equivalents that have a residual term of fewer than three months at the time of acquisition or investment. Cash and cash equivalents are priced at fair value. These include collateralised time deposits. They are not part of the cash funds and are deducted in the cash flow statement.

#### **Impairments to financial instruments**

If there are objective and substantial indications of impairment in relation to financial assets classified as loans and receivables and financial investments held to maturity, an impairment test is made as to whether the carrying value of the expected future cash flows exceeds the present value of a comparable financial asset discounted at the current market yield. Should this be the case, the asset will be written down by the difference. Indications of impairment include a material deterioration in credit worthiness, a particular breach of contract, the substantial probability of insolvency or another form of financial restructuring on the part of the debtor or the disappearance of an active market. Insofar as risks have already occurred, a specific provision is carried out. If the reasons for write downs previously undertaken no longer apply, the assets will be written up accordingly – but not beyond the cost of acquisition.

#### **Discharge**

The Group will only derecognise a financial asset if the contractual rights to cash flows from a financial asset expire or it assigns the financial asset and all risks and opportunities associated with title to the financial asset to a third party.

**Financial liabilities**

Financial liabilities relate to original liabilities. Original liabilities are stated in the consolidated statement of financial position if 3U has a contractual obligation to assign cash and cash equivalents or other financial assets to another party. An original liability is initially recognised at the fair value of the consideration received or at the value of the cash and cash equivalents less transaction costs incurred. Liabilities are subsequently measured at amortised cost using the effective interest rate method. Liabilities under finance leases are stated at the present value of the rental or lease instalments at the time the lease is concluded. In subsequent periods, the principle repaid in the rental and lease instalments lead to a reduction of the liability.

Financial liabilities are derecognised if the contractual obligations are settled, cancelled or expire.

**2.3.14 Leases**

IFRS 16 replaces IAS 17 Leases and related interpretations. According to the new one-model approach, 3U as lessee must report assets and liabilities for most leases in the balance sheet. Only short-term leases and leased assets of minor value were not recognised. While 3U as lessee no longer has to differentiate between operating and finance leases, this distinction is retained for 3U as lessor.

IFRS 16 defines a lease as a contract under which the right to use (in the sense of control) an identified asset (right of use) is transferred for an agreed period of time for consideration or for a counter-performance. The leased asset must be identifiable and 3U as lessee must be able to control it.

For all leasing relationships, 3U as lessee reports a right of use for an asset and a leasing liability on the date on which the lessor transfers the asset to 3U for use.

As a lessee, 3U must report the leasing liability in the amount of the cash value of the future leasing payments at the beginning of the leasing relationship. The leasing payments are composed of the following components:

- Fixed leasing payments
- Variable lease payments that depend on the development of an index or price
- Expected payments for residual value guarantees
- Exercise price of a call option, if exercise is sufficiently certain penalties for premature termination of the contract, if the lease term indicates that the lessee will exercise this option

The interest rate on which the lease is based or the marginal borrowing cost rate of 3U is to be used for the valuation.

At the time of acquisition, 3U as lessee must measure the right of use at cost, which consists of the following components:

- Acquisition value of the leasing liability
- Lease payments made before or at the beginning of the lease, less incentive payments in favour of the lessee
- Any initial direct costs incurred by the lessee

The lease liability is subsequently measured in accordance with the provisions for financial instruments under IFRS 9 using the effective interest method, i.e. the carrying amount of the lease liability is discounted using the interest rate used for discounting and reduced by the lease payments made. This results in a declining interest rate.

The right of use is amortised over the shorter of the useful life or the term of the lease in accordance with the provisions for intangible assets.

This is reported separately in the income statement as amortisation of the asset and interest from the liability.

Under the previous regulations of IAS 17, a lease was classified as a finance lease if substantially all the risks and rewards incidental to ownership were transferred to the lessee. The classification of leases was therefore dependent on the economic content of the agreement and not on a specific formal form of contract.

Assets held under a finance lease were initially recognised as assets of the Group at their fair value at the beginning of the lease or, if lower, at the present value of the minimum lease payments. They were depreciated over the lease term or the shorter useful life of the leased asset. The corresponding liability to the lessor was shown in the balance sheet as an obligation under finance leases.

The lease payments were divided into interest expenses and repayment of the lease obligation in such a way that a constant interest rate was achieved for the remaining liability. Interest expenses were recorded directly in the income statement.

In accordance with the previous rules under IAS 17, rental payments from operating leases were recognised as expenses on a straight-line basis over the term of the lease unless another systematic basis corresponded more closely to the time pattern of benefits to the lessee.

### **2.3.15 Impairment of non-financial assets**

3U checks goodwill for possible impairment in accordance with the Group's accounting regulations at least once a year. Determination of the recoverable amount of a line of business to which goodwill was allocated is associated with estimations by Management. The Company determines these figures using valuation methods based on discounted cash flows. These discounted cash flows are based on three-year forecasts which build on financial plans approved by the management. The cash flow forecasts take account of past experience and are based on management's best estimations of future developments. Cash flows beyond the planning period are extrapolated without growth rates. Income and expenses resulting from expansion investments were not considered in this case.

In the review for impairment the goodwill acquired in the scope of a business combination is assigned to each cash-generating unit, which is expected to benefit from the synergies of the combination. Impairment of goodwill may not be reversed. If the impairment of the cash-generating unit exceeds the carrying amount of goodwill allocated, the additional amount has to be accounted for by a proportional reduction of the carrying amounts of assets allocated to the cash-generating unit.



Goodwill was determined in the context of business combinations within the segments Renewable Energies and SHAC. Goodwill resulting from previous years is allocated to the cash-generating units “online shop”, “project development” and “production of wind energy”.

The property, plant and equipment and other intangible assets of the Company are subject to an impairment test at least on each balance sheet date to ascertain whether there are any indications of impairment. In the event of such indications, the recoverable amount for the asset is determined in order to calculate the amount of any appropriate impairment charge. If the assets do not generate any cash flows independently of other assets, the recoverable amount for the individual asset value is calculated based on the cash generating unit to which the asset belongs.

If the recoverable amount of an asset (or of a cash-generating unit) is below its carrying amount, the carrying amount is reduced to the recoverable amount. The impairment amount must be recognised in income immediately. If write-ups are required in accordance with IAS 36, they are recognised in income.

The newly established recoverable amount is written up. However, it is not to be written up beyond the amount that would have been its carrying amount if it had not declined in value previously.

Non-current assets or groups of assets that are sold in a single transaction (disposal group) that are classified as held for sale, including any associated debt, are generally carried at the lower of carrying amount and fair value less costs to sell. Assets held for sale are no longer subject to scheduled depreciation.

#### **2.3.16 Inventories**

Inventories are estimated at acquisition and/or manufacturing costs or at lower net sale values. Acquisition costs are generally calculated according to the principle of individual evaluation or according to the average method. Manufacturing costs consist of directly attributable expenses and production related material and factory overheads as well as depreciation. Inventory risks resulting from limited usability or significant storage period are taken into consideration by corresponding allowances.

#### **2.3.17 Provisions**

Provisions are recognised if there is a liability to a third party arising from a past event which is likely to be utilised and if the future expected outflow can be reliably estimated. The amount of provisions for litigation is determined based on the outcome of the dispute as assessed by the Management Board to the best of its knowledge and in line with the facts known at the balance sheet date. Non-current provisions with a remaining term of more than one year are reported at their provisional discounted settlement amount as of the balance sheet date.

#### **2.3.18 Deferred tax assets**

Deferred tax assets and liabilities are calculated in accordance with IAS 12 (“Income Taxes”) for all temporary differences between the tax values of assets, equity and liabilities and the values in the consolidated statement of financial position. Deferred tax assets are recognised to the extent that it is likely that there will be taxable earnings available against which the deductible temporary difference can be applied. The basis for this is the forecast of the taxable earnings, which are derived from the three-year

planning approved by Management. The assessment and measurement of deferred tax assets is examined on each balance sheet date, taking the current estimations into account in accordance with IAS 12.37 and IAS 12.56.

Deferred tax assets on benefits from unused tax loss carry forwards are capitalised to the extent that it can be assumed with sufficient probability that the respective company can generate sufficient taxable income in the future.

Deferred taxes are calculated based on tax rates which are valid at the time of realisation or will apply in future. Deferred taxes are recognised as tax income or expense in the income statement unless they relate to items recognised directly in equity; then deferred taxes are recorded in equity without impact on profit or loss.

Deferred tax assets and liabilities are netted off, if they relate to income taxes collected from the same tax office and the Group intends to settle its current tax assets and liabilities on a net basis.

#### **2.3.19 Other non-financial liabilities**

Other non-financial liabilities encompass tax liabilities, liabilities to employees and other miscellaneous liabilities. At first-time recognition they are reported at the repayment amount, discounted if applicable. Foreign currency liabilities are measured at the exchange rate on the reporting date.

#### **2.3.20 Acquisition of treasury shares**

Treasury shares are recognised as a deduction from equity. In buying back treasury shares, the entire acquisition costs of those treasury shares are deducted as one amount from equity (one-line-adjustment).

#### **2.3.21 Employee participation programme**

The Group grants the Management Board and employees share-based remuneration through equity instruments. Remuneration with equity instruments is measured at fair value at the commitment date. The fair value of the share-based payments using equity instruments at the commitment date is recognised as an expense on a straight-line basis throughout the blocking or vesting period and recognised in capital reserves. This is based on the internal Group estimations of the number of shares which provide entitlement to additional remuneration.

On every balance sheet date, the Group reviews its estimations regarding the number of equity instruments that become non-forfeitable. The effects of any changes of estimations, where such exist, are recognised as profit or loss over the remaining time until the non-forfeiture.

2,635,998 share options were issued under the 2018 stock option plan, 20,000 of which had expired as of the end of the reporting period. The exercise of the option rights is possible after the end of a four-year retention period, within eight years, starting with the day the option was issued. As of 31 December 2019, the share price (base value of the option) was EUR 1.69 per share, significantly above the exercise price of EUR 1.24 per share. The share price volatility derived from historical figures means that the fair value of the option when the share options were issued was EUR 0.198.

At the balance sheet date there is no other employee stock options plan.

### 2.3.22 Comparative figures

Comparative figures are adapted where necessary, to ensure that they are comparable with the current year due to changes in reporting.

### 2.3.23 Fair value measurement

The fair value is defined as the price that would be taken in an orderly transaction between market participants at the measurement date for the sale of an asset or paid to transfer a liability.

The measurement of fair value relates each a specific asset or a specific liability. In determining the fair value, consequently, such characteristics of the asset or the related debt are considered, which a market participant would take into account in pricing the asset or liability at the measurement date. Such features include, among others, the following:

- (a) state and location of the asset and
- (b) sales and use restriction on the asset.

With the aim of increasing the uniformity and comparability in the measurement of fair value and the related information, a design hierarchy is defined (so-called “fair value hierarchy”). This hierarchy divides the inputs used in the valuation techniques used to measure fair value into three levels. As part of the design hierarchy identical assets or liabilities in active markets quoted (not adjusted) prices (input factors at level 1) are given the highest priority, while unobservable inputs receive the lowest priority (input factors at level 3).

Input factors at level 2 are other than quoted market prices mentioned in Level 1 that are either directly observable or indirectly observable for the asset or liability.

### 3 Scope of consolidation

Subsidiaries included in the full consolidation:

Company	Registered office	Country	Share held by 3U HOLDING AG*
010017 Telecom GmbH	Marburg	Germany	100 %
3U ENERGY AG**	Marburg	Germany	99.998 %
3U ENERGY PE GmbH	Berlin	Germany	99.998 %
3U Euro Energy Systems GmbH**	Marburg	Germany	99.996 %
3U TELECOM GmbH	Marburg	Germany	100 %
3U TELECOM GmbH	Vienna	Austria	100 %
Calefa GmbH	Montabaur	Germany	60 %
ClimaLevel Energiesysteme GmbH	Cologne	Germany	75 %
Discount Telecom S&V GmbH	Marburg	Germany	100 %
Exacor GmbH	Marburg	Germany	100 %
fon4U Telecom GmbH	Marburg	Germany	100 %
Immowerker GmbH**	Marburg	Germany	100 %
InnoHubs GmbH	Würzburg	Germany	75 %
LineCall Telecom GmbH	Marburg	Germany	100 %
Märkische Windkraft 110 GmbH & Co. KG**	Berlin	Germany	99.998 %
OneTel Telecommunication GmbH	Marburg	Germany	100 %
PELIA Gebäudesysteme GmbH	Montabaur	Germany	100 %
Repowering Sachsen-Anhalt GmbH	Marburg	Germany	99.998 %
RISIMA Consulting GmbH	Marburg	Germany	100 %
samoba GmbH**	Bad Honnef	Germany	70 %
Selfio GmbH	Bad Honnef	Germany	100 %
Solarpark Adelebsen GmbH**	Adelebsen	Germany	100 %
weclapp SE	Frankfurt am Main	Germany	74.9998 %
Windpark Klostermoor GmbH & Co. Betriebs-KG	Kirchroth	Germany	95.61 %
Windpark Langendorf GmbH & Co. KG	Marburg	Germany	99.998 %
Windpark Langendorf Verwaltungsgesellschaft mbH	Marburg	Germany	99.998 %

\*3U HOLDING AG holds directly or indirectly shares in these companies.

\*\*There are restrictions on loan cancellations and/or distributions due to a patronage or declaration of rescission by the parent company or on the basis of capital service provisions in loan agreements. Please refer to the explanations under Note 6.8.

## Changes to the consolidated group

Compared with 31 December 2018, the changes in the scope of consolidation are as follows.

On 28 February 2019, InnoHubs GmbH was founded with headquarters in Würzburg. The share of 3U HOLDING AG in the company is 75 %. The object of the Company is, in particular, the development and construction of a property in the Würzburg "Skyline Hill" business park as well as the administration, management and leasing of this property. With the acquisition of the land and the associated commencement of the company's business activities, the company is included in the consolidated financial statements as a fully consolidated company.

Due to the start of business operations in 2019, the companies samoba GmbH based in Bad Honnef and Calefa GmbH based in Montabaur were included in the consolidated financial statements as fully consolidated companies from 1 January 2019.

In March 2019, 3U HOLDING AG had acquired 75 % of the shares of Atrium 141. Europäische VV SE with headquarters in Frankfurt. On 15 March 2019, a merger agreement was signed between Atrium 141. Europäische VV SE and weclapp GmbH. On 1 August 2019, the local court of Frankfurt am Main entered the merger of weclapp GmbH into the Societas Europaea (SE) into the commercial register. The company was also renamed weclapp SE. As before, 3U HOLDING AG holds around 75 % of the shares in weclapp SE. Accordingly, the company is included in the consolidated financial statements as a fully consolidated company.

As of 31 December 2019, in addition to 3U HOLDING AG, 26 (31 December 2018: 23) domestic and foreign subsidiaries in which 3U HOLDING AG directly or indirectly holds a majority of voting rights or has the possibility of control are included in the scope of consolidation.

13 subsidiaries (31 December 2018: 15) the influence of which on the Group's net assets, financial position and earnings are of minor significance individually or jointly are not consolidated. These are essentially non-active companies. They are valued at acquisition cost less necessary value adjustments and reported under long-term assets.

## Joint Ventures

Companies consolidated "at-equity":

Company	Registered office	Country	Share held by 3U HOLDING AG*
Spider Telecom GmbH	Marburg	Germany	50 %

\*Shares in this company are held directly by 3U HOLDING AG.

Please refer to the statements under Note 6.1.5.

## Other financial assets

Windkraft Lüdersdorf II GmbH & Co. OHG is a company for the construction and maintenance of the infrastructure of a wind farm project with several operating companies. The company does not carry out any further business activities.

The wind farm companies Windpark Bürgerenergie Ostprignitz-Ruppin 3 GmbH & Co. KG and Windpark Teltow-Fläming 3 GmbH & Co. KG are non-active.

On 29 November 2019, 3U HOLDING AG indirectly acquired more than 40 % of the limited partner shares in Windpark Roge GmbH & Co. Betriebs-KG. The companies will only be included in the consolidated financial statements as fully consolidated companies when the general partner Windpark Roge GmbH is taken over and the management and operation of the wind farm is assumed as of 1 January 2020.

