Annual Report 2020

3U HOLDING

Group Results at a Glance

3U Group (IFRS)		Year-on-year comparison 01/01–31/12	
		2020	2019
Revenue	(in EUR million)	61.05	51.45
EBITDA (earnings before interest, taxes, depreciation and amortisation)	(in EUR million)	11.55	10.10
EBIT (earnings before interest and taxes)	(in EUR million)	5.94	5.50
EBT (earnings before taxes)	(in EUR million)	5.26	4.65
Net income for the period	(in EUR million)	3.27	4.09
Earnings per share total (undiluted)	(in EUR)	0.09	0.12
Earnings per share total (diluted)	(in EUR)	0.09	0.11
Equity ratio (as of 31 December)	(in %)	60.54	57.79
Total assets	(in EUR million)	85.90	80.48
Free cash flow	(in EUR million)	0.03	13.85

3U Group (IFRS)		Q4 comparison 01/10–31/12	
		2020	2019
Revenue	(in EUR million)	16.56	13.24
EBITDA (earnings before interest, taxes, depreciation and amortisation)	(in EUR million)	5.12	5.67
EBIT (earnings before interest and taxes)	(in EUR million)	3.35	4.60
EBT (earnings before taxes)	(in EUR million)	3.15	4.32
Net income for the period	(in EUR million)	2.67	3.95
Earnings per share total (undiluted)	(in EUR)	0.08	0.12
Earnings per share total (diluted)	(in EUR)	0.07	0.11
Equity ratio (as of 31 December)	(in %)	60.54	57.79
Total assets	(in EUR million)	85.90	80.48
Free cash flow	(in EUR million)	2.10	10.49

Actual performance and forecast 3U Group (in EUR million)	Forecast 2021	2020 actual	Last forecast 2020	2019 actual
Revenue	58.0–63.0	61.1	58.0–63.0	51.5
EBITDA	10.0–12.0	11.6	10.0–12.0	10.1
Net income	2.0–4.0	3.3	2.0–3.0	4.1

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

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Letter to our Shareholders

Ladies and Gentlemen, dear Shareholders,

It has been over a year now since COVID-19 encroached on our lives, and the economy and society at large came under pressure from the severe burdens imposed by measures to combat the pandemic. How is your, our 3U faring in this environment? As the Management Board, as a company, we diligently fulfilled our responsibility towards our employees. Measures on hygiene and concepts for the various locations to reduce the risk of infection were rapidly and effectively implemented, not only in the sites in Germany, but also for our development team in India which is in the employ of weclapp. Up until now, so as of March 2021, we know of only two Corona infections within the workforce. In consultation with the employees, we are currently working on creating flexible workplace models for the future.

No credit to us but the mega trends in which we successfully operate remain largely unaffected by the pandemic. In actual fact, our products and services assist people in finding ways and means to deal with this difficult situation. Some people used the time to renovate and upgrade their homes, seeking the advice of and sourcing supplies from Selfio. Others are happy to benefit from our very reasonable rates when phoning the relatives they are not permitted to visit. And quite a few companies use weclapp to enable their teams to work together from separate locations and from home office.

Quite apart from the pandemic, however, we can look back on an eventful year!

Our Telecommunications business reported revenue and earnings growth after years of decline. The wind and sun worked in our favour and gave us a repeat of the very good earnings in 2019. The SHAC segment delivered positive EBITDA thanks to the successful implementation of our profit improvement plan. All good news for you as our valued Shareholders.

Along with progress in our operations, changes in the group of our holdings and properties were also particularly eventful. The purpose of our company is to increase value in the interest of our shareholders, as well as on behalf of our employees and all stakeholders. Deriving value from realising opportunities, releasing funds for new activities in the context of our strategic focus, for new investments in sustainable undertakings – this is and remains a cornerstone of our success.

Our focus on e-commerce and cloud computing is becoming increasingly tangible, which is also reflected in us parting ways from the underfloor heating assembly business. Our SHAC segment is now exclusively anchored in e-commerce, apart from supplementary non-core activities. Investment property, specifically the building in Linz and parts of the Adelebsen property leased to third parties, have been sold at a profit. We have also been able to generate good earnings contributions from the disposal of the Lüdersdorf wind farm.

All this is not an end in itself – the proceeds have been earmarked. They will serve the primary purpose of giving an additional boost to accelerating the already rapid growth of our cloud computing business in weclapp SE through acquisitions. Part of the Management Board's work in the financial year 2020 consisted of identifying and contacting potential target companies and of holding discussions with the owners of these companies. Meticulous due diligence is our guiding principle, and strictly adhering to our catalogue of criteria is a matter of course.

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

Bringing these discussions to a successful conclusion is also an important precondition for the next steps towards a potential listing of weclapp SE on the stock exchange.

Our cloud-based ERP platform's organic growth is underpinned by our conviction that weclapp offers its clients technical possibilities which remain unparalleled, and surveys and market researchers attesting to weclapp's outstanding price-performance ratio. We are stepping up the process of internationalisation and are promoting growth in Italy, with France and Spain to come soon after – thanks to our excellent online marketing.

This year we will also be making the first functions which harness machine learning, i. e. artificial intelligence, available to our weclapp clients. As you know, we are currently establishing a development team which will operate out of Würzburg with a focus on this future-oriented topic. The building for the Innovation Hub is also taking shape and preparations to mark the start to construction with a groundbreaking ceremony are already under way.

We will set about implementing these investments to the same high professional standard, true to budget and schedule, as we did with our new distribution centre in Koblenz. You can follow the progress of the distribution centre's construction on our webpages. The imminent relocation of our logistics operations will be a challenge to be met with the best possible preparations which are already being made. We anticipate that the successful start to the new distribution centre's operations will facilitate even greater delivery quality in our e-commerce business, raise customer satisfaction and strengthen our earnings.

As you can see, we are and will remain successful in embracing mega trends! We have the opportunity and are laying the foundations for charting our course at a rapid pace with new forward-looking measures. This is an opportunity we intend to seize with the same ambition and resoluteness that you have come to know and expect from us!

Naturally, we also want you to participate in the success and progress made over the past financial year: with this in mind, in consultation with the Supervisory Board, we will once more be putting forward a proposal for a higher dividend for this year as well. In this spirit, we stake our claim: "The year 2020 was a good one, but 2021 will be even better."

Marburg, March 2021

Your Management Board

Michael Schmidt Christoph Hellrung Andreas Odenbreit

Report of the Supervisory Board

Dear Shareholders,

I would like to inform you about the work of the Supervisory Board in 2020 in this report:

Cooperation between the Supervisory Board and the Management Board

The year 2020 was dominated mainly by the COVID-19 pandemic, which naturally impacted the work of the Supervisory Board. In the 2020 financial year, the Supervisory Board kept abreast of the pandemic's development, the measures implemented by the German government and their effect on the economy in general and on the Company's business activities in particular. Based on the reports provided by the Management Board, and having critically examined them in detail, the Supervisory Board ascertained that all the requisite and all other additional voluntary measures were taken with the aim of protecting the health of the Company's employees to the greatest extent possible. Apart from one exception which did not give rise to serious concern, the health of the employees was thankfully not affected. The impact of the COVID-19 situation proved to be adverse in only some instances in the case of the 3U Group, with the impact as neutral or even conducive to demand, as shown by the Telecommunications business line (Voice Retail), for example. The Supervisory Board found that the Management Board reacted appropriately, quickly and flexibly to the additional challenges.

Aside from this, the Supervisory Board naturally also performed the duties incumbent on it under the law and the Articles of Association of continuously monitoring the Management Board's management and regularly consulting with the Management Board on its 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 duty to provide information and informed us regularly, promptly and comprehensively in written and verbal form about all the issues of strategy, planning, business development, the 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 Management Board 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 reviewed 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 and the bylaws applicable to the Management Board.

Between the Supervisory Board's meetings, the Chairman of the Supervisory Board also maintained close and regular contact with the Management Board to exchange information and ideas and kept himself informed about significant developments.

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

Meetings and participation

A total of seven Supervisory Board meetings were held in the 2020 financial year (13 January 2020, 19 March 2020, 20 May 2020, 19 August 2020, 17 September 2020, 16 November 2020 and 22 December 2020), each of which was fully attended by the members of the Supervisory Board. The meeting on 13 January 2020 was the only one held with the members attending in person. The other meetings took place as online events. The members of the Management Board attended the Supervisory Board meetings, unless otherwise determined by the Chairman of the Supervisory Board. In four meetings, the Supervisory Board also deliberated without the participation of members of the Management Board.

The Supervisory Board consists of three members and has not formed any committees. Supervisory Board resolutions were passed in meetings as well as by way of written circular procedure. All resolutions of the Supervisory Board were passed without any dissenting votes. The Supervisory Board also maintained a close and regular contact with the Management Board an informed itself of important events between Supervisory Board meetings. Similarly, apart from the Supervisory Board meetings, the members of the Supervisory Board regularly discussed matters concerning the Company via telephone conferences.

Main topics 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 measures in the various affiliated companies and discussed these critically with the Management Board.

The main topic 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 Group's strategic development, the Supervisory Board addressed the frequent changes in the framework conditions, above all, for the telephony and renewable energies business and the associated measures for adjustment.

The Supervisory Board also dealt intensively with the developments in the Cloud Computing and IT licence trading business lines. The Supervisory Board devoted special attention to the strong sales and earnings development of the subsidiary weclapp SE. It held detailed discussions on the plans of the Management Board for the subsidiary's market positioning, its strategic orientation towards accelerated organic and inorganic growth, including options for financing.

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. The Management Board informed the Supervisory Board on an ongoing basis about the sale of the Lüdersdorf wind farm, for example. The associated steps and measures were approved by the Supervisory Board.

Other focal points of discussion included the expansion of trading via e-commerce in the SHAC (Sanitary, Heating and Air Conditioning Technology) segment, in particular the development of the measures initiated to enhance efficiency and improve margins, as well as the optimisation and expansion of the supply chain. In the context of the emphasis placed on strategic focus, the Supervisory Board was directly involved in considerations concerning the disposal of the assembly business in affiliated company ClimaLevel Energiesysteme GmbH.

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

Topics discussed in Supervisory Board meetings also included compliance and corporate governance issues, in particular the efficiency review of the Supervisory Board in accordance with the principles of corporate governance. The Supervisory Board consisting of three members has not formed any committees. It has nevertheless allocated certain remits to the individual Supervisory Board members who regularly report in meetings on developments in their specific areas. In performing this work, not only the issues affected are debated, but efficiency aspects are also deliberated on, as well as the supplementations and improvements which can be incorporated into the process. If appropriate, subsequent implementation is initiated.

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 fulfilled this task in the financial year now ended and will continue to do so in the future within the scope of his possibilities.

Along with examination by the Supervisory Board, the Company's risk management was also subject to review in the 2020 financial year by the Bonn-based auditing company Ebner Stolz GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft which was commissioned to audit the financial statements for the financial year. The audit confirmed that the Company's Management Board took 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 early detection of developments that could jeopardise the Company as a going concern.

The Supervisory Board had itself regularly informed about the development of the risk and opportunities of management and the systems deployed for this purpose, and consulted with the Management Board on the Company's risk and opportunity situation.

A further focus of deliberations was the setting in place of a new remuneration system for the Management Board in compliance with Section 162 of the German Stock Corporation Act, reflecting the rules of the second Shareholder Rights Directive Implementation Act. The remuneration system approved by the Supervisory Board will be put forward to the shareholders at the Annual General Meeting in May 2021 for agreement.

Corporate Governance

In the reporting year, the members of the Supervisory Board also addressed the issue of the German Corporate Governance Code and, in particular, the new version effective in the financial year 2020, and derived the necessary consequences. In March 2021, the Management Board and the Supervisory Board issued a Declaration of Conformity in accordance with Section 161 of the German Stock Corporation Act. The Declaration of Conformity is permanently available for viewing on the website of 3U HOLDING AG (www.3u.net) under the "Investor Relations/Corporate Governance" heading.

In addition, the Management Board also reports on corporate governance at 3U HOLDING AG for the Supervisory Board in its corporate governance statement issued in accordance with Sections 289f and 315d of the German Commercial Code (HGB). Reference is made to the statement in the combined management report on the 2020 financial year. It is also permanently available for viewing on the website of 3U HOLDING AG (www.3u.net) under the "Investor Relations/Corporate Governance" heading.

Audit of the 2020 annual financial statements at Company and at Group level

Ebner Stolz GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Bonn, was elected as the Independent auditor by the Annual General Meeting on 20 May 2020 and was accordingly engaged by the Supervisory Board to audit the separate and the consolidated annual financial statements. The statement of independence required from the external auditor was requested and obtained by the Supervisory Board.

The annual financial statements of 3U HOLDING AG prepared in accordance with the provisions of the German Commercial Code and the consolidated financial statements prepared in accordance with IFRS, together with the combined management report for the financial year 2020, were audited respectively by the independent auditor which issued an unqualified audit opinion respectively. The aforementioned documents and the independent auditor's reports were made available to all members of the Supervisory Board in a timely manner and discussed in detail in the financial statements meeting on 26 March 2021. The auditors responsible reported in this meeting on the key findings of their audit and were available for additional information. In accordance with Section 171 of the German Stock Corporation Act, the Supervisory Board thoroughly examined the separate financial statements of 3U HOLDING AG, the consolidated financial statements and the combined management report and raised no objections. The Supervisory Board concurred with the results audit of both sets of financial statements by the independent auditor and ratified both the annual financial statements of 3U HOLDING AG and the consolidated financial statements as at 31 December 2020; the annual financial statements are thereby 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 2020 financial year.

Marburg, 26 March 2021

The Supervisory Board

Ralf Thoenes
Chairman

Highlights

March 2020

- **3U online shop samoba, a winner of INTERNET WORLD BUSINESS Shop-Awards 2020**

samoba GmbH, a subsidiary of 3U HOLDING AG, receives a prestigious award on the occasion of the INTERNET WORLD EXPO 2020 in Munich. Its online store won third prize in the "Most Innovative Business Model" category. Hobbyists and professionals can check availability of quality machines, devices and tools with ease, lease them for a reasonable fee, and have them delivered to an address of their choice.

- **Supply chain optimisation progressing: 3U acquires land for the construction of a new distribution hub**

3U HOLDING AG forges ahead with its project to extend and optimise its e-commerce supply chain. After careful consideration, the decision was taken to build the company's own warehouse and logistics property. To this end, 3U acquired an around 24,000 sqm piece of land close to Koblenz. The land cost around EUR 1 million, and the sum total of the investment in land and building approximates EUR 11 million. Our neighbours are leading logistics providers such as Kühne + Nagel, Amazon, Lidl and Hermes.

- **Extensive measures arising from the COVID-19 pandemic**

To safeguard our workforce and comply with measures prescribed throughout Germany to combat COVID-19, 3U HOLDING AG's management resolves an extensive package of measures to protect the employees and to keep operations up and running. Wherever possible and expedient, home office was the required option. Operations were run in shifts for employees working in the Montabaur distribution centre, and a special hygiene concept was introduced, among other measures.

April 2020

- **"TOP SHOP 2020": 3U online shop wins another prize**

Another indication of recognition from customers and experts achieved by the ongoing expansion of the successful online marketing and online offering of advice under the motto of "Do it yourself – but do it right": The COMPUTER BILD magazine and the business data platform statista.de confer the "TOP SHOP 2020" quality seal on Selfio GmbH's online store and 3U's flagship e-tailer.

May 2020

- **Virtual Annual General Meeting 2020**

This year's Annual General Meeting takes on 20 May 2020 without physical attendance by the shareholders. The event was broadcast live on Internet. Shareholders were able to exercise their vote by way of postal and electronic communication (Briefwahl), grant powers of attorney and issue instructions via the password-protected Internet portal set up for this purpose. The Board of Management answered all questions in detail submitted by the shareholders prior to the event. The full transcript of the Board of Management's speech and key excerpts of responses to questions are available in video clip format on YouTube and on the 3u.net website.

June 2020

- **"Selfio powered by WOLF" — new sales cooperation**

WOLF GmbH, a global leader in heating and air conditioning systems with 10 subsidiaries and 60 sales partners in more than 50 countries, signs an agreement with Selfio GmbH on the extended online marketing of selected WOLF products. The partners will initially use this avenue to sell ventilation systems of the Comfort-Wohnungs-Lüftung (CWL) series under the "Selfio powered by WOLF" brand via Selfio's online store.

- **3U HOLDING sells parts of the Adelebsen property let to third parties**

Our focus on the strategic areas of e-commerce and cloud computing is also reflected in the disposal of non-core activities and assets. Land and buildings not used for operational purposes were sold to the existing tenants, thus creating added value: A earnings contribution of around EUR 1.5 million for 3U HOLDING AG and net proceeds of around EUR 5.0 million are anticipated. Part of the land used exclusively for the solar park built on it will remain with 3U, and 3U will continue to operate the solar park.

- **3U subsidiaries weclapp and Selfio endorse reducing the VAT rates**

VAT rates were lowered under a decision by the German government on 1 July 2020. This measure was aimed at cushioning the economic impact of measures to tackle the COVID-19 pandemic. 3U HOLDING AG and its subsidiaries have also followed suit. For instance, Selfio passes on fully reduced VAT rates to customers buying from its online store for DIYers and self-builders. weclapp as provider of the cloud-based ERP platform, rapidly created the preconditions for their customers to disclose VAT tax correctly on all trading venues.

July 2020

- **Social responsibility in times of social distancing**

Our subsidiary weclapp SE employs a development team that works exclusively for it from Mumbai, India. In the Corona crisis, the employees supported the direct neighbourhood of the office in Navi Mumbai (New Mumbai). In this context, the programmers distributed food packages to 200 people during the 14-day lockdown with the aid of the Sahaara Charitable Society. The office remained empty during this period. weclapp had already provided its employees there with a health insurance and equipped them with notebooks some time ago. The solution there was also: home office!

August 2020

- **3U builds new distribution centre**

With a festive ground breaking ceremony, we marked the start of construction work on a new distribution centre on our land in the A61 industrial zone in the district of Mayen-Koblenz. The start to construction activities signifies another big step for us towards optimising and expanding the supply chain for our e-commerce activities. A short video clip on the ceremony can be viewed in the "3U HOLDING AG" channel on YouTube.

- **3U HOLDING sells office property in Linz**

We also sold an office property which is of no strategic significance in Linz on the Rhine River. Selfio GmbH was headquartered there until relocating to Bad Honnef in 2018.

- **Selfio launches its own water softener system on the market**

We continue to promote our brand strategy, and our range of products is being extended. On behalf of and in accordance with specifications by Selfio GmbH, we now offer water softener models in two different sizes. They are produced in Europe by one of the world's leading providers specialised in water treatment technologies and are certified to European quality standards. Water softener systems account for around 20 % of revenues generated by the online store. The effective placement of our own brands in the market is geared to raising e-commerce earnings.

September 2020

- **weclapp SE and Francotyp-Postalia Holding AG sign cooperation**

A further step is taken towards expanding our network of dedicated sales partners for our weclapp cloud-based ERP platform: We sign a sales cooperation with Francotyp-Postalia Holding AG ("FP"). In the context of this cooperation, FP will give its customers online access to the weclapp cloud-based ERP platform via its discoverFP portal. In a first step, all German customers are to be given this possibility. Going forward, the agreement can be extended to include local FP units in other countries.

- **3U HOLDING AG places around 1.2 million treasury shares with an institutional investor**

Lupus alpha Investment GmbH invests in 3U by acquiring the still existing 1.2 million treasury shares from the company. The purchase price stood at EUR 1.747 per share. The net proceeds are to be used to finance weclapp's further growth.

- **Selfio again ranks among Germany's best online stores**

Selfio receives the "Germany's Best Online Shops" award in the "Building and DIY (with no outlet chain)" segment for the fourth time in a row. Selfio scored higher than other competitors in particular for its good cost-benefit ratio and its website. In terms of its product range, customer service, terms and conditions of ordering and for its dispatch and return, 3U's online business took its place in the top league of its segment.

- **Greater diversity, more business in the weclapp store**

weclapp redesigns its internal store.weclapp.com marketplace by adding numerous offerings. The marketplace supplements the performance of our cloud-based ERP platform by including interfaces with numerous specialised applications and functionalities (plug-ins) that offer customers additional options. The store's hit rate increased tenfold on the very day when notification of the program was made via the news feed.

October 2020

- **weclapp is "ERP System of the Year" and joins the circle of "Wachstumschampions 2021"**

weclapp receives two coveted awards at the same time in the autumn. In the "Wachstumschampions 2021" (growth champions competition) organised by the German magazine Focus Business in cooperation with Statista, weclapp SE occupied a leading position on 13 October 2020 with its cloud-based ERP platform of the same name. On 14 October 2020, weclapp received testimony as "ERP System of the Year". Over the period from 2016 to 2018, weclapp had already taken part in this competition, headed by the University of Potsdam, and won this prize. In 2019, it ranked among the finalists.

November 2020

- **Virtual weclapp sales partner day with more than 100 participants from four countries**

On 12 November 2020, weclapp SE held its annual partner day for the second time. weclapp took the opportunity of introducing two new managers on this occasion: Johannes Mehrer, PhD, as head of Research and Development and Sebastian Jung, head of Partner Management. With more than 100 participants from almost 90 companies, the virtual event reached IT providers from Germany, Austria, Italy and Switzerland.

- **Selfio extends its advisory offering to include planning service**

Selfio expands its extensive advisory offering by including professional planning service. Heating, air conditioning and solar energy are professionally planned by the experienced Selfio team. At a fixed price, customers can enjoy the conventional services of a planning office which works according to their specifications: ranging from the necessary calculations and planning for professional installation through to recommendations for materials and onto project implementation.

December 2020

- **3U disposes of underfloor heating assembly business**

3U sells its 75 % stake in Cologne-based ClimaLevel Energiesysteme GmbH to co-owner and Managing Director Uwe Kemmer, to another employee of the company and to a strategic investor. The transaction is in line with 3U's strategy of focusing on promising future aspects of mega trends.

- **3U raises the value of its wind farm portfolio**

3U sells the Lüdersdorf wind farm to a subsidiary of the Stadtwerke Heidenheim AG group. 3U developed the wind farm that was taken into operation in 2016. The transaction generated additional income of around EUR 1.5 million and net proceeds of around EUR 3.0 million in the financial year 2020.

3U Share

The 3U share at a glance

International Securities Identification Number (ISIN)	DE0005167902
Wertpapierkennnummer (WKN) *[Securities Identification Number]*	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 as of 31 December 2020	EUR 35,314,016.00
Registered share capital in shares as of 31 December 2020	35,314,016
Share price as of 31 December 2020*	EUR 2.240
Share price high in period from 1 January to 31 December 2020*	EUR 2.280 (16 December 2020)
Share price low in period from 1 January to 31 December 2020*	EUR 0.970 (18 March 2020)
Market capitalisation as of 31 December 2020	EUR 79,103,395.84
Earnings per share (undiluted) as of 31 December 2020	EUR 0.09

*Xetra closing price, last day of trading in 2020 was 30 December 2020

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 opened the stock market year at 13,234 points on 2 January 2020 and initially continued to trend higher, following on from the previous year. The protracted trading conflict between the US and China and Brexit negotiations in Europe impacted global trade, as in 2019. The DAX reached a new record high of 13,789 basis points on 19 February 2020.

In economic, political and social terms, the year 2020 was dominated by the Covid-19 pandemic and the measures taken to combat it. Confirmed for the first time on 31 December 2019 in Wuhan, China, the Covid-19 virus initially spread in China. On 11 March 2020, the World Health Organisation officially declared the epidemic as a global pandemic. Following the first restrictions on events and gatherings effective 1 March 2020, entry bans were imposed on several German borders, schools and kindergartens were closed, and curfew as wells as restrictions on personal contact issued on 22 March 2020, followed by mandatory mask wearing as from April. With its stimulus package of an overall 130 billion euros, the German government set about counteracting the economic consequences of the pandemic.

As with all the world's major stock exchanges, DAX listings plummeted as from 20 February 2020 to reach a multi-year low of 8,442 on 18 March 2020 ("Corona dip"), a level not seen since 2013. As the year progressed, the DAX staged a recovery but displayed extreme volatility to the consequences of the pandemic, including the development of vaccines and related strategies and to the head-to-head race in the US presidential election.

While the European Central Bank (ECB) held the key rate at 0 percent for the entire year, the US central bank, the Fed, cut the key rate in two steps from 1.75 percent to 0.25 percent. This interest rate policy and a further expansion of the monetary volume induced many investors to build up equity positions in 2020 as well. Precious metals were also in demand as hedging instruments. The gold price rose by more than 24.1 percent, from USD 1,520.955 per troy ounce (opening price on 2 January 2020, Frankfurt Stock Exchange) to USD 1,893.756 per troy ounce on 30 December 2020 (closing price).

By year-end, the DAX had approached its peak from February, and subsequently drove its all-time high one basis point higher on 27 December 2020 to 13,790 basis points. On 30 December 2020, the last trading day of the year, the DAX settled at 13,719 points.

After the end of the year, fresh impetus was derived in January 2021 above all from the agreement on Brexit finally reached between the EU and the UK in the last week of December. The rollout of the coronavirus vaccination across the EU commencing 27 December 2020 also impacted stock markets positively despite the second lockdown in Germany and consensus reached on continuing this measure beyond the planned date of 10 January 2021.

Performance of the 3U share

The 3U share continued its uptrend, with the stock market value of 3U HOLDING AG gaining a good 36 percent over the course of the year. At the same time, the 3U share was unable to decouple from the general stock market environment and it influences. The year proved to be generally volatile due to the Corona pandemic and its consequences, especially from March 2020 onwards.

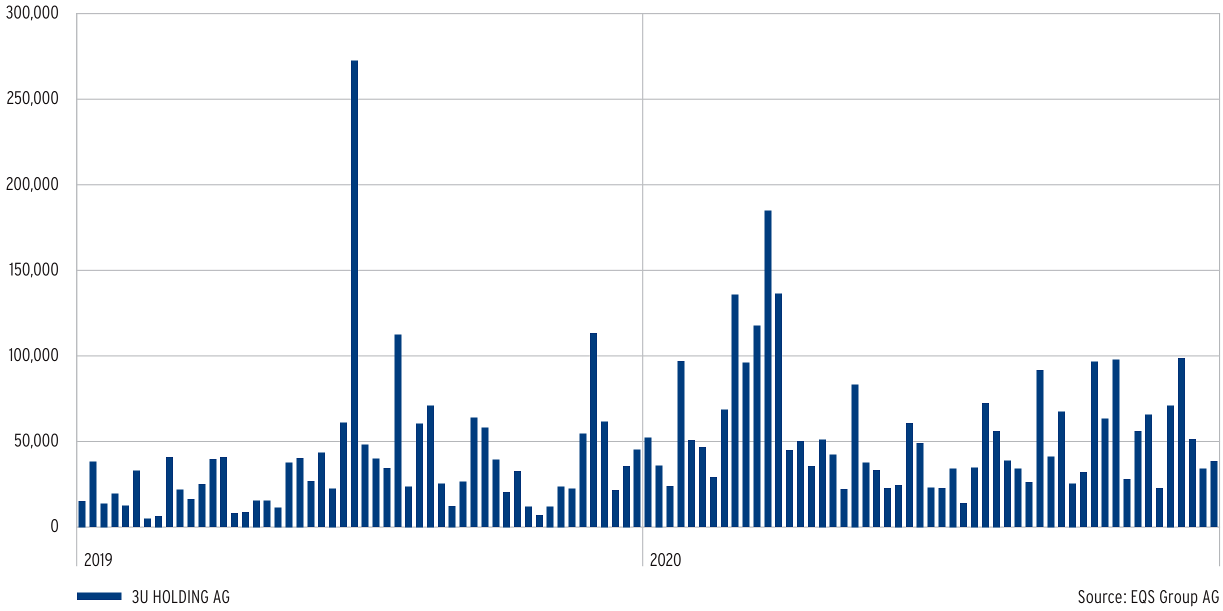
When, in March, stock markets plunged all over the world, with the DAX tumbling to 8,442 points, 3U was unable to disengage from this trend and also suffered a "Corona dip" that brought it to its lowest point for the year at EUR 0.97 on 18 March 2020. The share price subsequently performed better than those of listed investment companies in its peer group. Apart from short-lived fluctuations, it entered a stable uptrend, peaking at EUR 2.38 on 16 December 2020. On the last trading day of 2020, the 3U share price on XETRA closed at EUR 2.24.

Performance of the 3U share* from 1 January 2020 to 31 December 2020 benchmarked against the Prime All Share Index

*Xetra daily closing price

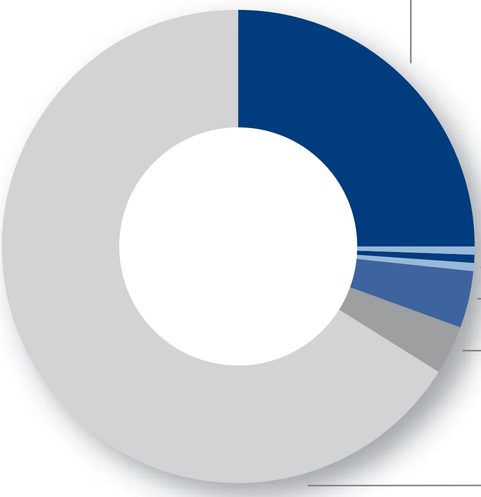
The share price continued its uptrend at the start of the current year 2021 as well. On 2 February 2021, it broke through the ascending trend channel with high trading volume. With prices around EUR 2.70, the 3U share reached a level at the start of February last seen in May 2004.

Trading volume of the 3U share from 1 January 2019 to 31 December 2020
(Average daily trading volume of the share per week)



The 3U share's liquidity stabilised further over the course of the year and has risen continuously since 2019.

Shareholder structure as of 31 December 2020



Michael Schmidt (Spokesman of the Management Board)	25.49 %	8,999,995 shares
Andreas Odenbreit (Member of the Management Board)	0.06 %	20,500 shares
Ralf Thoenes (Chairman of the Supervisory Board)	0.07 %	25,000 shares
Stefan Thies (Deputy Chairman of the Supervisory Board)	0.09 %	33,084 shares
Jürgen Beck-Bazlen (Supervisory Board)	3.90 %	1,379,000 shares
Lupus alpha Investment GmbH	3.35 %	1,183,640 shares
Free float	67.04 %	23,672,797 shares

Investor Relations

In the financial year 2020, we continued to build on our capital market strategy established in 2018. Our strategic direction essentially consists of concentrating on successful business models in the ITC, Renewable Energies and SHAC segments. Here 3U focuses on the mega trends of cloud computing and e-commerce as high-growth areas of business offering the promising prospect of attaining leading market positions. The option of launching subsidiary weclapp SE on the stock exchange is being considered as decisive step in this direction, and the first exploratory discussions are under way.

As the management and investment holding, 3U HOLDING AG operates several business models. In this context, one of 3U Investor Relations' major objectives is to promote an understanding on the capital market for its various competitive positions and prospects, and to report continuously on developments and progress. These measures are aimed at steadily expanding the group of parties interested in 3U, in terms of geographical reach covering other financial centres as well as other investor classes and disseminators. This approach is also designed to boost the share's liquidity.

3U's Investor Relations therefore consistently fosters open and trustful communication with all shareholders, investors and other capital market participants. In order to reach as many target groups as possible, Investor Relations is represented on virtual and on-site events for private and institutional investors, sends all press releases also to subscribers to its newsletter, and provides unrestricted access to background information and interviews by way of releasing video and audio clips on the www.3u.net website and on 3U's YouTube channel for all interested parties. Investor Relations is flexible in adapting its offering to current requirements by using other media and channels as well. In the pandemic year 2020, this resulted in us resorting to virtual formats at short notice for communicating the quarterly and half-yearly figures, while making the key components of this information permanently available on the website.

In preparation for weclapp's IPO and the expansion of Investor Relations activities with a view to stepping up social media work, the Department expanded to include a new employee in February and a student assistant in October.

Investors follow discussions about weclapp SE's potential IPO with keen interest. With a view to achieving the greatest degree of transparency possible, subsidiary weclapp published a 2019 annual report in accordance with IFRS for the first time in 2020, which goes beyond its statutory obligations.