The remaining companies carry out no or no significant business activities. The influence of these companies on the net assets, financial position and earnings of operations of the Group is of minor importance both individually and collectively.

Company	Registered office	Country	Share held by 3U HOLDING AG*	Currency	Shareholders' equity	Earnings for the financial year 2019
3U DYNAMICS GmbH	Marburg	Germany	100 %	EUR	46,834.10	-1,400.60
3U MOBILE GmbH	Marburg	Germany	100 %	EUR	7,553.27	-789.47
ACARA Verwaltung GmbH	Marburg	Germany	100 %	EUR	19,625.05	2,139.00
EEPB Erneuerbare Energien Planungs- und Beratungsgesellschaft mbH	Marburg	Germany	100 %	EUR	57,676.27	-335.88
Märkische Windkraft 89 GmbH & Co. KG	Berlin	Germany	99.998 %	EUR	586.52	-1,913.59
Märkische Windkraft 112 GmbH & Co. KG	Berlin	Germany	99.998 %	EUR	-10,321.76	-1,235.87
Triast GmbH in Liquidation**	Kreuzlingen	Switzerland	100 %	CHF	-1,270.41	-1,839.45
Windkraft Lüdersdorf II GmbH & Co. OHG***	Berlin	Germany	39.992 %	EUR	2,134,966.19	-154,376.34
Windpark DBF GmbH	Marburg	Germany	100 %	EUR	4,181.04	-900.47
Windpark Bürgerenergie Ostprignitz-Ruppin 3 GmbH & Co. KG	Berlin	Germany	9.090 %	EUR	-2,550.26	-1,205.13
Windpark Bürgerenergie Teltow-Fläming 3 GmbH & Co. KG	Berlin	Germany	8.330 %	EUR	-2,376.20	-1,347.57
Windpark Havelland Projekt II GmbH & Co. KG	Berlin	Germany	99.998 %	EUR	-2,992.14	-415.87
Windpark Merzdorfer Heide I GmbH & Co. KG	Berlin	Germany	99.998 %	EUR	-8,517.34	-715.87
Windpark Merzdorfer Heide II GmbH & Co. KG	Berlin	Germany	99.998 %	EUR	-1,401.12	-216.05
Windpark Ruppin Projekt GmbH & Co. KG	Berlin	Germany	99.998 %	EUR	-1,280.94	-245.87
Windpark Ruppin Projekt 2 GmbH & Co. KG	Berlin	Germany	99.998 %	EUR	-614.57	-250.87

\*3U HOLDING AG holds directly or indirectly shares in these companies.

\*\*Financial Statements 2018

\*\*\*Preliminary Financial Statements 2018

## 4 Segment reporting

In accordance with the regulations of IFRS 8, business segments, the segment reporting of 3U HOLDING AG applies the “Management Approach” regarding segment identification.

The information that is regularly made available to the Management Board and Supervisory Board is therefore regarded to be relevant for the segment presentation.

According to internal reporting, 3U covers the segments ITC, Renewable Energies, SHAC and Other Activities/Consolidation within its segment reporting.

The ITC segment comprises the activities Voice Retail, Business Voice and Data Center Services & Operation as well as the development, distribution and operation of cloud based CRM and ERP solutions and the trading of IT licenses.

In the Renewable Energies segment the 3U Group essentially covers the wind power project development and electricity generation with own plants using wind and solar energy.

In addition to the installation of components of air conditioning in buildings, the distribution of products from sanitary, heating and air conditioning systems to wholesalers, craftsmen and self-builders belong to the SHAC segment. This distribution is carried out via the Group's online stores.

Besides the aforementioned segments, the other activities as well as the necessary Group consolidating entries are summarised under Other Activities/Consolidation and shown separately as reconciliation.

Segment reporting follows the intra-segment consolidation, while the inter-segment consolidation occurs on the level of Other Activities/Consolidation.

A detailed description of the segments is available in the combined management report in the business performance presentation.



Segment reporting 2019 1 January - 31 December 2019 (in TEUR)	ITC	Renew- able Energies	SHAC	Subtotal	Other activities	Reconcili- ation	Group
Sales with third parties	13,105	7,220	30,378	50,703	746	0	51,449
Sales with other segments/business areas	957	0	1	958	1,231	-2,189	0
Intercompany sales (intra-segment sales)	1,956	71	17,661	19,688	0	-19,688	0
<b>Total sales</b>	<b>16,018</b>	<b>7,291</b>	<b>48,040</b>	<b>71,349</b>	<b>1,977</b>	<b>-21,877</b>	<b>51,449</b>
Less intercompany sales (intra-segment sales)	-1,956	-71	-17,661	-19,688	0	19,688	0
<b>Segment sales/Group sales</b>	<b>14,062</b>	<b>7,220</b>	<b>30,379</b>	<b>51,661</b>	<b>1,977</b>	<b>-2,189</b>	<b>51,449</b>
Other income	1,425	681	519	2,625	5,769	-362	8,032
Change in inventory	0	-200	48	-152	0	0	-152
Other capitalised services	0	0	0	0	0	85	85
Costs of materials	-5,326	-144	-23,265	-28,735	0	2	-28,733
<b>Gross profit or loss</b>	<b>10,161</b>	<b>7,557</b>	<b>7,681</b>	<b>25,399</b>	<b>7,746</b>	<b>-2,464</b>	<b>30,681</b>
Staff costs	-4,702	-281	-3,956	-8,939	-2,713	0	-11,652
Other operating expense	-2,665	-2,372	-3,815	-8,852	-2,531	2,452	-8,931
<b>EBITDA</b>	<b>2,794</b>	<b>4,904</b>	<b>-90</b>	<b>7,608</b>	<b>2,502</b>	<b>-12</b>	<b>10,098</b>
Depreciation	-707	-2,953	-302	-3,962	-718	80	-4,600
<b>EBIT</b>	<b>2,087</b>	<b>1,951</b>	<b>-392</b>	<b>3,646</b>	<b>1,784</b>	<b>68</b>	<b>5,498</b>
<b>Financial result*</b>	<b>-36</b>	<b>-1,061</b>	<b>-116</b>	<b>-1,213</b>	<b>1,013</b>	<b>-648</b>	<b>-848</b>
Profit/loss of companies recognised at equity	0	0	0	0	6	0	6
Other financial result	-36	-1,061	-116	-1,213	1,007	-648	-854
Income tax	353	-500	-99	-246	0	0	-246
<b>Earnings for the period*</b>	<b>2,404</b>	<b>390</b>	<b>-607</b>	<b>2,187</b>	<b>2,797</b>	<b>-580</b>	<b>4,404</b>
Of which attributable to non-controlling interests	324	5	-17	312	0	0	312
<b>Segment earnings*/Group earnings</b>	<b>2,080</b>	<b>385</b>	<b>-590</b>	<b>1,875</b>	<b>2,797</b>	<b>-580</b>	<b>4,092</b>

\*Before earnings transfer

\*\*As of 31 December 2019, the carrying amounts of companies accounted for using the equity method amounted to TEUR 19 and were allocated to the area other activities.

Segment reporting 2018 1 January – 31 December 2018 (in TEUR)	ITC	Renew- able Energies	SHAC	Subtotal	Other activities	Reconcili- ation	Group
Sales with third parties	14,088	6,220	26,670	46,978	995	0	47,973
Sales with other segments/business areas	690	76	2	768	1,142	-1,910	0
Intercompany sales (intra-segment sales)	2,531	118	15,626	18,275	0	-18,275	0
<b>Total sales</b>	<b>17,309</b>	<b>6,414</b>	<b>42,298</b>	<b>66,021</b>	<b>2,137</b>	<b>-20,185</b>	<b>47,973</b>
Less intercompany sales (intra-segment sales)	-2,531	-118	-15,626	-18,275	0	18,275	0
<b>Segment sales/Group sales</b>	<b>14,778</b>	<b>6,296</b>	<b>26,672</b>	<b>47,746</b>	<b>2,137</b>	<b>-1,910</b>	<b>47,973</b>
Other income	748	819	335	1,902	3,774	-889	4,787
Change in inventory	0	546	7	553	0	0	553
Other capitalised services	22	0	0	22	17	0	39
Costs of materials	-7,863	-906	-20,500	-29,269	0	635	-28,634
<b>Gross profit or loss</b>	<b>7,685</b>	<b>6,755</b>	<b>6,514</b>	<b>20,954</b>	<b>5,928</b>	<b>-2,164</b>	<b>24,718</b>
Staff costs	-3,800	-468	-3,228	-7,496	-2,796	0	-10,292
Other operating expense	-1,981	-2,304	-2,879	-7,164	-2,692	2,147	-7,709
<b>EBITDA</b>	<b>1,904</b>	<b>3,983</b>	<b>407</b>	<b>6,294</b>	<b>440</b>	<b>-17</b>	<b>6,717</b>
Depreciation	-378	-2,772	-101	-3,251	-742	-19	-4,012
<b>EBIT</b>	<b>1,526</b>	<b>1,211</b>	<b>306</b>	<b>3,043</b>	<b>-302</b>	<b>-36</b>	<b>2,705</b>
<b>Financial result*</b>	<b>-30</b>	<b>-1,059</b>	<b>-69</b>	<b>-1,158</b>	<b>1,337</b>	<b>-1,051</b>	<b>-872</b>
Profit/loss of companies recognised at equity	0	0	0	0	1	0	1
Other financial result	-30	-1,059	-69	-1,158	1,336	-1,051	-873
Income tax	556	-137	-99	320	0	0	320
<b>Earnings for the period*</b>	<b>2,052</b>	<b>15</b>	<b>138</b>	<b>2,205</b>	<b>1,035</b>	<b>-1,087</b>	<b>2,153</b>
Of which attributable to non-controlling interests	176	-6	50	220	0	0	220
<b>Segment earnings*/Group earnings</b>	<b>1,876</b>	<b>21</b>	<b>88</b>	<b>1,985</b>	<b>1,035</b>	<b>-1,087</b>	<b>1,933</b>

\*Before earnings transfer

\*\*As of 31 December 2018, the carrying amounts of companies accounted for using the equity method amounted to TEUR 14 and were allocated to the area other activities.

The Management Board of 3U stipulates sales with the intersegment sales, EBITDA and the segment result before earnings transfer as major performance indicators for a segment's business success, since it considers them crucial to a segment's success. Revenues as accounted for under Internal Revenue (intra-segment income) were realised within the same segment. It should be noted that the tax on income – to the extent affiliation relationships with the 3U HOLDING AG exist – are borne by the controlling company, 3U HOLDING AG.

The 3U Group cash flow data were as follows:

<b>Cash flow data 2019 (in TEUR) 1 January–31 December 2019</b>	<b>ITC</b>	<b>Renew- able Energies</b>	<b>SHAC</b>	<b>Other activi- ties/ reconci- liation</b>	<b>Group</b>
Cash flows from operating activities	2,982	4,745	-1,619	-1,427	4,681
Cash flows from investing activities	-347	-1,407	-796	11,720	9,170
Cash flows from financing activities	-1,987	-2,708	2,784	-3,705	-5,616

<b>Cash flow data 2018 (in TEUR) 1 January–31 December 2018</b>	<b>ITC</b>	<b>Renew- able Energies</b>	<b>SHAC</b>	<b>Other activi- ties/ reconci- liation</b>	<b>Group</b>
Cash flows from operating activities	1,588	2,084	-120	-2,957	595
Cash flows from investing activities	-406	-1,383	-75	9,988	8,124
Cash flows from financing activities	-1,428	-1,315	60	-5,473	-8,156

For the purposes of monitoring earnings power and allocating resources between the segments, the Management Board scrutinizes the financial assets allocated to the individual segment. Liquid funds are not allocated to any segment nor to the Other Activities.

3U Group – Assets (in TEUR)	ITC	Renew-able Energies	SHAC	Other activities/ reconcilia- tion	Total	Assets not allocated	Total consolidated assets
Assets as of 31 December 2019	12,745	35,621	9,560	2,001	<b>59,927</b>	20,551	<b>80,478</b>
Assets as of 31 December 2018	10,542	36,540	5,847	9,260	<b>62,189</b>	12,301	<b>74,490</b>

3U Group – Liabilities (in TEUR)	ITC	Renew-able Energies	SHAC	Other activities/ reconcilia- tion	Total	Reconcilia- tion*	Total consolidated liabilities/ shareholder's equity
Liabilities as of 31 December 2019	9,701	46,584	10,297	-32,616	<b>33,966</b>	46,512	<b>80,478</b>
Liabilities as of 31 December 2018	8,241	47,238	5,974	-28,404	<b>33,049</b>	41,441	<b>74,490</b>

\*Shareholder's equity/non-controlling interests

The uniform Group accounting policies and methods of calculation were applied in the segment reporting. Services between segments are subject to adherence of the arm's length principle and therefore group-wide calculated at prices that would be agreed with third parties. Basically, the price comparison method is or was applied for the area Broadband/IP and Group specific effects were added. In the other areas essentially the cost plus method is applied. Administrative services are calculated as cost allocations.

Non-current assets in the amount of TEUR 5 (previous year: TEUR 4) are located abroad in 2019.

(In TEUR)	Depreciation and amortisation		Investments	
	2019	2018	2019	2018
ITC	707	378	348	406
Renewable Energies	2,953	2,772	71	1,031
SHAC	302	101	835	84
Other activities/reconciliation	638	761	1,783	216
<b>Summe</b>	<b>4,600</b>	<b>4,012</b>	<b>3,037</b>	<b>1,737</b>

Investments in the Renewable Energy segment also include the investment in the wind farm Klostermoor (changes in the scope of consolidation).

### Sales of principal services

(In TEUR)	2019	2018
<b>Areas within the ITC segment</b>		
Voice retail	1,952	2,462
Voice business customer	5,026	6,766
Data center services & operation	1,659	1,742
IT services/cloud applications	4,643	3,031
Consulting/IT security/trade with IT licences	782	777
<b>Total ITC segment</b>	<b>14,062</b>	<b>14,778</b>
<b>Areas within the Renewable Energies segment</b>		
Wind	5,186	4,090
Photovoltaic	2,018	2,098
Miscellaneous	16	108
<b>Total Renewable Energies segment</b>	<b>7,220</b>	<b>6,296</b>
<b>Areas within the SHAC segment</b>		
Heating, cooling, ventilation	30,379	26,672
<b>Total SHAC segment</b>	<b>30,379</b>	<b>26,672</b>
<b>Other activities</b>	<b>1,977</b>	<b>2,137</b>
<b>Reconciliation</b>	<b>-2,189</b>	<b>-1,910</b>
<b>Total Group</b>	<b>51,449</b>	<b>47,973</b>

The 3U Group achieved sales in the amount of TEUR 2,416 resp. 4.7 % (previous year: TEUR 3,230 resp. 6.7 %) with the largest customer in the ITC segment in the past year.

During the reporting period the segments recorded intersegment revenues in the following amounts: ITC TEUR 957 (previous year: TEUR 690), Renewable Energies TEUR 0 (previous year: TEUR 76) and SHAC TEUR 1 (previous year: TEUR 2). The intersegment revenues of the Other Activities amounted to TEUR 1,231 (previous year: TEUR 1,142) in consolidation.

## Geographical distribution of revenues

(In TEUR)	2019	2018
<b>ITC</b>	<b>14,062</b>	<b>14,778</b>
Of which domestic	11,657	11,053
Of which foreign	2,405	3,725
<b>Renewable Energies</b>	<b>7,220</b>	<b>6,296</b>
Of which domestic	7,220	6,169
Of which foreign	0	127
<b>SHAC</b>	<b>30,379</b>	<b>26,672</b>
Of which domestic	27,895	24,402
Of which foreign	2,484	2,270

The assignment was for domestic and foreign according to the place of delivery or other service.

Foreign sales were mainly achieved in the countries listed in the following.

(In TEUR)	2019	2018
Austria	1,843	1,738
Switzerland	957	1,161
Belgium	401	1,339
Netherlands	368	285
France	184	85
United States of America	174	45
United Kingdom of Great Britain and Northern Ireland	170	542

## 5 Notes to the consolidated income statement

### 5.1 Revenues

Revenues generated from activities as a provider of telecommunications are reported without sales tax and net of discounts granted. The income is recognised by way of invoicing after performance of telecommunications services. The income from the IT licenses provided or traded is calculated in advance and deferred over the period of performance.

In the Renewable Energies segment, income from energy generation and feed-in is recorded by billing following the provision of the respective service. Revenue generated from the planning and construction of systems for the generation of energy from renewable energy sources is also reported without value-added tax.

In the SHAC segment, sales from the marketing of components from the sanitary, heating and air conditioning sector, as well as other products and after deduction of discounts granted, are reported without VAT. Revenue is recognised through invoicing following the performance of the services.

Proceeds from the installation of heating and air conditioning systems are recognised according to the stage of completion and reported as sales without sales tax. These concern revenues of TEUR 7,111 (previous year: TEUR 6,478) in 2019.

The accumulated costs of the still ongoing construction contracts amounted to TEUR 1,823 (previous year: TEUR 1,471) and the cumulative recognised gains and losses to TEUR 584 (previous year: TEUR 535).

The proceeds from the lease of property are recognised on a monthly basis at the beginning of the month.

The consolidated sales with third parties are comprised of the segments featured in Segment reporting.

## Allocation of revenues

(In TEUR)	2019	2018
<b>Services</b>	<b>8,955</b>	<b>11,334</b>
Telecommunication services/DCS	8,637	10,969
IT services	310	58
Assembling and installation	0	10
Miscellaneous	8	97
<b>Sales of goods</b>	<b>38,373</b>	<b>33,639</b>
Energy and photovoltaic	7,203	6,188
Heating, cooling, ventilation	30,375	26,662
IT licences	782	777
Other products	13	12
<b>Licence fees</b>	<b>4,333</b>	<b>2,973</b>
Licences (cloud applications)	4,333	2,973
<b>Other activities</b>	<b>1,977</b>	<b>2,137</b>
<b>Reconciliation</b>	<b>-2,189</b>	<b>-1,910</b>
<b>Total Group</b>	<b>51,449</b>	<b>47,973</b>



## 5.2 Other income

Other income includes the following items:

(In TEUR)	2019	2018
Income from disposals of assets	5,286	2,603
Earnings from the reduction of value adjustments	979	178
Expense allowances for information pursuant to the Telecommunications Surveillance Ordinance	976	463
Remuneration in kind car use and other non-cash benefits	383	370
Income from the reversal of provisions/provisions with liability characteristics	100	84
Income from other accounting periods	82	140
Insurance compensation	62	93
Difference from initial consolidation	0	232
Other income	164	624
<b>Total</b>	<b>8,032</b>	<b>4,787</b>

The income from the reduction of allowances and expenses from loans previously written off is offset by bad debts and impairment losses on receivables.

The income from asset disposals also includes income from the sale of the properties in Marburg and Montabaur totalling around EUR 5.2 million. Both locations will continue to be used by the 3U Group within the framework of a standard lease (sale and lease-back transactions). The monthly rental payments total TEUR 36. As of 31 December 2019, the leases generally have a remaining minimum term of four months (Montabaur) or three years (Marburg).

## 5.3 Inventory changes

The changes in inventories amounting to TEUR -152 (previous year: TEUR 553) mainly comprise unfinished services from wind farm project development in the Renewable Energies segment as well as finished goods in the SHAC segment.

## 5.4 Own work capitalised

Own work capitalised amounts to TEUR 85 (previous year: TEUR 39). This refers to own work relating to the extending of supply chain activities in the SHAC segment.

## 5.5 Cost of materials

The cost of materials mainly comprises the cost of connection services and network costs as well as the cost of raw materials and merchandise and the cost of purchased services in the renewable energy sector:

(In TEUR)	2019	2018
Cost of goods	21,060	18,257
Connection services	3,500	5,717
Expenses for purchased services	2,575	2,611
Network costs	907	1,149
Expenses in trade of IT licences	602	566
Performances in renewable energies	71	228
Costs of interconnection	18	106
<b>Total</b>	<b>28,733</b>	<b>28,634</b>

## 5.6 Staff costs

Staff costs comprise the following:

(In TEUR)	2019	2018
Salaries and wages	9,785	8,635
Social security contributions	1,714	1,485
Other staff costs	153	172
<b>Total</b>	<b>11,652</b>	<b>10,292</b>

Other staff costs includes expenses relating to the stock option plan 2018 in the amount of TEUR 56 (previous year: TEUR 4)

The average number of employees (basis: head count) was:

Segment	2019	2018
ITC	94	81
Renewable Energies	4	9
SHAC	86	81
Holding	29	29
<b>Total</b>	<b>213</b>	<b>200</b>

In addition to employer contributions to statutory pension insurance, unemployment insurance and health insurance, the social contributions also include expenses for compensation contributions and contributions to the employer's liability insurance association. Expenses for employers' payments to legally required pension schemes amounted to TEUR 739 (previous year: TEUR 661).

## 5.7 Other operating expenses

Other operating expenses include the following items:

(In TEUR)	2019	2018
Maintenance	1,411	1,508
Promotion and hospitality expenses	1,004	1,134
Loss of receivables	989	183
Sales commissions/Brokerage fees	857	139
Premises expenses/rental expenses	730	682
Travel and automobile costs	517	800
Technical consultancy costs	509	317
External services/third party work	379	234
Other consulting costs	338	226
Statements and audit costs	290	206
Incidental costs of monetary transactions	254	237
Telephone/shipping costs	241	172
Insurances	218	325
Supervisory Board remuneration incl. travel expenses	172	144
Expenses for other accounting periods	91	103
Costs of legal advice	82	67
Premiums, fees and donations	66	66
Other taxes	62	115
Value adjustments to receivables	39	180
Severance payments	0	196
Other operating expenses	682	675
<b>Total</b>	<b>8,931</b>	<b>7,709</b>

Other operating expenses include expenses from currency conversions in the amount of TEUR 0 (previous year: TEUR 0).

## 5.8 Depreciation and amortisation

Amortisation of intangible assets and property, plant and equipment amounted to TEUR 3,917 (previous year: TEUR 4,012). Depreciation and amortisation are thus virtually unchanged compared with the previous year.

Depreciation and amortisation also includes the amortisation of rights of use to be recognised under IFRS 16. The rights of use are generally amortised over the shorter of their useful life or the term of the contract. The amortisation of rights of use amounts to TEUR 683 (previous year: TEUR 0).

## 5.9 Income from financial assets

This item relates to current and loan accounts as well as earnings of companies included using the “at equity”-method. The financial result also includes interest expenses from leasing liabilities in the amount of TEUR 77 (previous year: TEUR 0).

(In TEUR)	2019	2018
Interest and similar income	8	34
<b>Interest income</b>	<b>8</b>	<b>34</b>
Interest expenses for loans receivable	-672	-824
Interest expenses for leasing liabilities	-77	0
Other interest and similar expenses	-113	-39
<b>Interest expenses</b>	<b>-862</b>	<b>-863</b>
<b>Profit/loss from companies included using the at-equity-method</b>	<b>6</b>	<b>1</b>
<b>Depreciation on financial assets</b>	<b>0</b>	<b>-44</b>
<b>Total</b>	<b>-848</b>	<b>-872</b>

## 5.10 Income tax expenses

Income taxes include both taxes paid or owed on income and deferred taxes.

(In TEUR)	2019	2018
Current income tax expenses	1,130	134
Deferred taxes	-884	-454
<b>Total</b>	<b>246</b>	<b>-320</b>

3U HOLDING AG and its German subsidiaries are subject to corporation and trade tax. In the business year 2019, income was subject to corporation tax of 15 % plus a 5.5 % solidarity surcharge. Trade tax amounted in Marburg to around 14 % in 2019. The income tax rate for the Group (parent company) is 29.825 % (previous year: 29.825 %).

The tax rate used for foreign companies is 25 % for Austria.

Deferred tax on hedging instruments recognised directly in equity amounted to TEUR 0 (previous year: TEUR 0).

Effective 1 January 2005, 3U HOLDING AG has concluded profit transfer agreements with LineCall Telecom GmbH and fon4U Telecom GmbH. The profit transfer agreements were approved in the Extraordinary General Meeting of 15 November 2005 and registered in the commercial register in December 2005.

Effective 1 January 2007, 3U HOLDING AG, as the controlling company, entered into a control and profit transfer agreement with 3U TELECOM GmbH, 010017 Telecom GmbH and Discount Telecom S & V GmbH. After being approved by the Annual General Meeting, these profit transfer agreements were recorded in the commercial register at the end of 2007.

The profit transfer agreements have been adjusted in accordance with the tax requirements in 2014. The entries in the commercial register were made at the end of 2014.

Effective 1 January 2015, 3U ENERGY AG as the controlling company concluded a control and profit transfer agreement with 3U ENERGY PE GmbH. After approval of the Annual General Meeting of 3U ENERGY AG this profit transfer agreement was entered into the commercial register at the end of 2015.

Effective 1 January 2016, 3U HOLDING AG, as the controlling company, concluded a profit and loss transfer agreement with Selfio GmbH. Following the approval of the Annual General Meeting of 3U HOLDING AG, this profit and loss transfer agreement was entered into the Commercial Register at the end of 2016.

Effective 1 January 2017, 3U HOLDING AG, as the controlling company, concluded a profit and loss transfer agreement with PELIA Gebäudesysteme GmbH. Following the approval of the Annual General Meeting of 3U HOLDING AG, this profit and loss transfer agreement was entered in the commercial register in mid-2017.

In accordance with IAS 12.81, the following overview contains an offsetting and reconciliation of tax expenses resulting from the calculation using German tax rates on earnings before taxes and the actual tax expenses reported in these annual financial statements:

Reconciliation	2019 TEUR	2019 %	2018 TEUR	2018 %
EBT	4,650	100.0	1,833	100.0
Earnings tax rate (29.825 %; previous year: 29.825 %)				
Calculated tax income/expenses	1,387	29.8	547	29.8
Non-deductible expenses/ tax-exempt income	-715	-15.4	59	3.2
Effects of allowance of deferred taxes / Non-inclusion of deferred taxes from loss carry forwards	-1,082	-23.3	-846	-46.2
Use of tax loss carryforwards, in the previous year no recording	-179	-3.8	-66	-3.6
Effect of tax rate differences of foreign tax jurisdiction	0	0.0	0	0.0
Deviations due to different trade tax collection rates	-7	-0.2	2	0.1
Effects from tax rate changes	0	0.0	21	1.1
Aperiodic tax effects	891	19.2	-24	-1.3
Miscellaneous	-49	-1.1	-13	-0.7
<b>Effective tax expenses</b>	<b>246</b>	<b>5.3</b>	<b>-320</b>	<b>-17.5</b>

## 5.11 Earnings per share

Earnings per share are the profit from continuing operations and profit from discontinued operations, which can be allocated to the ordinary shareholders of 3U HOLDING AG, or profit (after tax) divided by the weighted average number of outstanding shares during the financial year.

The calculation of earnings per share is based on the following data:

	2019	2018
<b>Basis of the earnings per share</b> (attributable share of net profits attributable to the shareholders of the parent company in TEUR)	<b>4,092</b>	<b>1,933</b>
<b>Number of ordinary shares issued</b> (ex treasury shares)		
As of 1 January	33,130,376	33,130,376
As of 31 December	34,130,376	33,130,376
Weighted average number of ordinary shares for undiluted earnings	33,163,253	33,130,376
Effect of dilutive potential of ordinary shares:*		
Issuance of 2,379,998 stock options on 6 December 2018	2,372,700	
Issuance of 248,000 stock options in September 2019	76,778	
Issuance of 8,000 stock options in December 2019	263	163,014
Weighted average number of ordinary shares for diluted earnings	35,612,994	33,293,390
<b>Earnings per share, undiluted (in EUR)*</b>	<b>0.12</b>	<b>0.06</b>
<b>Earnings per share, diluted (in EUR)*</b>	<b>0.11</b>	<b>0.06</b>

\*20,000 stock options expired in fiscal year 2019.

## 6 Notes to the consolidated statement of financial position

### 6.1 Non-current assets

The development of individual non-current items and depreciation and impairment for the current financial year are presented separately in the consolidated statement of changes in assets (Appendix to the Notes).

#### 6.1.1 Intangible assets

The carrying amounts of intangible assets are as follows:

(In TEUR)	31 Dec 2019	31 Dec 2018
Concessions, industrial property rights and similar rights and assets and licences to such rights and assets	1,679	1,585
Goodwill	603	603
Advance payments on intangible assets	319	0
<b>Total</b>	<b>2,601</b>	<b>2,188</b>

The acquired intangible assets are valued at cost less accumulated depreciation using the straight method. These relate primarily to usage rights of properties and software licenses for transmission and IT technology. We refer to the depreciation in the income statement. Usage rights for land were amortised over the contractually agreed term.

As part of the acquisition of the cash-generating unit "Online Store" goodwill in the amount of TEUR 170 was determined. This is allocated to the SHAC segment after the restructuring of the segments. It was also in the context of the acquisitions of the Aufwind & ORBIS Havelland GmbH & Co. KG together with Aufwind & ORBIS Havelland Verwaltungs-GmbH (after accretion 3U ENERGY PE GmbH) that goodwill in the amount of TEUR 411 was revealed. The purchase of the Windpark Langendorf GmbH & Co. KG, the general partner GmbH together with the Repowering Sachsen-Anhalt GmbH resulted in goodwill of TEUR 22. All goodwills were allocated to the segment Renewable Energies.

In fiscal 2019, the value in use determined in the context of the impairment tests exceeded the carrying amounts of the cash generating units in all cases so that impairment of the goodwill in fiscal 2019 as well as in previous periods has not been made.

To calculate the value in use the key assumptions in the online shop are based on the growth rates of the past as well as the expected market development. The assumption of sales in project development is based on the offers received in the past for individual wind farm projects as well as on expected sales prices of other project developers and the expected target return of investment funds and infrastructure investors and the average return expectations of wind farm investors derived from this. It is also expected that the necessary approvals for planned wind farm projects are granted. Sales in the wind farm Langendorf were determined on the basis of secured EEG remuneration, an expected remuneration for periods following the termination of the EEG remuneration taking into account the current market value plus an appropriate surplus, as well as an availability of at least 97 %.

In determining the use values as of 31 December 2019, a weighted average cost of capital before tax (WACC) of 8.73 % (previous year: 10.32 %) for the cash-generating unit "Online Shop", 9.53 % (previous year: 6.16 %) for the project development (3U ENERGY



PE GmbH) and 6.58 % (previous year: 6.61 %) for the production of wind energy (Windpark Langendorf GmbH & Co. KG) was used. Growth rates were not included in the cost of capital. Changes in key assumptions may generally have a significant impact on the respective values. Growth rates were not included in the cost of capital. Changes in the central assumptions can generally have a significant influence on the respective values. As part of the sensitivity analysis, changes in the cost of capital as well as changes in the expected feed-in tariff in the context of WP project developments, which have a direct impact on the achievable sales revenues, were assumed. The sensitivity analysis also revealed that the recoverable amount of the cash-generating units exceeds the carrying amount. We also refer to our comments under Note 2.3.15.

### 6.1.2 Fixed assets

Please refer to the consolidated statement of changes in assets for the carrying amounts of property, plant and equipment.

The wind farm Lüdersdorf, which was newly constructed in the 2016 financial year, was mainly reported for under assets held for sale in 2017 and is essentially being included in technical equipment and machinery in the reporting year. The wind turbines of the wind farm Langendorf acquired in the financial year 2014 were reported under technical equipment and machinery. The related thereto property for the electric power transformation substation of the wind farm Langendorf was activated within land and properties. The solar park Adelebsen with all the technical components is reported under plant and machinery, while the land on which the open space system of the solar park was built, is reported under land and properties.

### 6.1.3 Rights of use and leasing liabilities

In accordance with IFRS 16, rights of use under leases amounting to TEUR 3,650 (previous year: TEUR 0) were reported under non-current assets as of 31 December 2019. IFRS 16 was applied for the first time as of 1 January 2019. No rights of use under leases were recognised in the 2018 financial year. In accordance with IFRS 16, the previous year's figures have not been adjusted.