We place great importance on maintaining close contact with our investors. Along with conventional information channels, such as our 3U.net website and our newsletter, we set up and used more communication channels in 2020. We report on 3U and the mega trends we engage in under the slogan of "Success in Mega Trends", provide background information and encourage dialogue at all levels. Along with our YouTube channel, a profile was created for 3U on LinkedIn which comments on and disseminates current market information and topics from 3U's three segments.

A total of 24 press releases were distributed in the financial year 2020, including an inside information disclosure within the meaning of Article 17 of the EU's Market Abuse Directive. The number of subscribers to our newsletter rose from 403 to 471 over the course of the year, with the new LinkedIn profile recruiting 86 subscribers. We have published 25 postings since August, ten of which elicited comments from or were shared by LinkedIn users.

We used Börsenradio to give interviews on important events. Our quarterly figures were commented on in video interviews or on web conferences, with clips generally with English and German subtitles being permanently made available on our YouTube channel set up in 2019.

We continued the research coverage initiated in 2019 in a slightly changed and extended format to give investors access to the various overviews of third-party corporate research. German bank Hauck & Aufhäuser contributed its coverage of the share for the first time on 20 February 2020, and SRC Equity Research for the last time on 6 March 2020.

Analyst	Last update	Recommen-dation	Share price target in EUR
SMC Research (Dr. Adam Jakubowski)	19/11/2020	Buy	2.60
GSC Research (Jens Nielsen)	16/11/2020	Buy	2.10
Hauck & Aufhäuser Research (Alina Köhler)	12/11/2020	Buy	2.60
SRC-Research (Stefan Scharff)	6/3/2020	Buy	1.90

Our Annual General Meeting, held virtually for the first time on 20 May 2020, met with great response and was generally positively received. Our shareholders actively engaged through contributions to discussions, voiced their concerns and made suggestions. The resolutions put forward by management were adopted by a clear majority, and discharge was granted to the Management Board and Supervisory Board.

The interest, also of institutional investors, continued unabated and was even keener in 2020. Company representatives presented 3U HOLDING AG at the autumn Equity Forum conference held in Frankfurt, at the Baader Conference in Munich, and on the German Equity Forum in Frankfurt, all of which were held virtually and drew wide participation numbers from the international community. Virtual road shows were broadcast to international investors in France, Denmark, Benelux, Switzerland and the UK. In addition, Ertan Özdil, weclapp SE's CEO, engaged in discussions with IT-savvy international investors, also from the US, on the occasion of virtual road shows.

Supported by the keen interest, also on the part of institutional investors, already evident in 2019, 1.13 million treasury shares were sold to Lupus alpha Investment GmbH in September 2020. The net proceeds from this transaction are to be used to finance subsidiary weclapp SE's growth. Upon completion of the transaction, 3U HOLDING AG no longer holds treasury shares in its portfolio.

In 2021, we will reap the benefit of our experience in virtual formats and seek open and trustful dialogue on all levels. We assign growing importance to social media in this context. At the heart of our activities is our concern to inform all capital market participants comprehensively and to keep transparency and approachability at a high level, also in times of social distancing.

Combined Management Report

Background information

Business model

3U HOLDING AG is the operating management and investment holding company which heads up the 3U Group (hereinafter "3U" for short). It manages and monitors all important activities within the Group. Defining the corporate strategy and directing the development of 3U form part of its tasks. It is in charge of 3U's accounting and controlling, 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's 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 participating investments in national and international companies, along with the administration of its own assets.

3U's activities are largely focused on Germany, as well as on neighbouring European countries.

Its 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 (in the ITC segment) and e-commerce (in the SHAC segment), while also operating other business lines in its three segments.

The ITC (Information and Telecommunications Technology) segment comprises 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 products (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 served in the Data Center Services & Operation business line. Our data 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 managed IT services offering, i.e. the active support and operation of corporate clients' IT environments, was expanded in the financial year 2020.

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 usage rights 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 both 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. Against the backdrop of political framework conditions, emphasis is meanwhile no longer being placed on the project development of new wind farms. Success in this segment therefore depends on weather conditions and the technical quality and availability of the respective facilities. In entrepreneurial terms, growth can currently be achieved through acquiring other generating capacities. Increasing the value in the portfolio may, if the opportunity arises, be realised by selling assets.

As a business model in the SHAC (Sanitary, Heating and Air Conditioning) segment, 3U sold and installed 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 – mainly in the context of large-scale construction projects (B2B). Effective 30 November 2020, 3U HOLDING AG sold its shares in ClimaLevel Energiesysteme GmbH, a company which operates in this business. Assembling underfloor heating has therefore been discontinued within the Group.

Selfio GmbH as the Group's largest company with the strongest growth in this segment offers builder-owners, renovators and DIYers a wide range of systems and products covering the entire construction works of sanitary, heating and air conditioning (mainly private customers, B2C) which can be procured online, as well as support in planning customers' projects. The extensive online advisory service, also by means of video clips, can be considered one of Selfio's competitive advantages. Along with activity levels in the construction industry, the ongoing development of professional online marketing above all, including the efficient management of offerings and prices, with the requisite logistics infrastructure and processes, are key to safeguarding and generating competitive advantage in e-commerce.

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 tradesmen, DIYers and self-builders, as well as providing support for and supplying tradesmen.

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 at present. 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 the financial year 2020, the SHAC segment's logistics were managed from a distribution hub in Montabaur. A new distribution centre with generous office space is currently being built in Koblenz. The construction of office premises in Würzburg is at the preparatory stage. In future, this will house a weclapp team dedicated to research and development on the topics of artificial intelligence. ClimaLevel Energiesysteme GmbH is headquartered in Cologne. Owing to the sale of this company at the end of the financial year 2020, this is no longer a location of 3U.

The portfolio of wind farms in Lower Saxony, Mecklenburg-Western Pomerania, Brandenburg and Saxony-Anhalt are managed from Berlin and Marburg. The Lüdersdorf wind farm in Brandenburg was sold at the end of 2020.

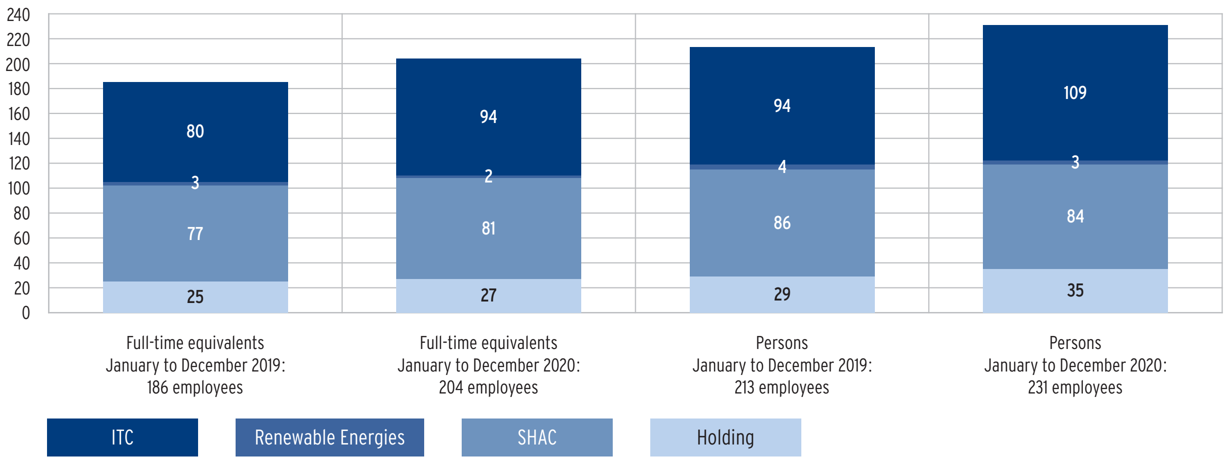

Roge
Klostermoor
Berlin
Hanover
Lüdersdorf
(until 31 Dec 2020)
Adelebsen
Langendorf
Cologne
(until 30 Nov 2020)
Marburg
Bad Honnef
Montabaur
Frankfurt am Main
Koblenz
(under construction
since August 2020)
Würzburg
(start of construction scheduled for 2021)
Kitzingen
3U Group
principal loacations
Wind power plants
Solar power plant

Employees

Particularly in the technologically sophisticated mega trends in which 3U companies engage, highly qualified and motivated employees are a prerequisite for safeguarding the company's success in the long term. Responsible personnel development and steady improvement play a key role in these endeavours. The sustainable development and targeted promotion of the potential of all employees makes this a core task of the company's HR management. Concerted personnel development is one of the ways in which 3U strives to enhance its attractiveness as an employer and to reinforce the identification of employees with the Company and their commitment to the respective goals.

As of 31 December 2019, the 3U Group employed a workforce of 218 people (including Management Board members, temporary employees and part-time staff); (31 December 2019: 234 persons). The decline is due to ClimaLevel Energiesysteme GmbH leaving the Group, effective 30 November 2020. By contrast, the number of personnel increased, in particular due to weclapp SE which recruited new employees in line with its rapid growth.

Converted into full-time equivalents, the 3U Group employed 193 persons at the end of the year (31 December 2019: 205 full-time equivalents). The average annual number of employees stood at 204 (full-time equivalent, excluding Management Board members respectively; 2019: 186). They are distributed among the individual segments as follows:



The employees make a decisive contribution with their ideas to increasing profitability and sharpening the company's competitive edge. A cooperative and communicative climate is therefore fostered in the Group to encourage and motivate employees to make proposals for optimising the products and workflows, for synergies and making other improvements in the Group. The remuneration system is divided into fixed and variable components depending on the tasks performed, which enables above-average performance to be appropriately rewarded.

Ultimately, employee retention is also aimed at fostering dedication and commitment. 3U places special emphasis on retaining and safeguarding the experience and competence which employees contribute, again through their activities and dedication to the service of customers and the company. Loyalty to 3U is additionally strengthened through a range of measures focusing on social aspects. Also in 2020, this ambition was reflected in low staff turnover. Only 5 % of employees left the company at their own request (2019: 6 %). The most frequent reasons for leaving the employment relationship were the end of a fixed-term employment as well as the termination of the employment relationship by mutual agreement.

Promoting the health of the employees

3U has based its understanding of health on the definition of the World Health Organisation (WHO) as being physical, mental and social wellbeing. As previously touched on, the outbreak of the COVID-19 in the financial year 2020 necessitated a raft of special measures. No more than two incidences of Corona virus infection were reported from among the workforce.

In order to protect and promote the health of our employees, also set apart from the current pandemic situation, targeted measures have been implemented in the Group. The Group supports its employees' healthcare. In addition, employees have the option of participating in internal and external training and continuous professional development.

Regular training increases safety at the workplace. As in the preceding years, no workplace accidents resulting in permanent damage to an employee's health were reported in the financial year 2020. The number of sick leave days per employee declined to 7.6 (2019: 9.7 sick leave days per employee).

Management system

The 3U Group's structure and organisation are subject to continuous review and improvement. Ongoing adjustments to the organisation structures ensure clear accountability. Responsibilities within the monitoring, planning and management system are thus clearly defined. The monitoring and planning system essentially consists of management information 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 to targets for EBITDA and earnings after taxes for the following twelve months respectively. Planning for the two financial years thereafter 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. Cost planning draws on assumptions made in particular regarding the development of procurement prices, headcount, wages and salaries, as well as other income and expenses.

Changes or deviations relevant to earnings over the course of the year 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.

General conditions

The year 2020 was dominated by the development of the COVID-19 pandemic and by the legislative and government measures enacted to combat the pandemic. The business activities of the 3U Group (hereinafter also "3U") were thankfully only impacted in specific areas, and the situation partly even served to promote business. Notwithstanding, 3U HOLDING AG's Management Board took precautionary measures for the protection of the employees, issued instructions on hygiene and restrictions on contact, recommended home office wherever possible and expedient, and made compensation payments to the employees at the end of the year for burdens related to the pandemic.

Aside from this exceptional factor of influence, the business models of 3U's various segments were exposed in varying degrees to a wide array of macroeconomic and regulatory conditions. 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.

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.

The general economic development influences the investment propensity of companies and private households. In the company's environment, the economic trend impacts more on demand for suitable corporate software which 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 relatively large volume of calls, which continue to be handled to a large extent via fixed line in the business environment.

General conditions pertaining to climate policy and incentives in the construction sector and, by association, also in the owner-builder, renovator and DIY segments, tend to boost demand for heating and air conditioning technology which is more compatible with the environment. The employment situation and wage levels also influence the willingness of DIYers to buy and install new components and systems.

In order to avoid redundancies, and in the interest of facilitating readability, information on sector-specific expectations for the financial year 2021 and partly beyond have been integrated into this section.

Development of the macroeconomic environment

Global economic and trading activities suffered serious disruption in 2020 due to the impact of the pandemic and the restrictions imposed in its wake. This also held true for Germany: The Corona pandemic forced Germany's economy into one of the most severe recessions for decades. According to the German government's annual economic report, the gross domestic product contracted by 5.0 % in 2020. As a consequence of the partial lockdown in November and the subsequent more stringent lockdown and extension, economic output stagnated in the final quarter after having staged a strong recovery in the third quarter of 2020. Industrial production and order intake of the processing industry have seen a slight rebound. Retail sales displayed a disparate development: While sales on the Internet and through mail order rose sharply, stationary retail in particular was hard hit by the measures to tackle the pandemic. According to the German government, pre-crisis economic output is likely to be regained at the earliest in mid-2022.

Unemployment and short-time work increased by leaps and bounds after the measures to combat the pandemic were introduced. At the end of December 2020, 2.7 million people were unemployed (December 2019: 2.2 million people). Over the course of the year, short time work was partly imposed on 14.3 million people in total (2019: 0.4 million people).

At the start of the current financial year 2021, economic data and expectations present a disparate picture. The question is how long and how intensively will economic activity be subject to restrictions? What degree of resilience does the Mittelstand in particular have? Will consumer behaviour subsequently recover and change, and if so how? According to the ifo business climate index from January 2021, sectors in general do not view the business outlook particularly optimistically. While business expectations in the processing industry and services sector deteriorated notably, the index for retail slumped and fell into negative territory. Sentiment worsened, partly massively, across almost all retail segments. Other than in December 2020, many indicators were pointing southward this time in the wholesale business as well. The business climate was even poorer in the construction industry. The assessment of the current situation was also assessed somewhat more negatively here than in the previous month. Furthermore, a larger number of entrepreneurs took a pessimistic view of the coming months.

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, in wind farm operators as well as in 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 capital. 3U HOLDING's value as a listed company is measured by its share price performance on the stock exchange. Following an uptrend in the share price over the course of the financial year 2019 when the share gained almost 80 %, December 2019 saw the sale of one million treasury shares to investors. The swift recovery in the price of the 3U share following the slump on the stock exchange in March 2020 and the Group's stable performance over the course of the year kept investors keen, with the result that the remaining 1.18 million treasury shares were also sold to a well-known institutional investor in September 2020. The prospect of winning further financial resources by way of cash capital increases continue to be favourable. The further development in the share price 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 in January 2021, breaking through the 14,000 point threshold for the first time, the mood among institutional investors based on the Frankfurt Stock Exchange's sentiment index tended towards scepticism. Conversely, this stance is precisely what other players interpret 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 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 conditions for borrowed capital are heavily dependent on national and international interest rate levels. At its meeting on 11 March 2021, 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. According to an announcement of 11 March 2021, the ECB Governing Council assumes that the ECB key rates will continue to hug their current level until inflation approaches the ECB's target of 2.00 %.

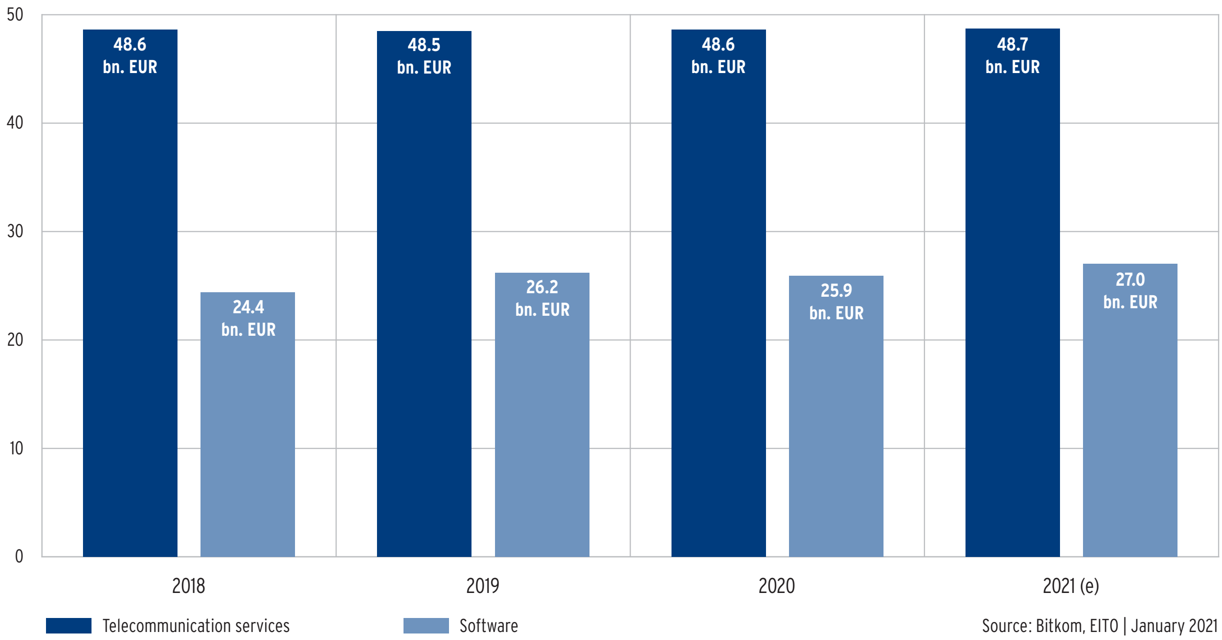
The low interest rate level ensures low financing costs within the 3U Group, for instance when borrowing for the purpose of procuring assets or for construction projects, and generally has positive impact on net interest income. Given that the ECB's negative rates are increasingly causing commercial banks to levy negative interest on customer deposits, however, the inflow of funds, such proceeds from 3U HOLDING AG's disposal of assets, place more of a burden on net interest income. In order to counteract risks from the gradual widening of negative interest rates, 3U HOLDING AG deposited part of its liquidity worth around EUR 3.0 million in gold in the second quarter of the financial year 2020.

Development of conditions in the segments

ITC segment

The market for information and telecommunications technology (ITC) in Germany contracted marginally by 0.6 % in 2020 against the backdrop of the generally weak economic environment. The industry association Bitkom anticipates that revenues in the information technology submarket (hardware and software services) will rise by 4.2 % to EUR 98.6 billion in 2021 (2020: EUR 94.6 billion). According to this forecast, the software segment is set to grow with the IT market by 4.1 % and see its sales volume rise to EUR 27.0 billion (2020: EUR 25.9 billion). By contrast, growth in the telecommunications submarket is somewhat weaker, with an increase of 1.0 % to EUR 67.4 billion (2020: EUR 66.7 billion). The demand for telecommunications services appears to be picking up slightly. Bitkom is expecting an increase to EUR 48.7 billion in this segment (2020: EUR 48.6 billion).

ICT markets, the data (in EUR bn)



Source: Bitkom, EITO | January 2021

December 2020's Bitkom ifo digital index shows that the business situation and expectations in the ITC sector are cautiously recovering after the slump in the first half of 2020. This study is based on regular representative surveys conducted on companies in the industry. The current business situation (26.0 points) scored 5.2 points better in December 2020 than in the months before. The sub-index of business expectations rose sharply from 4.9 to 13.5 points. Both figures are still way below the peaks achieved in 2019, but have nevertheless recovered slightly compared with the steep downturn in mid-year 2020. The Management Board anticipates a sector-specific environment that is conducive to the ITC segment's activities, along with stable demand, in the financial year 2021.

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. In the financial year 2019, weclapp offered mainly small and mid-sized customers in Germany access against a usage fee to its cloud-based corporate software (Enterprise Resource Planning, ERP) which goes by the same name. This access enables customers to map 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-based solutions are gaining traction in terms of their 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.

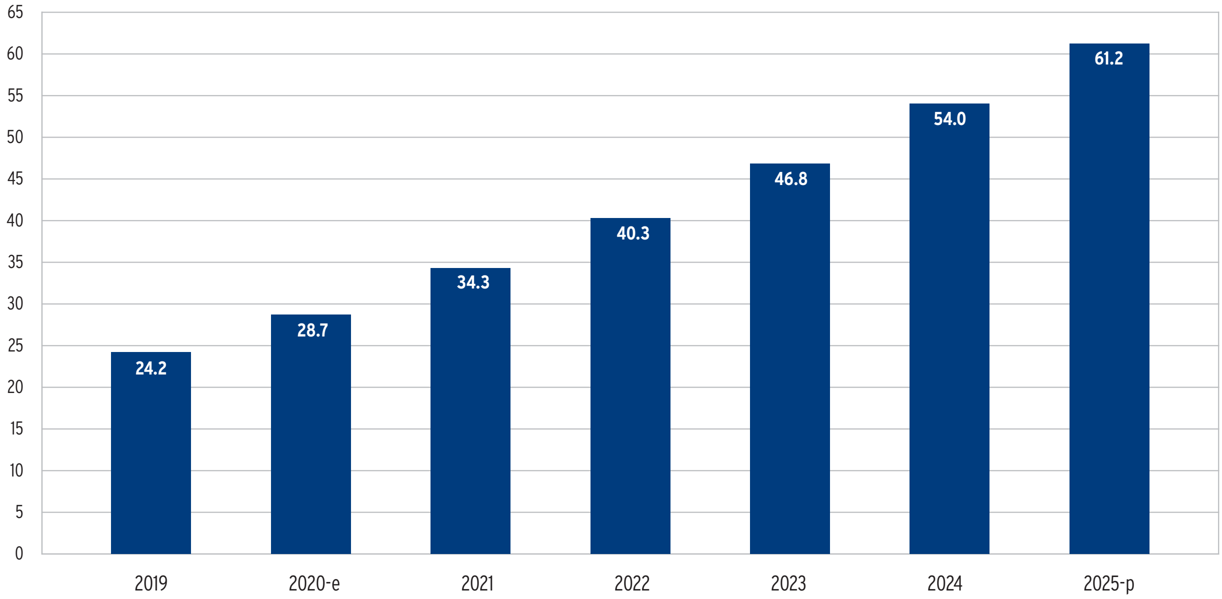
Moreover, central data storage facilitates cooperation between companies on the platform as well as in particular the development and the use of self-learning algorithms (machine learning, artificial intelligence).

The advantages of cloud computing at a technical, financial and structural level make the use of holistic ERP systems attractive to small and mid-sized companies as well. The growing acceptance of cloud applications in general by senior executives is also a contributing factor.

According to the most recent representative survey of Bitkom Research GmbH conducted on behalf of KPMG AG, a good three quarters (76 %) of all companies were using computing capacity from the cloud in 2019 (2018: 73 %). Another 19 % of companies planned to use cloud computing, or are at least at the discussion stage (2018: 19 %). The group of sceptics who do not attribute importance to the topic of cloud computing has diminished to a mere 6 % (2019: 8 %).

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 16.3 % through to 2025 and anticipate global sales of USD 61.2 billion.

Cloud ERP sales (worldwide in USD bn)



Source: MarketsandMarkets Analysis 2020

The analysts therefore affirm weclapp management's opinion that the deployment of cloud computing will be a key driver of corporate digitalisation. Seen from the other side, the following can be assumed: Mittelstand companies in particular as the main target group of weclapp need digitalisation for preserving and sharpening their competitive edge and will increasingly promote the use of corporate software.

This mega trend is boosting the prospects of the market and the sector, harmonises with 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

3U'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. This market is secured through a private business agreement between VATM (Association of Telecommunications and Value-Added Service Providers), of which 3U TELECOM GmbH is a member, and Telekom Deutschland GmbH. Under this agreement, Telekom Deutschland GmbH voluntarily commits to allowing its end customers unhindered access to the offerings of contractual partners over a period up until 31 December 2022. Whether this agreement will be extended beyond the current term or replaced by a similar agreement is currently unclear. If this is not the case, the Voice Retail business model would have to be discontinued.

Although the demand for telecommunications services rose in 2020 due to restrictions on face-to-face contact from measures to combat the pandemic, the general trend on the telephony market suggests that fixed-line usage is set to dwindle, with prices tending to decline further.

The price of telecommunication services for fixed line, Internet and mobile for private households in Germany dropped again in 2020 compared with the previous year. According to information from the German Statistical Federal Office (DeStatis) in a survey from December 2020, the consumer price index for telecommunications services settled 3.4 % below the level posted in December 2019.

According to VATM and Dialog Consult's study on the German telecommunications market in 2020, the revenues generated through telecommunications services increased by approximately EUR 0.6 billion in total, from EUR 58.3 billion to EUR 58.9 billion, compared with 2019. This growth benefited both mobile and fixed-line operators whose revenues climbed from EUR 32.8 billion to EUR 33.0 billion.

For the first time in many years, 2020 saw a slight upturn in call connection minutes — people were using the telephone more. The volume of daily telephone minutes increased from 799 million to 809 million. Another steep downturn in fixed line is juxtaposed to recent growth in mobile and OTT providers (over-the-top, services such as Zoom, Skype, What's App and others). While, in 2020, 361 million minutes calls were made per day (2019: 345 million minutes per day), the share of fixed line connections in the telephone volume declined to 235 million minutes per day (2018: 259 million minutes per day).

According to the same study, revenues generated through service call numbers (including call-by-call and preselection numbers) dropped again to EUR 336 million in 2020 (2019: EUR 338 million). These estimates for the full year were released in October 2020 and stand in contrast with the development of business in 3U's telephony business line which recorded growing demand and revenue from its service call numbers.

Renewable Energies segment

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 from this source to 246 TWh in 2020 (2019: 236 TWh). As, at the same time, overall electricity consumption at 551 TWh dropped to its lowest level since the turn of the century (electricity consumption in 2019: 569 TWh), the proportion of renewable energies in public net electricity production rose to over 50 % for the first time ever (2019: 46.0 %).

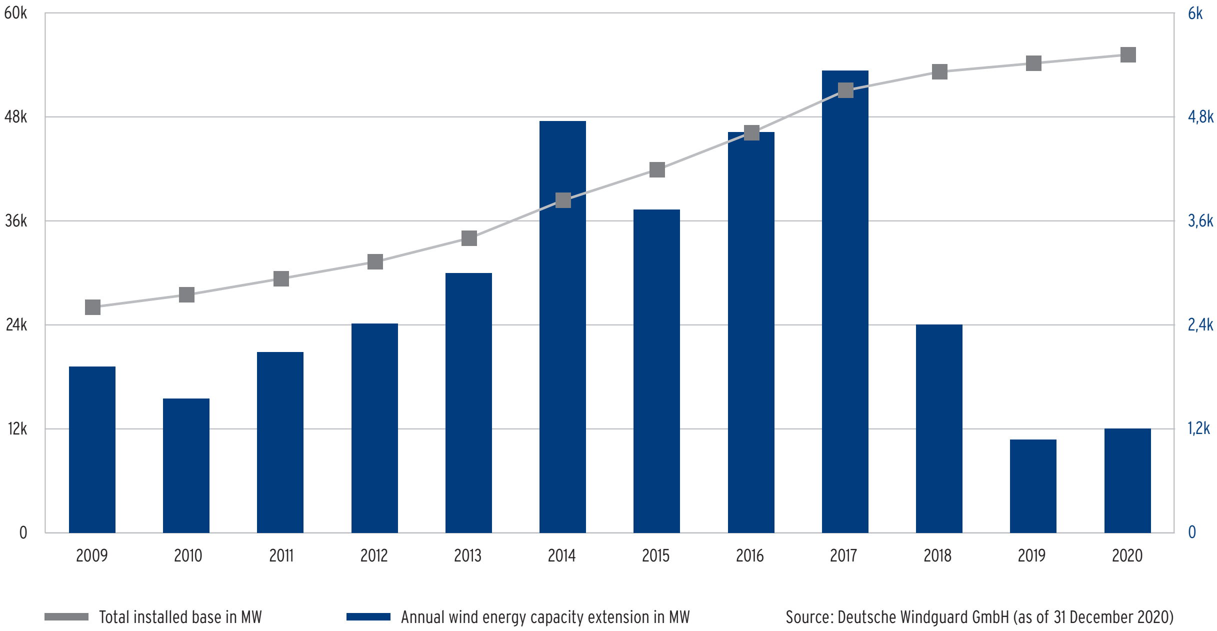
The energy revolution continues to enjoy considerable backing by the population. Dissatisfaction with political implementation is growing, however. The majority of Germans are concerned that commitment to climate protection might lose momentum because of the Corona pandemic. Almost three thirds of Germany's citizens are in favour of more stringent climate protection measures.

The political environment for the expansion of renewable energies in Germany appears to be increasingly contradictory against this background, however: The amendment of the law on expanding renewable energies ("EEG 2021"), passed in December 2020, brings specific relief, for instance benefits with respect to leaseholder electricity, financial investment possibilities for municipalities in the operating of new wind farms to promote local acceptance, and also in the form of temporary EEG supplementary funding to secure older plants without existing power purchase agreements (PPAs). Critics take the standpoint, however, that a consistent drive towards clear prioritisation and an accelerated subsidisation of renewable energy production are lacking. Under EEG 2021 as well, the framework conditions for building further wind turbines in particular have not greatly improved.

In 2020, 1.2 GW wind energy capacity put out to tender was not taken up. The recent tightening of tender conditions will lead to auctions for new plants being significantly undersubscribed in 2021 as well. The annual tender volume specified under EEG 2021 of between 2.9 and 5.8 GW for onshore wind energy and for between 1.95 and 2.15 GW for photovoltaics through to 2030 is unlikely to be achieved.

In 2020, net onshore installation of 1.2 GW was higher than expected initially and also exceeded the previous year (2019: 1.0 GW). This development is nevertheless unlikely to be sufficient for achieving the German government's climate targets: In 2021, experts anticipate a slightly higher installation volume in the field of renewable energies compared with 2020, specifically 4 to 5 gigawatts of photovoltaics and 1.5 to 2 gigawatts of onshore wind power.

Annual expansion and installed wind energy capacity in Germany (in MW)



Source: Deutsche Windguard GmbH (as of 31 December 2020)

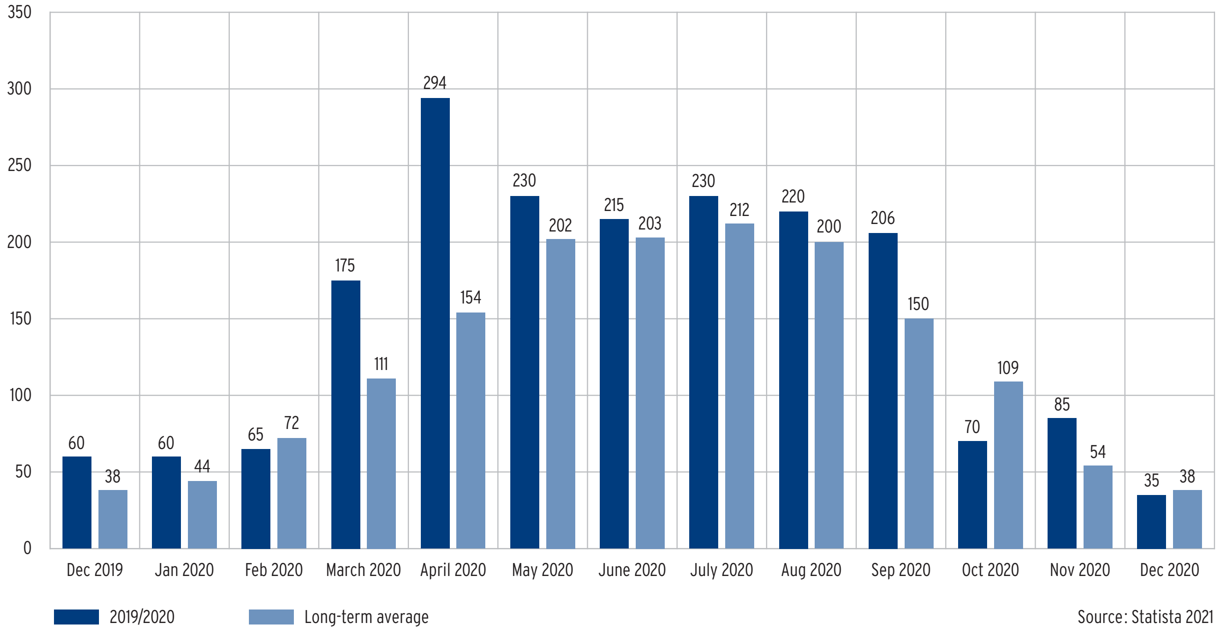
The situation of low onshore wind energy installations was ultimately further exacerbated by the local government of Brandenburg. Brandenburg ranks among Germany's three strongest federal states in terms of wind energy. It nevertheless imposed a moratorium on building new wind turbines, which has remained in force and is applicable to various planning regions in Brandenburg. This moratorium affects almost all of 3U's projects currently under way and prompted 3U to temporarily scale back the development of the aforementioned projects and of new ones. During this time, the existing project developments will be conserved in a suitable manner and adjusted to the current circumstances so that, once the moratorium has ended, they can be quickly brought to completion.