Rights of use were mainly recognised for leases in which the 3U Group as lessee has concluded agreements for vehicle leasing and leasing of technical office equipment as well as rent for buildings and wind farm areas. There are extension options of five years for the wind park areas. There are no other extension or purchase options.

As of 31 December 2019, non-current lease liabilities of TEUR 3,436 (previous year: TEUR 0) and current lease liabilities of TEUR 890 (previous year: TEUR 0) are reported.

In accordance with IFRS 16.6, lease liabilities for short-term leases and for leases for an asset of minor value are not recognised as lease liabilities, but are recognised as current expenses. Expenses for short-term leases amount to TEUR 361 in the 2019 financial year (previous year: TEUR 0). Leases for an asset of minor value resulted in expenses of TEUR 1 in fiscal year 2019 (previous year: TEUR 0).

The expense for variable lease payments not included in the measurement of the lease liability amounts to TEUR 55 in fiscal year 2019 (previous year: TEUR 0).

Cash outflows for leases that were recognised as lease liabilities and those that were not recognised as current leases or as leases for a low-value asset amounted to TEUR 1,114 in fiscal year 2019 (previous year: TEUR 0).

#### 6.1.4 Investment property

Under investment properties basically those investment properties are recognised, which are not operationally or only marginally self-used. This refers to parts of the Adelebsen property as well as, effective August 2018, the property in Linz, which had been used for online trading activities until end of July 2018. Until end of May 2018 this group of properties also included the data center property in Hanover with their non-intrinsically part in operational use. For the commercial property in Adelebsen, only the part on which the open space system of the solar park was built was not reported as investment property. The buildings and other properties are shown under investment properties.

The lease and rental income from investment properties amounted to TEUR 434 in fiscal year 2019 (previous year: TEUR 520). Operating expenses in fiscal year 2019 for the investment properties emerged in the amount of TEUR 74 (previous year: TEUR 95). Thereof TEUR 74 (previous year: TEUR 95) are allotted to leased investment properties and TEUR 0 (previous year: TEUR 0) to real estate which produced no rental income in 2019 resp. 2018.

Investment properties are valued at amortised cost. Details are shown in the development of the Group assets. The fair values of these investment properties as at 31 December 2019 amounted to approx. TEUR 6,850 (previous year: TEUR 6,300). Subsequent acquisition costs in the amount of TEUR 13 (previous year: TEUR 90) were incurred in the year under review.

The fair values (fair value hierarchy Level 3) for the real estate in Adelebsen was determined based on the discounted cash flow method by an independent appraiser (Certified expert for property valuation). The fair value of the Linz property was determined accordingly. Here, the following assumptions were made:

	2019		2018	
	Adelebsen	Linz	Adelebsen	Linz
Land value interest/property yield of	6.15 %	6.00 %	6.16 %	6.00 %
Management costs	20.00 %	15.00 %	20.00 %	15.00 %
Remaining useful life of the building	29 years	33 years	30 years	34 years
Tax-free land value	23.00 EUR/m <sup>2</sup>	90.00 EUR/m <sup>2</sup>	23.00 EUR/m <sup>2</sup>	90.00 EUR/m <sup>2</sup>

#### 6.1.5 Financial assets and other non-current assets

##### Investments accounted for using the equity method

As of 31 December 2019, Spider Telecom GmbH, was accounted for using the equity method. Via Spider Telecom GmbH substantial contributions margins for the telephony network operation are generated. The summarised financial information for this investment is as follows:

**Spider Telecom GmbH**

<b>Spider Telecom GmbH (in TEUR)</b>	<b>31 Dec 2019</b>	<b>31 Dec 2018</b>
Total current assets	112	140
Total non-current assets	0	0
Total current liabilities	68	107
Total non-current liabilities	0	0
Write-offs	0	0
Interest earnings	0	2
Interest expenses	0	0
Taxes	-11	3
Sales	207	332
Profit/loss (-) after taxes	19	8

Cash and cash equivalents in the amount of TEUR 51 (previous year: TEUR 22) are included in current assets. Current liabilities include financial liabilities of TEUR 0 (previous year: TEUR 0). There were no long-term financial liabilities at 31 December 2019 resp. at 31 December 2018.

The balance sheet day of the company is 31 December 2019 resp. 31 December 2018.

Spider Telecom GmbH has concluded a cost allocation agreement with its other shareholders. In the fiscal year an amount of TEUR 155 (previous year: TEUR 157) was settled based on this agreement.

The carrying value of this company accounted for using the equity method developed as follows:

<b>Carrying amount (in TEUR)</b>	<b>2019</b>	<b>2018</b>
<b>As of 1 January</b>	<b>14</b>	<b>13</b>
Dividends received	1	1
Pro rata share of net result for the year	6	1
<b>As of 31 December</b>	<b>19</b>	<b>14*</b>

\*Rounding difference in totals line

No restrictions on the ability of the associated company to transfer financial resources in form of cash dividends, credit or advance repayment to the shareholder apply.

Contingent liabilities or capital commitments do not exist with respect to this company.

**Other financial assets**

Other financial assets include the project shelf companies in the area of wind farm project development as well as other companies whose influence on the net assets, financial position and results of operations of the Group is of minor importance both individually and collectively.

On 29 November 2019, 3U HOLDING AG indirectly acquired more than 40 % of the limited partner shares in Windpark Roge GmbH & Co. Betriebs-KG. Until the takeover of the management and operation of the wind farm on 1 January 2020, the shares are reported under other financial assets.

**Other non-current assets****Loans**

Since 1 January 2015, there is a loan agreement with a term of 48 months and an interest rate of 2.5 %. The loan was secured by transferring ownership of fixed assets and inventories. In the 2017 financial year, the loan book value was adjusted to the value of the collateral by means of a value adjustment of TEUR 486. The book value of the loan as of 31 December 2018 was TEUR 155. In the 2019 financial year, it was fully repaid, most recently with a final payment of EUR 142,500 on 1 December 2019. The already impaired amount of the loan receivable was derecognised from the existing agreement upon receipt of the final payment.

**6.1.6 Financial leasing**

In the 3U Group, finance lease agreements, for which the 3U Group is the lessee, will be accounted for in accordance with IFRS 16 from the 2019 financial year onwards. As of 31 December 2018, there were mainly leasing agreements for IT hardware that is depreciated over a useful life of five years. The net book values of the assets reported as of 31 December 2018 amounted to TEUR 89. The obligations for minimum lease payments from these leasing agreements totalled TEUR 96.

**6.1.7 Operating Leasing**

Operating leases in which the 3U Group is the lessee will be recognised in accordance with IFRS 16 from the 2019 financial year. As of 31 December 2018, the 3U Group had operating lease agreements in which the 3U Group is the lessee, primarily for vehicle leasing and leasing of technical office equipment as well as rent for buildings and wind farm areas. Obligations for minimum lease payments from these leases totalled TEUR 6,013 in the previous year. Expenses from operating leases amounted to TEUR 763 in 2018.

There are renewal options for wind farm areas of five years. There are no additional renewal or purchase options.

As a lessor, the 3U Group concluded real estate leasing agreements. The minimum lease payments from these leases total TEUR 141 (previous year: TEUR 617). TEUR 112 (previous year: TEUR 333) are due within one year, TEUR 29 (previous year: TEUR 284) are due within one to five years and TEUR 0 (previous year: TEUR 0) within more than five years.

## 6.2 Deferred taxes

Deferred taxes are calculated after accounting for temporary differences under the liability method per IAS 12.

3U HOLDING AG utilises the netting option provided for by IAS 12, whereby deferred tax assets and liabilities are reported net if they relate to the same tax authority (for the relevant taxable entity). In the reporting year, deferred tax liabilities were offset against deferred tax assets on loss carry forwards in the amount of TEUR 1,759 (previous year: TEUR 1,235).

The deferred tax assets and liabilities as of the balance sheet date are made up as follows:

Deferred taxes (in TEUR)	31 December 2019		31 December 2018	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Intangible assets	1,740	203	87	198
Property, plant and equipment	437	1,724	457	1,537
Rights of use	0	667	0	0
Inventory	62	243	0	243
Other assets	18	126	53	3
Provisions	42	35	35	20
Liabilities	748	5	2	0
Loss carry forwards	1,734	0	2,262	0
<b>Subtotal</b>	<b>4,781</b>	<b>3,003</b>	<b>2,896</b>	<b>2,001</b>
Netting	-2,110	-2,110	-1,235	-1,235
<b>Total</b>	<b>2,671</b>	<b>893</b>	<b>1,661</b>	<b>766</b>

Under the provisions of local tax law, temporally unlimited loss carry forwards for which no deferred tax assets were reported in the consolidated statement of financial position, amounted to a total of TEUR 19,930 (previous year: TEUR 23,003) for corporation tax and TEUR 25,098 (previous year: TEUR 26,522) for trade tax and primarily relate to the loss carry-forwards from the companies being established or inactive as well as 3U HOLDING AG.

At the balance sheet date there are taxable temporary differences associated with subsidiaries in the amount of TEUR 183 (previous year: TEUR 167) on which no deferred taxes have been accrued, since neither sale nor profit distributions are planned.

Deferred taxes in the amount of TEUR 58 (previous year: TEUR 163) were recognised in the group of companies of 3U ENERGY AG in 2019, whose realisation depends on future taxable earnings that are higher than the earnings effects from the reversal of existing deferred tax liabilities.

### 6.3 Inventories

Inventories consist of the following:

(In TEUR)	31 Dec 2019	31 Dec 2018
Raw materials and supplies	219	339
Work in progress	4,557	4,757
Finished products and goods	3,020	1,894
<b>Total</b>	<b>7,796</b>	<b>6,990</b>

Inventories amounting to TEUR 0 (previous year: TEUR 0) were recognised at the net realizable value. Write-ups have not taken place in 2019 or 2018.

The unfinished services include the wind farm project developments of the Group.

There were no security assignments as at 31 December 2019 and 31 December 2018, respectively.

### 6.4 Trade receivables

Trade receivables consist of the following:

(In TEUR)	31 Dec 2019	31 Dec 2018
Trade receivables before valuation allowances	4,226	5,402
Receivables from production orders	191	281
Valuation allowances	-506	-1,243
<b>Total</b>	<b>3,911</b>	<b>4,440</b>

Trade receivables include receivables from affiliated companies which are not consolidated or companies with which 3U has an associated ownership structure, as follows:

(In TEUR)	31 Dec 2019	31 Dec 2018
Other receivables	178	218
Valuation allowances	-105	-105
<b>Total</b>	<b>73</b>	<b>113</b>

Depending on the age structure of the receivables, uniform valuation allowances are recognised within the Group for the receivables.

Receivables from construction contracts relate to receivables not yet partially billed from planning services and material deployments for custom orders for the installation of heating and cooling systems. Payments thereon were not obtained.

Security deposits for current orders amounted to TEUR 241 as of 31 December 2019 (previous year: TEUR 274).

The Group writes off trade receivables which have been outstanding for more than one year or where a debt collection agency has stated that they are unrecoverable or a default is to be expected with overwhelmingly likelihood. The procedure is supported by past experience which indicates that in principle no payment can be expected if trade receivables have been outstanding for more than one year.

In determining the value of trade receivables, account is taken of every change in creditworthiness from the time the credit period was granted until the balance sheet day. There is no significant concentration of credit risk since the customer base is wide for non-impaired receivables. Accordingly, the Management Board is convinced that no provisions above and beyond the impairment charges already recognised are required.

The impairment charges include individual write-downs on trade receivables amounting to TEUR 506 (previous year: TEUR 1,243) where insolvency proceedings have been instigated against the debtors, respectively which are older than one year. The recognised impairment is the result of the difference between the carrying amount of the receivable and the present value of the anticipated liquidation proceeds.

The carrying amount of trade receivables is the fair value.

The most important financial assets of the Group are bank balances and cash in hand, trade and other receivables. The default risk for the Group mainly results from trade receivables. The amounts of the statement of financial position include the valuation allowance for expected uncollectible receivables based on management experience and the estimations of the current economic environment of the Company. The risk of default for cash and cash equivalents is limited as these are held primarily by banks which have high credit ratings from international rating agencies.

## 6.5 Other current assets and receivables from income tax refunds

Other current assets comprise the following:

(In TEUR)	31 Dec 2019	31 Dec 2018
Receivables from tax refunds	1,259	1,406
Advance payments	405	327
Others	897	991
<b>Total</b>	<b>2,561</b>	<b>2,724</b>

Receivables from income tax refunds in the amount of TEUR 210 (previous year: TEUR 427) are included in receivables from tax refunds.

The carrying amount of other assets is equal the fair value.

Please refer to Note 8.2 for information about default risk.

## 6.6 Cash and cash equivalents

The cash and cash equivalent position contains cash and short term deposits with an original term of three months or less. The carrying amount of these assets is their fair value.

Please refer to Note 8.2 for information about default risk.



## 6.7 Shareholders' equity

### 6.7.1 Issued capital

Since 27 November 2012 the nominal share capital comprises of 35,314,016 no-par value shares with a nominal value of EUR 1.00 per share. The total share capital is fully paid.

The Company has only one class of shares. These do not grant entitlement to a fixed dividend. Each share confers one vote at the Annual General Meeting and is decisive to the share of the shareholders in the Company's profit. An exception are treasury shares held by the Company, from which the Company derive no rights. Details of the rights and duties of the shareholders can be derived from the provisions of the German Stock Corporation Act (Aktiengesetz – AktG) and, in particular, sections 12, 53a fl., 118 fl. and 186 AktG.

### Authorised capital

At the Annual General Meeting on 27 August 2014, the Management Board was authorised, subject to approval by the Supervisory Board, to increase the share capital by up to EUR 7,062,803.00 in return for contributions in cash or in kind on one or more occasions up to 26 August 2019, whereby shareholders' subscription rights may be excluded.

By resolution of the Annual General Meeting on 23 May 2019, the authorised capital 2014 was cancelled when new authorised capital came into effect and new authorised capital 2019 was created in the amount of up to EUR 7,062,803.00 against cash and/or non-cash contributions with the option to exclude subscription rights.

### Contingent capital

The Company has a contingent capital of EUR 3,531,401.00 (previous year: EUR 3,531,401.00). The contingent capital was established to grant subscription rights to members of the Management Board, executives and employees of the Company and the Group. As part of the stock option program 2018, 2,635,998 stock options were issued. As of 31 December 2019, 20,000 of these options were expired. Each option right entitles the bearer to acquiring one share of common stock of the company at a strike price of EUR 1.24. The option rights may be exercised after a lock-up period of eight years beginning on the date of the issuance.

### Reserves

As at 31 December 2019, the Company recognised a capital reserve of TEUR 11,014 (previous year: TEUR 10,349) as well as retained earnings of TEUR -844 (previous year: TEUR -844). Retained earnings developed negatively in connection with the acquisition of non-controlling interests.

The capital reserve in the amount of TEUR 11,014 (previous year: TEUR 10,349) includes the premium over the nominal amount from the issue of shares in 3U HOLDING AG in the amount of TEUR 22,169 (previous year: TEUR 21,499). The stock option program 2018 has led to an increase of the capital reserve in the amount of TEUR 56 (previous year: TEUR 4).

**Treasury shares**

The paid-in capital for treasury shares developed as follows:

(In units)	2019	2018
<b>As of 1 January</b>	<b>2,183,640</b>	<b>2,183,640</b>
Buy back of treasury shares	0	0
Sale of treasury shares	1,000,000	0
<b>As of 31 December</b>	<b>1,183,640</b>	<b>2,183,640</b>

**Dividend payments**

For the 2018 financial year, a dividend of EUR 0.03 per share entitled to profit participation was distributed to a total distribution amount of TEUR 994 (previous year: EUR 0.02, total TEUR 663). For fiscal year 2019, the Management Board and the Supervisory Board propose distributing EUR 0.04 per share entitled to profit participation. The total dividend payment would, according to this proposal, amount to TEUR 1,365.