Weather conditions

Solar radiation and wind 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. In the financial year 2020, they contributed to a satisfactory result in 3U's Renewable Energies segment.

Annual sunshine in Germany stood at 1,885 hours in the financial year 2020 (2019: 1,815 hours) in Germany, some 22 % above the four-year average of 1,549 sunshine hours.

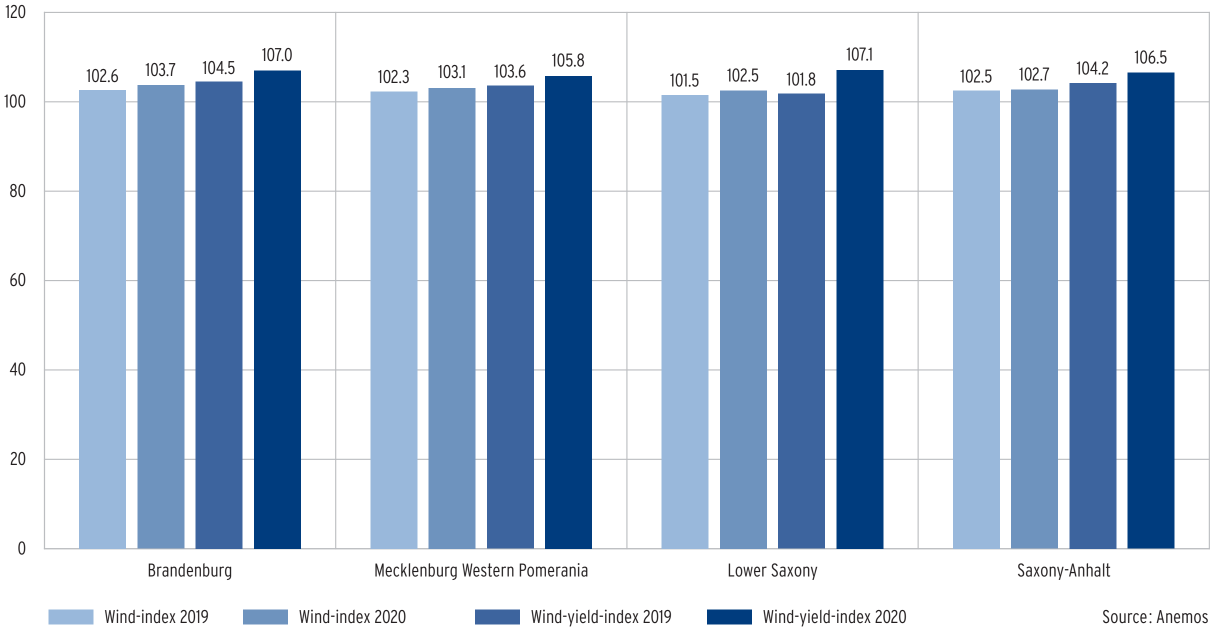
Average monthly sunshine in Germany from December 2019 to December 2020 (in hours)



Source: Statista 2021

Above-average wind levels were once again reported in the year 2020. Despite months in the second and third quarters when there was little wind, the volume nevertheless exceeded the average of the past twenty years again. As in the previous year, the wind index stood at an unchanged 101.9 % (2019: 101.9 %). The wind yield index rose to 106.3 % (2019: 104.7 %).

Wind/energy yield index (in %)

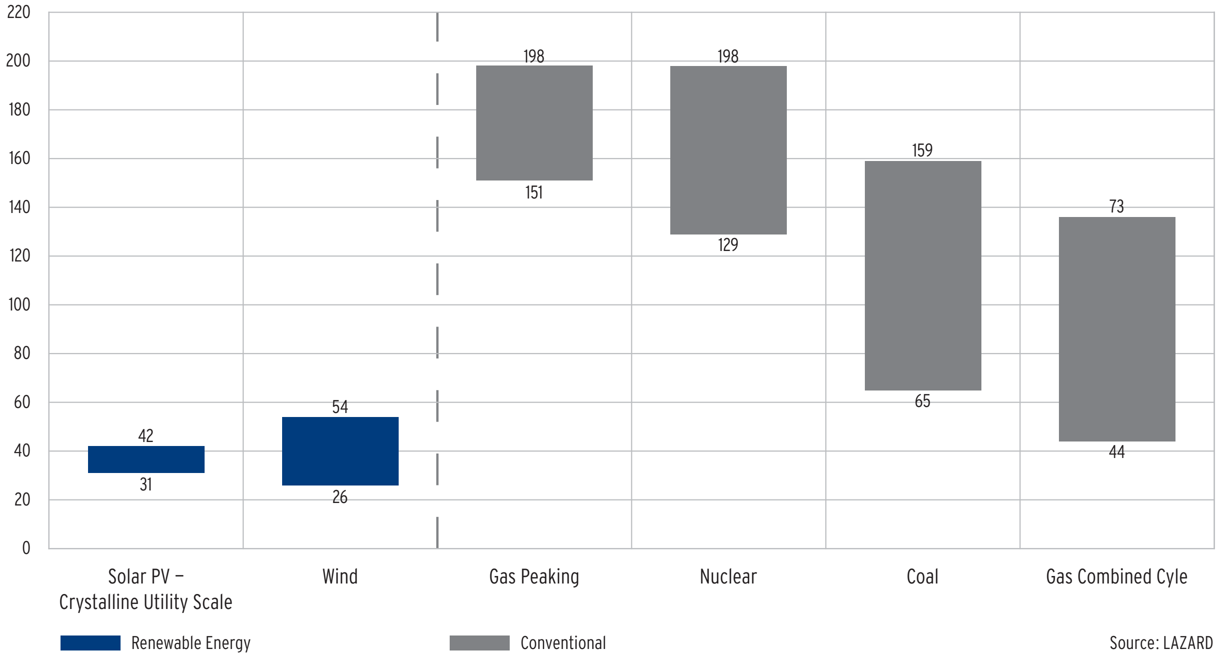


General Business Conditions

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

In principle, the falling costs of producing electricity from renewable energies are reinforcing the competitive advantage of renewable energies compared with fossil fuels and nuclear power. The Levelised Cost of Energy analysis prepared by Bank Lazard excluding any subsidisation (LCOE) shows: Producing energy by conventional means is meanwhile much more expensive than by wind and solar power.

Comparison of electricity generation costs — without subsidisation (in USD/MWh)



Along with the higher price of CO_2 allowance certificates, 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 in 2019 reached 80.0 % and 94.6 % respectively of the average.

At present, 3U facilities have guaranteed remuneration under the German Renewable Energies Act. For the first time, Klostermoor wind farm's wind turbines and some of those belonging to the Roge wind farm will be remunerated based on power exchange market prices in 2021.

SHAC segment

The companies in the SHAC segment operate in a niche of the construction sector. Within the construction industry, growing emphasis is being placed on environmentally compatible, but also affordable equipment with components and systems, in particular heating and air conditioning technology, not forgetting the sanitary equipment. This applies to owner-builders, renovators and DIYers who order products online from Selfio GmbH in particular, and receive advice and support, as well as to property developers of large-scale residential and commercial real estate who were targeted by the business of ClimaLevel Energiesysteme GmbH. ClimaLevel Energiesysteme GmbH left the group of companies on 1 December 2020 after the former minority shareholder acquired all of 3U HOLDING AG's shares in the company.

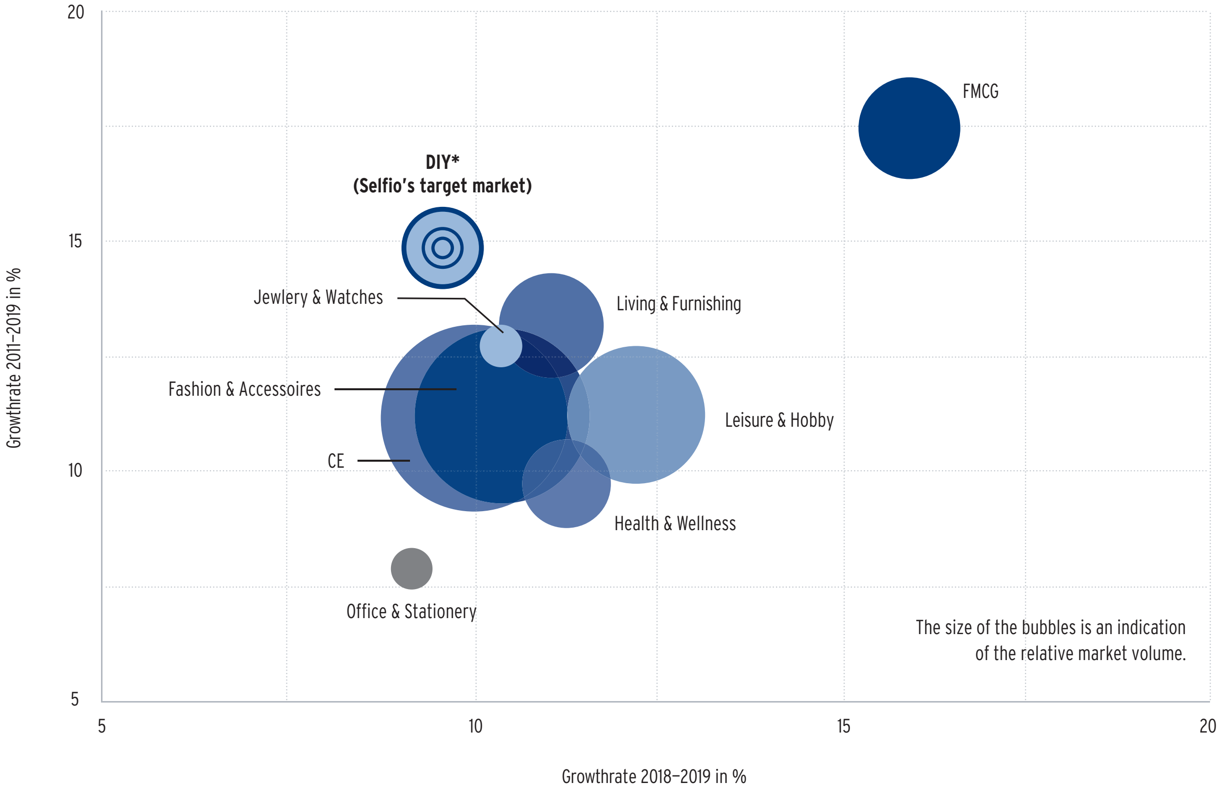
General Business Conditions

The construction industry was also subject to constraints from the pandemic. Order intake in the construction industry therefore came in at around EUR 6.9 billion in November 2020, down 5.9 % compared with November 2019 (EUR 7.1 billion). Compared with October 2020, an increase of 2.0 % was nevertheless reported. How far this slight rebound will gain traction over the course of 2021 will ultimately depend on the development of measures to tackle the COVID-19 pandemic.

Germany's DIY sector also reported ongoing strong growth in demand, According to information from the German DIY retail association BHB, the industry's sales rose by 15 % to EUR 17.3 billion in the first nine months of 2020 (full-year 2019: EUR 19.5 billion). The BHB views the future of the sector optimistically, referencing the fact that, having been required to stay at home, many customers are showing a sustained interest in refurbishment and renovation projects.

According to information from the Central Association of the German Retail Trade (HDE), online sales across all sectors grew by 11.0 % to EUR 59.2 billion in 2019 (2018: EUR 53.3 billion). This corresponds to a share in overall retail sales of 10.9 % (2018: 10.1 %). The DIY segment of home improvement and gardening took a share of 4.2 % in e-commerce sales (2018: 4.3 %) and recorded only average growth of EUR 2.3 billion to EUR 2.5 billion.

E-commerce growth rates by sector



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

Source: HDE Online-Monitor 2020

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. With the amendment to the Energy Efficiency Strategy 2050 approved in 2020, the German government set out the new 2030 energy efficiency target, among others – by 2050, 50 % less primary energy is to be consumed in Germany compared with 2008 (previously 30 %).

In this context, the German Energy Saving Ordinance (ENEV), the Energy Savings Act (EnEG) and the Renewable Energies Heat Act (EEWärmeG) were combined under the German Buildings Energy Act (GEG) as of 1 November 2020. Funding schemes were also extensively simplified as part of this process and the formerly separate systems of the German development bank Kreditanstalt für den Wiederaufbau (KfW, loans) and the Federal Office for Economic Affairs and Export Control (BAFA, subsidies) were integrated into an umbrella programme: the Federal Funding for Energy-Efficient Buildings (Bundesförderung für effiziente Gebäude, BEG), divided into the three sub-programmes of residential buildings, non-residential buildings and individual measures. At an early stage, Selfio GmbH began to alert customers and interested parties to the new incentives.

Business development

Overview of most important events of the 2020 financial year

ITC

Restrictions on contact and the widespread necessity of having employees work from home as part of measures to combat the COVID-19 pandemic resulted in an increase in demand for telephony offering in the ITC segment. The decline in revenues in the Voice Retail business (call-by-call and preselection numbers) which set in a few quarters ago was therefore temporarily reversed. Demand for other offerings in the telecommunications business, such as telephony for business customers, was also very strong. In addition, the value-added services launched in the market in 2020 were well received and made a decisive contribution to revenue growth in this line of business. The new "managed IT services" offering, introduced in the second half of the year, is aimed at compensating the end to the Voice Retail business model presumed upon expiry of the contract with Telekom Deutschland GmbH by 31 December 2022 to the maximum extent possible.

In the Cloud Computing business, Group company weclapp SE was kept its revenue and earnings growth at a steady level. In a survey conducted by data portal statista and the magazine Focus, weclapp moved up the list of Germany's 100 fastest growing companies. The number of active customers rose steadily over the course of the year to more than 3,300. The month of December saw weclapp bill more than one million euros for services and usage rights for the first time. The aspiration of ranking as a technological ERP platform leader for small- and medium-sized companies was underpinned by weclapp winning the "ERP System of the Year" award. The company relies, among other aspects, on its offering of external system add-ons via interfaces to third party systems (plug-ins) in a growing community of external developers. As from the second half of the year, the company began its drive to strengthen its international presence through Internet content in several European languages. Among other measures, the company promoted its growth by hiring managers for the areas of data security, partner management and research (in particular for the development of innovative offerings in the field of artificial intelligence).

Renewable Energies

At the start of the financial year 2020, and upon the takeover of management, the Roge wind farm in Mecklenburg-Western Pomerania was included in the consolidated financial statements for the first time by way of full consolidation. By contrast, the Lüdersdorf wind farm was sold to an energy supply company in December 2020. Generating capacities in the Renewable Energies segment's portfolio subsequently amounted to around 54 MW.

SHAC

In the SHK segment, in addition to far-reaching general hygiene measures, shift work was introduced in the lockdown periods to protect employees. Work was introduced during the lockdown periods. This could only be achieved by employing additional temporary staff and led to increased and led to a temporary increase in personnel costs.

Optimising and extending the supply chain in the SHAC segment made considerable headway in the 2020 financial year. A groundbreaking ceremony in August 2020 marked the start to the construction of a new distribution centre in Koblenz. At the time when the consolidated financial statements were being prepared, the construction work was progressing to schedule, with relocation planned for the first half of 2021.

At the same time, measures to strengthen this segment's profitability were continued and stepped up. Accordingly, in-house brands were added to the product portfolio, and a 12-Point plan was approved in the second quarter of 2020. This plan provides for optimising the product and sales channel mix, flanked by improving efficiency in procurement and marketing. As part of the implementation of some of the planned measures, products and sales channels generating strong sales but low profits were phased out with aim of improving earnings possibly at the cost of growth.

By contrast, e-commerce in Selfio GmbH in the third quarter of the financial year 2020 was supplemented an additional business model offering extended design services against a fee. The new business model introduced in 2020 in samoba GmbH, namely the leasing of high quality machines and tools, won third place in the Internetworld Shop Award at the start of 2020.

In November 2020, 3U HOLDING AG sold its 75 % stake in Cologne-based ClimaLevel Energiesysteme GmbH to the co-owner and managing director, to another employee of the company and to a strategic investor. The transaction is in line with 3U's strategy of focusing on the promising future prospects of e-commerce and cloud computing. Sales revenues generated through third parties in the SHAC segment now largely result from e-commerce.

Other Activities

InnoHubs GmbH, in which 3U HOLDING AG holds 75 % of the shares, is in charge of the construction and sale of an innovation and office property in Würzburg. The planning for the building complex was drawn up in the financial year 2020, and companies and research institutions offered space for sale or to rent on this basis. In-depth discussions were held with numerous interested parties. Agreements are expected to be concluded in the current financial year. The actual start to construction depends on sufficient marketing success.

3U HOLDING AG

As part of its business model of acquiring, operating and selling assets, 3U HOLDING AG successfully carried out one transaction and initiated another in the financial year 2020.

As part the strategic focus on e-commerce and cloud computing, a purchase agreement for selling the leased parts of the Adelebsen property, including the buildings on the property, was signed. Concluding the transaction was delayed due to the pandemic and will take place upon entry of the transaction into the land registry.

An office property of no strategic significance in Linz on the Rhine River was also sold in August 2020.

Result of operations*

Result of the Group's operations

Consolidated revenue

Consolidated revenue rose significantly by EUR 9.60 million to EUR 61.05 million (18.7 %), up from EUR 51.45 million in the previous year. All three segments contributed to the strong growth, with the ITC segment's revenue increasing by 37.4 % and that of the SHAC segment by 9.1 %. Growth of 26.4 % in the Renewable Energies segment is also attributable to the Roge wind farm acquired at the start of the year and included in the consolidated group for the first time. Along with the strategically most significant Cloud Computing business line as the greatest driver of growth, the Telecommunications business line also reported considerable organic growth. In the first six months of 2020, the emphasis was placed on improving earnings in e-commerce, an approach which was successful at the cost of a slightly slower pace of growth in the second half of the year. Consolidated sales revenue breaks down as follows: ITC segment with 31.7 % (2019: 27.3 %), Renewable Energies segment with 15.0 % (2019: 14.0 %) and the SHAC segment with 54.3 % (2019: 59.1 %).**

Changes in inventory were also mainly incurred in connection with wind farm project development in the financial year 2020 as well. By contrast, an increase in other own work capitalised resulted from proprietary software development services in the expansion of logistics activities in the SHAC segment, as well from as extending the weclapp platform to include customised requirements.

Other income largely resulted from the disposal of the property in Linz, the Lüdersdorf wind farm, and the 75 % stake held in ClimaLevel Energiesysteme GmbH. At EUR 5.34 million, income is 33.5 % lower than in the previous year (2019: EUR 8.03 million). In 2019, the sale of company premises in Marburg in particular resulted in a high level of other income. Overall sales proceeds from assets held by the Group in an amount of EUR 3.64 million (2019: EUR 5.29 million) were generated in the financial year 2020.

The cost of materials rose by 15.5 % in comparison with the previous year due to the development of business. In relation to sales, the cost of materials decreased marginally as against the year-earlier period. Its share in revenue stood at 54.4 % compared with 55.9 % of sales revenue in 2018. Gross profit of EUR 32.97 million exceeded the year-earlier figure by 7.5 % (gross profit 2019: EUR 30.68 million).

Research and Development

Research and development are exclusively conducted in the 3U Group in Cloud Computing in the Group company weclapp SE. 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 1.83 million in the financial year 2020 (2019: EUR 1.40 million).

EBITDA

The improvement in gross profit was outperformed by the increase in earnings before interest, taxes, depreciation and amortisation (EBITDA). In the financial year 2020, EBITDA stood at EUR 11.55 million, up EUR 1.45 million (14.4 %) compared with the previous year's figure (2019: EUR 10.10 million). The absolute and relative decline in other costs contributed to this gratifying development.

*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.
**The difference between the sum total of segment sales revenue and 100 % of consolidated sales revenue is to be attributed to Other Activities

Despite the increase in personnel necessitated by growth in Cloud Computing, along with the temporary increase in personnel requirements due to the pandemic in the SHAC segment's logistics operations, the share of personnel expenses in revenue (personnel expenses ratio) declined slightly from 22.6 % in the financial year 2019 to 21.5 % in the year under review.

The proportion of other operating expenses in revenue dropped considerably to 13.6 % in the financial year 2020, down from 17.4 %. A slight upturn in the holding company's costs was offset by lower other expenses in the ITC segment. Under the 12-point Plan to improve profitability in the SHAC segment, the selling fees charged by external sales platforms have already been pared down slightly, among other measures. Write-offs of receivables from prior years were carried out in both segments, which were partly offset by other income from the reversals of value adjustments.

Group result

Depreciation has risen compared with the previous year, due in particular to the initial inclusion of the Roge wind farm in the consolidated group. All in all, depreciation climbed by 22.0 %, from EUR 4.60 million to EUR 5.61 million.

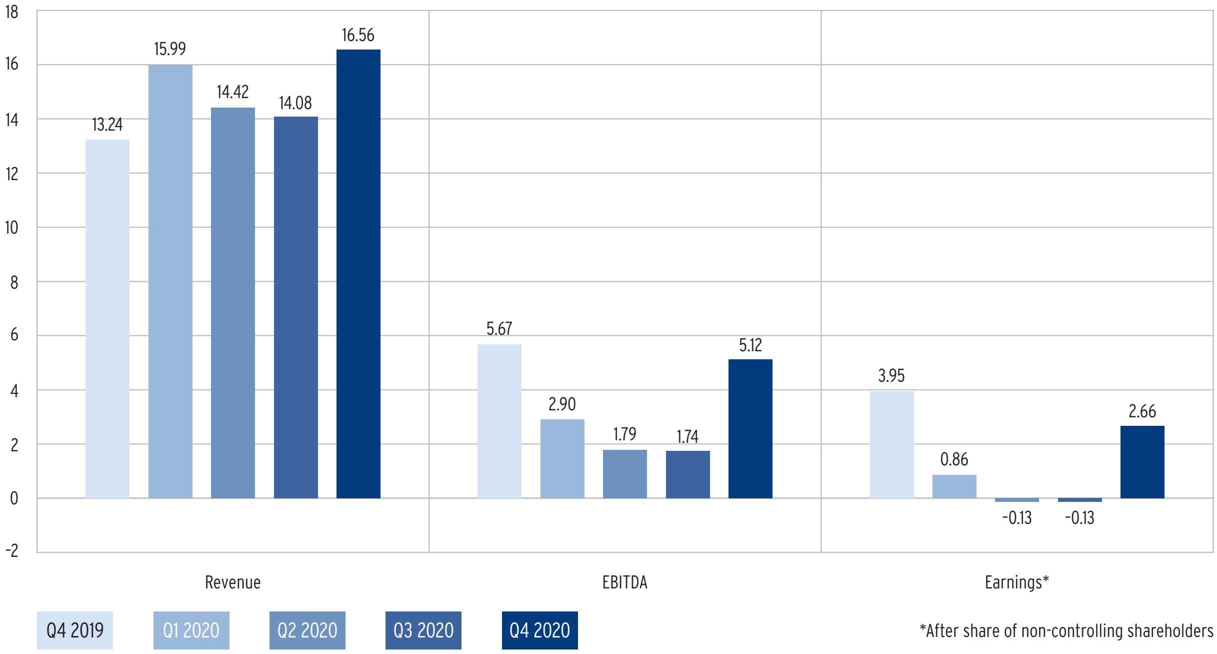
The financial result came in at EUR –0.68 million, up EUR 0.17 million (2019: EUR –0.85 million).

Tax expenses of EUR 1.30 million were incurred (2019: EUR 0.25 million). The creation of deferred taxes due to temporary differences between carrying amounts under IFRS and those in the tax balance sheet had a major impact on the tax result. As anticipated, the significant increase is also due to the fact that the tax loss carryforwards from the development and start-up phase of weclapp SE have meanwhile been fully utilised. In the financial year 2020, slight income was reported from deferred taxes of EUR 0.03 million (2019: EUR 0.88 million) from the balance of deferred tax assets and liabilities. This was offset by current income tax expense of EUR 1.33 million (2019 income tax expense: EUR 1.13 million).

The result attributable to non-controlling shareholders climbed to EUR 0.70 million compared with the year-earlier period. Minority interest in the Roge winter farm benefited from good wind yield. Non-controlling interest in the ITC segment participated in the positive development of business in an amount of EUR 0.41 million.

The consolidated result for the financial year 2020 attributable to shareholders of the parent company therefore reflected the forecast: At EUR 3.27 million, it fell EUR 0.82 million short of the previous year's figure of EUR 4.09 million.

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



*After share of non-controlling shareholders

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 revenue. It should also be noted that income taxes – where there is a tax group relationship with 3U HOLDING AG – are borne 3U HOLDING AG, the parent of the tax group.

Result of the segments' operations

ITC (Information and Telecommunications Technology) segment

Segment revenue

Revenue in the ITC segment increased sharply to EUR 19.33 million in the financial year 2020, up from EUR 14.06 million in the previous year. In the Cloud Computing business, revenue was raised by around 57 % year on year in accordance with expectations. In the Telecommunications segment, revenues also grew significantly by 29.6 %. The Voice Retail segment saw demand rise as a result of restrictions on travel and contact. Value-added services also made a significant contribution to growth.

This segment's improvement in earnings largely resulted from the successful development in the Cloud Computing business. The Telecommunications business therefore improved its profitability and continues to make a positive contribution to earnings in this segment.

Revenue in the Voice Retail business rose from EUR 1.95 million to EUR 2.23 million, boosted by higher demand due to the pandemic. Voice Business Customer reported revenue growth of EUR 5.03 million to EUR 7.91 million. Data Center Services & Operation achieved revenue of EUR 1.75 million in the financial year 2020 (2019: EUR 1.66 million). Cloud Computing lifted its revenue from EUR 4.64 million to EUR 7.33 million.

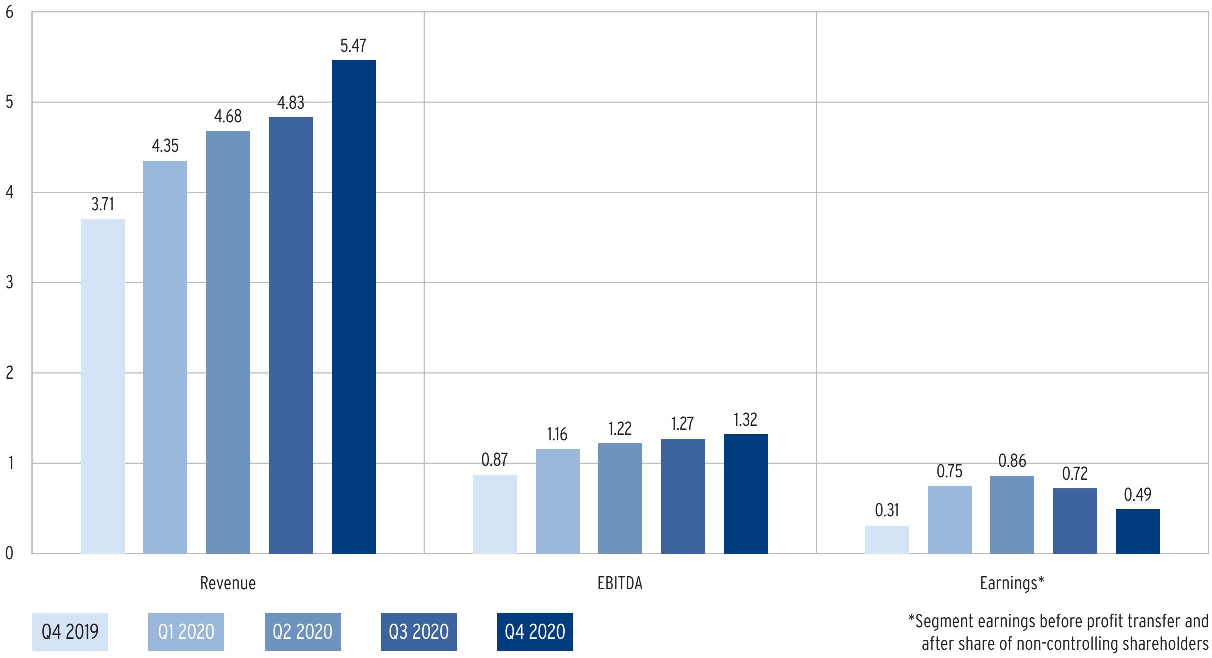
EBITDA

The sharp increase in gross profit is mainly due to the higher sales revenue from Cloud Computing. Personnel expenses rose in particular, from EUR 4.70 million to EUR 5.79 million, due to recruiting personnel in the Cloud Computing business on the back of growth. Conversely, the decline in other expenses of 6.4 % in this segment is explained by the drop in the volume of non-recurrent advisory and support services in Voice Business in 2019. Consequently, EBITDA in this segment has risen by almost 80 %, from EUR 2.79 million to EUR 4.97 million.

Segment result

The creation of deferred taxes due to temporary differences between the carrying amounts under IFRS and those in the tax balance sheet resulted in tax expenses of EUR 0.61 million. At the same time, income tax of EUR 0.27 million was incurred. As a result, the ITC segment generated a segment result of EUR 2.82 million in the financial year 2020, reflecting year-on-year growth of 35.6 % (2019: EUR 2.08 million). A share in profit of EUR 0.41 million from this segment was attributable to minority interest (2019: EUR 0.32 million).

Development (revenue, EBITDA, result) — ITC segment in EUR million



*Segment earnings before profit transfer and after share of non-controlling shareholders

Renewable Energies segment

Segment revenue

Since little progress could be made with project development due to a moratorium issued by the Federal State of Brandenburg, sales revenue in the Renewable Energies segment depended mainly on weather conditions. The power generated by the portfolio of wind farms benefited from wind that was much stronger than around mid-year, 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 2.03 million, therefore falling only marginally short of the excellent year-earlier level. All in all, revenues rose from EUR 7.22 million in 2019 to EUR 9.13 million in the reporting year. This also includes revenue from the Roge wind farm, included in the consolidated group since the start of the financial year 2020, which contributed around EUR 2.00 million to revenue. The sale of the Lüdersdorf wind farm also generated additional proceeds of EUR 2.22 million.