**6.7.2 Share buyback program**

The Management Board of 3U HOLDING AG decided based on the authorisation granted by the annual general meeting of 31 May 2012 to repurchase up to 10 % of its treasury shares (up to 3,531,401 shares) on the stock exchange during the period from 1 May 2013 until not later than 30 May 2017. The shares were to be used for all purposes according to the authorisation given by the resolution of the Annual General Meeting of 31 May 2012. Within the framework of the share buyback program, which began on 2 May 2013, 2,183,640 shares (previous year: 2,183,640 shares) were repurchased by 30 May 2017 at an average price of almost EUR 0.57; equivalent to 6.18 % of the share capital of EUR 35,314,016.00.

**6.7.3 Employee participation program****2018 stock option plan**

The 2018 stock option plan has the following key elements:

Beneficiaries are:

- Group 1: Members of the Company's Management Board
- Group 2: The Company's authorised representatives and members of the management in affiliated companies in Germany and abroad (Section 15 AktG)
- Group 3: Employees of the company in key positions on the first management tier below the Management Board and other company employees
- Group 4: Employees of German and international affiliated companies (Section 15 AktG) in key positions on the first management tier below the management and other employees of German and international affiliated companies (Section 15 AktG)

Under the 2018 stock option plan, a total of 2,635,998 share options were issued as of 31 December 2019. The distribution to the individual groups is as follows:

Group	Stock options issued	Maximum number of stock options to be issued
Group 1:	499,998	500,000
Group 2:	1,400,000	1,900,000
Group 3:	252,000	350,000
Group 4:	484,000	781,401
<b>Total:</b>	<b>2,635,998</b>	<b>3,531,401</b>

The exercise of the option rights according to the 2018 stock option plan is possible after the end of a four-year retention period, within eight years, starting with the day the option was issued.

The option rights may not be exercised in the period between the tenth day of the last month in a quarter and the day of the subsequent announcement of the (provisional) quarterly results, 1 January of each year and the day of the subsequent announcement of the (provisional) annual results and the tenth day of the month before the announcement of the notification convening the company's Annual General Meeting and the day of the Annual General Meeting. The option rights cannot be transferred.

Each option right grants the right to acquire one share of the company at the exercise price. The exercise price for the option rights corresponds to the average price of the closing prices of the share on the 15 trading days before the creation of the stock option programme on 6 December 2018 of EUR 1.03 plus a premium of 20 % as performance target. The exercise price is thus EUR 1.24 per share.

The beneficiary may sell the shares received by exercising the share options only in compliance with the restrictions imposed by the regulatory framework.

The development of the stock options is as follows:

(In units)	2019	2018
<b>As of 1 January</b>	<b>2,379,998</b>	<b>0</b>
Issued	256,000	2,379,998
Expired	20,000	0
<b>As of 31 December</b>	<b>2,615,998</b>	<b>2,379,998</b>

#### 6.7.4 Non-controlling interests

The non-controlling interests amount to TEUR -696 (previous year: TEUR -1,004).

The capital shares of non-controlling shareholders are distributed across the individual Group companies as follows:

(In TEUR)	31 Dec 2019	31 Dec 2018
ClimaLevel Energiesysteme GmbH	57	57
Calefa GmbH	-33	-
InnoHubs GmbH	5	-
samoba GmbH	-22	-
weclapp SE / 2018: weclapp GmbH	-757	-1,111
Windpark Klostermoor GmbH & Co. Betriebs-KG	54	50
<b>Total</b>	<b>-696</b>	<b>-1,004</b>

For the companies with significant shares of non-controlling interests, the following key financial figures result:

#### ClimaLevel Energiesysteme GmbH

	31 Dec 2019	31 Dec 2018
Share in %	25	25
Sales in TEUR	7,411	7,309
EBITDA in TEUR	402	320
Assets in TEUR	1,895	1,774
Liabilities in TEUR	1,662	1,545
Total cash flow in TEUR	164	-217
Earnings attributable to non-controlling interests	48	50

In financial year 2019, an amount of TEUR 49 (previous year: TEUR 72) was distributed to the non-controlling shareholders. In the previous year an amount of TEUR 5 was transferred to the earnings carried forward.

**weclapp SE / 2018: weclapp GmbH**

	31 Dec 2019	31 Dec 2018
Share in %	25.0002	25.0002
Sales in TEUR	4,645	3,032
EBITDA in TEUR	1,258	807
Assets in TEUR	1,675	644
Liabilities in TEUR	5,899	5,086
Total cash flow in TEUR	203	56
Earnings attributable to non-controlling interests	324	176

**Windpark Klostermoor GmbH & Co. Betriebs-KG**

The shares of the company were acquired in the 2018 financial year.

	31 Dec 2019	31 Dec 2018
Share in %	4.39	4.39
Sales in TEUR (2018: since the initial consolidation)	748	304
EBITDA in TEUR	492	53
Assets in TEUR	1,618	1,367
Liabilities in TEUR	544	411
Total cash flow in TEUR	216	26
Earnings attributable to non-controlling interests	5	-6

## 6.8 Financial liabilities and other long-term liabilities

The non-current financial liabilities refer essentially to long-term banking loans, which were contracted for the financing of properties, solar parks and wind farms.

The loans to finance the Marburg and Montabaur sites were repaid early when the properties were sold. This resulted in prepayment fees in the amount of TEUR 68.

A loan for the Marburg site was valued at TEUR 1,238 as of 31 December 2018. The loan had a term until 30 December 2029 and was secured with mortgages in the amount of EUR 2.25 million.

Two loans, each with TEUR 750, had originally been closed to finance the purchase of the property in Montabaur. The loans had a term until 30 May 2027 and were secured by mortgages in the amount of TEUR 750 each. The loans were valued as of 31 December 2018 at TEUR 479 each.

For the property in Linz am Rhein a loan in the amount of TEUR 300 was obtained and secured by a mortgage of the same amount. The loan was valued at TEUR 8 (previous year: TEUR 32) and used to have a duration until 30 October 2027. In February 2020, the loan was fully repaid under the annual special repayment facility.

In fiscal year 2014, the financing of the solar park Adelebsen was retrieved in the amount of TEUR 14,141. The loan has a term of 18 years and is secured by the assignment of the claim from the power supply through space security of the PV system and limited personal easements by registration in the Land Registry. The loan was valued at 31 December 2019 at TEUR 9,287 (previous year: TEUR 10,131). In the 2016 financial year, financing of the solar park was increased by the addition of a further loan of TEUR 1,000 with the same maturity date. The collateral is secured by the collateral provided for the original loan. The loan is valued at TEUR 733 as of 31 December 2019 (previous year: TEUR 800). As part of this loan a credit in the amount of TEUR 694 (previous year: TEUR 694) was pledged to a debt service reserve account.

Originally, the acquisition of the property in Hanover was financed by a loan in the amount of TEUR 6,000. The loan matured on 1 May 2017 and was valued at TEUR 5,175 as of 31 December 2016. It was secured by land charges in the amount of TEUR 6,000. In addition, the rights and claims under the rental and lease agreements for this property were assigned. In connection with this granting of the loan, there was an obligation to comply with financial covenants; if these ratios are not met, the Bank has the right to request further collateral or to terminate the loan. The credit in the amount of TEUR 1,500, which was pledged as part of the credit line, serves as further collateral. In the 2017 financial year, two bridging loans for the property were completed in the amount of TEUR 4,000. The first interim financing had a term until 31 August 2017. The second interim financing was limited until 29 June 2018. The collateral from the original loan was transferred to the interim financing in each case. In the process of the sale of this property the loan was redeemed as scheduled effective 29 June 2018.

In financial year 2015, the financing for the acquisition of Windpark Langendorf in the amount of TEUR 9,000 was called up. The loan had a term until 30 December 2019 and was valued at TEUR 0 as at 31 December 2019 (previous year: TEUR 1,767). It was secured by the assignment of the entitlement from the electricity feed-in, by the safeguarding of the space of the 15 wind power

plants, by the registration of limited personal easements in the land register and by the registration of a basic debt of TEUR 100. Within the scope of this loan, a cash balance of TEUR 700 (previous year: TEUR 700) was also pledged on a capital service reserve account. Following the full repayment of the loan, the securities were released on 31 December 2019.

For the long-term financing of Windpark Lüdersdorf, a loan agreement was concluded for a total loan amount of EUR 8.9 million. The loan is valued at TEUR 7,591 on 31 December 2019 (previous year: TEUR 8,115) and has a term until 30 June 2034. It is secured by the assignment of the entitlement to electricity supply and the assignment of the wind energy facilities as security for space. Within the framework of this loan also a capital service deposit of TEUR 285 was pledged.

Short-term financial liabilities include the portion of the loan that is due within one year.

In addition, there is a credit line in the amount of EUR 1.5 million, which was utilised as of 31 December 2019 as part of a guarantee facility in the amount of TEUR 570 (previous year: TEUR 797). This credit line is secured by time deposits in the amount of EUR 1.5 million. In 2018, this deposit also served as collateral for the loan for the property in Hanover.

In addition, there is a guarantee credit at the Langendorf wind farm in the amount of TEUR 460, which was fully utilised within the framework of contract performance guarantees. This guarantee credit is secured by the deposit of overnight money in the amount of TEUR 460.

Of the loans payable are due as of 31 December:

(In TEUR)	31 Dec 2019	31 Dec 2018
Within a year	1,443	3,439
Between one and five years	5,738	6,634
After five years	10,439	12,968
<b>Total</b>	<b>17,620</b>	<b>23,041</b>

The loans bear an interest between 2.19 % and 3.63 % p. a.

The short-term financial liabilities also include the loan granted by EEPB Erneuerbare Energien Planungs- und Beratungsgesellschaft mbH in the amount of TEUR 55 in 2016.

Other non-current liabilities also include the non-current portion of obligations under IT license trading (TEUR 1,028, previous year: TEUR 453). In 2019, apart from IT license trading these liabilities also include obligations resulting from the sale of licenses by weclapp SE and weclapp GmbH, respectively.

## 6.9 Other current liabilities and current income tax liabilities

These comprise the following:

(In TEUR)	31 Dec 2019	31 Dec 2018
Purchase price obligation	990	990
Other taxes	560	366
Provisions of a liability nature	139	99
Staff obligations	751	544
Income tax	1,019	153
Other liabilities	2,100	1,929
<b>Total</b>	<b>5,559</b>	<b>4,081</b>

The obligation to pay the purchase price relates to the residual purchase price from the acquisition of the wind farm Langendorf, the obligation to pay a subsequent purchase price adjustment from the acquisition of the wind farm project developments and a subsequent purchase price adjustment from the sale of the wind farm Schlenzer. The maturity requirements in the amount of the amounts reported as of the balance sheet date of 31 December 2019 as well as on 31 December 2018 have not yet been met.

Provisions with a liability character mainly contain obligations from outstanding invoices.



## 6.10 Provisions

Provisions comprise the following:

(In TEUR)	31 Dec 2019 Current	31 Dec 2019 Non-current	31 Dec 2018 Current	31 Dec 2018 Non-current
Restoration obligations	0	1,111	0	1,074
Litigation risks	0	0	8	0
Other	343	0	294	0
<b>Total</b>	<b>343</b>	<b>1,111</b>	<b>302</b>	<b>1,074</b>

The development is presented as follows:

(In TEUR)	As of 1 Jan 2019	Utili- sation	Reversal	Accumu- lation	Allo- cation	As of 31 Dec 2019
Restoration obligations	1,074	0	0	37	0	1,111
Litigation risks	8	0	8	0	0	0
Other	294	213	28	0	290	343
<b>Total</b>	<b>1,376</b>	<b>213</b>	<b>36</b>	<b>37</b>	<b>290</b>	<b>1,454</b>

Provisions for restoration obligations are long-term in nature and were created for the restoration of the original state of various engineering sites and wind farm properties.

Other provisions mainly comprise provisions for year-end costs.

## 6.11 Reporting on financial instruments

Breakdown of carrying amounts according to the measurement categories of IAS 39/IFRS 7.8

2019 (in TEUR)	Loans	Cash and cash equivalents	Trade receivables	Other financial assets	Liabilities
Measurement category acc. to IAS 39	Level 3	Level 3	Level 3	Level 3	Level 2/3
Loans and receivables	0	20,551	3,911	2,613	0
Available-for-sale financial assets	0	0	0	0	0
Financial liabilities that are valued at amortised cost	0	0	0	0	30,600
Financial liabilities that are measured at fair value in the income statement	0	0	0	0	0
Derivative designated as hedging instrument	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>20,551</b>	<b>3,911</b>	<b>2,613</b>	<b>30,600</b>

2018 (in TEUR)	Loans	Cash and cash equivalents	Trade receivables	Other financial assets	Liabilities
Measurement category acc. to IAS 39	Level 3	Level 3	Level 3	Level 3	Level 2/3
Loans and receivables	0	12,301	4,440	2,588	0
Available-for-sale financial assets	0	0	0	0	0
Financial liabilities that are valued at amortised cost	0	0	0	0	30,754
Financial liabilities that are measured at fair value in the income statement	0	0	0	0	0
Derivative designated as hedging instrument	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>12,301</b>	<b>4,440</b>	<b>2,588</b>	<b>30,754</b>

The fair value of cash and cash equivalents, current receivables and liabilities corresponds approximately to the carrying amount. This is primarily due to the short term of instruments of this kind respectively their market rate.

The fair valuations in the balance sheet are classified according to a three-level hierarchy. The hierarchy gives the type and quality of the fair value (market prices). The following levels exist:

- Stage 1: publicly known market prices for the relevant financial instrument (e.g. stock market prices).
- Stage 2: market prices which are not generally accessible and possibly derived from prices for similar financial instruments or underlying assets.
- Stage 3: prices that are not based on market data.

The fair value of interest swaps was determined according to stage 2 as in the previous year. The assessment was based on market data at the measurement date and using generally accepted valuation models. For the fair value measurement of interest rate swaps market observable yield curves and volatilities of active markets were considered.

Liabilities are divided into non-current liabilities amounting to TEUR 20,641 (previous year: TEUR 20,101) and current liabilities of TEUR 9,959 (previous year: TEUR 10,653). The total interest expense/income from financial liabilities that are measured at fair value through profit or loss amounted to TEUR 0 (previous year: TEUR 0) in fiscal year 2019.

Net losses including changes in value adjustments from loans and receivables amounted to TEUR 39 (previous year: TEUR 180).

For financial assets that are neither past due nor impaired, there were no indications of potential impairment as of the balance sheet date.

The maximum default risk of all financial assets results from their book values, for details of this we refer to Notes 6.4 resp. 6.5.

The overdue trade receivables of TEUR 717 (previous year: TEUR 556) that are not impaired are in the amount of TEUR 27 (previous year: TEUR 98) older than twelve months or in the amount of TEUR 138 (previous year: TEUR 14) between six and twelve months old. The other financial assets that are past due and not impaired are in full in 2019 (TEUR 50) and in 2018 (TEUR 32) older than twelve months.

Neither financial liabilities which are measured at amortised cost, nor for financial liabilities that are measured at fair value through profit or loss, occurred net gains/net losses in the reporting year and the previous year.

It is also referred to Note 2.3.13.

There are netting agreements in the ITC segment entitling to offset financial assets and financial liabilities at the time of payment. As at 31 December 2019 financial assets amounting to TEUR 173 (previous year: TEUR 240.4) (amount after netting: TEUR 70/previous year: TEUR 158.2) and financial liabilities of TEUR 196 (previous year: TEUR 239.6) (amount after netting: TEUR 93/previous year: TEUR 157.4), which are subject to a netting agreement and which were not netted as of the balance sheet date.

Pledged collaterals are basically financial liabilities and are explained in Note 6.8.

## 6.12 Contingent liabilities and other financial obligations

As at 31 December the following financial obligations remain:

(In TEUR)	31 Dec 2019	31 Dec 2018
Within one year	66	993
More than one and less than five years	24	2,068
More than five years	0	3,117
<b>Total</b>	<b>90</b>	<b>6,178</b>

The purchase commitments included in other financial obligations amount to TEUR 31 (previous year: TEUR 129).

In the previous year, these obligations included, in particular, the obligations from the long-term property lease agreements which are necessary in the context of the operation of the wind parks. The other financial obligations relate to rental agreements for office space, technical areas, technical equipment and cars from items 6.1.3 and 6.1.7 respectively, insofar as these were not accounted for as rights of use and leasing liabilities in accordance with IFRS 16. The contracts in question have a remaining term of 1 to 10 years.