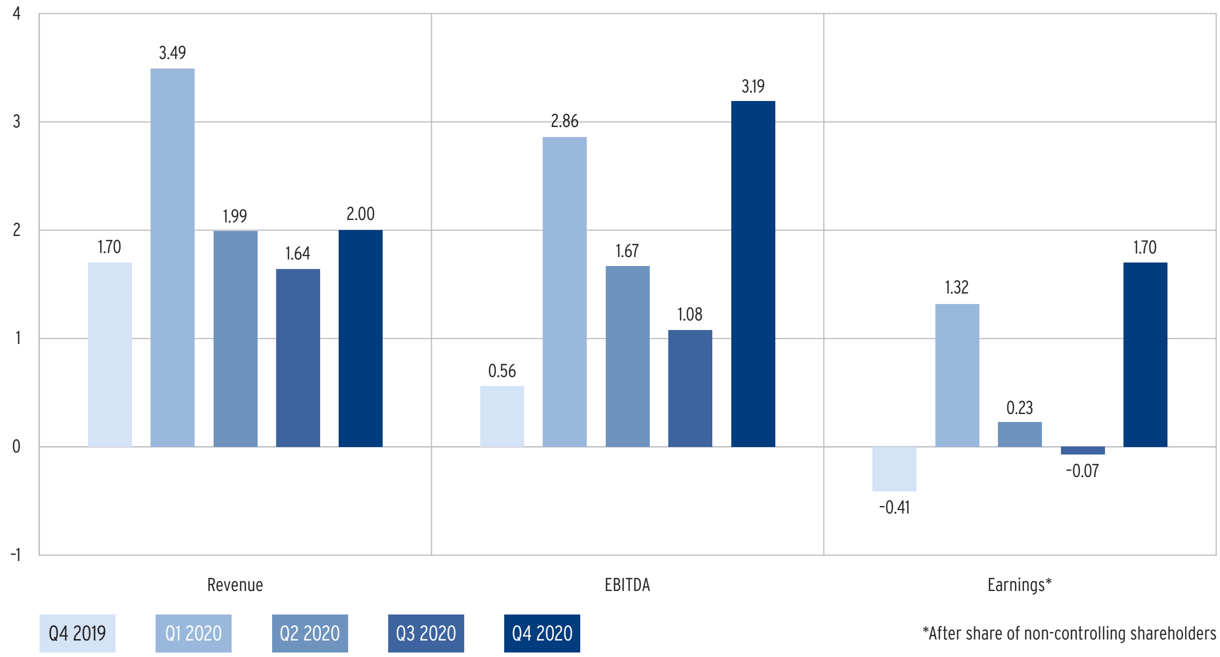
EBITDA

The general trend in wind farm project development was taken account of by focusing on promising developments and their continuation over the term of the moratorium issued by the Federal State of Brandenburg. In this context, developments whose realisation currently does not appear promising were written off in an amount of EUR 0.34 million. In the financial year 2020, the decrease in inventory stood at EUR 0.36 million on balance compared with the previous year's reduction of EUR 0.20 million. Personnel expenses and other operating expenses were EUR 0.35 million lower in the financial year 2020 compared with the previous year's figure. EBITDA was therefore raised from EUR 4.90 million in the previous year to EUR 8.80 million in the financial year 2020.

Segment result

The proceeds from the sale of the Lüdersdorf wind farm contributed substantially to lifting the segment result from EUR 0.38 million to EUR 3.17 million.

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



SHAC (Sanitary, Heating and Air Conditioning Technology) segment

Segment revenue

The SHAC segment's revenue climbed from EUR 30.38 million to EUR 33.14 million. This increase of EUR 2.76 million (9.1 %) did not match the strong growth in the financial year 2019 (2019: 13.9 %). Measures to strengthen earnings in the context of the 12-point Plan resulted in slowing the pace of growth in this segment. Sales revenue generated from e-commerce in the Group company Selfio GmbH nevertheless increased by 14.9 % to EUR 23.67 million (2019: EUR 20.61 million). Despite stepping up the use of in-house brands and other measures to optimise procurement, the cost of materials ratio in the SHAC segment stood at 77.7 %, up 1.1 %-points compared with the level posted in the previous year (2019: 76.6 %).

EBITDA

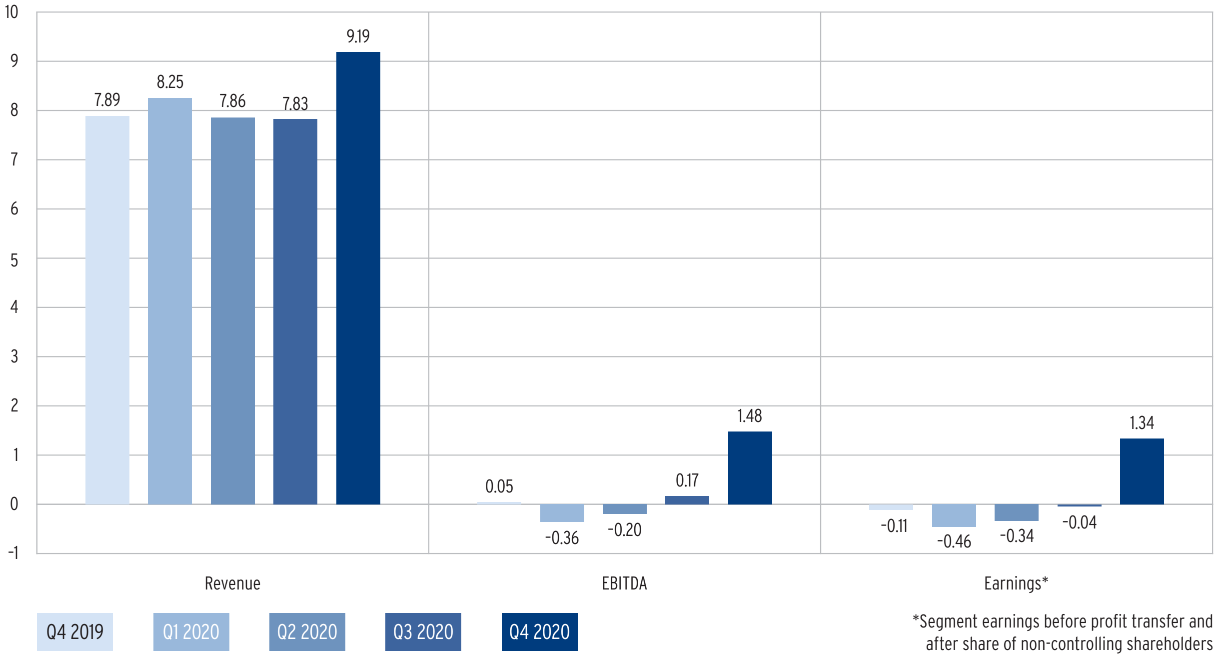
In spite of the higher cost of materials ratio, proceeds from the deconsolidation of ClimaLevel (EUR 1.28 million) and progress made in implementing the 12-point Plan generated a positive EBITDA of EUR 1.09 million compared with the figure posted in the financial year 2019 which was still negative at EUR –0.09 million. Internal measures to raise efficiency were temporarily able to compensate for the increase in personnel expenses. In order to safeguard the employees against infection, work was partly performed in the Montabaur distribution centre by two separate teams, which necessitated deploying a higher number of temporary employees. The personnel expenses ratio in the SHAC segment for the full financial year 2020 came in at 12.25 %, which is therefore lower than in the previous year (2019: 13.0 %). The share of other operating expenses in revenue also declined significantly from 12.6 % to 11.3 % in a year-on-year comparison. This is particularly attributable to lower expenses for fees charged by sales platforms. As part of implementing the 12-point Plan, 3U uses the option of e-commerce via such platforms to a lesser extent.

Segment result

The SHAC segment was therefore also successful in delivering a result in the profit zone. After reporting a segment result of EUR –0.59 million in the financial year 2019, a positive segment result of EUR 0.50 million was achieved in the year under review.

Tax expenses in the financial year 2020 stood at EUR 0.09 million and were therefore at the level of the previous year.

Development (revenue, EBITDA, result) — SHAC segment in EUR million



*Segment earnings before profit transfer and after share of non-controlling shareholders

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 –0.54 million was disclosed under Other Activities/Reconciliation in the reporting period (2019: EUR –0.21 million). This figure comprises revenue of the holding company amounting to EUR 1.93 million (2019: EUR 1.98 million) and from revenue consolidation of EUR –2.47 million (2019: EUR –2.19 million). Revenue consolidation is chiefly attributable to the consolidation of intersegment revenue as well as of intra-Group services. Revenue essentially comprises rental income from properties, including the Adelebsen site. Other operating income of EUR 0.14 million million (2019: EUR 5.77 million) consists of proceeds from the disposal of the property in Linz.

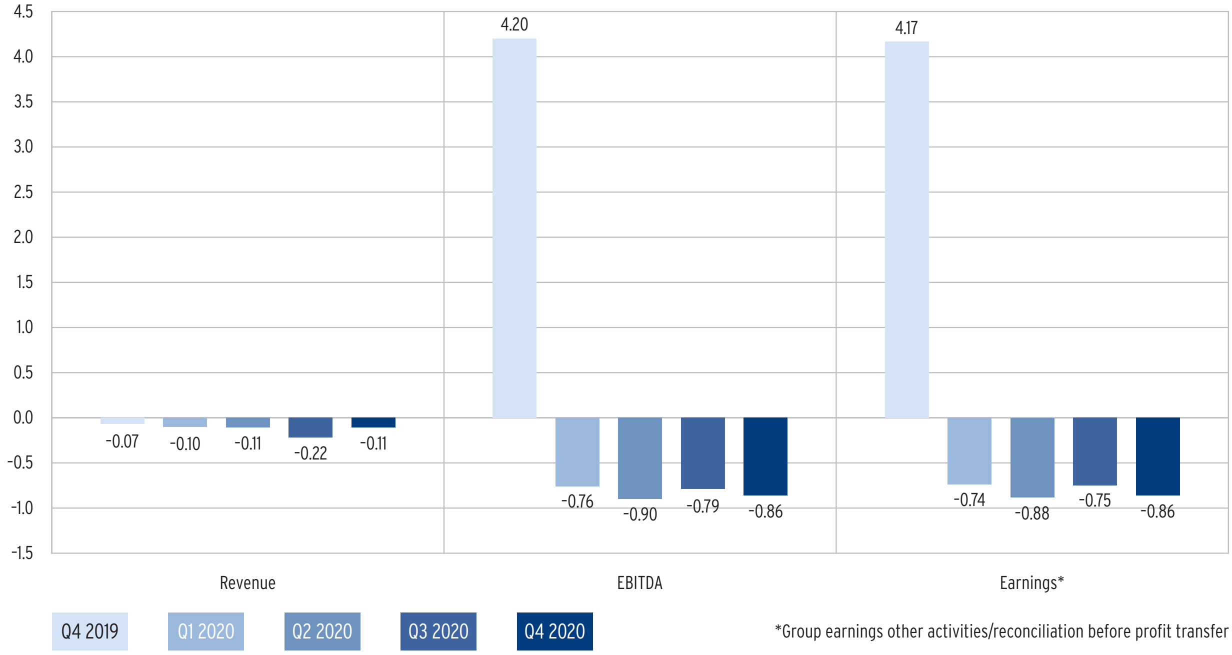
EBITDA

EBITDA therefore amounts to EUR –3.31 million (2019: EUR 2.49 million). Along with other operating income, the main factors of influence on EBITDA include higher personnel expenses of EUR 3.01 million in comparison with the previous year (2019: EUR 2.71 million) and other operating expenses of EUR 2.56 million did not change to any great extent (2019: EUR 2.53 million). 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

The result from this business area burdened the consolidated result in the financial year in an amount of EUR –3.22 million. In the previous year, this line of business delivered a positive result of EUR 2.22 million.

Development (revenue, EBITDA, result) – Renewable Other Activities/Reconciliation in EUR million



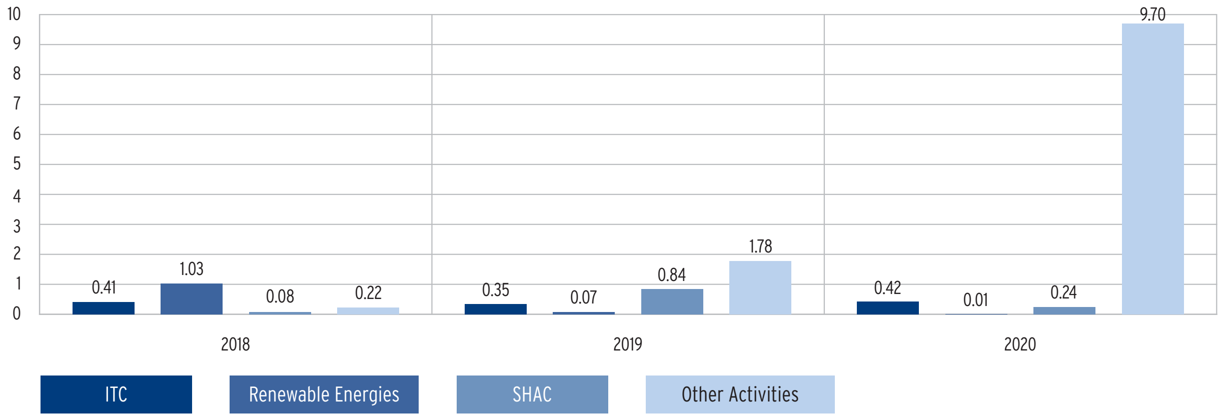
*Group earnings other activities/reconciliation before profit transfer

Financial position

Cash flow development

In the financial year 2020, the Group paid out EUR 10.37 million on balance for investments (2019: EUR 4.37 million). The disbursements were made in particular for the acquisition of a commercial complex in Koblenz and for progress made in the construction of a new distribution centre at this location. As in the previous year, investments were made in data centres, in the IT and telecommunications infrastructure and in existing plants for generating power from renewable energies.

Development of investments in EUR million



The main cash inflows were generated from the sale of the Lüdersdorf wind farm. Funds were also received from placing around 1.2 million treasury shares with an institutional investor, the sale of 3U's stake of 75 % in ClimaLevel Energiesysteme GmbH and of a property in Linz.

The operating cash flow came in at EUR 4.78 million in the financial year now ended (2019: EUR 4.68 million). The positive earnings for the period, increased by depreciation and amortisation in the financial year, had a major impact on this development.

Gains from the disposal of assets are deducted from earnings for the period as these are allocated to investment activities. Investment activities in the financial year 2020 mainly consisted of incoming payments from the sale of the Lüdersdorf wind farm and the 75 % stake in ClimaLevel Energiesysteme GmbH, as well as the sale of the property in Linz.

Along with these incoming payments, the cash flow from investing activities was determined first and foremost by capital expenditure on property, plant and equipment, particularly in connection with building a new distribution centre in Koblenz. Consequently, a cash outflow of EUR 4.75 million from investment activities was incurred on balance. In the previous year, following the sale of assets, in particular the premises in Marburg and the distribution centre in Montabaur), a cash inflow of EUR 9.17 million was recorded.

The cash flow from financing activities generated a cash inflow of EUR 5.30 million (2019: cash outflow of EUR 5.62 million). Disbursements for the scheduled and unscheduled repayment of loans and leasing liabilities, as well as to shareholders of 3U HOLDING AG and non-controlling shareholders, are offset by incoming funds from the placement of treasury shares and borrowing to finance the construction activities in Koblenz and the purchase of the Roge wind farm.

The 3U Group was able to meet its payment obligations at all times in the period under review and is also guaranteed for 2020. The liquidity situation was good as of 31 December 2020 and had improved further compared with the previous year.

The cash flow statement below shows the changes in cash and cash equivalents and is prepared in accordance with the cash flow statement shown in the consolidated financial statements (without correction of cash and cash equivalents).

Cash flow statement (in kEUR)	2020	2019
Cash flow	**5,329**	**8,235**
Cash flow from operating activities	4,778	4,681
Cash flow from investing activities	-4,752	9,170
Cash flow from financing activities	5,303	-5,616
Consolidation-related changes	**541**	**15**
Thereof from assets previously held for sale	**0**	**0**
Changes in cash and cash equivalents	**5,870**	**8,250**
Cash and cash equivalents at the beginning of period*	**20,551**	**12,301**
Cash and cash equivalents at the end of period**	**26,421**	**20,551**

*Incl. fixed deposits as collateral resp. restricted cash in the amount of kEUR 3,089 (1 January 2019: kEUR 3,923)
**Incl. fixed deposits as collateral resp. restricted cash in the amount of kEUR 2,804 (31 December 2019: kEUR 3,089)

Capital structure

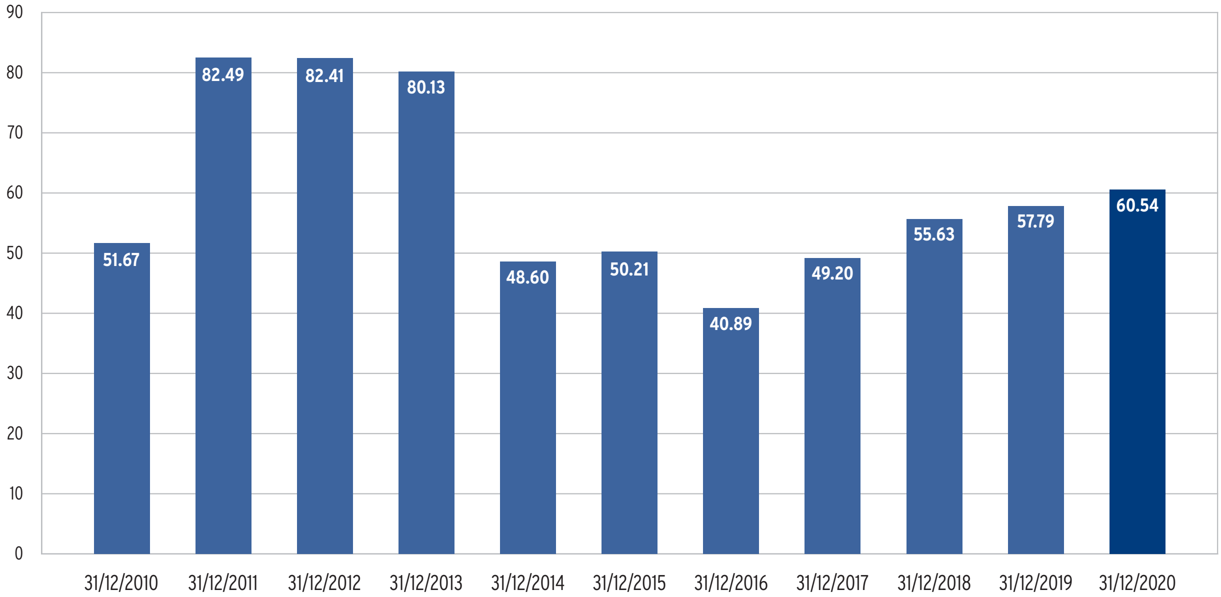
Taking account of the restrictions on disposal, cash and cash equivalents increased from EUR 17.46 million as of 1 January 2020 to EUR 23.62 million as of 31 December 2020.

Cash and cash equivalents rose by EUR 5.87 million, from EUR 22.55 million to EUR 26.42 million, over the period from 31 December 2019 to 31 December 2020.

3U HOLDING AG deposits its funds mainly in sight deposits, call accounts and short-term time deposits at Baden-Württembergischen Bank, Sparkasse Marburg-Biedenkopf, Deutsche Kreditbank AG, Sparkasse Westerwald-Siega and Volksbank Mittelhessen.

3U HOLDING AG's equity ratio rose to 60.5 % (31 December 2019: 57.8 %). Apart from profit of EUR 3.27 million generated in the financial year 2020, the increase in the absolute amount of equity from EUR 46.51 million to EUR 52.00 is also due to the sale of treasury shares, along with allocating the associated premium to capital reserve. The debt portion in total assets amounts to 39.5 % compared with 42.2 % as of 31 December 2019.

Development of the equity ratio (in %)



Asset position

Overview of balance sheet items	31/12/2020 kEUR	%	31/12/2019 kEUR	%
Non-current assets	**39,203**	**45.6**	**45,659**	**56.7**
Fixed assets	37,242	43.3	42,726	53.1
Deferred tax assets	1,855	2.2	2,671	3.3
Other non-current assets	106	0.1	262	0.3
Current assets	**43,529**	**50.7**	**34,819**	**43.3**
Inventories	8,570	10.0	7,796	9.7
Trade receivables	3,799	4.4	3,911	4.9
Other current assets	4,739	5.5	2,561	3.2
Cash and cash equivalents	26,421	30.8	20,551	25.5
Assets held for sale	**3,163**	**3.7**	**0**	**0.0**
Assets	**85,895**	**100.00**	**80,478**	**100.00**
Non-current liabilities	**73,876**	**86.0**	**69,157**	**85.9**
Equity attributable to 3U HOLDING AG shareholders	51,149	59.5	47,208	58.7
Non-controlling interests	849	1.0	-696	-0.9
Provisions and liabilities	21,878	25.5	22,645	28.1
Current liabilities	**12,019**	**14.0**	**11,321**	**14.1**
Trade payables	3,172	3.7	2,986	3.7
Other provisions and liabilities	8,847	10.3	8,335	10.4
Liabilities	**85,895**	**100.0**	**80,478**	**100.0**

Total assets stood at EUR 85.90 million on 31 December 2020 (31 December 2019: EUR 80.48 million) and have therefore risen by EUR 5.42 million compared with the year-earlier reporting date. The main changes result from the increase in cash and cash equivalents and in equity capital.

Along with usage rights, non-current assets of EUR 39.20 million (31 December 2019: EUR 45.66 million) essentially comprise intangible assets (EUR 2.40 million; 31 December 2019: EUR 2.60 million) and property, plant and equipment (EUR 32.26 million; 31 December 2019: EUR 31.11 million). New additions comprise the land and progress in building the new distribution centre in Koblenz. An asset disposal consisted of the Lüdersdorf wind farm. The investment property items (31 December 2019: EUR 3.94 million) was reduced by the current selling process of the portion of the Adelebsen property earmarked for leasing and the disposal of the property in Linz (31 December 2020: EUR 0.00 million).

Non-current assets amounted to EUR 43.53 million as of 31 December 2020 (31 December 2019: EUR 34.82 million), reflecting an increase of EUR 8.71 million compared with the 2019 reporting date. The change is mainly due to the proceeds from the disposals transacted in the financial year 2020. The share of cash and cash equivalents in non-current assets stood at 60.7 % as of 31 December 2020 (31 December 2019: 59.0 %). A reporting-date-induced and business-related higher level of inventories is offset by lower trade receivables.

The part of the Adelebsen property earmarked for sale will be disclosed under assets held for sale as of 31 December 2020.

The key financials remained at a very good level at the end of the financial year 2020. Scheduled redemption and the decrease in financial liabilities in the context of selling the Lüdersdorf wind farm are offset by borrowing for the building in Koblenz and acquiring shares in the Roge wind farm. The sum total of non-current and current financial liabilities of EUR 17.10 million was not significantly lower than in the previous year (31 December 2019: EUR 17.72 million). The debt-to-equity ratio declined from 73.0 % on the 2019 reporting date to currently 65.2 %. Cash and cash equivalents exceeded the financial liabilities by EUR 9.32 million as of 31 December 2020 (31 December 2019: net cash of EUR 2.83 million). At the same time, working capital rose by 34.7 % and had reached a level of EUR 31.66 million by the reporting date (31 December 2019: EUR 23.50 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 2020 compared with the previous year. EBITDA and the consolidated profit improved considerably compared with the preceding financial year. Along with progress in operations, this was attributable to the successful disposal of a business line in the SHAC segment and of a wind farm. A burden on the result emanated from expenses in connection with optimising and extending logistics in the SHAC segment and costs for protecting the health of the employees as part of combating the pandemic. The key financials improved considerably over the course of the financial year 2020.

The targets set for the Group in the financial year 2020 were partly achieved by the segments.

The ITC segment performed very well over the course of 2020. Sales targets were significantly exceeded, which was principally due to additional demand for telecommunications services during the periods of restrictions imposed on contact and travel. EBITDA as well as earnings before minority interests of non-controlling shareholders exceeded the budgeted figures. Cloud Computing contributed EUR 2.63 million to the segment's EBITDA.

The Renewable Energies segment was unable to achieve the revenue target in the financial year 2020, which was largely due to the planned sale of a wind farm not being brought to completion. Revenue fell around EUR 0.70 million short of budget, EBITDA by around EUR 0.9 million and profit net of minority interest by around EUR 0.02 million. The earnings development was positively impacted by the planned and successful sale of a wind farm. A counter trend emanated from changes in the project portfolio.

The SHAC segment did not achieve the targeted figures in the financial year 2020 either. Revenue dropped by around EUR 2.37 million below budget. This development is also due to the 12-point Plan aimed at strengthening profitability, the implementation of which is designed to dispense with low-margin products contributing to revenue. The success of these measures is reflected in the fact that operating income has gradually improved slightly. The sale of the shares held in ClimaLevel Energiesysteme GmbH was recognised as other operating income. Despite the lower-than-expected revenue achieved, EBITDA and the segment result are therefore both EUR 0.71 million respectively above budget.

3U HOLDING AG

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 tasks incumbent on the company include defining the corporate strategy and steering the development of the 3U Group. It is responsible for accounting and controlling in the 3U Group. It manages risks and opportunities throughout the Group, 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's Management Board have operational responsibility in dual roles as managing directors of subsidiaries.

In drawing up the annual accounts, 3U HOLDING AG complies with the provisions set out under the German Commercial Code (HGB) and the German Stock Corporation Act (AktG) with respect to accounting, measurement and disclosure. The consolidated financial statements are prepared under the assumption of going concern. The income statement is prepared using the total cost method.

The following explanations pertain to the separate annual financial statements of 3U HOLDING AG. In individual cases, certain transactions in the consolidated financial statements are reported differently in accordance with IFRS.

Analysis of the annual financial statements

Result of operations

3U HOLDING AG's total revenue came in at EUR 2.11 million in 2020 (previous year: EUR 2.24 million). Revenue essentially comprises management services rendered to 3U HOLDING AG's subsidiaries and holdings, as well as income from letting and leasing. The decline in revenue mainly results from lower rental income following the sale of the property in Marburg in the financial year 2019.

The operating income and expenses shown in the following were incurred in particular in the context of the company's management and holding function. Accordingly, the result is mainly determined by general administration costs, other operating income and the financial result.

Other operating income of EUR 2.26 million (previous year: EUR 6.27 million) principally originated from the sale of 75 % of the shares in ClimaLevel Energiesysteme GmbH (EUR 1.47 million) as well as income from the lower level of value adjustments for receivables and the write-ups of financial assets in an amount of EUR 0.60 million (previous year: EUR 0.15 million).

Personnel expenses of EUR 2.90 million were incurred for members of 3U HOLDING AG's Management Board (previous year: EUR 2.61 million). Other operating expenses mainly include intercompany services of EUR 0.75 million (previous year: EUR 0.73 million), valuation adjustments of receivables, maintenance and office premises costs, accounting and auditing costs, vehicle costs, tax advisory and other consulting costs, Supervisory Board remuneration, the costs of stock exchange listing, as well IR and PR costs.

The financial result of EUR 1.96 million (previous year: EUR 1.02 million) comprises income from participating interests (investments) of EUR 0.94 million (previous year: EUR 0.42 million), income from profit and loss transfer agreements amounting to EUR 1.63 million (previous year: EUR 1.17 million), expenses from the assumption of loss amounting to EUR 1.15 million (previous year: EUR 0.93 million) and from net interest income of EUR 0.56 million (previous year: EUR 0.36 million). The investment result originates from the profit generated by the subsidiaries in the ITC, Renewable Energies and SHAC segments. Compared with 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 segment. Furthermore, impairment of EUR 0.03 million was recognised on the carrying amount of participating investments in subsidiaries in the financial year 2020 (previous year: EUR 0.00 million).

Higher other operating income was realised from the disposal of real estate in Marburg and Montabaur in the financial year 2019, compared with a lower level of other operating income generated in the financial year 2020, accompanied by higher expenses. Consequently, the positive annual result of EUR 3.50 million achieved in 2019 was not repeated. A marginally negative annual result of EUR –0.22 million was delivered in the reporting year.

Financial position

As of the reporting date, 3U HOLDING AG had granted its subsidiaries short-term loans in an overall volume of EUR 24.70 million (31 December 2019: EUR 31.56 million) to promote the development/expansion of their business activities. Of these loans, EUR 6.15 million were impaired as of 31 December 2020 (31 December 2019: EUR 6.44 million).

Cash and cash equivalents came in at EUR 12.40 million as of 31 December 2020 (31 December 2019: EUR 12.32 million). On balance, cash and cash equivalents increased slightly by EUR 0.08 million. As in the previous year, EUR 1.50 million is pledged as collateral for the company's own credit lines. As of 31 December 2020, these credit lines had been drawn down under a guarantee credit in an amount of kEUR 562 (31 December 2019: kEUR 570). Gold stocks worth EUR 2.89 million were reported under Other assets (31 December 2019: EUR 0.00 million).

The sale of the property in Linz and of the stake held in ClimaLevel Energiesysteme GmbH contributed to improving the financial position. Loans were also repaid by subsidiaries weclapp SE and 3U ENERGY AG.

Asset position

3U HOLDING AG's total assets stood at EUR 66.11 million as of 31 December 2020 (31 December 2019: EUR 58.95 million), reflecting growth of 12.1 %.

This increase is mainly attributable to progress made in building the new distribution centre in Koblenz. Capitalisation under Advance payments and assets under construction is offset in particular by loans taken out for the purpose of financing. Non-current assets have therefore increased relative to current assets.

By contrast, receivables and liabilities vis-à-vis affiliated companies declined by 17.1 % and 19.6 % respectively. Subsidiaries weclapp SE and 3U ENERGY AG have fully or partially repaid loans granted to them, while 3U HOLDING AG has remitted repayments in respect of other subsidiaries, in particular LineCall Telecom GmbH.

At EUR 11.55 million (31 December 2019: EUR 11.53 million), the financial assets have remained virtually unchanged year on year due to the write-up of the investment in a subsidiary and following the disposal of the stake held in ClimaLevel Energiesysteme GmbH.

At 17.5 %, the share in the balance sheet (31 December 2019: 19.6 %) is only lower than in the previous year due to the higher value of total assets.

Current assets including prepaid expenses and deferred charges of EUR 39.00 million (31 December 2019: EUR 41.09 million) accounted for 59.0 % (31 December 2019: 69.7 %) of total assets.

A major component of this item consisted of short-term loans extended within the Group with a book value of EUR 18.55 million (31 December 2019: EUR 25.12 million). Cash and cash equivalents have increased slightly and now post EUR 12.40 million (31 December 2019: EUR 12.32 million).

Equity came in at EUR 50.86 million (31 December 2019: EUR 50.37 million) and has risen due to the higher level of capital reserve in the context of the sale of treasury shares worth EUR 1.38 million. A counter trend emanated from dividend disbursement of EUR 1.37 million in the financial year 2020 and the marginally negative annual result. As of 31 December 2020, the equity ratio therefore stood at 76.9 % (31 December 2019: 85.4 %).

Overall statement

The asset and financial position as at 31 December 2020 remained satisfactory and is determined by progress made in the investment undertaking in Koblenz and the reduction in receivables and liabilities vis-à-vis affiliated companies. The quality of the balance sheet can be considered satisfactory, as before, especially in view of the sustained, very good equity ratio.

The result of the financial year 2020 was nevertheless below forecast: Other operating income was only achieved to a lesser extent than budgeted, and the financial result remained below expectations. The Management Board is nevertheless fundamentally satisfied with the development of the company's result of operations. 3U HOLDING AG was in a position to meet its financial obligations at all times, which is also guaranteed in 2021.

Events after the reporting date

After entry of the respective priority notice of conveyance in the land registry, the notary public for the sale of parts of the Adelebsen property announced on 15 February 2021 that the preconditions for the settlement of the purchase price under the purchase agreement had been met. The purchase price of kEUR 5,100 was received on 2 March 2021.

Financial and non-financial performance indicators

We use our groupwide financial performance indicators to set goals, to measure success and to define the variable remuneration for management. Our most important financial indicators are revenue, earnings before interest, taxes, depreciation and amortisation (EBITDA) and earnings after taxes.

Non-financial performance indicators are partly not included in regular financial reporting and do not consistently form part of corporate management and control. These indicators are calculated in the individual segments in accordance with the respective business models and are used for control and support purposes in marketing and in making sales decisions, for instance.

Online marketing and sales

3U has gained long-standing experience, particularly in Cloud Computing and in e-commerce tailored to the respective target group. It has given due consideration to the respective new channels and put them to use. In management's estimation, 3U has therefore built up an advantageous competitive position in the two business segments, which underpins the company's current and future success.

Selfio GmbH as the SHAC segment's largest high-growth company differentiates itself from its competitors through its presence in the market and in particular through the high quality of its versatile advice formats. Advice is provided in the form of blogs, detailed installation instructions, also available via an app, videos produced by its in-house media team to a high standard of expertise, and medial competence. Selfio uses its own platform with shop-in-shop connections to various social media channels and its own specialised web presence for distribution.

Key data on usage is collected and analysed on a running basis for the purpose of measuring performance. These data are subject to high volatility due to logins and logouts and are therefore used as a rough estimation. The success of online marketing is reflected by the number of customers who order via one of the sales channels and have been invoiced. The sharp increase in the financial year 2020 is indicative of the high order intake via marketplaces such as Amazon, eBay and others, as well as through our own online store. With its 12 Point Plan geared to improving earnings, Selfio GmbH is endeavouring to concentrate sales operations increasingly on higher-margin sales channels. Sales and earnings growth could therefore be achieved in the future on the back of a relatively low increase in the number of customers.

	01/01–31/12 2020	01/01–31/12 2019
Visitors to selfio.de	ca 1.9 million	>1.3 million
YouTube connections	ca 3.4 million	>2.5 million

	31/12/2020	31/12/2019
YouTube subscribers	ca 10,000	>6,000
Facebook followers	>24,500	>20,000
Number of customers	153,760	127,812

In Cloud Computing, the focus is also on winning new customers and customer retention. In this strategic area as well, online marketing is one of the key factors of success. The number of visitors to weclapp.com climbed in the financial year 2020 to around 1.4 million (2019: approximately 1.3 million). The proportion of registered users who signed license agreements after a test phase also remains stable at more than 11 %. weclapp SE pursues the strategy of winning increasingly larger customers. Widening the strategic focus prompted the development of partner sales as an additional distribution channel in the financial year 2019.

While the number of new customers is not rising at the same pace as in it did in the initial years, 3U reports strong growth in average revenue per account (ARPA) in Cloud Computing, as well as across the entire customer portfolio.

	01/01–31/12 2020	01/01–31/12 2019
Visitors to weclapp.com	ca 1.4 million	ca 1.3 million
Booking of free trial access	ca 7,900	ca 7,600
Number of new customers	868	839
Average revenue per account (ARPA)	ca EUR 215	ca EUR 160

Along with ongoing penetration of the German market, weclapp also began the process of internationalising its business in a targeted manner in 2020. In view of a business partnership initiated with an IT and ERP service provider based in northern Italy, entry into the Italian market was prioritised in a first step and also completed at the turn of the year 2021. In the current financial year, market entry into various other European countries is planned, especially France and Spain.

Research and Development

Taking the development of the weclapp platform forward with a strong focus on the customer is a key success factor for Cloud Computing. weclapp SE therefore intends to reinforce its product management and development teams.

weclapp's development activities are also eligible for application in other areas of the Group. Along with other products, the development of an app which can be used by Selfio customers to configure their floor heating themselves online is on the verge of completion.

Across the Group, 3U is relying more heavily on the development and use of algorithms for machine learning (artificial intelligence, AI). Over the course of the financial year 2020, the position of Head of Research and Development tasked with building up this area was created and filled. The development team working with the incumbent is to be expanded in the current financial year. Development projects which help weclapp customers to safeguard or achieve competitive advantage are initially of paramount importance here, also in the context of integrating machine learning algorithms.

Furthermore, 3U plans to set in place a small unit for fundamental research in a joint cooperation with the University of Würzburg's Chair of Business Administration and Information Systems. The unit is to be made up of employees from weclapp and students from the University.

Corporate responsibility

Impact of our business on the environment

Fulfilling our entrepreneurial responsibility is an integral part of our corporate strategy. We systematically consider the various needs of our stakeholders and mitigate the impact of our business on the environment. In our endeavours, we seek to achieve a balance between economic objectives and corporate responsibility. By stepping up our business with renewable energies and expanding the SHAC segment through efficient solutions to avoid using energy, we are actively investing in environmental protection and demonstrating our commitment to society. We also seek to use renewable energies in the other parts of the Group as well. Moreover, we strive to take account of environmental aspects in procuring products and services.

To infuse these principles with even greater systematic validity in the future, work has begun on crafting a sustainability strategy. This strategy will culminate in a system of goals and measures geared to improving critical environmental, social and governance-related aspects (ESG).

Forecast, Opportunities and Risk Report

Forecast

Comparison between forecasted and actual performance in the financial year 2020

In March 2020, the Management Board issued the following forecast for the financial year 2020: The Board anticipated a sharp increase in revenue over the course of the financial year 2020. Sales revenue was expected to settle within a band of between EUR 58.0 million and EUR 63.0 million in 2020. Moreover, earnings from the disposal of assets were incorporated into planning. Earnings before depreciation and amortisation, interest and taxes (EBITDA) were expected to settle between EUR 10.0 million and EUR 12.0 million. Due to the higher level of depreciation and amortisation and of tax expenses, the planning estimated the consolidated result in a range of between EUR 2.0 million and EUR 3.0 million.

This forecast was regularly reviewed and affirmed over the course of the financial year.

The performance as it stands is in line with the forecast. The annual targets reflect the forecast and were achieved in full, with the consolidated result being slightly exceeded.

Economic outlook

According to its annual economic report, the German government anticipates an increase of 3.0 % in price-adjusted gross domestic product (GDP). While economic output in the first quarter will still be significantly hampered by the pandemic, the economy should regain momentum on the back of the vaccination rollout for larger swathes of the population and the potential lifting of restrictions on public life. The German government essentially sees the economy initially developing in two directions: A services sector which is more dependent on social contact, and will therefore be impacted to a greater extent, will be juxtaposed to industry's robust development. The positive trend on the labour market observed before the second lockdown is unlikely to resume before the spring. Rising employment and wages will then ensure growth in income and support private consumption. Government spending will expand once more, albeit somewhat more moderately than in the past year. Gross fixed capital formation should increase significantly this year, prompted by the recovery in capital expenditure. Investments in buildings are also set to rise, thereby injecting momentum into Germany's economy.

3U HOLDING AG's Management Board anticipates that, as in the financial year 2020, and as is already the case in the current financial year, the business of Group companies will be able to develop well irrespective of the measures to tackle the pandemic. With the economy rebounding and employment growth, 3U's business activity may derive additional impetus.

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 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 made great headway in 2020 as well.

The Management Board therefore considers that 3U's fields of business are well equipped for fulfilling the forecast. They continue to operate in mega trends, which lays 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 price performance of the 3U share.

In the ITC segment, we will be able to deliver substantial revenue growth in 2021.

Ambitious planning in the Cloud Computing business line provides for lifting revenue again by around 50 % in 2021 compared with the financial year 2020. This planning is based on the successful pursuit of the strategy: ongoing online marketing and its active implementation, also in markets outside Germany, the consistent developing of the partner network in Germany, with a move towards internationalisation, the customer-oriented development and expansion of the weclapp platform and add-ons to the offer through AI components.

With the Next Generation Network developed in 2019, our telecommunications activities enjoy an excellent technical foundation for maintaining the higher level of revenue achieved in 2020 through efficiency and new service offerings in a market which is no longer growing, and for raising profitability further. In this context, the declines anticipated in the Voice Retail business line will be considerably overcompensated by the foreseeable stabilisation in the other telephony operations, through improved capacity utilisation of the data centres, the introduction of further IT services for external customers, and in particular through the strong growth envisaged in Cloud Computing.

In the ITC segments, the higher proportion of higher margin business will once again drive an increase in EBITDA, both in cloud computing and in telecommunications, 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 are keeping a close eye on the development in Brandenburg and will move forward with project development activities in an expedient manner

Along with technical availability, revenue and earnings from existing wind farms essentially depend on the weather conditions. Deviations of the wind yield index from the long-term average are normal in this context, but impossible to predict. Planning for the financial year 2021 in respect of the majority of plants is based on the assumption of steady feed-in remuneration in accordance with the German Renewable Energies Act (EEG). In the case of wind turbines no longer eligible for EEG funding, electricity supply agreements with terms and conditions reflecting market prices will be concluded and, wherever possible, optimised on an ongoing basis. 3U is endeavouring to expand its wind turbine portfolio by adding another wind farm.

In view of the sale of the Lüdersdorf wind farm in the fourth quarter of the financial year 2020 and lower feed-in income from wind turbines not eligible under the EEG, we are planning for a significant decline in revenue, EBITDA and the result in the Renewable Energies segment, also taking account of the targeted acquisition of another wind farm.

As the assembly business in building air conditioning was sold in the fourth quarter of the financial year 2020, the sales revenues and earnings formerly achieved in the SHAC segment are no longer generated. Strong organic growth in revenue envisaged here will be unable to fully compensate for this divestment. The e-commerce business line, which is also set to become one of the key drivers of growth in the financial year 2021, is dominated 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.

The start to work in the new Koblenz distribution centre planned for the first half of the year is expected to make a definitive contribution to optimising the supply chain and to generating significant cost savings. Our proven supplier relationships, the use of our own brands and economies of scale may contribute to strengthening our profitability in the SHAC segment despite great competitive pressure. Moreover, further optimisation of the product and sales channel mix and marketing is targeted under the 12-point Plan launched in the summer of 2020. A marginal improvement in EBITDA and breakeven is generally anticipated for the SHAC segment.

Stepping up strong organic growth in the Cloud Computing and e-commerce business lines can also 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 advantageous. With a view to financing accelerated growth, the option of possibly launching the subsidiaries on the stock exchange is under investigation. Preliminary work in the run-up to a potential IPO of weclapp SE has already commenced.

3U HOLDING AG – outlook

The result of 3U HOLDING AG as the operating management and investment holding company is decisively impacted by administrative costs and the financial result as well as by other operating income. 3U HOLDING AG’s administrative costs are expected to be slightly higher in the financial year 2021 compared with the previous year’s level.

Along with the interest expenses incurred, the financial result depends to a great extent on income from dividend distribution and from profit transfer agreements or expenses from the assumption of loss. In particular, the carrying amounts of participating investments and valuation allowances on loans granted to subsidiaries may influence the 2021 annual result. All in all, a slight year-on-year decline in the financial result is anticipated in 2021.

3U HOLDING AG's performance in the financial year 2020 was positively impacted by proceeds from the sale of the shares held in ClimaLevel Energiesysteme GmbH. Proceeds from the disposal of assets have also been incorporated into the planning for the financial year 2021, in particular from the completion of the sale of parts of the Adelebsen property agreed in 2020. The Management Board anticipates that 3U HOLDING AG will achieve breakeven in 2021.

Forecast

Against this backdrop, the Management Board anticipates that the consolidated revenue in the financial year 2021 will repeat the year-earlier level. Strong organic growth in the other parts of the company is unlikely to fully compensate for the absence of income from the disposed of ClimaLevel Energiesysteme GmbH and Lüdersdorf wind farm. Sales revenue in 2021 is expected to settle within a range of between EUR 58 million and EUR 63 million. Moreover, earnings in the single-digit million range from the disposal of assets have been incorporated into planning. In view of the measures introduced to strengthen profitability and the rising proportion of higher margin business, the Management Board expects a slightly higher EBITDA of between EUR 11 million and EUR 13 million, leading to expectations of profit for the 3U Group of between EUR 2 million and EUR 4 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.

The extent to which a renewed tightening of economic restrictions in the course of the fight against the COVID 19 pandemic could have a negative impact on business activity cannot be predicted with certainty.

From the standpoint of 3U HOLDING AG, the disposal of assets in the financial year 2020 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 may therefore 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 harmony with the corporate strategy, the Management Board is addressing a series of investment undertakings. Along with acquiring companies and client bases in the Cloud Computing business, this also applies to building projects for optimising and expanding the supply chain in the SHAC segment and the Innovation Hub in Würzburg, along with potentially bringing the acquisition of an existing wind farm to completion.

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 seized successfully, could lead to the forecast being outperformed.

Opportunities report

Similar to risks, opportunities are systematically identified and assessed in 3U. 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 short term through to the time when the underlying agreement with Telekom Deutschland GmbH expires at the end of 2022, 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 continues its strong growth trajectory in Germany and, with the signing of a distribution partnership in Italy, is forging ahead with its international sales activities. Winning new customers almost exclusively takes the form of successful online marketing and, to a certain extent, a growing network of partnerships with IT service providers which largely provide local support for weclapp customers. If online marketing is successful in raising the conversion rate of registered visitors to paying customers to a higher level than planned, and if 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 distribution and finance partners, is the objective of the strategy which will be rigorously pursued in the financial year 2021 as well. The competitive advantages of the weclapp platform have been instrumental in making swifter progress than planned. The recruitment of qualified and customer-centric personnel is improving the performance of the organisation and the software more rapidly than expected. A countereffect may emanate 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 existing wind farms, the Adelebsen solar park, and a number of projects in the pipeline. The acquisition of another wind farm has been incorporated into the planning. 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 continued, 3U HOLDING AG could exploit various selling opportunities of wind farm projects in the future, also in the early stages; the company is, however, keeping the option open of operating completed wind farms itself 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. In addition, Selfio GmbH has recently offered design services for building and renovation projects against a fee. If take-up of the new offering is better than expected, revenue and earnings could then increase. 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, sustained earnings potential.

Given the price pressure, procurement is becoming increasingly important. The standardised management of procurement for SHAC segment companies enables us to generate higher procurement volumes 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.

The implementation of the 12-point Plan in mid-2020 aimed at raising profitability also provides for further measures for optimising the sales channels mix and for enhancing efficiency in the area of marketing. If the success of these measures once implemented is greater than currently planned, growth in the SHAC segment's profitability may exceed current expectations.

Risk report

Risk management system of 3U HOLDING AG

Entrepreneurial activity is always associated with risk. Deliberately entering into risks to promote entrepreneurial success is unavoidable and expedient. The 3U Group approaches all risks and opportunities systematically. It pursues the goal of identifying risks in a controlled and deliberate manner and managing them, while exploiting opportunities when they arise. The 3U Group's risk policy therefore defines the desired relationship between risks and opportunities and incorporates it into the strategic corporate goals.

As part of groupwide risk management, the individual risks are examined, evaluated and reported on by the risk owners and risk managers. By contrast, opportunities are identified and documented in particular when the risk inventories of the individual companies are carried out. As part of the annual medium-term planning, comprehensive analyses and evaluations of risks and opportunities are also performed by the respective management teams and the Management Board. The entire risk management system with its processes, documentation and reports serves to secure the strategic corporate goals and to promote the company's success.

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

The risk management system is continuously adjusted to reflect changes in the environment and is subject to ongoing development with a view to ensuring that, along with internal changes, external factors such as changes in the law or in the market are also taken into account. Furthermore, methods, definitions and workflows are considered and, if appropriate, adjusted to reflect current conditions.

In order to ensure optimal reporting, 3U HOLDING AG's risk management system reports the material risks of all subsidiaries in a methodically standardised 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, groupwide process of improvement, 3U Group has connected up the areas of compliance, accounting processes, ICS and risk management to form an aggregate of interlinked individual systems. The 3U Group consults the internationally recognised standard and COSO ERM for guidance to the extent that management considers the approaches described as appropriate. In doing so, the Executive Board and Supervisory Board of the 3U Group emphasise the importance placed on corporate governance which stands for responsible management and control of the company aligned to long-term success.

Risk management strategy

The Management Board determines the risk strategy which is derived from the corporate goals and establishes the fundamental conditions for the risk management system. This system is used as a basis for creating, deriving and implementing strategic and operational measures for achieving the goals. The aim here is not to prevent all potential risks generally and comprehensively but to explore and exploit the scope for action. The strategy is always defined and implemented based extensive knowledge of interrelationships between the individual risks and the countervailing opportunities.

Responsibility and reporting concept

The risk management system, introduced some time ago by 3U HOLDING AG's Management Board, has also proven to be efficient and fit for purpose. All employees are required to act in an awareness of the risks within the scope of the tasks and responsibilities assigned to them. The respective risk officers and the risk owners appointed by name, if appropriate, are directly responsible for the early detection and management of risks. Regular information and updated documentation make a contribution to all employees being aware of the requirements and procedures of risk management.

Professional risk management software is used to document and improve the risk management processes and workflows with regard to effectiveness and efficiency in the risk management system within the Group. The software supports the risk officer and the risk owner in evaluating and managing the risks for all Group companies.

Overall responsibility for the functionality and effectiveness of the risk management system rests with 3U HOLDING AG's Management Board. As risk owners, the members of the Management Board are active users of the risk management software deployed throughout the Group and are thus informed about current changes at all times. In addition, the risk manager regularly reports on the current risk situation and its possible future development as part of standardised reporting. Along with 3U HOLDING AG's Management Board, the Supervisory Board is also provided with standardised reporting by the Group's risk officer. The managing directors of the respective subsidiaries are required to keep themselves continuously informed about the risk situation in their companies by means of access to the risk management software. The use of the risk management software enables reporting to be made in great detail. After consulting the risk manager and the risk officer, where appropriate, the Management Board decides on content from the risk management system and initiates any necessary measures based on the current risk assumptions. In addition, the Management Board regularly informs the Supervisory Board on how risks are developing and the measures taken.

The risk manager informs Supervisory Board at least once a year about the efficiency and effectiveness of processes under the risk management system, as well as compliance with the rules and regulations. Moreover, reports are submitted on other topics including the accounting process, ICS and compliance management to enable the Supervisory Board to systematically discharge its supervisory duties in accordance with Section 107 (3) sentence 2 of the German Stock Corporation Act (AktG).

Methodology of the risk management system

In the risk management system of the 3U HOLDING AG Group, opportunities and risks 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 at the earliest stage possible that could impair and threaten the respective company as a going concern and to recognise and utilise promising developments to the greatest extent possible. If acute risks are identified, these are also integrated into the system and reported on at the next possible reporting date. The risks and opportunities identified in this way are assessed in terms of possible loss/expected results and the probability of occurrence.

With regard to the risks identified as acute or in the context of a risk inventory, indicators based on a system of scores and the relevant thresholds suitable for facilitating the monitoring and assessment of risks are defined. Identified risks are constantly monitored and assessed by the decentralised risk managers and the central risk manager drawing on operational and financial key figures, which forms the basis for regular reporting.

Definition of risk

Risk is defined as the possibility of a negative deviation between the actual and anticipated result (corporate target). There is a risk of adverse events occurring (loss of assets or of earnings) or of desired events not occurring (missed opportunities).

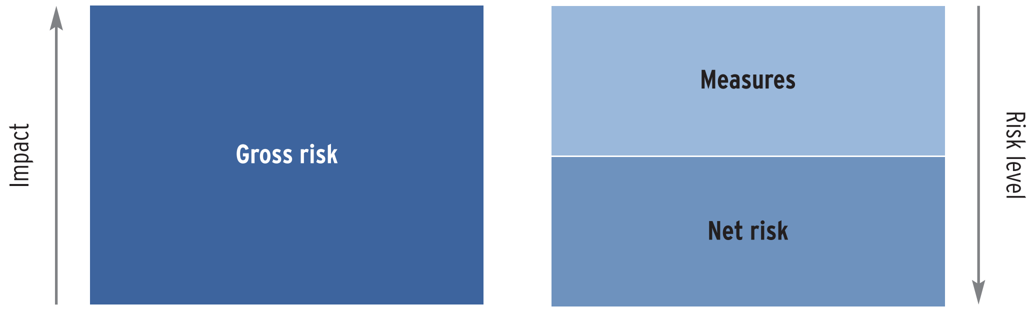
Definition of gross and net risk

Evaluating the risks identified in the context of the risk inventory is performed on the basis of gross and net risk methodology. In determining gross risks, the compensatory controls of limiting and managing risks are initially not taken into account. Compensatory controls are defined as measures which are suitable for avoiding, mitigating or transferring risk. In addition, there is also a possibility of taking on risk at an acceptable level if reducing risk further is not economically viable.

A consideration of gross risks is indispensable since there is an inherent danger in adopting a purely net perspective that the risks which are currently well controlled but fundamentally pose a threat to the company as a going concern are not continuously and promptly monitored. This may lead to changes in the processes and the potentially ensuing additional risks not being detected 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



Assessing both gross and net risks in the categories of amount of loss and probability of occurrence is performed with the aid of scores.

The following scores have been assigned to the probability of occurrence:

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

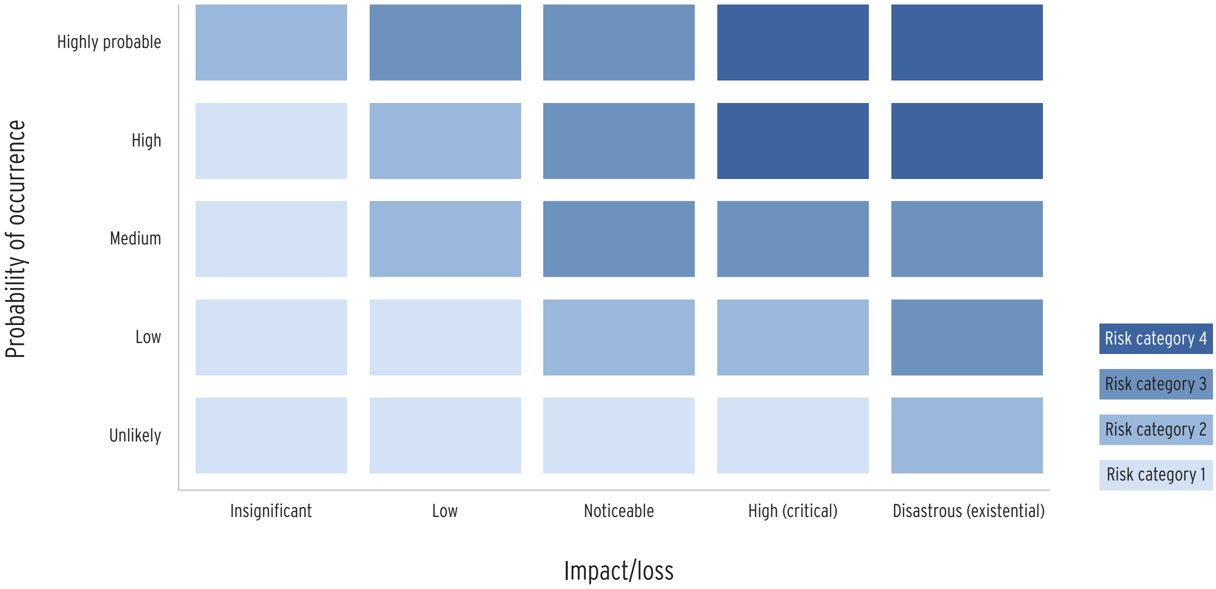
The amount of loss is determined individually for each company at the level of the respective company. Individual risks are aggregated at Group level and categorised based on an evaluation scheme.

The loss associated with the aggregated risk within the Group is geared to the subscribed capital of 3U HOLDING AG. The scores are assigned to different amounts of loss (impact/loss).

(1) Insignificant	–	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) Noticeable	–	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) Disastrous (existential)	–	the share capital is depleted by at least 50 % or EUR 17.6 million or more

After the risk inventories have been drawn up, the scores ascertained are transferred to the software. The scores and the categories based on the quantitative assessment are presented as part of regular reporting in the form of loss amounts in euros and probability of occurrence in percent. Multiplying these two parameters results in an expected value in euros. This is used to divide the risk into four categories.

Risk categories



To facilitate comparability, the numbering of the risk categories has been reversed compared with previous years. Risk category 4 is therefore the highest category, with risks which are potentially critical for the 3U Group as a going concern.

All risks identified are managed based on the probability of occurrence and the amount of loss. The extent of the measures deployed varies depending on the type and classification of the respective risk.

In individual cases, the Management Board may remove a risk from risk control if, in the context of monthly reporting over a period of at least six months, the assessment is in Category 1 as the lowest risk.

Selected material gross risks of the company are listed below in a net risk drilldown according to qualitative criteria. As illustrated in the chart above, expected values are calculated from the individual probabilities of occurrence and the amount of loss and assigned to the individual risk categories 1 to 4. The arrows show the change in the risk category compared with the previous year, with an arrow pointing down to indicate a change to a lower risk category.

Risks	Probability of occurrence	Amount of loss	Expected value	Changes compared with the previous year
Operative risks				
ITC segment	Low	Low	1	→
Renewable Energies segment	Medium	Insignificant	1	→
SHAC segment	Low	Insignificant	1	→
Strategic risks				
ITC segment	Low	Noticeable	2	→
Renewable Energies segment	Low	Noticeable	2	→
SHAC segment	Low	Low	1	→
Regulatory risks				
ITC segment	Low	Insignificant	1	→
Renewable Energies segment	Medium	Insignificant	1	→
SHAC segment	Medium	Insignificant	1	→
Financial risks				
ITC segment	Medium	Low	2	→
Renewable Energies segment	Low	Low	1	→
SHAC segment	Low	Insignificant	1	→

→ Unchanged ↘ Decreased ↗ Increased

Risks

Significant current and future risks in the Group

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 elaborated on below.

In the 2020 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, also factoring in the continuation of stringent measures to combat the pandemic. 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 and assess company-specific risks. 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 and assess company-specific risks. 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 COVID-19 pandemic, the Management Board has kept a close eye on social and economic developments and has regularly assessed the ensuing risks. At a very early stage, the Management Board introduced precautionary measures at the various sites and in the companies to minimise 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 positively impacted by the greater use of the network. 3U has countered the risk of congestion by expanding network capacity. The cloud-based weclapp ERP platform 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 reliably assessed 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. Up until now, e-commerce in the SHAC segment has not shown demand dropping since the outbreak of the epidemic. The supply chains to our suppliers were intact during this period. Risks exist in this context, however, in the area of supply chains and in our own order processing.

Thanks to the Group's sound liquidity position and the measures we have initiated, we continue to consider ourselves well-equipped at present to counter the crisis situation.

General economic risks in the segments

In addition to the risks specific to the company and to the segments 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 other aspects.

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 descriptions of functions and guidelines which are regularly revised and updated as required, also in the context of quality management, form the basis for 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 arising 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. 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 also optimises the network and augments the business line by adding new products geared to the customer. 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.

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. Upon scaling back project development activities in response to the moratorium in Brandenburg and paring down the project development portfolio to focus on major projects with a promising prospects, risk analysis in the Renewable Energies segment is therefore concentrated on technical availability of the wind turbines.

Risks from the SHAC segment

The risks in the SHAC segment lie in the challenging requirements of Internet-focused B2C customers. 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 the success of this segment. 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, the currently still high logistics costs and the costs of implementing a new inventory management system 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 may 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, particularly regarding acquisitions and concluding follow-up or fresh financing.

Another important financial risk is inherent in 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. Instances of default are also covered in some areas by credit default insurance.

The 3U Group only uses derivative financial instruments to hedge underlying transactions. 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. A measure to counteract this consists of investing part of the liquidity in gold. On the other, 3U HOLDING AG uses the low interest rates to secure long-term debt capital at attractive interest rates, if necessary. 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, both now 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 applied to the accounting process

The accounting process is conducted centrally by the 3U HOLDING AG's Financial department for Group companies. Accordingly, all companies are subject to a standard process and risk assessment under the accounting process.

The control system implemented internally and pertaining to the accounting process is designed to guarantee compliance with rules and regulations and the law through suitable principles, procedures and measures, all of which ensure regularity, reliability and completeness in accounting and in financial reporting, taking account of possible risks. Operating instructions, along with functional descriptions and guidelines which are regularly revised and updated as required, form the basis for ensuring compliance. This encompasses accounting policies, for instance, as well as accounting instructions and support by external consultants. The accounting process is analysed, optimised and documented accordingly. The internal control system consists of internal control and monitoring functions which are either integrated into work processes or carried out independently. The segregation of administration and approval functions through allocation to different employees are examples of integration, as well as clear responsibilities in the context of regular checks (principle of dual control). The verification routines carried out in the past have been replaced by IT-supported processes in some areas. The Supervisory Board is consistently kept up to date on optimisations to the systems. The control mechanisms deployed function partly by way of automation in the accounting software systems in order not to impede the efficiency of workflows. The IT systems are also protected against unauthorised access by a permissions concept. Moreover, the statutory auditor also reviews the internal control system and the IT systems in the context of conducting the annual audit at company and at Group level.

New legal provisions and changes to existing provisions with regard to accounting, and the associated risks, are directly investigated in terms of their impact on the 3U Group in order to initiate appropriate measures, if necessary.

The implementation of internal controls is based on identifying a risk at this juncture of the accounting process. This risk may originate from various sources, also from legal provisions. The dual effect of risk and compliance management and the internal control system is particularly apparent in the accounting process and is therefore consistently optimised in an ongoing improvement process.

The functions in all areas of the accounting process are categorised and documented. The implemented risk management system which is developed on a running basis with the components of compliance and internal control system is nevertheless unable to fully guarantee the security and correctness of accounting, for instance caused by human error, faulty controls or criminal activity by insiders.

Remuneration Report

The remuneration report summarises the principles applicable to determining the remuneration of the Management Board and the Supervisory Board of 3U HOLDING AG and provides information on the amount and structure of the remuneration. The remuneration report is prepared on the basis of the recommendations under the German Corporate Governance Code in the version dated 7 February 2017. In addition, it comprises information required in accordance with the German Commercial Code, supplemented by Act on Disclosure of Management Board Remuneration (VorstOG). At the time when this remuneration report was being drawn up, the remuneration system for the Management Board was being re-drafted. The proposal will be put forward for approval to the Annual General Meeting which will decide on the separate annual financial statements of 3U HOLDING AG and the consolidated financial statements for the financial year 2020.

Remuneration of the Management Board

The structure and the amount of the remuneration of the Management Board members is determined by the Supervisory Board and regularly reviewed. In the financial year 2020 as well, the Supervisory Board drew on the Act on Disclosure of Management Board Remuneration (VorstOG) which came into force on 5 August 2009 in performing this task.

All members of 3U HOLDING AG's Management Board receive a fixed annual salary paid out in monthly instalments. In addition, all members of the Management Board receive a variable performance-related remuneration component. Performance-related remuneration consists of a quantitative target and a quantitative target. Quantitative target attainment is assessed by the Supervisory Board in the reporting year primarily on the basis of the audited value of EBIT and the EBT performance of the company in relation to the budgeted figure; exceptional developments may also be taken into account. Qualitative target attainment is assessed by the Supervisory Board based on the Management Board performing prioritised tasks and the personal goals set by the Supervisory Board for individual members of the Management Board. At the start of a financial year, the Supervisory Board defines targets taking account of the Group's situation.

In addition, Management Board members may also be granted share options under share option plans. The purpose of granting share options is to reward the contribution of the Management Board (and also the other employees of the 3U Group) to raising the enterprise value and to promoting the company's long-term success

Part of the performance-related remuneration in the respective financial year is paid out under the proviso that the Management Board manage the company's business sustainably in the two following financial years thereafter. Sustainability takes special account of 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 respective financial year and will reclaim the partial amounts of the performance-related remuneration paid subject to reservation if sustainability in managing the company has not been ensured.

Within the meaning of Section 87 (2) sentence 1 of the German Stock Corporation Act (AktG), the Supervisory Board is entitled to reduce the remuneration paid to the Management Board to an appropriate amount if the situation of the company deteriorates after these amounts have been fixed and if continuing to grant the agreed amounts would be unreasonable for the company. This also applies to the granting of any share options.

If the appointment of a Management Board member is rescinded over the course of a financial year for good cause pursuant to Section 84 (3) of the German Stock Corporation Act (AktG), there is no entitlement to performance-related remuneration for the respective financial year, nor for any further financial years until the termination of the Management Board member's employment contract.

No pension commitments have been given to the Management Board members. The remuneration of the members of the Management Board is itemised in the following, divided up into fixed and performance-related components.