As in the previous year, a collateral restriction of EUR 1.5 million (collateral deposited) exists for the collateralisation of the Group's own credit line. There are also restrictions on the availability of capital service reserves in connection with the financing of the Adelebsen solar park in the amount of EUR 0.69 million (previous year: EUR 0.69 million), for the Windpark Langendorf in the amount of EUR 0.00 million (previous year: EUR 0.70 million), and for the Windpark Lüdersdorf in the amount of EUR 0.29 million (previous year: EUR 0.29 million). In addition, overnight money in the amount of EUR 0.46 million was deposited as collateral for a guarantee facility at the Langendorf wind farm.

3U HOLDING AG has issued a letter of comfort limited until 31 March 2020 in favour of the not fully consolidated subsidiary 3U MOBILE GmbH. In this letter of comfort, 3U HOLDING AG assumes the unlimited obligation to provide the company with financial resources in such a way that it is in a position at all times and in full to meet its obligations to its creditors on time. The company is not operationally active and there are no external obligations that could represent a significant risk within the scope of the letter of comfort issued.

### 6.13 Legal disputes and contingent liabilities

The operations of 3U Group result in various legal disputes from time to time. With regard to the uncertainty of the outcome of these proceedings, there is in principle the possibility of a negative impact on future operating results. Provisions for unsettled legal disputes totalling TEUR 0 (previous year: TEUR 8) were created for existing legal disputes as at 31 December 2019.

## 7 Notes to the consolidated statement of cash flows

Cash and cash equivalents consist of bank balances and cash in hand.

(In TEUR)	31 Dec 2019	31 Dec 2018
Fixed deposits	1,500	1,500
Bank balances and cash	19,051	10,801
<b>Total cash and cash equivalents</b>	<b>20,551</b>	<b>12,301</b>
Less credit balances deposited as collateral/restricted credit balances	3,089	3,923
<b>Cash and cash equivalents</b>	<b>17,462</b>	<b>8,378</b>

Cash flows are broken down into operating, investment and financing activities. The indirect calculation method was used for the presentation of cash flows from operating activities.

After adjusting for non-cash income and expenses (mainly depreciation) and taking into account the change in working capital, the 3U Group received cash inflows from operating activities of TEUR 4,681 (previous year: inflow of TEUR 595).

The cash flow from investing activities amounts to TEUR 9,170 (previous year: TEUR -8,124) and the cash flow from financing activities amounts to TEUR -5,616 (previous year: TEUR -8,156). Exchange rate-related changes did not occur, as in the previous year.

The restricted cash decreased in connection with the loan repayment for the Lüdersdorf wind farm and the expiration of the collateral subsequent to the sale of the property in Hanover.

All in all, this results in a cash-effective increase in cash funds in the amount of TEUR 9,084 (previous year: increase TEUR 203).

Of the cash and cash equivalents of TEUR 20,551 (previous year: TEUR 12,301) reported at the end of the period, a total of TEUR 3,089 (previous year: TEUR 3,923) is subject to a restriction on disposals. These are openly deducted from the liquid funds, so that the cash and cash equivalents are correspondingly reduced.

The interest income of TEUR 3 (previous year: TEUR 34) received in the 2019 financial year is offset by interest payments of TEUR 860 (previous year: TEUR 864).

Dividends in the amount of EUR 0.03 per share (previous year: EUR 0.02) were paid/distributed to the shareholders of 3U HOLDING AG in the 2019 financial year.

For the sale/purchase of shares in subsidiaries, cash and cash equivalents of TEUR 0 (previous year: TEUR 0) and TEUR 0 (previous year: TEUR 1,337) flowed from the Group. The purchase or sale prices were paid in cash in 2018 or are to be paid in cash at maturity.

As part of the initial consolidation of subsidiaries, cash and cash equivalents amounting to TEUR 15 (previous year: TEUR 0) were consolidated for the first time.

The cash in- and outflows are comprised of the following:

(In TEUR)	Inflow	2019 Outflow	Net	Inflow	2018 Outflow	Net
Acquisition	0	0	0	0	1,337	1,337
Disposition	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,337</b>	<b>1,337</b>

As in the previous year, the deconsolidation of subsidiaries resulted in no change in cash and cash equivalents.

In the process of the acquisition of Windpark Klostermoor GmbH & Co. Betriebs-KG also cash and cash equivalents of TEUR 335 were taken over in 2018.

In 2019, net income taxes in the amount of TEUR 47 were paid (previous year: TEUR 651).

The change in financial liabilities is as follows:

Change in financial liabilities (in TEUR)	31 Dec 2018	Payment affecting changes	Non-cash changes			31 Dec 2019
			Addition acc. to IFRS 16*	Disposal	Disposal group	
Long-term financial liabilities	19,603	-3,426	0	0	0	16,177
Short-term financial liabilities	3,493	-1,950	0	0	0	1,543
Leasing liabilities	96	826	3,404	0	0	4,326
<b>Total debt from financing activities</b>	<b>23,192</b>	<b>-4,550</b>	<b>3,404</b>	<b>0</b>	<b>0</b>	<b>22,046</b>

\*First-time adoption

## 8 Other information

### 8.1 Capital management

The Group manages its capital with the aim of maximising the income of its stakeholders by optimising the ratio of equity to debt. The equity ratio is defined as the target figure. This ensures that all Group companies can operate under the going concern assumption.

As 31 December 2019 and 31 December 2018, balance sheet equity and total assets amounted to:

	31 Dec 2019	31 Dec 2018	Change
Equity in TEUR	46,512	41,441	
Equity in % of total capital	57.79	55.63	+2.16 percentage points
Liabilities in TEUR	33,966	33,049	
Liabilities in % of total capital	42.21	44.37	-2.16 percentage points
<b>Total capital (equity and liabilities) in TEUR</b>	<b>80,478</b>	<b>74,490</b>	

Equity comprises the total capital, the reserves of the Group and the shares of non-controlling shareholders. Liabilities are defined as non-current and current financial liabilities, provisions and other liabilities.



## 8.2 Financial risks

On the basis of its normal business activities, the 3U Group is exposed to only minor interest rate and credit risks, which could have an impact on its net assets, financial position and results of operations. In the context of international business the 3U Group is exposed to currency risks, which may have a corresponding impact. Where necessary, it also uses derivative financial instruments to manage these risks. In principle, however, only those risks are addressed that have an impact on the cash flow of the Group. Derivative financial instruments are used exclusively as hedging instruments.

The following sections examine the individual risks and risk management.

### Foreign currency risk

Foreign currency risks exist, in particular, if receivables, liabilities, cash and cash equivalents and planned transactions exist or occur in a currency other than the Company's local currency.

The 3U Group primarily conducts its business operations in Germany and invoices in EUR. Trade payables in foreign currency have scarcely any importance for the Group, so principally there is only a small foreign currency risk. There is a policy to hedge the risks, for example by forward contracts. It stipulates that these transactions are congruent concerning currencies and time.

As at 31 December 2019 there were no forward exchange contracts active.

The carrying amount of the Group's monetary assets and liabilities denominated in foreign currency as at 31 December 2019 is connected to the activities of the ITC segment and is as follows:

Assets:	TEUR 2	(previous year: TEUR 8)
Debt:	TEUR 0	(previous year: TEUR 0)

### Default risk

3U is exposed to a credit risk to the effect that assets could be impaired if counterparties fail to comply with their obligations. To minimise credit risk, transactions are only concluded with debtors of undoubted creditworthiness and only up to a maximum of a preset risk limit.

Default risks are in line with the normal market risks and appropriate valuation allowances are made. The Group is not exposed to any major credit risk from one counterparty or a group of counterparties with similar characteristics. The Group defines counterparties as having similar characteristics if related companies are involved.

The differing rates by which overdue receivables are written down are primarily dependent on how long they have been outstanding and the degree of success in recovering them. Experience has shown that receivables that are outstanding for more than 365 days are irrecoverable and they are written off.

**Liquidity/new financing risk**

The liquidity risk of the 3U Group basically consists of the fact that the Group may not be able to meet its financial obligations. In 2019, the Group's liquidity reserves developed significantly positive. The repayment of loans in the course of scheduled redemptions was more than compensated by the positive course of business and cash inflow from the disposal of non-current assets. Financial planning tools are used across the Group to monitor and manage liquidity. The planning horizon extends to one year.

The Group can use credit lines. As guarantee credit, TEUR 1,030 (previous year: TEUR 797) were utilised as part of bank guarantees on the balance sheet date.

3U expects to be able to meet its other obligations from operating cash flows and from the inflow of maturing financial assets. Furthermore, 3U assumes that the current debt to equity ratio will remain largely constant.

**Interest rate risk**

Fixed interest rates have predominantly been agreed for 3U's interest-bearing liabilities.

Sensitivity analyses in the sense of the IFRS 7.40 were waived.

The risk of rising interest rates from bank loans is monitored in a timely manner.

### 8.3 Related parties

As part of normal business activities, 3U HOLDING AG and its subsidiaries maintain business relationships with joint ventures which are considered related companies of the Group. These are Spider Telecom GmbH. These transactions relate exclusively to supply and service relationships with these related companies. They were carried out at conditions that are contractually agreed between the Group companies and are in line with market conditions. The cost-plus method was applied.

Current receivables with these companies as at 31 December 2019 amounted to TEUR 12 (previous year: TEUR 15) and current liabilities to amount of TEUR 20 (previous year: TEUR 26). At 3U HOLDING AG there were current receivables on these companies amounting to TEUR 1 (previous year: TEUR 1) and current liabilities of TEUR 0 (previous year: TEUR 0).

Income of TEUR 64 (previous year: TEUR 161) and expenses in the amount of TEUR 205 (previous year: TEUR 296) result from these transactions at subsidiaries of 3U HOLDING AG in fiscal year 2019. This income amounted to TEUR 8 (previous year: TEUR 9) and expenses of TEUR 0 (previous year: TEUR 0) at 3U HOLDING AG.

Business with other related parties relate primarily to supply and service relationships that were made on commercial terms and consulting services provided at market rates. These transactions were carried out with related parties/companies of companies/managers of subsidiaries. In fiscal year 2019 there was income of TEUR 9 (previous year: TEUR 2) and expenses of TEUR 100 (previous year: TEUR 43). As at 31 December 2019 there were current loans amounting to TEUR 0 (previous year: TEUR 0) and current debt of TEUR 0 (previous year: TEUR 0).

Other business with related parties was made only to an insignificant extent, and on market conditions.

3U HOLDING AG has issued a temporary comfort letter for the benefit of the non-fully consolidated subsidiary 3U MOBILE GmbH, until 31 March 2020 respectively.

3U HOLDING AG received a short-term loan of TEUR 55 (previous year: TEUR 55) from EEPB Erneuerbare Energien Planungs- und Beratungsgesellschaft mbH.

In addition, as of 31 December 2017 there were receivables from a shareholder/director of a subsidiary amounting to TEUR 22. This receivable was fully settled in the 2018 financial year.

The following persons were appointed members of the Management Board of the Company in the reporting year:

Michael Schmidt	Lahntal Speaker of the Management Board of 3U HOLDING AG
Andreas Odenbreit	Marburg Board Member of 3U HOLDING AG Member of the Supervisory Board of 3U ENERGY AG Member of the Supervisory Board of weclapp SE, Frankfurt am Main
Christoph Hellrung	Hattingen Board Member of 3U HOLDING AG Member of the Supervisory Board of Atrium 141. Europäische VV SE, Frankfurt am Main

Total remuneration of the Management Board granted in 2019 amounted to TEUR 873 (previous year: TEUR 841).

Included in the variable remuneration for 2019 are 33.33 % resp. 100 % of the maximum possible variable remuneration for 2019 of TEUR 300 (Michael Schmidt), TEUR 50 (Andreas Odenbreit) and TEUR 50 (Christoph Hellrung), respectively.

Name	Fixed remuneration* (in TEUR)		Variable remuneration (in TEUR)		Total remuneration (in TEUR)	
	2019	2018	2019	2018	2019	2018
Michael Schmidt (Speaker of the Management Board)	326	308	100	100	426	408
Andreas Odenbreit	171	171	50	43	221	214
Christoph Hellrung	176	176	50	43	226	219
<b>Total</b>	<b>673</b>	<b>655</b>	<b>200**</b>	<b>186***</b>	<b>873</b>	<b>841</b>

\*Fixed remuneration including fringe benefits

\*\*In the amount of TEUR 75 already paid in 2019, the balance of TEUR 125 is due short-term.

\*\*\*In the amount of TEUR 75 already paid in 2018, a residual amount of TEUR 111 was due in the short-term as of 31 December 2018.

In the 2019 financial year, no stock options were issued to the Members of the Management Board. In the previous year, 499,998 stock options were issued.

Name	Function	Stock options
Michael Schmidt	Speaker of the Management Board	166,666 pieces
Andreas Odenbreit	Management Board	166,666 pieces
Christoph Hellrung	Management Board	166,666 pieces

All remuneration for Management Board activities at 3U HOLDING AG are paid for the time as Member of the Board of 3U HOLDING AG. The subsidiaries have not paid any remuneration.

Until 8 June 2018 there was a non-interest-bearing loan receivable against the Board member Michael Schmidt in the amount of TEUR 17 which was limited until 31 December 2018. This loan was redeemed in full on 8 June 2018. In addition, Management Board member Michael Schmidt purchased goods worth TEUR 9 from subsidiaries at normal market conditions in the 2019 financial year.

Shares held by the Management Board and the Supervisory Board as of 31 December 2019:

Name	Function	Number of shares	Stock options	
			Number	Value in EUR*
Michael Schmidt	Speaker of the Management Board	8,999,995	166,666	32,950
Andreas Odenbreit	Member of the Management Board	20,500	166,666	32,950
Christoph Hellrung	Member of the Management Board	0	166,666	32,950
Ralf Thoenes	Chairman of the Supervisory Board	25,000	0	0
Stefan Thies	Deputy Chairman of the Supervisory Board	33,084	0	0
Jürgen Beck-Bazlen	Member of the Supervisory Board	1,379,000	0	0

\*Value when granted

Stock options can only be exercised after the expiration of a lock-up period (vesting period). Their value is distributed over the duration of the vesting period and accounted for as expense in the respective reporting period.

In the 2019 financial year, TEUR 56 (previous year: TEUR 4) were recognised as personnel expense relating to the stock options issued to members of the Management Board, executives and employees. Arithmetically, TEUR 11 (previous year: TEUR 1) related to stock options issued to the members of the Management Board.

In the reporting year as well as in the previous year, the following persons were members of the Supervisory Board:

Ralf Thoenes	Düsseldorf Lawyer in the partnership Altenburger in Düsseldorf Chairman of the Supervisory Board of 3U HOLDING AG Other Supervisory Board or Advisory Board mandates: Chairman of the Supervisory Board of 3U ENERGY AG, Marburg; Chairman of the Supervisory Board of weclapp SE, Frankfurt am Main
Stefan Thies	Heinsberg Diploma in business administration and tax consultant in Thies & Thies Steuerberatungsgesellschaft Deputy Chairman of the Supervisory Board of 3U HOLDING AG
Jürgen Beck-Bazlen	Ostfildern Construction physicist, employed in EGS-plan Ingenieurgesellschaft für Energie-, Gebäude- und Solartechnik mbH Member of the Supervisory Board of 3U HOLDING AG Other Supervisory Board or Advisory Board mandates: Member of the Supervisory Board of Sanierungs- und Entwicklungsgesellschaft Ostfildern mbH, Ostfildern, until 24 July 2019

Supervisory Board compensation for 2019 amounted to TEUR 158 (previous year: TEUR 130). For 2019, a performance-related remuneration in the amount of TEUR 90 (previous year: TEUR 54) was deferred.

Name	Fixed remuneration in TEUR		Attendance-fee in TEUR		Performance related remuneration in TEUR		Total remuneration in TEUR	
	2019	2018	2019	2018	2019	2018	2019	2018
Ralf Thoenes (Chairman)	10	10	15	18	40	24	65	52
Stefan Thies (Deputy Chairman)	8	8	15	18	30	18	53	43*
Jürgen Beck-Bazlen	5	5	15	18	20	12	40	35
<b>Total*</b>	<b>23</b>	<b>23</b>	<b>45</b>	<b>53*</b>	<b>90</b>	<b>54</b>	<b>158</b>	<b>130*</b>

\*Due to rounding differences in the totals line and the Total Remuneration column

In addition, the members of the Supervisory Board receive a reimbursement of their travel expenses and other expenses. In the 2019 financial year, Mr Thoenes received an amount of TEUR 2.3 (previous year: TEUR 2.3), Mr Thies an amount of TEUR 0.7 (previous year: TEUR 1.0) and Mr Beck-Bazlen an amount of TEUR 0.7 (previous year: TEUR 1.5) reimbursements for their expenses. Mr Thoenes also received meeting fees and reimbursement of expenses for his work on the Supervisory Board of 3U ENERGY AG in the amount of TEUR 6 (previous year: TEUR 6).

The law firm Altenburger Rechtsanwälte, of which the chairman of the Supervisory Board, Mr Thoenes, is a partner received a total of TEUR 1.0 (previous year: TEUR 10.2) plus value added tax in the 2019 financial year for its consulting services and reimbursement of expenses for the 3U Group. These were provided to weclapp SE. In the previous year they were rendered to 3U ENERGY AG in the amount of TEUR 5.2, to 3U TELECOM GmbH in the amount of TEUR 4.6 and to 3U Euro Energy Systems GmbH in the amount of TEUR 0.4.

The principles of the compensation system for the Management Board and Supervisory Board are presented in the remuneration report in the combined management report.

## 8.4 Events after the reporting period

On 11 March 2020, 3U HOLDING AG acquired a 24,000 sqm site for the construction of a new distribution centre in the A61 industrial park in Koblenz. The purchase price of the land amounts to around EUR 1 million. The total investment for the land and build-ings is expected to amount to around EUR 11 million. It is intended to finance the investment mainly through a long-term loan.

## 8.5 Auditor's Fees

The fees including additional expenses for the auditor Ebner Stolz GmbH & Co. KG, Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft in the financial year 2019 are (previous year):

Annual audit services	TEUR 205*	(previous year: TEUR 205*)
Other certification services	TEUR 0	(previous year: TEUR 0)
Tax consulting services	TEUR 0	(previous year: TEUR 0)
Other services	TEUR 31	(previous year: TEUR 0)
Total	TEUR 236	(previous year: TEUR 205)

\* Including recalculations for previous years in the amount of TEUR 0 (previous year: TEUR 0)

## 8.6 Declaration on the Corporate Governance Code in accordance with Article 161 AktG

Management Board and Supervisory Board of 3U HOLDING AG have submitted the declarations prescribed by Article 161 of the German Stock Corporation Act (AktG) and have made them permanently available ([www.3u.net](http://www.3u.net)).

## 8.7 Information in accordance with Article 160 (1) No. 8 AktG

In accordance with Article 21, Section 1 of the WpHG (German Securities Trading Act), by way of a letter dated 28 November 2012, Michael Schmidt, Lahntal, notified the Company that his voting rights of 3U HOLDING AG, Marburg, Germany, exceeded the threshold of 25 % of the voting rights on 27 November 2012 and amounted to 25.49 % (this corresponds to 8,999,995 voting rights) that day.

On 4 February 2015, Mr Jürgen Beck-Bazlen, Ostfildern, has informed us according to Article 21, Section 1 of the WpHG that via shares his voting rights on 3U HOLDING AG, Marburg, Germany, have exceeded the 3 % threshold of the voting rights on 2 February 2015 and on that day amounted to 3.028 % (this corresponds to 1,069,418 voting rights).

3U HOLDING AG issued a notification in accordance with Article 40 Section 1 Clause 2 of the WpHG that its share of voting rights in treasury shares fell below the threshold of 5 % on 19 December 2019 and amounted to 3.352 % (corresponding to 1,183,640 voting rights) on that date.

### Additional information

The following companies owned by 3U HOLDING AG are making use of the exemptions permitted in Article 264 (3) HGB:

- 010017 Telecom GmbH, Marburg
- 3U TELECOM GmbH, Marburg
- Discount Telecom S&V GmbH, Marburg
- fon4U Telecom GmbH, Marburg
- LineCall Telecom GmbH, Marburg
- OneTel Telecommunication GmbH, Marburg

3U HOLDING AG is the supreme, dominant company of the 3U Group.



### Date of approval of the financial statements for publication

The Management Board of 3U HOLDING AG approved the consolidated financial statements to be forwarded to the Supervisory Board on 19 March 2019. The Supervisory Board is responsible for examining the consolidated financial statements and for declaring that it approves the consolidated financial statements. After publication, the financial statements cannot be altered.

Marburg, 19 March 2019

The Management Board

A blue ink signature, appearing to be 'MS', written in a cursive style.

Michael Schmidt

A blue ink signature, appearing to be 'CH', written in a cursive style.

Christoph Hellrung

A blue ink signature, appearing to be 'AO', written in a cursive style.

Andreas Odenbreit

## Appendix to the Notes: Development of fixed assets 2019

3U Group (in TEUR)	Historical acquisition and production cost						As of 31 December 2019
	As of 1 January 2019	Additions	Reclassi- fications	Disposal	Additions disposal group	Changes in the basis of con- solidation	
<b>I. Intangible assets</b>							
1. Purchased concessions, industrial property rights and similar rights and assets and licences to such rights and assets	6,338	625	0	0	0	0	6,963
2. Customer base	331	0	0	0	0	0	331
3. Goodwill	616	0	0	0	0	0	616
<b>Total intangible assets</b>	<b>7,285</b>	<b>625</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7,910</b>
<b>II. Property, plant and equipment</b>							
1. Land and buildings including buildings on third party land	12,649	1,625	0	10,036	0	0	4,238
2. Technical equipment and machines	47,052	219	0	202	-10	0	47,059
3. Other equipment, plant and office equipment	3,199	268	0	59	0	0	3,408
4. Constructions in progress	244	297	0	232	0	0	309
<b>Total property, plant and equipment</b>	<b>63,144</b>	<b>2,409</b>	<b>0</b>	<b>10,529</b>	<b>-10</b>	<b>0</b>	<b>55,014</b>
<b>III. Rights of use</b>							
Rights of use from leasing contracts*	3,404	929	0	0	0	0	4,333
<b>Total rights of use</b>	<b>3,404</b>	<b>929</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,333</b>
<b>III. Investment properties</b>							
Held as investment properties	5,084	3	0	0	10	0	5,097
<b>Total investment properties</b>	<b>5,084</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>10</b>	<b>0</b>	<b>5,097</b>
<b>Total fixed assets</b>	<b>78,917</b>	<b>3,966</b>	<b>0</b>	<b>10,529</b>	<b>0</b>	<b>0</b>	<b>72,354</b>

Numbers are rounded. Rounding differences may arise in the summation.

\*Addition on 1 January 2019 as a part of the first-time adoption of IFRS 16

		Accumulated depreciation						Carrying amounts	
	As of 1 January 2019	Additions	Reclasi- fications	Disposals	Additions disposal group	Changes in the basis of con- solidation	As of 31 December 2019	As of 31 December 2019	As of 31 December 2018
	4,753	212	0	0	0	0	4,965	1,998	1,585
	331	0	0	0	0	0	331	0	0
	13	0	0	0	0	0	13	603	603
	<b>5,097</b>	<b>212</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,309</b>	<b>2,601</b>	<b>2,188</b>
	2,792	283	0	2,942	0	0	133	4,105	9,857
	18,292	2,980	-4	107	0	0	21,161	25,898	28,760
	2,396	262	0	45	0	0	2,613	795	803
	0	0	0	0	0	0	0	309	244
	<b>23,480</b>	<b>3,525</b>	<b>-4</b>	<b>3,094</b>	<b>0</b>	<b>0</b>	<b>23,907</b>	<b>31,107</b>	<b>39,664</b>
	0	683	0	0	0	0	683	3,650	0
	<b>0</b>	<b>683</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>683</b>	<b>3,650</b>	<b>0</b>
	976	180	4	0	0	0	1,160	3,937	4,108
	<b>976</b>	<b>180</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,160</b>	<b>3,937</b>	<b>4,108</b>
	<b>29,553</b>	<b>4,600</b>	<b>0</b>	<b>3,094</b>	<b>0</b>	<b>0</b>	<b>31,059</b>	<b>41,295</b>	<b>45,960</b>

## Appendix to the Notes: Development of fixed assets 2018

3U Group (in TEUR)	Historical acquisition and production cost						As of 31 December 2018
	As of 1 January 2018	Additions	Reclassi- fications	Disposal	Additions disposal group	Changes in the basis of con- solidation	
<b>I. Intangible assets</b>							
1. Purchased concessions, industrial property rights and similar rights and assets and licences to such rights and assets	5,536	128	-29	0	703	0	6,338
2. Customer base	331	0	0	0	0	0	331
3. Goodwill	616	0	0	0	0	0	616
<b>Total intangible assets</b>	<b>6,483</b>	<b>128</b>	<b>-29</b>	<b>0</b>	<b>703</b>	<b>0</b>	<b>7,285</b>
<b>II. Property, plant and equipment</b>							
1. Land and buildings including buildings on third party land	17,434	46	-670	4,200	0	39	12,649
2. Technical equipment and machines	36,256	227	317	25	9,331	946	47,052
3. Other equipment, plant and office equipment	2,968	250	0	19	0	0	3,199
4. Constructions in progress	520	11	-287	0	0	0	244
<b>Total property, plant and equipment</b>	<b>57,178</b>	<b>534</b>	<b>-640</b>	<b>4,244</b>	<b>9,331</b>	<b>985</b>	<b>63,144</b>
<b>III. Investment properties</b>							
Held as investment properties	8,579	90	670	4,255	0	0	5,084
<b>Total investment properties</b>	<b>8,579</b>	<b>90</b>	<b>670</b>	<b>4,255</b>	<b>0</b>	<b>0</b>	<b>5,084</b>
<b>Total fixed assets</b>	<b>72,240</b>	<b>752</b>	<b>1</b>	<b>8,499</b>	<b>10,034</b>	<b>985</b>	<b>75,513</b>

Numbers are rounded. Rounding differences may arise in the summation.

	As of 1 January 2018	Additions	Accumulated depreciation				As of 31 December 2018	Carrying amounts	
			Reclassi- fications	Disposals	Additions disposal group	Changes in the basis of con- solidation		As of 31 December 2018	As of 31 December 2017
	4,516	202	-2	1	38	0	4,753	1,585	1,020
	331	0	0	0	0	0	331	0	0
	13	0	0	0	0	0	13	603	603
	<b>4,860</b>	<b>202</b>	<b>-2</b>	<b>1</b>	<b>38</b>	<b>0</b>	<b>5,097</b>	<b>2,188</b>	<b>1,623</b>
	2,802	392	0	402	0	0	2,792	9,857	14,632
	14,842	2,954	2	15	498	11	18,292	28,760	21,414
	2,163	246	0	13	0	0	2,396	803	805
	79	0	-79	0	0	0	0	244	441
	<b>19,886</b>	<b>3,592</b>	<b>-77</b>	<b>430</b>	<b>498</b>	<b>11</b>	<b>23,480</b>	<b>39,664</b>	<b>37,292</b>
	1,117	218	79	438	0	0	976	4,108	7,462
	<b>1,117</b>	<b>218</b>	<b>79</b>	<b>438</b>	<b>0</b>	<b>0</b>	<b>976</b>	<b>4,108</b>	<b>7,462</b>
	<b>25,863</b>	<b>4,012</b>	<b>0</b>	<b>869</b>	<b>536</b>	<b>11</b>	<b>29,553</b>	<b>45,960</b>	<b>46,377</b>

# 188 Independent Auditor's Report\*

## To 3U Holding AG, Marburg

### Note on the audit of the consolidated financial statements and the combined management report

#### Audit opinions

We have audited the consolidated financial statements of 3U Holding AG, Marburg, and its subsidiaries (the Group), comprising the consolidated balance sheet as of 31 December 2019, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the financial year from 1 January to 31 December 2019 and the notes to the consolidated financial statements, including a summary of significant accounting policies. We have also audited the combined management report of 3U Holding AG, Marburg, for the financial year from 1 January to 31 December 2019. In accordance with German legal requirements, we have not audited the content of the components of the combined management report listed under "Other information".

In our opinion, based on the findings of our audit

- the accompanying consolidated financial statements comply in all material respects with IFRSs as adopted by the EU and the additional requirements of German law pursuant to Section 315e (1) HGB and give a true and fair view of the net assets and financial position of the Group as of 31 December 2019 and of its results of operations for the fiscal year from 1 January to 31 December 2019 in accordance with these requirements; and
- overall, the attached combined management report provides a suitable understanding 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 suitably presents the opportunities and risks of future development. Our opinion on the combined management report does not extend to the above-mentioned unaudited parts of the combined management report.

Pursuant to § 322 (3) sentence 1 HGB, we declare that our audit has not led to any objections to the correctness of the consolidated financial statements and the combined management report.

#### Basis for the audit opinions

We conducted our audit of the consolidated financial statements and the combined management report in accordance with § 317 HGB and the EU Auditing Regulation (No. 537/2014; hereinafter "EU-APrVO") and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Our responsibility under these rules and principles is described in more detail in the section "Responsibility of the auditor for the audit of the consolidated financial statements and the combined management report" in our audit opinion. We are independent from the group companies in accordance with European law and German commercial and pro-

fessional regulations and have fulfilled our other German professional duties in accordance with these requirements. In addition, we declare in accordance with Article 10 (2) (f) EU-APrVO that we have not performed any prohibited non-audit services pursuant to Article 5 (1) EU-APrVO. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements and the combined management report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements and the combined management report.

#### Audit matters of particular importance in the audit of the consolidated financial statements

Matters of particular importance are those matters which in our opinion, based on our professional judgment, are the most significant matters arising from our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2019. These matters were considered in the context of our audit of the consolidated financial statements as a whole and in forming our audit opinion thereon; we do not express a separate opinion on these matters.

In the following, we present the audit issues that we consider to be particularly important:

1. recoverability of goodwill
2. sale of land

Re 1) Impairment of goodwill

a) Risk to the financial statements

As of the balance sheet date, the consolidated balance sheet shows goodwill with a total carrying amount of TEUR 603.

Information provided by the company on goodwill is provided in sections "2.3.7 Goodwill" and "6.1.1 Intangible assets" of the notes to the consolidated financial statements.

In accordance with IAS 36.90, cash-generating units to which goodwill has been allocated are subject to an impairment test at least once a year.

This test involves the use of complex valuation models based on expectations about the future development of the respective operating business and the resulting cash flows. Furthermore, the valuation is largely dependent on the discount rates used. The result of the impairment test

\*The following is the unauthorised English translation of the German language Auditor's Report which is the only legally binding document. The translation is being provided for convenience purposes only.

is therefore subject to the significant influence of discretionary values. Against this background, we considered these matters to be of particular importance in the context of our audit.

#### b) Auditing procedure and conclusions

Within the scope of our audit, we have reconciled the applied method of conducting the impairment test with the requirements of IAS 36. In our audit, we have, among other things, reconstructed the methodological procedure for carrying out the impairment test and assessed the determination of the weighted cost of capital used for discounting. We have made the plans on which the impairment tests are based plausible. We also assessed the company's adherence to planning on the basis of an analysis of past deviations from planning. To ensure the mathematical accuracy of the valuations, we carried out random checks. We validated the client's calculation results on the basis of supplementary analyses, including sensitivity analyses.

The assumptions applied by the legal representatives in the review of the value of the goodwill are appropriate, taking into account the available information according to the results of our audit.

### Re 2) Sale of land

#### a) Risk to the financial statements

In the 2019 financial year, 3U Holding AG, Marburg, concluded a notarised purchase agreement with Sparkasse Marburg-Biedenkopf A.d.ö.R. dated 13 August 2019 for its properties (including buildings) in Marburg. Benefits and encumbrances will be transferred to the purchaser from the date of full payment of the purchase price, but not before 1 November 2019.