Value of the benefits provided in the 2020 reporting year

Allowances (in kEUR)	Michael Schmidt Spokesman of the Management Board			
	2020	2020 (min.)	2020 (max.)	2019
Fixed remuneration	300	300	300	300
Fringe benefits	36	36	36	26
Subtotal	**336**	**336**	**336**	**326**
One-year variable remuneration	284	0	300	100
Multi-year variable remuneration	0	0	0	0
Total	**620**	**336**	**636**	**426**
Pension allowances	0	0	0	0
Total	**620**	**336**	**636**	**426**

Allowances (in kEUR)	Andreas Odenbreit Management Board			
	2020	2020 (min.)	2020 (max.)	2019
Fixed remuneration	150	150	150	150
Fringe benefits	18	17	18	21
Subtotal	**168**	**167**	**168**	**171**
One-year variable remuneration	47	0	50	50
Multi-year variable remuneration	0	0	0	0
Total	**215**	**167**	**218**	**221**
Pension allowances	0	0	0	0
Total	**215**	**167**	**218**	**221**

Allowances (in kEUR)	Christoph Hellrung Management Board			
	2020	2020 (min.)	2020 (max.)	2019
Fixed remuneration	150	150	150	150
Fringe benefits	28	26	28	26
Subtotal	**178**	**176**	**178**	**176**
One-year variable remuneration	47	0	50	50
Multi-year variable remuneration	0	0	0	0
Total	**225**	**176**	**228**	**226**
Pension allowances	0	0	0	0
Total	**225**	**176**	**228**	**226**

Remuneration paid in the 2020 reporting year

Remuneration paid (in kEUR)	Michael Schmidt Spokesman of the Management Board		Andreas Odenbreit Management Board		Christoph Hellrung Management Board		Management Board total	
	2020	2019	2020	2019	2020	2019	2020	2019
Fixed remuneration	300	300	150	150	150	150	600	600
Fringe benefits	36	26	18	21	28	26	82	73
Subtotal	**336**	**326**	**168**	**171**	**178**	**176**	**682**	**673**
One-year variable remuneration	75	75	0	0	0	0	75	75
Multi-year variable remuneration	0	0	0	0	0	0	0	0
Total	**411**	**401**	**168**	**171**	**178**	**176**	**757**	**748**
Pension allowances	0	0	0	0	0	0	0	0
Total	**411**	**401**	**168**	**171**	**178**	**176**	**757**	**748**

In addition, Mr. Andreas Odenbreit received kEUR 50 for the previous year (2019) and Mr. Christoph Hellrung kEUR 50 in the reporting year (2020), and in the previous year (2019) they each received kEUR 43 for the year 2018 as one-year variable remuneration. Mr. Michael Schmidt received kEUR 25 for the previous year (2019) as one-year variable remuneration and, in the previous year (2019), kEUR 25 for the year 2018.

2018 share option plan

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

Information on share options as of 31 December 2020 in units:

Name	Function	Share options
Michael Schmidt	Spokesman of the Management Board	166,666 units
Christoph Hellrung	Management Board	166,666 units
Andreas Odenbreit	Management Board	166,666 units

Share options can only be exercised after the expiration of defined lock-up 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 at 3U HOLDING AG was paid by 3U HOLDING AG. The subsidiaries did not pay any remuneration. For components with a long-term incentive effect, please refer to the section on "Concrete information on share option programs".

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 the aforementioned remuneration and the Deputy Chairman one and a half times this amount.

In addition, each Supervisory Board member receives a bonus 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 financial year, as well as an annual remuneration based on the long-term success of the company in an amount of 1,000.00 per EUR 100,000.00 in earnings before taxes (EBT) exceeding the EBT in the consolidated financial statements for the three preceding years. However, the total remuneration shall not exceed EUR 50,000.00 for the Chairman, EUR 37,500.00 for the Deputy Chairman and EUR 25,000.00 for the other members of the Supervisory Board. In addition, each member of the Supervisory Board receives 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.

Supervisory Board remuneration for 2020 amounted to kEUR 165 (previous year: kEUR 158). A performance-related remuneration of kEUR 90 was accrued for 2020 (previous year: kEUR 90).

Name	Fixed remuneration in kEUR		Attendance-fee in kEUR		Performance related remuneration in kEUR		Total remuneration in kEUR	
	2020	2019	2020	2019	2020	2019	2020	2019
Ralf Thoenes (Chairman)	10	10	18	15	40	40	68	65
Stefan Thies (Deputy Chairman)	8	8	18	15	30	30	55	53
Jürgen Beck-Bazlen	5	5	18	15	20	20	43	40
Total*	**23**	**23**	**53**	**45**	**90**	**90**	**165**	**158**

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

In addition, Supervisory Board members are reimbursed for their travel expenses and other outlays. The following reimbursements were made in the financial year 2020: Mr. Thones in an amount of kEUR 1.2 (previous year: kEUR 2.3), Mr. Thies in an amount of kEUR 0.1 (previous year: kEUR 0.7) and Mr Beck-Bazlen in an amount of kEUR 0.1 (previous: kEUR 0.7). Mr. Thones also received attendance fees and reimbursement of expenses amounting to kEUR 6 (previous year: kEUR 6) for his Supervisory Board activity at 3U ENERGY AG in the financial year 2020.

The Altenburger Rechtsanwälte law firm, whose partner Mr. Ralf Thoenes is Chairman of the Supervisory Board, received a total of kEUR 11.6 (previous year: kEUR 1.0), plus value added tax for its consulting services for the 3U Group over the past financial year. These services were rendered to 3U HOLDING AG. In the previous year, weclapp SE was provided with these services.

Specific information on share option programs

By way of resolution dated 25 May 2016, the Annual General Meeting created conditional capital of up to EUR 3,531,401.00 for the issuance of share options to members of the Management Board, executives and employees as part of a share option plan and authorised the Management Board accordingly. By way of resolution dated 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 share option plan 2018.

Share option plan 2018

The share option plan 2018 features 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 of the German Stock Corporation Act (AktG))

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 German and international affiliated companies (Section 15 AktG) in key positions at the first management level below the management and other employees of German and international affiliated companies (Section 15 AktG)

A total of 2,771,998 share options were issued under the share option plan 2018 as of 31 December 2020. The allocation to the individual groups is as follows:

Group	Share options issued	Maximum number of share options to be issued
Group 1:	499,998	500,000
Group 2:	1,400,000	1,900,000
Group 3:	272,000	350,000
Group 4:	600,000	781,401
Total:	**2,771,998**	**3,531,401**

The option rights under the share option plan 2018 may be exercised within eight years from the date of the 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, 1 January 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 notification convening 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 in 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 prior to the launch of the share option programme on 6 December 2018 in an amount of EUR 1.03, plus a premium of 20 % as performance target. The exercise price is therefore EUR 1.24 per share.

The beneficiary may only sell the shares received by exercising the share options subject to the statutory restrictions.

Of the 2,771,998 share options issued under this program up until 31 December 2020, 432,000 share options had expired as of the balance sheet date (31 December 2020).

Disclosures required by takeover law

Disclosures in accordance with § 289a and § 315a of the German Commercial Code (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 (AktG). Amendments to the Articles of Association are generally based on Sections 179, 133 of the German Stock Corporation Act. However, in accordance with Article 13 (2) of the Articles of Association in conjunction with Section 179 (2) sentence 2 of the German Stock Corporation Act, 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 confers 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 annual financial statements (Note 6.8).

Lupus alpha Investment GmbH exceeded the threshold of more than 3 % of the voting rights on 14 September 2020. According to the notification submitted on 16 September 2020, Lupus alpha Investment GmbH holds 3.35 % of the shares in the company.

Michael Schmidt, Spokesman of the Management Board, holds 25.49 % of the shares in the company.

Other holders of shareholdings in excess of 10 % of the shares in the company are not known.

Pursuant to Article 3 (4) of the Articles of Association, the Management Board is authorised, with the approval of the Supervisory Board, to raise the share capital on one or more occasions on or before 22 May 2024 by a total of up to EUR 7,062,803.00 through issuing new no-par value bearer shares against cash and/or non-cash contributions. 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 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. to the extent necessary to grant holders of warrants and convertible bonds issued by the company or by its subsidiaries the right to subscribe to new shares as would accrue to them if they were to exercise the warrant or conversion rights or upon the option and conversion obligations being fulfilled;
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 authorized 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 authorization 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 authorized, 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 in the event of a takeover bid

There are no agreements for members of the Management Board in the event of a takeover bid for 3U HOLDING AG.

Notifications pursuant to Art. 19 Market Abuse Regulation

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. No transactions were reported to 3U HOLDING AG in the past financial year.

Publication of securities transactions

All share transactions were published on the 3U HOLDING AG website (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) under "Investor Relations/Corporate Governance".

Assurance by the legal representatives

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, 23 March 2021

The Management Board

Michael Schmidt | Christoph Hellrung | Andreas Odenbreit

Consolidated Financial Statements for the Financial Year 2020

Consolidated statement of financial position

Assets 3U Group (in kEUR)	Notes to the consolidated financial statements [Note]	31/12/2020	31/12/2019
Non-current assets		**39,203**	**45,659**
Intangible assets	[2.3.7] [2.3.8] [2.3.15] [6.1.1]	2,392	2,601
Property, plant and equipment	[2.3.9] [2.3.23] [6.1.2]	32,259	31,107
Rights of use	[2.1] [2.3.10] [2.3.14] [6.1.3]	2,486	3,650
Investment property	[2.3.11] [6.1.4]	0	3,937
Other financial assets	[6.1.5]	91	1,412
Investments accounted for using the equity method	[6.1.5]	14	19
Deferred tax assets	[2.3.18] [6.2]	1,855	2,671
Other non-current assets	[6.1.5]	106	262
Current assets		**43,529**	**34,819**
Inventories	[2.3.16] [6.3]	8,570	7,796
Trade receivables	[2.3.13] [6.4] [6.12]	3,799	3,911
Income tax receivables	[6.5]	214	210
Other current assets	[6.5]	4,525	2,351
Cash and cash equivalents	[2.3.13] [6.6] [6.12]	26,421	20,551
Assets held for sale		**3,163**	**0**
Total assets		**85,895**	**80,478**

Shareholders' equity and liabilities 3U Group (in kEUR)	Notes to the consolidated financial statements [Note]	31/12/2020	31/12/2019
Shareholders' equity	[6.8]	**51,998**	**46,512**
Subscribed capital (Conditional Capital kEUR 3,531 / 31 December 2019: kEUR 3,531)	[6.8.1]	35,314	35,314
Treasury shares	[2.3.20] [6.8.1]	0	-1,184
Capital reserve		11,887	11,014
Retained earnings		-862	-844
Other comprehensive income		0	0
Profit/loss carried forward		1,543	-1,184
Net income		3,267	4,092
Total shareholders' equity attributable to the shareholders of 3U HOLDING AG		**51,149**	**47,208**
Non-controlling interests	[6.8.4]	**849**	**-696**
Non-current liabilities		**21,878**	**22,645**
Non-current provisions	[2.3.17] [6.11]	1,303	1,111
Non-current financial liabilities	[6.9]	15,398	16,177
Non-current lease liabilities	[2.3.14] [6.1.3]	2,279	3,436
Deferred tax liabilities	[2.3.18] [6.2]	888	893
Other non-current liabilities	[6.9]	2,010	1,028
Current liabilities		**12,019**	**11,321**
Current provisions	[2.3.17] [6.11]	343	343
Current income tax liabilities	[6.10]	938	1,019
Current financial liabilities	[6.9]	1,701	1,543
Current lease liabilities	[2.3.14] [6.1.3]	764	890
Trade payables	[2.3.13] [6.12]	3,172	2,986
Other current liabilities	[2.3.13] [2.3.19] [6.10] [6.12]	5,101	4,540
Total shareholders' equity and liabilities		**85,895**	**80,478**

Consolidated statement of income

3U Group (in kEUR)	Notes to the consolidated financial statements [Note]	Financial year 01/01–31/12 2020	2019
Revenue	[2.3.1] [5.1]	61,052	51,449
Other income	[5.2]	5,337	8,032
Changes in inventories of finished services and work in progress	[5.3]	-423	-152
Other capitalised services	[5.4]	202	85
Cost of materials	[5.5]	-33,195	-28,733
Gross profit/loss		**32,973**	**30,681**
Staff costs	[5.6]	-13,102	-11,652
Other operating expenses	[5.7]	-8,321	-8,931
EBITDA		**11,550**	**10,098**
Depreciation and amortisation	[2.3.8] [2.3.9] [5.8]	-5,609	-4,600
EBIT		**5,941**	**5,498**
Shares in profit/loss of companies accounted for using the equity method	[5.9]	1	6
Other financial result	[2.3.4] [2.3.5] [5.9]	-679	-854
EBT		**5,263**	**4,650**
Income taxes	[2.3.6] [5.10]	-1,300	-246
Earnings before non-controlling interests		**3,963**	**4,404**
Net profit/loss for the period		**3,963**	**4,404**
Of which attributable to non-controlling interests		696	312
Of which consolidated net income		**3,267**	**4,092**
Earnings per share, undiluted (in EUR)	[2.2.5] [5.11]	**0.09**	**0.12**
Earnings per share, diluted (in EUR)	[2.2.5] [5.11]	**0.09**	**0.11**

Consolidated statement of comprehensive income

3U Group (in kEUR)	01/01–31/12 2020	2019
Net income for the period	**3,963**	**4,404**
Of which attributable to 3U HOLDING AG shareholders	3,267	4,092
Of which attributable to non-controlling interests	696	312
Changes recognised directly in equity which may be reclassified to the income statement in the future	**0**	**0**
Changes recognised directly in equity which cannot be reclassified to the income statement in the future	**0**	**0**
Change in the amount recognised in equity	**0**	**0**
Total comprehensive income for the period	**3,963**	**4,404**
Of which attributable to 3U HOLDING AG shareholders	3,267	4,092
Of which attributable to non-controlling interests	696	312

Consolidated statement of changes in equity

3U Group (in kEUR) Notes to the consolidated financial statements [Note 6.7.1 and 6.7.4]	Subscribed capital	Treasury shares	Capital reserve	Retained earnings/ profit/loss carried forward and net income for the period attributable to 3U HOLDING AG shareholders
As of 1 January 2019	**35,314**	**-2,184**	**10,349**	**-1,034**
Dividend payment for the 2018 financial year	0	0	0	-994
Net income 2019	0	0	0	4,092
Other income 2019	0	0	0	0
Share option plan 2018	0	0	56	0
Proceeds from sale of treasury shares	0	1,000	609	0
Contributions from/disbursements to non-controlling interests	0	0	0	0
Changes in the consolidation scope	0	0	0	0
As of 31 December 2019	**35,314**	**-1,184**	**11,014**	**2,064**

3U Group (in kEUR) Notes to the consolidated financial statements [Note 6.7.1 and 6.7.4]	Subscribed capital	Treasury shares	Capital reserve	Retained earnings/ profit/loss carried forward and net income for the period attributable to 3U HOLDING AG shareholders
As of 1 January 2020	**35,314**	**-1,184**	**11,014**	**2,064**
Dividend payment for the 2019 financial year	0	0	0	-1,365
Net income 2020	0	0	0	3,267
Other income 2020	0	0	0	0
Share option plan 2018	0	0	67	0
Proceeds from sale of treasury shares	0	1,184	806	0
Contributions from/disbursements to non-controlling interests	0	0	0	0
Changes in the consolidation scope	0	0	0	-18
As of 31 December 2020	**35,314**	**0**	**11,887**	**3,948**

Other comprehensive income		Equity attributable to 3U HOLDING AG shareholders	Non-controlling interests	Total shareholders' equity
Exchange rate differences	Hedging instruments			
0	**0**	**42,445**	**-1,004**	**41,441**
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**
0	**0**	**47,208**	**-696**	**46,512**

Other comprehensive income		Equity attributable to 3U HOLDING AG shareholders	Non-controlling interests	Total shareholders' equity
Exchange rate differences	Hedging instruments			
0	**0**	**47,208**	**-696**	**46,512**
0	0	**-1,365**	0	**-1,365**
0	0	**3,267**	696	**3,963**
0	0	**0**	0	**0**
0	0	**67**	0	**67**
0	0	**1,990**	0	**1,990**
0	0	**0**	-549	**-549**
0	0	**-18**	1,398	**1,380**
0	**0**	**51,149**	**849**	**51,998**

Consolidated statement of cash flows

3U Group (in kEUR)	Notes to the consolidated financial statements [Note 2.2.3 and 7]	01/01–31/12 2020	2019
Net income		**3,963**	**4,404**
+/- Write-downs/write-ups of fixed assets		5,609	4,600
+/- Increase/decrease in provisions		41	78
-/+ Profit/loss from the disposal of non-current assets		-3,618	-5,298
-/+ Increase/decrease in inventories and trade receivables		-2,158	-276
+/- Increase/decrease in trade payables		523	-221
+/- Changes other receivables		-2,346	21
+/- Changes to other payables		2,546	1,031
+/- Change in tax assets/liabilities including deferred taxes		69	198
+/- Other non-cash changes		149	144
Cash flow from operating activities		**4,778**	**4,681**
+ Cash inflow from disposals of property, plant and equipment		6	13,542
- Cash outflow for investments in property, plant and equipment		-9,907	-2,409
- Cash outflow for investments in intangible assets		-466	-625
+ Cash inflow from disposals of investments property		708	0
- Cash outflow from the addition of financial assets		0	-1,338
- Cash inflow from the sale of consolidated companies and other business units		4,907	0
Cash flow from investing activities		**-4,752**	**9,170**
Amount carried forward*		**26**	**13,851**

*Refer to following page

3U Group (in kEUR)	Notes to the consolidated financial statements [Note 2.2.3 and 7]	01/01–31/12 2020	2019
Amount carried forward*		**26**	**13,851**
+ Cash inflow from additions to equity (capital increases, sale of treasury shares etc.)		1,990	1,639
– Cash outflow to companies' owners and minority partners (dividend, equity capital payback, purchase of treasury shares, other disbursements)		-1,958	-1,042
+ Inflow from the taking up of financial loans		8,151	0
– Disbursements from the repayment of bonds and (financial) loans		-1,704	-5,472
– Disbursements from the repayment of leasing liabilities		-1,176	-741
Cash flow from financing activities		**5,303**	**–5,616**
Total cash flow		**5,329**	**8,235**
+/– Change in disposal restrictions on cash and cash equivalents		285	834
+/– Changes in cash and cash equivalents due to consolidation effects		541	15
Cash and cash equivalents at the beginning of period		**17,462**	**8,378**
Cash and cash equivalents at the end of period		**23,617**	**17,462**
Total change in cash and cash equivalents		**6,155**	**9,084**

*Refer to previous page

Notes to the Consolidated Financial Statements

1 General information on the Group

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

The business activities of 3U and its subsidiaries comprise the management of its own assets, the acquisition, management and the sale of participating interests in domestic and foreign companies, as well as the provision of telecommunication services and IT services in the ITC segment.

The activities in the area of renewable energies and in the field of sanitary, heating and climate technology are combined under the Renewable Energies and SHAC segments.

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

2 Accounting and valuation policies

2.1 Accounting principles

These consolidated annual financial statements comprise 3U HOLDING AG and its subsidiaries. The consolidated financial statements of 3U HOLDING AG for the 2020 financial year were drawn up in accordance with the accounting standards of the International Accounting Standards Board (IASB) and the International Financial Reporting Standards (IFRS). The IFRS applicable as of 31 December 2020 were observed and the interpretations of the International Financial Reporting Committee (IFRIC) were also applied. The consolidated financial statements cover all the information required by the IFRS as endorsed by the European Union (EU) and the additional requirements pursuant to Section 315e (1) German Commercial Code (HGB). Separate reference is made to any pronouncements which were applied prematurely.

The presentation of the statement of financial position distinguishes between current and non-current assets and liabilities, which are generally broken down further into 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 shown. The income statement has been prepared using the total cost method.

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

The consolidated financial statements were prepared in euros. The figures are stated in the consolidated financial statements in thousands of euros (kEUR) and were rounded up to whole kEUR. For arithmetical reasons, rounding differences amounting to +/– one unit (kEUR, % etc.) may occur.

The Group companies keep 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 the 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 accounting standards
3U took into account all standards and interpretations issued by the IASB which were in force as of 31 December 2020 and adopted into EU law.

The following standards were applied for the first time:
- Amendments to IAS 1 and IAS 8: "Definition of Materiality" (1 January 2020)*
- Amendments to IFRS 3: "Definition of a Business" (1 January 2020)*
- Amendments to Conceptual Framework: "Updating of References to Conceptual Framework" (1 January 2020)*
- Amendments to IFRS 9, IAS 39 and IFRS 7: "Interest Rate Benchmark Reform (Phase 1)"(1 January 2020)*
- Amendments to IFRS 16: "Covid-19-Related Rent Concessions" (1 June 2020)*

* Anzuwenden für Geschäftsjahre, die an oder ab dem angegebenen Datum beginnen

According to the assessment of the Management Board, the initial application of further standards and interpretations has not led to any changes in the Group's net assets, financial position and results of operations

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

The IASB has published a series of further announcements, but these have not yet been enacted under EU law

- Amendments to IFRS 17: "Insurance contracts" (1 January 2023)*
- Amendments to IAS 1: "Presentation of Financial Statements – Classification of Liabilities as Current or Non-current" (1 January 2023)*
- Amendments to IFRS 3: "Business Combinations – Reference to the Conceptual Framework" (1 January 2022)*
- Amendments to IAS 16: "Property, Plant and Equipment – Proceeds before Intended Use" (1 January 2022)*
- Amendments to IAS 37: "Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract" (1 January 2022)*
- Amendments to IFRS 1, IFRS 9, IFRS 16 and IFRS 41: "Annual Improvements Process (Cycle 2018–2020)" (1 January 2022)
- Amendments to IFRS 4: "Insurance Contracts – Applying IFRS 9, Financial Instruments with IFRS 4, Insurance Contracts" (1 January 2021)*
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: "Interest Rate Benchmark Reform (Phase 2)" (1 January 2021)*

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 notable impact from IFRS 17, IFRS 3, IAS 16, IAS 37, IFRS 1, IFRS 9, IFRS 16 and IAS 41.

* Applicable to financial years which commence on or before the respective date.

2.2 Principles of consolidation

2.2.1 Scope and policies of consolidation

In the financial year 2020, the scope of consolidation for 3U HOLDING AG consisted of 26 (previous year: 26) German and foreign subsidiaries in which 3U HOLDING AG holds the majority of the voting rights, directly or indirectly, and where 3U HOLDING AG controls the affiliated company. Domination by 3U HOLDING AG exists pursuant to IFRS 10 if the following conditions are cumulatively met:

- 3U HOLDING AG exerts power over the subsidiary;
- 3U HOLDING AG is exposed to fluctuating returns from its participation;
- 3U HOLDING AG can influence the amount of return by virtue of its power.

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

A business combination is constituted when 3U HOLDING AG obtains control of another company. According to IFRS rules, a 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 the 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 recognisable assets and liabilities are measured at their full fair value. Any surplus acquisition costs above the portion in the fair value of the identified recognisable assets and assumed liabilities acquired by the parent company are recognised as goodwill.

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

Income and expenses of a subsidiary are consolidated as from the acquisition date in the consolidated financial statements. The 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 when control no longer exists or the subsidiary's influence on the Group's net assets, financial position and results of operations is immaterial.

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 which 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 up until such time and the 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 to the 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 in accordance with the equity method pursuant 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 to reflect 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 respective company, 3U does not record further losses unless 3U has entered into respective obligations.

2.2.2 Foreign currency translation

Foreign companies whose functional currency (local currency) is not the euro were not included in the 3U Group in 2020 and 2019. 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 until 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)	
	2020	**2019**	**2020**	**2019**
Currency USD	1.2271	1.1234	1.1422	1.1195

As in the previous year, no notable expenses and gains resulted on balance from exchange rate fluctuations due to foreign currency transactions in the 2020 financial year. Recognition in the income 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 cash and cash equivalents which come in and go out. In accordance with IAS 7, a differentiation is made between cash flows from operating activities (indirect method), investing activities and financing activities.

With regard to the initial 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 at Company and at Group level in accordance with the International Financial Reporting Standards requires estimates and assumptions which affect the amounts of assets and liabilities, the notes to the financial statements, and the income statement. Assumptions and estimates are mainly applied in stipulating the useful lives and residual value of fixed assets, in measuring receivables, in calculating discounted cash flows as part of impairment tests and in creating provisions. Uncertainties also prevail regarding the recognition of deferred taxes. Management's estimates are based on experience and other assumptions, which are considered appropriate under the given circumstances. Estimates and assumptions are reviewed on an ongoing basis. Any necessary adjustments are made in accordance with IAS. 8

Actual amounts may deviate from these estimates and assumptions.

The 3U Group's operations may result in various legal disputes from time to time. These are regularly examined to measure the provisions necessitated by probable claims, including estimated legal costs. The uncertainty of the outcome of these proceedings may possibly exert 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

Undiluted earnings per share correspond to the profit attributable to 3U's shareholders, respectively the profit (after taxes) divided by the weighted average number of shares outstanding during the financial year. 3U calculates earnings per share (diluted) based on the assumption that all potentially dilutive securities and remuneration plans which are based on securities are converted or exercised.

2.3 Accounting and valuation principles

2.3.1 Basic principles of sales recognition

Revenue comprises all revenues resulting from the 3U Group's ordinary business activities. 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 activities 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 centres. 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 through planning and developing projects in the area of renewable energies, as well as through producing electricity with the segment's own plants.

Revenues in the SHAC segment are generated from marketing products from the sanitary, heating and air conditioning technology and installing components for building air conditioning.

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

Revenues from time-related obligations are recognised when the service has been completed and it is probable that the economic benefit will accrue to the Company from the business.

Revenues from construction contracts and service contracts (rendering services) are realised as period-related performance obligations 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 until the reporting date to the total contract costs estimated on the reporting date (cost-to-cost method). The orders are reported as assets under "Contract assets" or, in the case of impending losses, as liabilities under "Contract liabilities". If prepayments exceed the cumulative benefit, they are reported on the liabilities side of the balance sheet under liabilities. Other contracts based on fixed prices are also recognised on a straight-line basis over the term of the contract.

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

2.3.2 Total costs

The total costs comprise all costs incurred during the year under review.

2.3.3 Research and development costs

Research costs, when incurred, are recognised as an expense in the income 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 until the stage of technological viability is reached. Expenses for research and development which occur after technological viability has been achieved are insignificant. Development expenses incurred with standard-based customised development projects (in respect of which the IAS 38 criteria are cumulatively fulfilled) are capitalised to a certain limited extent and written down over the estimated useful life. In the financial year 2020, the Group's research and development costs amounted to EUR 1.8 million (previous year: EUR 1.4 million).

2.3.4 Interest income

Interest income is recognised using the effective interest rate method at the time when it is incurred. The effective interest rate is defined as the interest rate used to discount the expected future inflows over the term of the 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 producing these assets requires a longer period. Interest expense of EUR 0.02 million (previous year: EUR 0.00 million) was capitalised in the 2020 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 used to discount the expected future outflows over the term of the financial liabilities to the net carrying amount of these liabilities.

2.3.6 Income taxes

Income taxes are reported in accordance with IAS 12 applying the balance-sheet orientated liability method. Tax expenses and refunds which depend on income and profit are recorded as income taxes.

Current taxes are recognised for income taxes owed at the time when they originate. 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. 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 it does not appear sufficiently probable that deferred tax assets will be realised in the future, they are not recognised.

2.3.7 Goodwill

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

Reference is made to 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 amortisation and impairment. Scheduled amortisation is reported under the depreciation and amortisation item.

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 contractually agreed period of use.

Telecommunication licences shown under intangible assets are written down on a straight-line basis over ten years. Software licences for transmission and IT equipment are written down over three to ten years.

Reference is made to Note 2.3.15.

2.3.9 Property, plant and equipment

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

The original acquisition or production 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 on a straight-line basis over the following estimated useful lives, taking account of the residual value and reported under the depreciation item:

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 scheduled depreciation is applied to land and leasehold rights.

The useful lives and depreciation methods applied 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 material in relation to the overall acquisition and production costs, 3U assesses those components separately and writes them off.

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

Reference is made to Note 2.3.15.

2.3.10 Rights of use

Rights of use are reported in accordance with IFRS 16. These relate to rights of use of land and buildings amounting to kEUR 2,173 and rights of use of other equipment, furniture and fixtures amounting to kEUR 312.

The right of use is amortised on a scheduled basis over its useful life or the term of the contract, whichever is shorter, in accordance with the regulations on intangible assets. The rights of use in the 3U Group had a term of up to 10 years as of 31 December 2020.

Reference is made to Note 2.3.14.

2.3.11 Investment property

Properties held to earn rentals or for long-term capital appreciation and which are not used in production or for administrative purposes are reported separately under investment property. The valuation of these assets held as investment property are measured at amortised cost.

Depreciation is calculated on a straight-line basis over the following estimated useful lives:
Buildings 25–40 years

No scheduled depreciation is applied to land and leasehold rights.

Reference is made to Note 2.3.15.

2.3.12 Cost of debt

Reference is made to Note 2.3.5.

2.3.13 Financial instruments

The accounting and valuation of financial assets and liabilities (financial instruments) of the financial year is performed in accordance with IAS 39. The FVPL option (option for applying fair value to financial instruments) has been waived.

Classification and measurement

IFRS 9 defines three categories for measuring financial assets:

- Financial assets measured at amortised cost
- Financial assets measured at fair value through profit and loss
- Financial assets measured at fair value directly in equity

Classification under IFRS 9 is contingent on the fulfilment of the cash flow criterion according to which the contractual cash flows consist exclusively of interest and repayment and of the fulfilment of the business model criterion under which classification is carried out depending on the management of financial assets to generate cash flows.

The accounting and measurement of financial liabilities under IFRS 9 comprise the following categories:
- Financial liabilities at amortised cost
- Financial liabilities measured at fair value through profit and loss

Under IFRS 9, when recognised as of the settlement date, the financial instrument is reported at the acquisition cost which corresponds to the fair value of the consideration surrendered. Transaction costs are included in as much as the financial instrument in question is not accounted for at fair value through profit and loss. Upon initial recognition, classification into one of the aforementioned categories is carried out.

During the period under review and on the reporting date, 3U did not have any financial assets and liabilities measured at fair value through profit and loss in its portfolio. In essence, this category of financial instruments comprises assets and liabilities held for trading which are measured at fair value. This primarily includes derivative financial instruments which are not embedded in an effective hedging relationship pursuant to IFRS 9. A gain or loss resulting from subsequent measurement, including from interest and dividend, is recognised in the income statement.

Financial instruments measured at amortised cost are non-derivative financial assets and liabilities that cumulatively fulfil the following conditions:

- The financial instrument is held within the scope of a business model, the aim of which is to hold the financial instrument in order to generate contractual cash flows from it, and
- the contractual conditions trigger cash flows on predefined dates that consist exclusively of interest and repayment with respect to the nominal amount.

Following initial recognition, the financial instruments measured at amortised cost are valued at amortised cost in application of the effective interest method, less any impairment. Gains and losses in the period are recorded through profit and loss if they are derecognised or impaired or if their value is lower due to amortisation.

Loans and obligations taken up by the Company are measured at fair value upon initial recognition and in subsequent years at amortised cost in application of the effective interest method.

Financial instruments, such as cash and cash equivalents, trade receivables and trade payables, prepayments made and received, loans and other financial assets and liabilities are measured at amortised costs which correspond to their fair values based on their maturity.

Debt instruments are measured at fair value in equity if the following conditions are cumulatively fulfilled and they have not been designated as recognised at fair value through profit and loss:

- The financial instrument is held in the context of a business model, the aim of which is to generate cash flows both from holding and from the disposal of the financial instrument, and
- the contractual conditions trigger cash flows on predefined dates that consist exclusively of interest and repayment with respect to the nominal amount.

Following initial recognition, they are measured at fair value. Interest is measured in application of the effective interest method, less any impairment. Other gains and losses are recognised in other comprehensive income (OCI). Upon derecognition of the financial instrument, the amounts recorded in OCI are reposted to the statement of income.

No debt instruments were held or disposed of in the reporting period and as of the balance sheet date.

Upon the initial recognition of an equity instrument not held for trading purposes, the Group can decide whether the changes are to be irrevocably reported at fair value in OCI. The choice of this option applies per equity instrument. After initial recognition at fair value, dividends are recorded in the income statement, unless dividend clearly represents a write-up to the acquisition costs of the investment. Other gains and losses are recorded in OCI and are not reposted to the statement of income also if the financial instrument is derecognised.

In the reporting period, and as of the balance sheet date, no equity instruments were held or disposed of.

A reclassification following initial recognition is only made if the Group changes its business model in relation to generating cash flows of financial assets.

Impairment of financial assets

In determining the impairment in respect of financial assets, the "Expected Credit Losses Model" under IFRS 9 which is based on expected loss is applied The impairment model is to be applied to financial assets measured at amortised cost, to contract assets and debt instruments measured at fair value in equity, with no effect on income. In applying the new impairment model, the risk provision is fundamentally recorded at an earlier date.

Under IFRS 9, all expected credit losses pertaining to the aforementioned assets are accounted for through recognising impairment. The general model prescribed by IFRS 9 (three-stage model, beginning with the "12-month model of expected credit losses") is generally applied or the simplified model (expected credit losses over the entire lifetime) to trade receivables and contract assets.

In accordance with the general approach, financial assets are deemed to carry low default risk upon recognition, for which a risk provision in the amount of the expected credit loss in the next 12 months is to be accounted for. In the event of a significant increase in the default risk, expected credit losses are to be estimated over the lifetime. An increase of this kind is indicated, among other signs, if the debtor has been in payment arrears for more than 30 days. If there is objective evidence, such as insolvency, the commensurate impairment is recorded.

3U assesses expected credit losses for cash and cash equivalents and other financial assets, with the exception of trade receivables, in accordance with the general approach. These expected credit losses are examined on a quarterly basis to ascertain if there has been a deterioration in the credit quality that may give rise to a change in the classification.

The impairment amount identified for cash and cash equivalents was immaterial overall.

The simplified approach is to be applied to trade receivables and contract assets which do not comprise any material financing components. Accordingly, expected credit losses are to be estimated over the lifetime.
Impairment is recorded in the income statement under cost of sales. Due to materiality, disclosing a separate position in the income statement has been waived in accordance with IAS 1.29.

Derecognition of financial assets and liabilities

Financial assets are derecognised if

- the rights to the cash flows have expired or
- assigned, and the Group has essentially transferred all the risks and rewards incidental to ownership, or
- the risks and rewards were neither transferred nor retained, but the Group has assigned the authority of control.

Financial liabilities are derecognised if

- the underlying contractual obligations are settled, cancelled or expire.

Disclosure of financial assets and financial liabilities

Financial assets and financial liabilities are generally not shown net; they are only offset when, in respect of the amounts at the present point in time, there is a right of offsetting and an intention to settle on a net basis. In the current financial year, financial assets and liabilities were offset to the extent that netting agreements exist which allow financial assets and financial liabilities to be offset on the payment date.

2.3.14 Leases

Under the IFRS 16 single accounting model, 3U as lessee must report assets and liabilities for most leases in the statement of financial position. Only short-term leases and leased assets of minor value are not recognised. While 3U as lessee no longer has to differentiate between operating and finance leases, this distinction still applies to 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 which 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 a 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 useful life or the term of the lease, whichever is shorter, 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.

2.3.15 Impairment of non-financial assets and property, plant and equipment

3U examines goodwill for possible impairment in accordance with the Group's accounting regulations at least once a year. The Company determines these figures using valuation methods based on discounted cash flows. Determination of the recoverable amount of a cash-generating unit 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 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 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 must be accounted for by a proportionate reduction in the carrying amounts of assets allocated to the cash-generating unit.

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

The Company's property, plant and equipment and other intangible assets are subject to an impairment test at least on each reporting 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 latter 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 through profit and loss.

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 had it not previously declined in value.

Non-current assets or groups of assets which are sold in a single transaction (disposal group) and classified as held for sale, including any associated debt, are generally reported at the carrying amount or fair value less costs to sell, whichever is lower. 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 net sale values, whichever is lower. 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 periods are taken into consideration by corresponding allowances.

2.3.17 Provisions

Provisions are formed if there is a liability vis-à-vis a third party arising from a past event which is likely to be utilised and if the future expected fund 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 on the reporting date. Non-current provisions with a remaining term of more than one year are reported at their provisional discounted settlement amount as of the reporting 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 formed in accordance with IFRS. 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 reexamined on each reporting 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 pertain to items recognised directly in equity; in this case, 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 vis-a-vis employees and other miscellaneous liabilities. Upon initial 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 on the commitment date. The fair value of the share-based payments using equity instruments on the commitment date is recognised as an expense on a straight line basis throughout the blocking or vesting period and recognised in the capital reserve. This is based on the internal Group estimations of the number of shares which grant 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 in estimations, where such exist, are recognised through profit and loss over the period until the benefits become vested.

Share options numbering 2,771,998 were issued under the 2018 share option plan, 432,000 of which had expired as of the end of the reporting period. Option rights can be exercised after the end of a four-year retention period. As of 31 December 2020, the share price (base value of the option) stood at EUR 2.24 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.

No other employee share options plans existed as of the balance sheet date.

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

Fair value is defined as the price that would be received to sell an asset or transfer a liability between market participants received in an orderly transaction on the measurement date.

The measurement of fair value pertains to a specific asset or a specific liability respectively. In determining the fair value, therefore, the characteristics of the respective asset or the liability which a market participant would take into account in pricing the asset or liability on the measurement date are considered. Such features include the following, among others:

(a) condition and location of the asset and
(b) restrictions on the disposal or use of the asset.

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

Input factors at Level 2 are market prices other than those mentioned for Level 1 which are either directly 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 %
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 %
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 %
Windpark Roge GmbH	Marburg	Germany	99.998 %
Windpark Roge GmbH & Co. Betriebs-KG	Kirchroth	Germany	50.09 %

*3U HOLDING AG holds direct or indirect interests in these companies.

**There are restrictions on loan cancellations and/or distributions based on a letter of comfort or subordination agreement by the parent company or for reason of capital service provisions in loan agreements. Please refer to the explanations under Note 6.9.

Changes in the scope of consolidation

Compared with 31 December 2019, the changes in the scope of consolidation are as follows:

On 29 November 2019, 3U HOLDING AG acquired an indirect stake of more than 40 % of the limited partner shares in Windpark Roge GmbH & Co. Betriebs-KG. Upon the takeover of the general partner Windpark Roge GmbH and the assumption of the management and operation of the wind farm as of 1 January 2020, the companies were included in the consolidated financial statements as fully consolidated companies.

Effective 1 December 2020, 3U HOLDING AG sold its 75 % stake in ClimaLevel Energiesysteme GmbH. As from this date, the company is no longer included in the consolidated financial statements.

Moreover, effective 31 December 2020, the shares in Märkischen Windkraft 110 GmbH & Co. KG (Lüdersdorf wind farm) were sold. As of 31 December 2020, the company is no longer included in the consolidated financial statements.

As of 31 December 2020, in addition to 3U HOLDING AG, 26 (31 December 2019: 26) domestic and foreign subsidiaries in which 3U HOLDING AG holds a majority of the voting rights or has the possibility of control, either directly or indirectly, are included in the scope of consolidation.

Twelve (31 December 2019: 13) 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 companies are essentially non-active companies. They are valued at acquisition cost less necessary value adjustments and reported under non-current assets.

The liquidation of Triast GmbH i. L. was completed in the financial year 2020. The company was taken off the register.

Joint ventures

Companies consolidated using the at-equity method:

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

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

Reference is made to Note 6.1.5.

Other financial assets

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

Windkraft Lüdersdorf II GmbH & Co. OHG is a company for the construction and maintaining of a wind farm project's infrastructure with several operator companies. The company does not engage in other business activities. The shares in the company were indirectly held via Märkische Windkraft 110 GmbH & Co. KG. Upon the sale of this company, the shares in Windkraft Lüdersdorf II GmbH & Co. OHG also disposed of by the Group.

The remaining companies do not engage in business activities at all or in business activities of any significance. The influence of these companies on the Group's net assets, financial position and results of operations is of minor importance, both individually and collectively.

Company	Registered office	Country	Share held by 3U HOLDING AG*	Currency	Shareholders' equity	Results for the financial year 2020
3U DYNAMICS GmbH	Marburg	Germany	100 %	EUR	46,056.26	-777.84
3U MOBILE GmbH	Marburg	Germany	100 %	EUR	6,130.66	-1,422.61
ACARA Verwaltung GmbH	Marburg	Germany	100 %	EUR	20,701.44	1,076.39
EEPB Erneuerbare Energien Planungs- und Beratungs gesellschaft mbH	Marburg	Germany	100 %	EUR	56,603.90	-1,072.37
Märkische Windkraft 89 GmbH & Co. KG	Berlin	Germany	99.998 %	EUR	-277.88	-864.40
Märkische Windkraft 112 GmbH & Co. KG	Berlin	Germany	99.998 %	EUR	-12,974.16	-2,652.40
Windpark DBF GmbH	Marburg	Germany	100 %	EUR	2,758.43	-1,422.61
Windpark Bürgerenergie Ostprignitz-Ruppin 3 GmbH & Co. KG	Berlin	Germany	9.090 %	EUR	-4,719.06	-2,168.80
Windpark Bürgerenergie Teltow-Fläming 3 GmbH & Co. KG	Berlin	Germany	8.330 %	EUR	-4,909.55	-2,533.35
Windpark Havelland Projekt II GmbH & Co. KG	Berlin	Germany	99.998 %	EUR	-3,842.54	-850.40
Windpark Merzdorfer Heide I GmbH & Co. KG	Berlin	Germany	99.998 %	EUR	-9,167.74	-650.40
Windpark Merzdorfer Heide II GmbH & Co. KG	Berlin	Germany	99.998 %	EUR	-2,051.52	-650.40
Windpark Ruppin Projekt GmbH & Co. KG	Berlin	Germany	99.998 %	EUR	-1,931.34	-650.40
Windpark Ruppin Projekt 2 GmbH & Co. KG	Berlin	Germany	99.998 %	EUR	-1,281.93	-667.36

*3U HOLDING AG holds direct or indirect interests in these companies.

4 Segment reporting

Segment reporting 2020 01/01–31/12/2020 (in kEUR)	ITC	Renew-able Energies	SHAC	Subtotal	Other activities	Reconcili-ation	Group
Third-party revenue	18,234	9,126	33,135	60,495	557	0	61,052
Revenue from other segments/business areas	1,093	0	2	1,095	1,374	-2,469	0
Intercompany revenue (intra-segment revenue)	1,511	505	19,396	21,412	0	-21,412	0
Total revenue	**20,838**	**9,631**	**52,533**	**83,002**	**1,931**	**-23,881**	**61,052**
Less intercompany revenue	-1,511	-505	-19,396	-21,412	0	21,412	0
Segment revenue/Group revenue	**19,327**	**9,126**	**33,137**	**61,590**	**1,931**	**-2,469**	**61,052**
Other income	1,173	2,484	1,540	5,197	1,891	-1,751	5,337
Changes in inventory	-79	-364	-59	-502	0	79	-423
Other capitalised services	154	0	0	154	0	48	202
Cost of materials	-7,317	-141	-25,735	-33,193	-24	22	-33,195
Gross profit or loss	**13,258**	**11,105**	**8,883**	**33,246**	**3,798**	**-4,071**	**32,973**
Personnel expenses	-5,793	-234	-4,061	-10,088	-3,014	0	-13,102
Other operating expenses	-2,494	-2,075	-3,730	-8,299	-2,562	2,540	-8,321
EBITDA	**4,971**	**8,796**	**1,092**	**14,859**	**-1,778**	**-1,531**	**11,550**
Depreciation and amortisation	-849	-3,911	-401	-5,161	-528	80	-5,609
EBIT	**4,122**	**4,885**	**691**	**9,698**	**-2,306**	**-1,451**	**5,941**
Financial result*	**-9**	**-1,051**	**-144**	**-1,204**	**1,945**	**-1,419**	**-678**
Profit/loss of companies recognised at equity**	0	0	0	0	1	0	1
Other financial result	-9	-1,051	-144	-1,204	1,944	-1,419	-679
Income tax	-881	-331	-88	-1,300	0	0	-1,300
Result for the period*	**3,232**	**3,503**	**459**	**7,194**	**-361**	**-2,870**	**3,963**
Of which attributable to non-controlling interests	413	333	-39	707	-11	0	696
Segment result*/Group result	**2,819**	**3,170**	**498**	**6,487**	**-350**	**-2,870**	**3,267**

*Before profit transfer
**As of 31 December 2020, the carrying amounts of companies accounted for using the equity method amounted to kEUR 14 and were allocated to the area Other Activities.

Segment reporting 2019 01/01–31/12/2019 (in kEUR)	ITC	Renew-able Energies	SHAC	Subtotal	Other activities	Reconcili-ation	Group
Third-party revenue	13,105	7,220	30,378	50,703	746	0	51,449
Revenue from other segments/business areas	957	0	1	958	1,231	-2,189	0
Intercompany revenue (intra-segment revenue)	1,956	71	17,661	19,688	0	-19,688	0
Total revenue	**16,018**	**7,291**	**48,040**	**71,349**	**1,977**	**-21,877**	**51,449**
Less intercompany revenue	-1,956	-71	-17,661	-19,688	0	19,688	0
Segment revenue/Group revenue	**14,062**	**7,220**	**30,379**	**51,661**	**1,977**	**-2,189**	**51,449**
Other income	1,425	681	519	2,625	5,769	-362	8,032
Changes in inventory	0	-200	48	-152	0	0	-152
Other capitalised services	0	0	0	0	0	85	85
Cost of materials	-5,326	-144	-23,265	-28,735	0	2	-28,733
Gross profit or loss	**10,161**	**7,557**	**7,681**	**25,399**	**7,746**	**-2,464**	**30,681**
Personnel expenses	-4,702	-281	-3,956	-8,939	-2,713	0	-11,652
Other operating expenses	-2,665	-2,372	-3,815	-8,852	-2,531	2,452	-8,931
EBITDA	**2,794**	**4,904**	**-90**	**7,608**	**2,502**	**-12**	**10,098**
Depreciation and amortisation	-707	-2,953	-302	-3,962	-718	80	-4,600
EBIT	**2,087**	**1,951**	**-392**	**3,646**	**1,784**	**68**	**5,498**
Financial result*	**-36**	**-1,061**	**-116**	**-1,213**	**1,013**	**-648**	**-848**
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
Result for the period*	**2,404**	**390**	**-607**	**2,187**	**2,797**	**-580**	**4,404**
Of which attributable to non-controlling interests	324	5	-17	312	0	0	312
Segment result*/Group result	**2,080**	**385**	**-590**	**1,875**	**2,797**	**-580**	**4,092**

*Before profit transfer

**As of 31 December 2019, the carrying amounts of companies accounted for using the equity method amounted to kEUR 19 and were allocated to the area Other Activities.

In accordance with the regulations of IFRS 8 Operating Segments, 3U HOLDING AG's segment reporting applies the management approach regarding segment identification.

The information regularly made available to the Management Board and the Supervisory Board is therefore regarded as definitive 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, Voice Business 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 licences.

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

In addition to the installation of air conditioning components in buildings, the distribution of products from sanitary, heating and air conditioning systems to wholesalers, craftsmen and self-builders form part of the SHAC segment.
Distribution is mainly 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 intra-segment consolidation, while inter-segment consolidation occurs in the scope of reconciliation with the Group's figures.

A detailed description of the segments and the development is available in the combined management report.

The Management Board of 3U defines segment revenue generated by inter-segment sales, EBITDA and the segment result before profit transfer as the key performance indicators of a segment's business success as it considers these indicators crucial to a segment's success. Revenue as disclosed under the Intercompany revenue item (intra-segment revenue) was 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 3U HOLDING AG as the controlling company.

The 3U Group's cash flow data was as follows:

Cash flow data 2020 (in kEUR) 01/01–31/12/2020	ITC	Renewable Energies	SHAC	Other Activities/ reconciliation	Group
Cash flow from operating activities	5,820	5,343	1,489	-7,874	4,778
Cash flow from investing activities	-413	3,575	1,074	-8,988	-4,752
Cash flow from financing activities	-2,771	-7,536	-1,230	16,840	5,303

Cash flow data 2019 (in kEUR) 01/01–31/12/2019	ITC	Renewable Energies	SHAC	Other Activities/ reconciliation	Group
Cash flow from operating activities	2,982	4,745	-1,619	-1,427	4,681
Cash flow from investing activities	-347	-1,407	-796	11,720	9,170
Cash flow from financing activities	-1,987	-2,708	2,784	-3,705	-5,616

For the purposes of monitoring profitability and allocating resources between the segments, the Management Board scrutinizes the financial assets allocated to the individual segment. Cash and cash equivalents are not allocated to any segment nor to Other Activities.

3U Group – Assets (in kEUR)	ITC	Renewable Energies	SHAC	Other Activities/ reconciliation	Total	Assets not allocated	Total consolidated assets
Assets as of 31/12/2020	10,845	25,102	10,317	13,210	**59,474**	26,421	**85,895**
Assets as of 31/12/2019	12,745	35,621	9,560	2,001	**59,927**	20,551	**80,478**

3U Group – Liabilities (in kEUR)	ITC	Renewable Energies	SHAC	Other Activities/ reconciliation	Total	Reconciliation*	Total consolidated liabilities/ shareholder's equity
Liabilities as of 31/12/2020	8,849	34,955	11,631	-21,538	**33,897**	51,998	**85,895**
Liabilities as of 31/12/2019	9,701	46,584	10,297	-32,616	**33,966**	46,512	**80,478**

*Shareholder's equity/non-controlling interests

Uniform Group accounting policies and methods of calculation were applied to the segment report. Services between segments are subject to the arm's length principle and calculated using uniform Group pricing models. The cost plus method is essentially applied. Administrative services are calculated as cost allocations.

Non-current assets of kEUR 4 (previous year: kEUR 5) were located abroad in 2020.

(In kEUR)	Depreciation and amortisation		Investments	
	2020	2019	2020	2019
ITC	849	707	417	348
Renewable Energies	3,911	2,953	13	71
SHAC	401	302	245	835
Other Activities/reconciliation	448	638	9,698	1,783
Total	**5,609**	**4,600**	**10,373**	**3,037**

Revenue from core services

(In kEUR)	2020	2019
Areas within the ITC segment		
Voice retail	2,229	1,952
Voice business customer	7,188	5,026
Data center services & operation	1,747	1,659
IT services/Cloud applications	7,327	4,643
Consulting/IT security/trading in IT licences	837	782
Total ITC segment	**19,328**	**14,062**
Areas within the Renewable Energies segment		
Wind	7,081	5,186
Photovoltaic	2,032	2,018
Miscellaneous	13	16
Total Renewable Energies segment	**9,126**	**7,220**
Areas within the SHAC segment		
Sanitary, heating and air conditioning technologies	33,137	30,379
Total SHAC segment	**33,137**	**30,379**
Other Activities	**1,931**	**1,977**
Reconciliation	**-2,470**	**-2,189**
Total Group	**61,052**	**51,449**

The 3U Group achieved a share in revenue of kEUR 4,002 resp. 6.6 % (previous year: kEUR 2,416 resp. 4.7 %) with the largest customer in the ITC segment in the financial year ended.

During the reporting period, the segments recorded inter-segment revenue in the following amounts: ITC kEUR 1,093 (previous year: kEUR 957), Renewable Energies kEUR 0 (previous year: kEUR 0) and SHAC kEUR 2 (previous year: kEUR 1). The inter-segment revenues of Other Activities amounted to kEUR 1,374 (previous year: kEUR 1,231) in consolidation.

Geographical distribution of revenues

(In kEUR)	2020	2019
ITC	**19,328**	**14,062**
Of which domestic	16,591	11,657
Of which foreign	2,736	2,405
Renewable Energies	**9,126**	**7,220**
Of which domestic	9,126	7,220
Of which foreign	0	0
SHAC	**33,137**	**30,379**
Of which domestic	30,358	27,895
Of which foreign	2,779	2,484

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

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

(In kEUR)	2020	2019
Austria	2,281	1,843
Switzerland	1,179	957
Netherlands	522	368
Belgium	255	401
France	208	184

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. Income is recognised by way of invoicing after telecommunications services have been rendered. The income from the IT licences 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 after the respective service has been provided. 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 after the services have been rendered.

Proceeds from the installation of heating and air conditioning systems are recognised according to the stage of completion (cost-to-cost method) and reported as revenue net of sales tax. This pertains to revenue of kEUR 6,578 in 2020 (previous year: kEUR 7,111). As of 31 December 2020, there were no construction contracts in the 3U Group.

The accumulated costs of construction contracts still ongoing amounted to kEUR 0 (previous year: kEUR 1,823) and the cumulative recognised gains and losses to kEUR 0 (previous year: kEUR 584).

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

The consolidated third-party revenue is comprised of the segments featured in the segment report.

Distribution of revenue

(In kEUR)	2020	2019
Services	**12,005**	**8,955**
Telecommunication services/DCS	11,164	8,637
IT services	828	310
Miscellaneous	13	8
Sales of goods	**43,087**	**38,373**
Energy and photovoltaic	9,103	7,203
Sanitary, heating and air conditioning technologies	33,137	30,375
IT licences	837	782
Other products	10	13
Licence fees	**6,499**	**4,333**
Licences (Cloud applications)	**6,499**	4,333
Other Activities	**1,931**	**1,977**
Reconciliation	**-2,470**	**-2,189**
Total Group	**61,052**	**51,449**

5.2 Other income

Other income comprises the following:

(In kEUR)	2020	2019
Income from deconsolidation	3,507	0
Expense allowances for information pursuant to the Telecommunications Surveillance Ordinance	981	976
Income from the reduction of allowances	138	979
Income from asset disposals	129	5,286
Income from the reversal of provisions/ provisions with liability characteristics	104	100
Income from other accounting periods	41	82
Insurance compensation	20	62
Other income	417	547
Total	**5,337**	**8,032**

Income from the reduction of allowances is offset by bad debt and impairment losses on receivables.

In the financial year 2020, proceeds from the sale of ClimaLevel Energiesysteme GmbH and Märkische Windkraft 100 GmbH & Co. KG were disclosed under other income and reported in an amount from deconsolidation totalling EUR 3.5 million. Income from asset disposal also included income from the sale of the properties in Marburg and Montabaur in the previous year totalling around EUR 5.2 million. The benefits in kind for the use of a car and other benefits are essentially shown in a net amount under personnel expenses in the financial year 2020. In the previous year, these benefits were disclosed under other income.

5.3 Inventory changes

The changes in inventories of kEUR −423 (previous year: kEUR −152) 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 kEUR 202 (previous year: kEUR 85). This relates to capitalised development costs in the ITC segment and own work in the extending of logistic 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 SHAC segment:

(In kEUR)	2020	2019
Cost of goods	23,508	21,060
Expenses for purchased services	4,565	2,575
Connection services	3,658	3,500
Network costs	751	907
Expenses in trade of IT licences	643	602
Project performance in renewable energies	58	71
Costs of interconnection	12	18
Total	**33,195**	**28,733**

5.6 Personnel expenses

Personnel expenses comprise the following:

(In kEUR)	2020	2019
Salaries and wages	10,914	9,785
Social security contributions	1,848	1,714
Other personnel expenses	340	153
Total	**13,102**	**11,652**

Other personnel expenses include expenses of kEUR 67 (previous year: kEUR 56) relating to the share option plan 2018. Benefits in kind for the use of a car and other such benefits are basically shown net in personnel expenses (kEUR 316) in the financial year 2020. In the previous year, these benefits were disclosed under other income in the amount of kEUR 358.

The average number of employees (basis: head count) stood at:

Segment	2020	2019
ITC	109	94
Renewable Energies	3	4
SHAC	84	86
Holding	35	29
Total	**231**	**213**

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 kEUR 842 (previous year: kEUR 739). No defined benefit commitments were made. Benefits in kind for the use of a car and other such benefits are shown net in personnel expenses (kEUR 316) in the financial year 2020. In the previous year, these benefits were disclosed under other income.

5.7 Other operating expenses

Other operating expenses include the following:

(In kEUR)	2020	2019
Maintenance	1,569	1,411
Sales commissions/brokerage fees	1,069	857
Advertising and hospitality expenses	901	1,004
Premises expenses/rental expenses	758	730
Other consulting costs	460	338
External services/third party work	394	379
Travel and vehicle expenses	337	517
Year-end closing and audit costs	293	290
Technical consultancy costs	286	509
Telephone/shipping costs	285	241
Insurances	281	218
Incidental costs of monetary transactions	265	254
Supervisory Board remuneration incl. travel expenses	176	172
Bad debt	167	989
Expenses for other accounting periods	121	91
Legal advice and court costs	88	82
Other taxes	83	62
Premiums, fees and donations	66	66
Value adjustments to receivables	24	39
Other operating expenses	698	682
Total	**8,321**	**8,931**

Other operating expenses include expenses of kEUR 1 (previous year: kEUR 0) from currency translation.

5.8 Depreciation and amortisation

Depreciation and amortisation of property, plant and equipment and intangible assets amounted to kEUR 4,620 (previous year: kEUR 3,917) and are therefore 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 their useful life or the term of the contract, whichever is shorter. The amortisation of rights of use amounts to kEUR 989 (previous year: kEUR 683).

5.9 Financial result

Interest on current and loan accounts and shares in the profit and loss of companies included using the equity method are disclosed under this item. The financial result also includes interest expenses from leasing liabilities in an amount of kEUR 102 (previous year: kEUR 77).

(In kEUR)	2020	2019
Interest and similar income	23	8
Interest income	**23**	**8**
Interest expenses for financial liabilities	-541	-672
Interest expenses for leasing liabilities	-102	-77
Other interest and similar expenses	-59	-113
Interest expenses	**-702**	**-862**
Share in profit/loss of companies included using the equity-method	**1**	**6**
Write-downs of financial assets	**0**	**0**
Total	**-678**	**-848**

5.10 Income tax expenses

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

(In kEUR)	2020	2019
Current income tax expenses	1,328	1,130
Deferred taxes	-28	-884
Total	**1,300**	**246**

3U HOLDING AG and its German subsidiaries are subject to corporation and trade tax. In the financial year 2020, profit was subject to corporation tax of 15 % plus a 5.5 % solidarity surcharge. Trade tax in Marburg amounted to around 14 % in 2020. The income tax rate for the Group (parent company) stood at 29.825 % (previous year: 29.825 %).

The tax rate applied to foreign companies is 25 % for Austria.

Deferred tax on hedging instruments recognised directly in equity came in at kEUR 0 (previous year: kEUR 0).

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

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

The profit and loss transfer agreements were adjusted in accordance with the tax requirements in 2014 and entered into the commercial register at the end of 2014

Effective 1 January 2015, 3U ENERGY AG as the controlling company concluded a control and profit and loss transfer agreement with 3U ENERGY PE GmbH. After approval by the Annual General Meeting of 3U ENERGY AG this profit and loss 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 approval by 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 approval by the Annual General Meeting of 3U HOLDING AG, this profit and loss transfer agreement was entered into 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	**2020 kEUR**	**2020 %**	**2019 kEUR**	**2019 %**
EBT	5,263	100.0	4,650	100.0
Income tax rate (29.825 %; previous year: 29.825 %)				
Calculated tax income/expenses	1,570	29.8	1,387	29.8
Non-deductible expenses/ tax-exempt income	-563	-10.7	-715	-15.4
Effects of allowance of deferred taxes / non-inclusion of deferred taxes from loss carry forwards	932	17.7	-1,082	-23.3
Use of tax loss carryforwards, in the previous year no recording	-205	-3.9	-179	-3.8
Effect of tax rate differences of foreign tax jurisdictions	-2	0.0	0	0.0
Deviations due to different trade tax collection rates	-18	-0.3	-7	-0.2
Effects from deconsolidation	-343	-6.5	0	0.0
Aperiodic tax effects	-37	-0.7	891	19.2
Miscellaneous	-34	-0.7	-49	-1.1
Effective tax expenses	**1,300**	**24.7**	**246**	**5.3**

5.11 Earnings per share

Earnings per share corresponds to 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:

	2020	2019
Basis of the earnings per share (share in net profit attributable to the shareholders of the parent company in kEUR)	**3,267**	**4,092**
Number of ordinary shares issued (ex treasury shares)		
As of 1 January	34,130,376	33,130,376
As of 31 December	35,314,016	34,130,376
Weighted average number of ordinary shares for undiluted earnings	34,489,349	33,163,253
Effect of dilutive potential of ordinary shares:*		
Issuance of 2,379,998 share options on 6 December 2018		2,372,700
Issuance of 248,000 share options in September 2019		76,778
Issuance of 8,000 share options in December 2019		263
Issuance 124,000 share options in September 2020	38,623	
Issuance 12,000 share options in December 2020	721	
Weighted average number of ordinary shares for diluted earnings	37,012,418	35,612,994
Earnings per share, undiluted (in EUR)	**0.09**	**0.12**
Earnings per share, diluted (in EUR)	**0.09**	**0.11**

*412,000 share options expired in the financial year 2020. 20,000 share options expired in the financial year 2019. In total, 432,000 share options have elapsed.

6 Notes to the consolidated statement of financial position

6.1 Non-current assets

The development of individual non-current items and depreciation, amortisation and impairment in the current financial year are presented separately in the consolidated statement of changes in non-current assets (shown under Note 6.15.1 and 6.15.2).

6.1.1 Intangible assets

The carrying amounts of intangible assets are as follows:

(In kEUR)	31/12/2020	31/12/2019
Self-created industrial property rights and similar rights and assets	178	0
Concessions, industrial property rights and similar rights and assets and licences to such rights and assets	1,329	1,679
Goodwill	603	603
Advance payments on intangible assets	282	319
Total	**2,392**	**2,601**

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

As part of the acquisition of the "Online Store" cash-generating unit, goodwill amounting to kEUR 170 was determined. This was allocated to the SHAC segment after the restructuring of the segments. Similarly, goodwill of kEUR 411 was revealed in the context of acquiring Aufwind & ORBIS Havelland GmbH & Co. KG along with Aufwind & ORBIS Havell und Verwaltungs-GmbH (after accretion of 3U ENERGY PE GmbH). The purchase of Windpark Langendorf GmbH & Co. KG, the general partner GmbH, together with Repowering Sachsen-Anhalt GmbH resulted in goodwill of kEUR 22. All instances of goodwill were allocated to the segment Renewable Energies.

In the financial year 2020, 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 goodwill in the financial year 2020, as well as in previous periods, has not been recognised

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, along with the average return expectations of wind farm investors derived from this. The necessary approvals for planned wind farm projects are also expected to be granted. Sales in the Langendorf wind farm were determined on the basis of secured remuneration under the German Renewable Energy Sources Act (EEG), an expected remuneration for periods following the termination of EEG remuneration, taking into account the current market value plus an appropriate surcharge and availability of at least 97 %.

In determining the values in use as of 31 December 2020, a weighted average cost of capital before tax (WACC) of 8.42 % (previous year: 8.73 %) was applied to the "Online Shop" cash-generating unit, and 11,87 % (previous year: 9.53 %) to project development (3U ENERGY PE GmbH) and 7,00 % (previous year: 6.58 %) to the production of wind energy (Windpark Langendorf GmbH & Co. KG). Growth rates were not included in the cost of capital. Changes in key assumptions may generally have a significant impact 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. Reference is made to the explanations under Note 2.3.15.

6.1.2 Property, plant and equipment

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

The Lüdersdorf wind farm, which was newly constructed in the 2016 financial year, was mainly reported under assets held for sale in 2017 and essentially disclosed under technical equipment and machinery in the reporting year. The wind turbines of the Langendorf wind farm acquired in the financial year 2014 were reported under technical equipment and machinery. The pertinent property for the electric power transformation substation of the Langendorf wind farm was capitalised under land and buildings. The Adelebsen solar park with all technical components is reported under plant and machinery, while the land on which the solar park's ground-mounted system was built is shown under land and buildings.

6.1.3 Rights of use and leasing liabilities

In accordance with IFRS 16, rights of use in the context of leases amounting to kEUR 2,486 (previous year: kEUR 3,650) were reported under non-current assets as of 31 December 2020. Rights of use were mainly recognised for leases in which the 3U Group as the 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 farm areas. There are no other extension or purchase options.

As of 31 December 2020, non-current lease liabilities of kEUR 2,279 (previous year: kEUR 3,436) and current lease liabilities of kEUR 764 (previous year: kEUR 890) 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 as current expenses. Expenses for short-term leases amount to kEUR 396 in the 2020 financial year (previous year: kEUR 361). Leases for an asset of minor value incurred expenses of kEUR 21 in the 2020 financial year (previous year: kEUR 1).

Expenses of variable lease payments not included in the measurement of the lease liability amount to kEUR 67 in the 2020 financial year (previous year: kEUR 55).