In addition, 3U Holding AG, Marburg, concluded a notarised purchase agreement with Bettwaren Sten-debach & Co. in the 2019 financial year dated 9 May 2019 for its land (including buildings) in Montabaur. Benefits and encumbrances will be transferred to the buyer from the date of full payment of the purchase price, but not before 1 July 2019.

In the annual financial statements as of 31 December 2019, a significant amount of sales proceeds and capital gain was realised in this connection. The proceeds from the sale contributed to a significant improvement in the financial position and the capital gain to a significant improvement in the earnings situation in the 2019 financial year.

In view of the fact that the sale of the properties in Marburg and Montabaur and their rental (sale and lease back) had a significant impact on the net assets, financial position and results of operations of the Group, we consider this matter to be of particular importance for our audit in the financial year.

The information provided by the company on the sale of land is contained in the section "Notes to the consolidated income statement" in the notes to the consolidated financial statements.

#### b) Auditing procedure and conclusions

In the course of our audit, we first gained an understanding of the rules of the respective underlying notarised purchase agreement and assessed its effects on the balance sheet in order to assess the proper accounting treatment of the property sales. In addition, we understood and assessed

the realisation of the respective capital gain and the representation of the respective transaction in the company's financial accounting. In this context, we also reviewed the disposal entries made by the company in the area of tangible fixed assets. We were able to satisfy ourselves that the sale of land was properly reflected in the balance sheet.

### Other information

The legal representatives or the Supervisory Board are responsible for other information. The other information includes:

- the reference in the section "Corporate Governance Statement (Sections 289f and 315d HGB)" of the combined management report to the separately published Group Corporate Governance Statement
- the information marked separately in the combined management report as not audited
- the report of the Supervisory Board,
- the Corporate Governance Report according to No. 3.10 of the German Corporate Governance Code,
- the remaining parts of the annual report, but not the consolidated financial statements, not the Group management report information included in the content audit and the corresponding confirmation note, and
- the assurance in accordance with section 297 (2) sentence 4 HGB for the consolidated financial statements and the assurance in accordance with section 315 (1) sentence 5 HGB for the combined management report.

The Supervisory Board is responsible for the report of the Supervisory Board. The legal representatives and the Supervisory Board are responsible for the declaration pursuant to Section 161 of the German Stock Corporation Act on the German Corporate Governance Code, which forms part of the Group Declaration on Corporate Governance contained in the section "Other Information" of the Management Report. Otherwise, the legal representatives are responsible for other information.

Our audit opinion on the consolidated financial statements and the combined management report does not extend to the other information, and accordingly we do not express an audit opinion or any other form of conclusion on these matters.

In connection with our audit of the consolidated financial statements, we have a responsibility to read the other information referred to above and to evaluate whether the other information

- contain material inconsistencies with the consolidated financial statements, with the audited parts of the combined management report or with the knowledge gained from our audit, or
- appear to be substantially misrepresented elsewhere.

If, based on the work we have performed on other information obtained prior to the date of this Opinion, we conclude that there is a material misstatement of such other information, we are required to report the matter. We have nothing to report in this context.

### Responsibility of the legal representatives and the Supervisory Board for the consolidated financial statements and the combined management report

The legal representatives are responsible for the preparation of the consoli-

dated financial statements, which comply in all material respects with IFRSs as adopted by the EU and the additional requirements of German law pursuant to Section 315e (1) HGB, and for ensuring that the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. Furthermore, the legal representatives are responsible for the internal controls which they have determined to be necessary to enable the preparation of consolidated financial statements which are free from material misstatements, 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. In addition, they are responsible for disclosing, where relevant, information about the Group's ability to continue as a going concern. They are also responsible for accounting for continuing operations in accordance with the going concern principle unless the Group is to be wound up or decommissioned or there is no realistic alternative but to liquidate the Group.

In addition, the legal representatives are responsible for the preparation of the combined management report, which as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development. Furthermore, the legal representatives are responsible for the precautions and measures (systems) which they have deemed necessary to enable the preparation of a combined management report in compliance with the applicable German legal regulations and to provide sufficient suitable evidence for the statements made in the combined management report.

The Supervisory Board is responsible for monitoring the Group's accounting process for preparing the consolidated financial statements and the combined management report.

### **Auditor's Responsibility for the Audit of the Consolidated Financial Statements and the Combined Management Report**

Our objective is to obtain reasonable assurance as to whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, whether the combined management report as a whole provides a suitable understanding of the Group's position and suitably presents the opportunities and risks of future development in all material respects in accordance with the consolidated financial statements and the findings of our audit, as well as to issue an audit opinion containing our audit opinions on the consolidated financial statements and the combined management report.

Adequate assurance is a high degree of certainty, but does not guarantee that an audit conducted in accordance with Section 317 of the German Commercial Code (HGB) and the EU-APrVO and in compliance with the generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) will always reveal a material misstatement. Misstatements can result from violations or inaccuracies and are considered material if it could reasonably be expected that they could individually or collectively influence the economic decisions of the addressees made on the basis of these consolidated financial statements and the combined management report.

During the audit we exercise due discretion and maintain a critical view. Beyond that

- we identify and assess the risks of material misstatement of the consolidated financial statements and the combined management report, whether

due to fraud or error, plan and perform the audit procedures in response to these risks and obtain audit evidence sufficient and appropriate to provide a basis for our audit opinion. The risk that material misstatements will not be detected is greater for violations than for misstatements because violations may involve fraudulent interactions, falsification, intentional omissions, misrepresentations, misrepresentations, or the invalidation of internal controls.

- we gain an understanding of the internal control system relevant to the audit of the consolidated financial statements and the procedures and measures relevant to the audit of the combined management report in order to plan audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of those systems.
- we believe that the accounting policies adopted by management are appropriate in the circumstances, and that the estimates and related disclosures made by management are reasonable.
- we draw conclusions about the appropriateness of the accounting policies used by the legal representatives for the continuation of the company's operations and, on the basis of the audit evidence obtained, whether there is any material uncertainty relating to events or circumstances that could cast significant doubt upon the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are obliged to draw attention to the related disclosures in the consolidated financial statements and the combined management report in our audit opinion or, if these disclosures are inappropriate, to modify our audit opinion. We draw our conclusions on the basis of the audit evidence obtained up to the date of our audit opinion. However, future events or circumstances may result in the Group being unable to continue its operations.
- in our opinion, 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 such a way that the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with IFRS as adopted by the EU and the additional requirements of German law pursuant to Section 315e (1) HGB.
- we obtain sufficient suitable audit evidence for the accounting information of the companies or business activities within the Group to enable us to express an opinion on the consolidated financial statements and the combined management report. We are responsible for instructing, monitoring and conducting the audit of the consolidated financial statements. We are solely responsible for our audit opinions.
- we express an opinion on the consistency of the combined management report with the consolidated financial statements, its compliance with the law, and the view of the Group's situation conveyed by it.
- we perform audit procedures on the forward-looking disclosures in the combined management report as presented by the legal representatives. On the basis of sufficient and appropriate audit evidence, we verify in particular the significant assumptions underlying the forward-looking statements made by the legal representatives and assess whether the forward-looking statements have been properly derived from these assumptions. We do not give an independent audit opinion on the future-oriented statements and the underlying assumptions. There is a substantial unavoidable risk that future events could differ materially from the forward-looking statements.

Among other things, we discuss with those responsible for monitoring the planned scope and timing of the audit as well as significant audit findings, including any deficiencies in the internal control system, that we identify during our audit.

We make a declaration to the persons responsible for monitoring that we have complied with the relevant independence requirements and discuss with them



all relationships and other matters that may reasonably be expected to affect our independence and the safeguards that have been put in place to protect it.

From the matters we have discussed with the persons responsible for monitoring, we determine those matters that were most significant in the audit of

the consolidated financial statements for the current reporting period and are therefore the most important audit matters. We describe these matters in our audit opinion, unless laws or regulations preclude public disclosure of the matters.

## Other legal and regulatory requirements

### Other information according to Article 10 EU APrVO

We were elected as auditors of the consolidated financial statements by the Annual General Meeting on 23 May 2019. Pursuant to Section 318 (2) of the German Commercial Code (HGB), we are considered the auditors of the consolidated financial statements, as no other auditors were appointed. We were commissioned by the Supervisory Board on 8 August 2019. We have been active without interruption since the 2018 financial year as auditors of the consolidated financial statements of 3U Holding AG, Marburg.

We declare that the audit opinions contained in this audit certificate are consistent with the additional report to the Supervisory Board in accordance with Article 11 EU APrVO (audit report).

## Responsible auditor

The auditor responsible for the audit is Mr Martin Theis.

Bonn, 19 March 2020

Ebner Stolz GmbH & Co. KG  
Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft

Burkhard Völkner  
Certified Public Accountant Business

Martin Theis  
Certified Public Accountant Business



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## Financial calendar

- **Publication of quarterly announcement 1/2020**  
13 May 2020
- **Annual General Meeting 2020**  
20 May 2020
- **Publication of half year financial report 2020**  
12 August 2020
- **Publication of quarterly announcement 3/2020**  
11 November 2020

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# Glossary

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## Cash flow

Key ratio for assessing the financial strength and earnings power of a company

The cash flow is calculated from the inflow and outflow of payments (cash or cash equivalents) from current operations (see cash flow statement).

## Cash flow from financing activities

Includes inflows from borrowing or outflows from repayment of a loan, other liabilities to banks and interest liabilities from finance leases as well as outflows of funds for dividend payments and inflows/outflows arising from capital increases/decreases

## Cash flow from investment activities

Outflows for the acquisition or inflows from the disposal of intangible assets, property, plant and equipment and investment assets, and of subsidiaries

## Cash flow from operating activities

Change in liquid funds from the company's actual business operations (for example, the sale of products, the purchase of materials and of goods and services, and other moneys paid out in operations) and from other operations not classifiable as investment or financing activities

## Cash flow statement

The cash flow statement is the cash-based component of accounting. It is a record of the values of cash flows within a financial year. To this end, inflows and outflows in the respective reporting period are offset, thus indicating the change in cash and cash equivalents.

## Consolidation

Addition of sub-accounts to an overall account, e.g. of the single-entity balance sheets of individual companies in the Group to the consolidated balance sheet

## Corporate governance

The German Corporate Governance Code represents important legal provisions for the management and monitoring of German companies listed on stock exchanges (corporate governance) and contains internationally and nationally recognised standards for good and responsible corporate management. The Code is intended to ensure that the German corporate governance system is transparent and enforceable. It is intended to build the confidence of international and national investors, customers, employees and the public in the manage-

ment and monitoring of German companies listed and publicly traded on stock exchanges.

## Declaration of conformity

Declaration by the Management Board and the Supervisory Board, in line with Article 161 of the German Stock Corporation Act, that the recommendations of the Government Commission of the German Corporate governance Code have been implemented.

## Deferred tax assets

Future tax relief or tax burdens resulting when the recognition of asset and liability positions in the commercial and tax balance sheets diverge, but the difference is reversed over time (temporary differences). When deferred taxes are recognised, the effective tax expense resulting from the tax balance sheet is adjusted to the divergent net income according to commercial law. In addition, deferred taxes are recognised for future utilisation of tax loss carryforwards to the extent that there is a good likelihood of offsetting.

## Earnings per share

This key ratio indicates the share of consolidated net income or loss generated that is attributable to one share. This key ratio is calculated by dividing the net result for the year (consolidated net income/loss) by the average weighted number of ordinary shares outstanding.

## EBIT

Earnings before interest and taxes

## EBITDA

Earnings before interest, taxes, depreciation and amortisation

## EBT

Earnings before taxes

## Equity ratio

The equity reported in the balance sheet divided by the total assets (the higher this key ratio is, the lower the level of debt)

## Free Float

Shares which are publicly traded

## Holding

The term "holding" (short for holding company or organisation) does not describe a legal form per se, but an organisational form of the parent company of affiliated companies established in practice.

## IFRS

International Financial Reporting Standards

## Market capitalisation

Term for the current market value of a company

It is calculated by multiplying the number of shares by the share price. Market capitalisation provides an indication of the price to be paid or realised for all shares of a company that are in circulation. However, it must be noted that large-scale acquisitions/disposals of shares can lead to an upwards or downwards trend in share prices.

## Renewable Energies

Renewable energy is energy which comes from natural resources such as sunlight, wind, rain, tides, and geothermal heat, which are renewable (naturally replenished).

## Risk management

Systematic method for identifying and assessing potential risks and for selecting and implementing measures to deal with risk

Risk management can be considered as the identification, assessment, and prioritisation of risks followed by coordinated and economical application of resources to minimise, monitor, and control the probability and/or impact of unfortunate events or to maximize the realisation of opportunities.

## Scope of consolidation

Group of subsidiaries in a group which are included in the consolidated financial statements

# 196 Imprint

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# Disclaimer

The English translation of the German 3U annual report is provided for your convenience. Only the German version is audited by the auditor.

This annual report contains statements relating to the future which are subject to risks and uncertainties and which are assessments of the management of 3U HOLDING AG and reflect its current opinions with regard to future events. Such predictive statements can be recognised by the use of terms such as “expect”, “assume”, “estimate”, “anticipate”, “intend”, “can”, “plan”, “project”, “will” and similar expressions. Statements relating to the future are based on current and valid plans, estimates and expectations. Such statements are subject to risks and uncertainties, most of which are difficult to estimate and which are generally beyond the control of 3U HOLDING AG.

The following are – by no means exhaustive – examples of factors that may trigger or affect a deviation: the development of demand for our services, competitive factors – including price pressure –, technological changes, regulatory measures, risks in the integration of newly acquired companies. If any of these or other risks and uncertain factors occur, or if the assumptions on which the statements are based prove to be incorrect, the actual results of 3U HOLDING AG may differ materially from those outlined or implied in these statements. The company does not undertake to update predictive statements of this nature.

This annual report contains a range of figures which are not part of commercial regulations and the International Financial Reporting Standards (IFRS), such as EBT, EBIT, EBITDA and investments (capex). These figures are not intended to substitute the information for 3U HOLDING AG in accordance with the German Commercial Code (HGB) or IFRS. It should be noted that the figures for 3U HOLDING AG which are not part of commercial regulations and the IFRS, can only be compared to the corresponding figures of other companies to a certain extent.



# 3U Group\*

## 3U HOLDING AG

ITC	Renewable Energies	SHAC	Other Activities
<b>010017 Telecom GmbH</b> Marburg, Germany	<b>3U ENERGY AG</b> Marburg, Germany	<b>Calefa GmbH</b> Montabaur, Germany	<b>InnoHubs GmbH</b> Würzburg, Germany
<b>3U TELECOM GmbH</b> Marburg, Germany	<b>3U ENERGY PE GmbH</b> Berlin, Germany	<b>ClimaLevel Energiesysteme GmbH</b> Cologne, Germany	
<b>3U TELECOM GmbH</b> Vienna, Austria	<b>3U Euro Energy Systems GmbH</b> Marburg, Germany	<b>Immowerker GmbH</b> Marburg, Germany	
<b>Discount Telecom S&amp;V GmbH</b> Marburg, Germany	<b>Märkische Windkraft 110 GmbH &amp; Co. KG</b> Berlin, Germany	<b>PELIA Gebäudesysteme GmbH</b> Montabaur, Germany	
<b>Exacor GmbH</b> Marburg, Germany	<b>Repowering Sachsen-Anhalt GmbH</b> Marburg, Germany	<b>samoba GmbH</b> Bad Honnef, Germany	
<b>fon4U Telecom GmbH</b> Marburg, Germany	<b>Solarpark Adelebsen GmbH</b> Adelebsen, Germany	<b>Selfio GmbH</b> Bad Honnef, Germany	
<b>LineCall Telecom GmbH</b> Marburg, Germany	<b>Windpark Klostermoor GmbH &amp; Co. Betriebs-KG</b> Kirchroth, Germany		
<b>OneTel Telecommunication GmbH</b> Marburg, Germany	<b>Windpark Langendorf GmbH &amp; Co. KG</b> Marburg, Germany		
<b>RISIMA Consulting GmbH</b> Marburg, Germany	<b>Windpark Langendorf Verwaltungsgesellschaft mbH</b> Marburg, Germany		
<b>weclapp SE</b> Frankfurt am Main, Germany			

\* Consolidated subsidiaries as of 31 December 2019



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