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 kEUR 1,600 in the financial year 2020 (previous year: kEUR 1,114).

6.1.4 Investment property

Investment properties not used for operations or only used to a minor extent are essentially reported under investment properties. The property in Linz sold in the financial year 2020 was reported under investment property up until 30 September 2020. Moreover, parts of the commercial property in Adelebsen were disclosed under this item through to the end of the financial year 2020. In respect of the Adelebsen commercial property, only the part on which the ground-mounted system of the solar park was erected was not disclosed as investment property. The building and the remaining land were reported under investment property.

Upon conclusion of a purchase agreement concerning the disposal of parts of the Adelebsen commercial property, proof of a financing commitment furnished by the buyer, and the cadastral measurement and registration of the properties for sale the real estate cadaster, the conditions under IFRS 5 were fulfilled, and parts of the Adelebsen commercial property were disclosed under assets held for sale as of 31 December 2020. As a result, no investment property was reported in the 3U Group as of 31 December 2020.

The lease and rental income from investment properties stood at kEUR 450 in the financial year 2020 (previous year: kEUR 434). Operating expenses incurred by the investment properties in financial 2020 amounted to kEUR 70 (previous year: kEUR 74). Of this amount kEUR 70 (previous year: kEUR 74) is allotted to leased investment properties and kEUR 0 (previous year: kEUR 0) to real estate which did not produce any rental income in the financial years 2020 and 2019.

Investment properties are valued at amortised cost. Details are shown in the development of the Group's fixed assets. The fair values of these investment properties amounted to approximately kEUR 6,850 as of 31 December 2019. No subsequent acquisition costs were incurred in the year under review (previous year: kEUR 13).

In the previous year, 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. The following assumptions were made:

	2019	
	Adelebsen	**Linz**
Land value interest/property rate	6.15 %	6.00 %
Management costs	20.00 %	15.00 %
Remaining useful life of the building	29 years	33 years
Tax-free land value	23.00 EUR/m^2	90.00 EUR/m^2

6.1.5 Financial assets and other non-current assets

Investments accounted for using the equity method

As of 31 December 2020, Marburg-based Spider Telecom GmbH was accounted for using the equity method. Substantial contributions margins for the telephony network operation are generated through Spider Telecom GmbH. Summarised financial information on this investment is as follows:

Spider Telecom GmbH

Spider Telecom GmbH (in kEUR)	31/12/2020	31/12/2019
Total current assets	52	112
Total non-current assets	0	0
Total current liabilities	18	68
Total non-current liabilities	0	0
Write-offs	0	0
Interest earnings	0	0
Interest expenses	0	0
Taxes	4	-11
Revenue	164	207
Profit/loss (-) after taxes	9	19

Cash and cash equivalents of kEUR 23 (previous year: kEUR 51) are included in the current assets. Current liabilities include financial liabilities of kEUR 0 (previous year: kEUR 0). There were no non-current financial liabilities as of 31 December 2020 nor as of 31 December 2019.

The balance sheet date of the company is 31 December 2020 and 31 December 2019 respectively.

Spider Telecom GmbH has concluded a cost allocation agreement with its other shareholders. In the financial year an amount of kEUR 96 (previous year: kEUR 130) was settled based on this agreement.

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

Carrying amount (in kEUR)	2020	2019
As of 1 January	**19**	**14**
Dividends received	6	1
Pro rata share of net result for the year	1	6
As of 31 December	**14**	**19**

No restrictions on the ability of the associated company to transfer financial resources in the 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 Group's net assets, financial position and results of operations is of minor importance, both individually and collectively.

On 29 November 2019, 3U HOLDING AG acquired an indirect stake of 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 were reported under other financial assets.

6.1.6 Finance leasing
In the 3U Group, finance lease agreements where the 3U Group is the lessee will be accounted for in accordance with IFRS 16 from the financial year 2019 onwards.

6.1.7 Operating leasing
Operating leases where the 3U Group is the lessee will be recognised in accordance with IFRS 16 from the financial year 2019 onwards.

There are extension options of five years for the wind farm areas. There are no other extension or purchase options.

The 3U Group has concluded real estate leasing agreements upon letting of properties as a lessor. The minimum lease payments from these leases total kEUR 0 (previous year: kEUR 141). Of this amount, kEUR 0 (previous year: kEUR 112) is due within one year and kEUR 0 (previous year: kEUR 29) within more than one year and up to five years, and kEUR 0 (previous year: kEUR 0) within more than five years.

6.2 Deferred taxes

Deferred taxes are calculated after accounting for temporary differences under the liability method in accordance with 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 carryforwards in an amount of kEUR 1,585 (previous year: kEUR 2,110).

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

Deferred taxes (in kEUR)	31/12/2020		31/12/2019	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Intangible assets	1,541	185	1,740	203
Property, plant and equipment	0	1,587	437	1,724
Rights of use	0	415	0	667
Inventory	0	243	62	243
Other assets	15	4	18	126
Provisions	0	35	42	35
Liabilities	438	4	748	5
Loss carry forwards	1,446	0	1,734	0
Subtotal	**3,440**	**2,473**	**4,781**	**3,003**
Netting	-1,585	-1,585	-2,110	-2,110
Total	**1,855**	**888**	**2,671**	**893**

Under the provisions of local tax law, temporally unlimited loss carryforwards for which no deferred tax assets were reported in the consolidated statement of financial position totalled kEUR 21,451 (previous year: kEUR 19,930) for corporation tax and kEUR 23,967 (previous year: kEUR 25,098) for trade tax and primarily relate to the loss carry-forwards from companies being established or inactive as well as 3U HOLDING AG.

As of the balance sheet date, taxable temporary differences associated with subsidiaries existed in an amount of kEUR 221 (previous year: kEUR 183) on which no deferred taxes have been accrued since neither sale nor profit distributions are planned.

Deferred taxes of kEUR 197 (previous year: kEUR 58) were recognised in the group of companies of 3U ENERGY AG in 2020 whose realisation depends on future taxable earnings which are higher than the earnings effects from the reversal of existing deferred tax liabilities.

6.3 Inventories

Inventories consist of the following:

(In kEUR)	31/12/2020	31/12/2019
Raw materials and supplies	268	219
Work in progress	4,193	4,557
Finished products and goods	4,109	3,020
Total	**8,570**	**7,796**

Inventories amounting to kEUR 0 (previous year: kEUR 0) were recognised at the net realisable value. Write-ups did not take place in 2020 or 2019.

Work in progress includes the Group's wind farm project developments.

There were no security assignments as at 31 December 2020 and 31 December 2019, respectively.

6.4 Trade receivables

Trade receivables consist of the following:

(In kEUR)	31/12/2020	31/12/2019
Trade receivables before valuation allowances	4,291	4,226
Receivables from production orders	0	191
Valuation allowances	-492	-506
Total	**3,799**	**3,911**

Trade receivables include receivables from affiliated companies which are not consolidated or companies with which 3U has an associated ownership structure, as follows:

(In kEUR)	31/12/2020	31/12/2019
Other receivables	68	178
Valuation allowances	0	-105
Total	**68**	**73**

Uniform valuation allowances are recognised within the Group for the receivables depending on the age structure of the receivables.

In the previous year, receivables from production orders relate to receivables not yet partially billed from planning services and material deployments for customised orders for the installation of heating and cooling systems. Subsequent to 30 November 2020, no advance payments were received thereon.

Security deposits for current orders amounted to kEUR 0 as of 31 December 2020 (previous year: kEUR 241).

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 where default is most probably to be expected. The procedure is supported by past experience which indicates that no payment can generally 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 date. No significant credit risk clusters exist since the customer base is wide with regard to 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 of kEUR 492 (previous year: kEUR 506) due from debtors against which insolvency proceedings have been opened and where receivables are older than one year and default is highly probable. 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 Group's most important financial assets consist of bank balances and cash in hand, trade and other receivables. The Group's default risk 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 estimations of the Company's current economic environment. The default risk regarding 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 kEUR)	31/12/2020	31/12/2019
Receivables from tax refunds	433	1,259
Advance payments	499	405
Other	3,807	897
Total	**4,739**	**2,561**

Receivables from income tax refunds of kEUR 214 (previous year: kEUR 210) are included in receivables from tax refunds.

3U HOLDING AG's gold holdings are disclosed under Other in an amount of kEUR 2,981 (previous year: kEUR 0).

The carrying amount of other assets corresponds to their fair value.

Reference is made to Note 8.2 for information on 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.

Reference is made to Note 8.2 for information on default risk.

6.7 Assets held for sale

The part of the Adelebsen property held for sale is shown under this item as of 31 December 2020. Upon conclusion of a purchase agreement in 2020 concerning the disposal of parts of the Adelebsen commercial property, proof of a financing commitment furnished by the buyer, and the cadastral measurement and land registration of the properties for sale in the real estate cadaster, the conditions under IFRS 5 were fulfilled, and parts of the Adelebsen commercial property were disclosed in an amount of kEUR 3,163 under assets held for sale.

6.8 Shareholders' equity

6.8.1 Subscribed capital

The nominal share capital has comprised 35,314,016 no-par value shares with a nominal value of EUR 1.00 per share since 27 November 2012. The total share capital is fully paid up.

The Company has only one class of shares. These shares do not grant entitlement to a fixed profit participation. Each share confers one vote at the Annual General Meeting and is decisive for the share of the shareholders in the Company's profit. Treasury shares held by the Company and from which the Company derives no rights form an exception. The rights and obligations of the shareholders are set out in detail under the provisions of the German Stock Corporation Act (Aktiengesetz – AktG), in particular Sections 12, 53a et. seq., 118 et. seq. 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 on or before 26 August 2019, whereby shareholders' subscription rights may be excluded in certain cases.

By way of resolution of the Annual General Meeting on 23 May 2019, the Authorised Capital 2014 was cancelled when the new Authorised Capital came into effect and new Authorised Capital 2019 was created until 22 May 2024 in the amount of up to EUR 7,062,803.00 against cash and/or non-cash contributions, with an option to exclude subscription right.

Contingent Capital

The Company has Contingent Capital of EUR 3,531,401.00 (previous year: EUR 3,531,401.00). 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 share option program 2018, 2,711,998 share options were issued; as of the reporting date on 31 December 2020, 132,000 of these options had expired. Each option right entitles the bearer to acquire 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 2020, the Company recognised a capital reserve of kEUR 11,887 (previous year: kEUR 11,014) as well as retained earnings of kEUR –862 (previous year: kEUR –844). Retained earnings developed negatively in connection with the acquisition of non-controlling interests.

The capital reserve of kEUR 11,887 (previous year: kEUR 11,014) includes the premium over the nominal amount from the issuing of shares in 3U HOLDING AG in an amount of kEUR 22,975 (previous year: kEUR 22,169). The share option program 2018 resulted in an increase in the capital reserve of kEUR 67 (previous year: kEUR 56).

Treasury shares

The paid-in capital for treasury shares developed as follows:

(In units)	2020	2019
As of 1 January	**1,183,640**	**2,183,640**
Buyback of treasury shares	0	0
Sale of treasury shares	1,183,640	1,000,000
As of 31 December	**0**	**1,183,640**

Dividend payments

Dividend of EUR 0.04 (previous year: EUR 0.03) per share entitled to profit participation was distributed for the 2019 financial year (total: kEUR 1.365; previous year: kEUR 994). For the financial year 2020, the Management Board and the Supervisory Board propose to distribute EUR 0.05 per share entitled to profit participation. Under this proposal the total dividend payment would amount to kEUR 1,766.

6.8.2 Share buyback programme

Based on the authorisation granted by the Annual General Meeting of 31 May 2012, the Management Board of 3U HOLDING AG decided 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 way of resolution of the Annual General Meeting on 31 May 2012. Within the framework of the share buyback programme, which commenced on 2 May 2013, 2,183,640 shares (previous year: 2,183,640 shares) had been repurchased by 30 May 2017 at an average price of almost EUR 0.57, which is equivalent to 6.18 % of the share capital of EUR 35,314,016.00.

6.8.3 Employee participation programme

2018 share option plan

The 2018 share option plan features the following key elements:

The following are entitled to subscribe:

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 employees of the Company

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 share option plan, a total of 2,771,998 share options were issued as of 31 December 2020. The distribution to the individual groups is as follows:

Group	Share options issued	Maximum number of share options to be issued
Group 1:	499,998	500,000
Group 2:	1,400,000	1,900,000
Group 3:	272,000	350,000
Group 4:	600,000	781,401
Total:	**2,771,998**	**3,531,401**

Under the 2018 share option plan, the option rights can be exercised after the end of a four-year lock-up 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 confers the right to acquire one share in 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 share option programme on 6 December 2018 of EUR 1.03 plus a premium of 20 % as performance target. The exercise price is therefore 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 share options is as follows:

(In units)	2020	2019
As of 1 January	**2,615,998**	**2,379,998**
Issued	136,000	256,000
Expired	412,000	20,000
As of 31 December	**2,339,998**	**2,615,998**

6.8.4 Non-controlling interests

The non-controlling interests amount to kEUR 849 (previous year: kEUR −696).

The capital shares of non-controlling shareholders are distributed across the individual Group companies as follows:

(In kEUR)	31/12/2020	31/12/2019
ClimaLevel Energiesysteme GmbH	0	57
Calefa GmbH	-46	-33
InnoHubs GmbH	-6	5
samoba GmbH	-48	-22
weclapp SE	-344	-757
Windpark Klostermoor GmbH & Co. Betriebs-KG	43	54
Windpark Roge GmbH & Co. Betriebs-KG	1,250	0
Total	**849**	**−696**

For the companies with significant shares of non-controlling interests, the following key financial figures result:

ClimaLevel Energiesysteme GmbH

The shares in the company were sold in the 2020 financial year.

	31/12/2019
Share in %	25
Sales in kEUR	7,411
EBITDA in kEUR	402
Assets in kEUR	1,895
Liabilities in kEUR	1,662
Total cash flow in kEUR	164
Share in profit attributable to non-controlling interests	48

In the financial year 2020, an amount of kEUR 44 (previous year: kEUR 49) was distributed to the non-controlling shareholders.

weclapp SE

	31/12/2020	31/12/2019
Share in %	25.0002	25.0002
Sales in kEUR	7,327	4,645
EBITDA in kEUR	2,628	1,258
Assets in kEUR	3,981	1,675
Liabilities in kEUR	4,615	5,899
Total cash flow in kEUR	421	203
Share in profit attributable to non-controlling interests	413	324

Windpark Klostermoor GmbH & Co. Betriebs-KG

	31/12/2020	31/12/2019
Share in %	4,39	4,39
Sales in kEUR	785	748
EBITDA in kEUR	525	492
Assets in kEUR	1,324	1,618
Liabilities in kEUR	435	544
Total cash flow in kEUR	82	216
Share in profit attributable to non-controlling interests	8	5

In the financial year 2020, an amount of kEUR 18 (previous year: kEUR 0) was distributed to the non-controlling shareholders.

Windpark Roge GmbH & Co. Betriebs-KG
The shares in the company were included for the first time in the financial year 2020 by way of full consolidation in the consolidated financial statements.

	31/12/2020	31/12/2019
Share in %	49.91	–
Sales in kEUR	1,990	–
EBITDA in kEUR	1,409	–
Assets in kEUR	3,798	–
Liabilities in kEUR	1,292	–
Total cash flow in kEUR	137	–
Share in profit attributable to non-controlling interests	325	–

In the financial year 2020, an amount of kEUR 531 was distributed to the non-controlling shareholders.

6.9 Financial liabilities and other non-current liabilities

The non-current financial liabilities essentially relate to long-term banking loans which were concluded for the purpose of financing properties, solar parks and wind farms.

A loan to finance the acquisition of shares for the Roge wind farm was concluded in the financial year 2020 with the term until 30 November 2021. The loan was secured by way of pledging the limited partner shares in Windpark Roge GmbH & Co. Betriebs-KG without transferring voting rights. The loan was valued at kEUR 590 as of 31 December 2020.

In the financial year 2020, a loan agreement was concluded in order to finance the construction of a logistics property in Koblenz. The loan has an overall volume of kEUR 9,500 and is secured through mortgages in the same amount. The entire term of the loan is around 25 years. Drawdowns on the loan were made in accordance with building progress. As of 31 December 2020, the loan was valued at kEUR 7,400. An initial repayment will be made on 30 August 2021.

A loan of kEUR 300 was obtained for the property in Linz am Rhein and secured by a mortgage in the same amount. The loan was valued at kEUR 8 on 31 December 2019 and had a term until 30 October 2027. In February 2020, the loan was fully repaid under the annual special repayment facility.

In the financial year 2014, the financing of the Adelebsen solar park was called in an amount of kEUR 14,141. The loan runs for 18 years and is secured by way of assigning the claim from the power supply through assignment of the PV system in the specific location and limited personal easements by registration in the land registry. The loan was valued at kEUR 8,442 on 31 December 2020 (previous year: kEUR 9,287). In the financial year 2016, the financing of the solar park was increased by the addition of a further loan of kEUR 1,000 with the same maturity date. This loan is secured by the collateral provided for the original loan. The loan was valued at kEUR 667 as of 31 December 2020 (previous year: kEUR 733). As part of this loan a credit of kEUR 694 (previous year: kEUR 694) was pledged to a debt service reserve account.

A loan agreement was concluded for the long-term financing of the Lüdersdorf wind farm in a total amount of EUR 8.9 million. The loan was valued at kEUR 7,591 on 31 December 2019 and has a term until 30 June 2034. The loan is secured by way of assigning the entitlement to electricity supply and the assignment of the energy facilities in the specific location. Within the framework of this loan a credit of kEUR 285 was also pledged on a debt service reserve account. Upon the sale of the wind farm company in the financial year 2020, the loan was also retired from the Group.

Current financial liabilities include the portion of the loan which falls due within one year.

In addition, a credit line of EUR 1.5 million exists which was utilised as of 31 December 2020 as part of a guarantee facility amounting to kEUR 562 (previous year: kEUR 570). This credit line is secured by time deposits of EUR 1.5 million.

In addition, there is a guarantee credit at the Langendorf wind farm amounting to kEUR 460, which was fully utilised within the framework of contract performance guarantees. This guarantee credit is secured through a deposit of overnight money totalling kEUR 460.

Of the loans payable, the following fall due on 31 December:

(In kEUR)	31/12/2020	31/12/2019
Within a year	1,701	1,443
Between one and five years	5,564	5,738
After five years	9,834	10,439
Total	**17,099**	**17,620**

The loans bear interest of between 1.60 % and 3.63 % p. a.

The current financial liabilities also include the loan granted by EEPB Erneuerbare Energien Planungs- und Beratungsgesellschaft mbH in 2016 amounting to kEUR 55. This loan was fully repaid in the financial year 2020.

Other non-current liabilities also include the non-current portion of obligations under IT license trading (kEUR 2,010; previous year: kEUR 1,028). These liabilities also include obligations in addition to IT license trading resulting from the sale of licences by weclapp SE.

6.10 Other current liabilities and current income tax liabilities

These comprise the following:

(In kEUR)	31/12/2020	31/12/2019
Purchase price obligations	990	990
Other taxes	426	560
Provisions of a liability nature	147	139
Personnel obligations	996	751
Income taxes	937	1,019
Other liabilities	2,543	2,100
Total	**6,039**	**5,559**

The obligation to pay the purchase price relates to the residual purchase price from acquiring the Langendorf wind farm, 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 Schlenzer wind farm. The maturity requirements in the amounts disclosed as of the balance sheet date of 31 December 2020 and on 31 December 2019 have not yet been met.

Provisions with a liability character mainly comprise obligations from outstanding invoices.

Other current liabilities also include the current portion of obligations from the sale of IT licenses (kEUR 2,032; previous year: kEUR 1,549). These liabilities also include obligations in addition to IT license trading resulting from the sale of licences by weclapp SE.

6.11 Provisions

Provisions comprise the following:

(In kEUR)	31/12/2020 Current	31/12/2020 Non-current	31/12/2019 Current	31/12/2019 Non-current
Restoration obligations	0	1,303	0	1,111
Litigation risks	20	0	0	0
Other	323	0	343	0
Total	**343**	**1,303**	**343**	**1,111**

The provisions developed as follows:

(In kEUR)	As of 01/01/2020	Utili-sation	Reversal	Accumu-lation	Allo-cation	As of 31/12/2020	Changes in the scope of consoli-dation
Restoration obligations	1,111	0	0	48	0	1,303	144
Litigation risks	0	0	0	0	20	20	0
Other	343	302	1	0	277	323	6
Total	**1,454**	**302**	**1**	**48**	**297**	**1,646**	**150**

Provisions for restoration obligations are of a long-term nature and were set up for the restoration of the original state of various engineering sites and wind farm properties.

The changes in the consolidated group pertain to the sale of the Lüdersdorf wind farm, of ClimaLevel Energiesysteme GmbH and the initial consolidation of the Roge wind farm.

Other provisions mainly comprise provisions for year-end expenses.

6.12 Reporting on financial instruments

The following table shows a breakdown of carrying amounts according to the measurement categories and classes of IFRS 9 as of 31 December 2020.

In kEUR	Measurement category acc to IFRS 9	Book values at 31/12/2020	Book values at 31/12/2019
Assets			
Non-current financial assets			
Other	AC	106	262
Current financial assets			
Trade receivables and other receivables			
Trade receivables	AC	3,799	3,911
Other assets	AC	4,525	2,351
Cash and cash equivalents	AC	26,421	20,551
Financial assets at historic costs	**AC**	**34,851**	**27,075**
Liabilities			
Non-current liabilities			
Financial liabilities	AC	15,398	16,177
Lease liabilities	n. a.	2,279	3,436
Other	AC	2,010	1,028
Current financial liabilities			
Financial liabilities	AC	1,701	1,543
Current trade and other payables			
Current trade payables	AC	3,172	2,986
Other liabilities	AC	5,101	4,540
Current lease liabilities	n.a.	764	890
Financial liabilities at amortised cost	**AC**	**30,425**	**30,600**

AC = Amortised cost

Liabilities are divided into non-current liabilities of kEUR 19,687 (previous year: kEUR 20,641) and current liabilities of kEUR 10,738 (previous year: kEUR 9,959). The total interest expense/income from financial liabilities measured at fair value through profit or loss amounted to kEUR 0 in the financial year 2020 (previous year: kEUR 0).

Net losses incurred by write-downs due to potential default risks, including changes in value adjustments from loans and receivables, amounted to kEUR 24 (previous year: kEUR 39).

With respect to financial assets which are neither past their due date 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 more detailed information, reference is made to Notes 6.4 and 6.5.

The overdue trade receivables of kEUR 753 (previous year: kEUR 717) which are not impaired and older than twelve months stood at kEUR 20 (previous year: kEUR 27) and between six and twelve months at kEUR 63 (previous year: kEUR 138). Other financial assets past their due date and not impaired are older than twelve months in full in 2020 (kEUR 50) and also in 2019 (kEUR 50).

Neither financial liabilities measured at amortised cost nor financial liabilities measured at fair value through profit or loss incurred net gains/net losses in the reporting year and the previous year.

Reference is also made to Note 2.3.13.

Netting agreements exist in the ITC segment enabling financial assets and financial liabilities to be offset at the time of payment. As of 31 December 2020, financial assets of kEUR 119.5 (previous year: kEUR 173; amount after netting: kEUR 58.6/previous year: kEUR 70) and financial liabilities of kEUR 327.5 (previous year: kEUR 196; amount after netting: kEUR 266.6/previous year: kEUR 93) existed which are subject to a netting agreement and were not netted as of the balance sheet date.

Pledged collaterals generally exist for financial liabilities and are explained in Note 6.9.

6.13 Contingent liabilities and other financial obligations

The following financial obligations existed as of 31 December:

(In kEUR)	31/12/2020	31/12/2019
Within one year	2,723	66
More than one and less than five years	73	24
More than five years	0	0
Total	**2,796**	**90**

The purchase commitments included in other financial obligations amount to kEUR 2.581 (previous year: kEUR 31). The purchase commitments result from the general contractor agreement for the construction of the logistics property in Koblenz and takes into account the services still outstanding as well as orders for goods in the area of online trading.

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 residual term of 1 to 5 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 amounting to EUR 0.69 million (previous year: EUR 0.69 million). In addition, overnight money of EUR 0.46 million was deposited as collateral for a guarantee facility at the Langendorf wind farm and money market accounts of the Klostermoor wind farm amounting to EUR 0.15 million were pledged.

6.14 Legal disputes and contingent liabilities

The 3U Group's operations may result in various legal disputes from time to time. The uncertainty of the outcome of these proceedings may possibly generally exert a negative impact on future operating results. Provisions for unsettled legal disputes totalling kEUR 20 (previous year: kEUR 0) were created for existing legal disputes as of 31 December 2020.

6.15.1 Development of non-current assets 2020

3U Group (in kEUR)	Historical costs						
	As of 01/01/2020	Additions	Reclassi-fications	Disposals	Reclassifica-tion of dis-posal values	Changes in the scope of consolidation	As of 31/12/2020
I. Intangible assets							
1. Self-created industrial property rights and similar rights and assets	0	178	0	0	0	0	178
2. Purchased concessions, industrial property rights and similar rights and assets and licenses to such rights and assets	6,963	438	10	5	0	-723	6,683
3. Customer base	331	0	0	0	0	0	331
4. Goodwill	616	0	0	0	0	0	616
Total intangible assets	**7,910**	**616**	**10**	**5**	**0**	**-723**	**7,808**
II. Property, plant and equipment							
1. Land and buildings including buildings on third party land	4,238	1,006	0	0	0	28	5,272
2. Technical equipment and machines	47,059	79	20	13	0	-6,256	40,889
3. Other equipment, plant and office equipment	3,408	199	-30	87	0	-161	3,329
4. Constructions in progress	309	8,623	0	0	0	0	8,932
Total property, plant and equipment	**55,014**	**9,907**	**-10**	**100**	**0**	**-6,389**	**58,422**
III. Rights of use							
Rights of use from leasing contracts	4,333	835	0	9	0	-1,310	3,849
Total rights of use	**4,333**	**835**	**0**	**9**	**0**	**-1,310**	**3,849**
III. Investment properties							
Held as investment properties	5,097	0	0	0	-5,097	0	0
Total investment properties	**5,097**	**0**	**0**	**0**	**-5,097**	**0**	**0**
Total fixed assets	**72,354**	**11,358**	**0**	**114**	**-5,097**	**-8,422**	**70,079**

Numbers are rounded. Rounding differences may arise in the summation.

Accumulated depreciation							Carrying amounts	
As of 01/01/2020	Additions	Reclassi-fications	Disposals	Reclassification of disposal values	Changes in the scope of consolidation	As of 31/12/2020	As of 31/12/2020	As of 31/12/2019
0	0	0	0	0	0	0	178	0
4,965	276	6	5	0	-170	5,072	1,611	1,998
331	0	0	0	0	0	331	0	0
13	0	0	0	0	0	13	603	603
5,309	**276**	**6**	**5**	**0**	**-170**	**5,416**	**2,392**	**2,601**
133	9	0	0	0	0	142	5,130	4,105
21,161	3,905	14	11	0	-1,727	23,342	17,547	25,898
2,613	256	-20	67	0	-103	2,679	650	795
0	0	0	0	0	0	0	8,932	309
23,907	**4,170**	**-6**	**78**	**0**	**-1,830**	**26,163**	**32,259**	**31,107**
683	989	0	8	0	-301	1,363	2,486	3,650
683	**989**	**0**	**8**	**0**	**-301**	**1,363**	**2,486**	**3,650**
1,160	0	0	0	-1,160	0	0	0	3,937
1,160	**0**	**0**	**0**	**-1,160**	**0**	**0**	**0**	**3,937**
31,059	**5,435**	**0**	**91**	**-1,160**	**-2,301**	**32,942**	**37,137**	**41,295**

6.15.2 Development of non-current assets 2019

3U Group (in kEUR)	Historical costs						
	As of 01/01/2019	Additions	Reclassi-fications	Disposals	Additions disposal group	Changes in the scope of consolidation	As of 31/12/2019
I. Intangible assets							
1. Purchased concessions, industrial property rights and similar rights and assets and licenses 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
Total intangible assets	**7,285**	**625**	**0**	**0**	**0**	**0**	**7,910**
II. Property, plant and equipment							
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
Total property, plant and equipment	**63,144**	**2,409**	**0**	**10,529**	**-10**	**0**	**55,014**
III. Rights of use							
Rights of use from leasing contracts*	3,404	929	0	0	0	0	4,333
Total rights of use	**3,404**	**929**	**0**	**0**	**0**	**0**	**4,333**
III. Investment properties							
Held as investment properties	5,084	3	0	0	10	0	5,097
Total investment properties	**5,084**	**3**	**0**	**0**	**10**	**0**	**5,097**
Total fixed assets	**78,917**	**3,966**	**0**	**10,529**	**0**	**0**	**72,354**

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 01/01/2019	Additions	Reclassi-fications	Disposals	Additions disposal group	Changes in the scope of consolidation	As of 31/12/2019	As of 31/12/2019	As of 31/12/2018
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
5,097	**212**	**0**	**0**	**0**	**0**	**5,309**	**2,601**	**2,188**
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
23,480	**3,525**	**-4**	**3,094**	**0**	**0**	**23,907**	**31,107**	**39,664**
0	683	0	0	0	0	683	3,650	0
0	**683**	**0**	**0**	**0**	**0**	**683**	**3,650**	**0**
976	180	4	0	0	0	1,160	3,937	4,108
976	**180**	**4**	**0**	**0**	**0**	**1,160**	**3,937**	**4,108**
29,553	**4,600**	**0**	**3,094**	**0**	**0**	**31,059**	**41,295**	**45,960**

7 Notes to the consolidated statement of cash flows

Cash and cash equivalents consist of time deposits, bank balances and cash in hand.

(In kEUR)	31/12/2020	31/12/2019
Time deposits	1,500	1,500
Bank balances and cash	24,921	19,051
Total cash and cash equivalents	**26,421**	**20,551**
Less credit balances deposited as collateral/restricted credit balances	2,804	3,089
Cash and cash equivalents	**23,617**	**17,462**

The 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 changes in working capital, the 3U Group received cash inflows from operating activities of kEUR 4,778 (previous year: inflow of kEUR 4,681).

The cash flow from investing activities totals kEUR –4,752 (previous year: kEUR 9,170) and the cash flow from financing activities amounts to kEUR 5,303 (previous year: kEUR –5,616). 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.

All in all, this results in a cash-effective increase in cash funds of kEUR 6,155 (previous year: increase kEUR 9,084).

Of the cash and cash equivalents of kEUR 26,421 (previous year: kEUR 20,551) reported at the end of the period, a total of kEUR 2,804 (previous year: kEUR 3,089) is subject to a restriction on disposal. These funds are openly deducted from the liquid funds, with the corresponding deduction in cash and cash equivalents.

Interest income of kEUR 19 (previous year: kEUR 3) received in the 2020 financial year is offset by interest payments of kEUR 701 (previous year: kEUR 860).

Dividends of EUR 0.04 per share (previous year: EUR 0.03) were paid/distributed to the shareholders of 3U HOLDING AG in the 2020 financial year.

For the sale/purchase of shares in subsidiaries, cash and cash equivalents of kEUR 5,801 (previous year: kEUR 0) and kEUR 894 (previous year: kEUR 0) were disbursed from the Group. The purchase or sale prices were paid in cash.

The cash in- and outflows comprise the following:

(In kEUR)	2020			2019		
	Inflow	Outflow	Net	Inflow	Outflow	Net
Acquisition	0	0	0	0	0	0
Disposals	5.801	894	4.907	0	0	0
Total	**5.801**	**894**	**4.907**	**0**	**0**	**0**

The assets and liabilities sold breakdown as follows:

(In kEUR)	ClimaLevel Energiesysteme GmbH 2020	Märkische Windkraft 110 GmbH & Co. KG 2020
Non-current assets	599	10,933
Current assets	1,930	940
Non-current liabilities	506	8,478
Current liabilities	1,785	243

As in the previous year, the deconsolidation of other subsidiaries did not result in any change in cash and cash equivalents.

In connection with acquiring Windpark Roge GmbH & Co. Betriebs-KG and Windpark Roge GmbH, cash and cash equivalents of kEUR 541 were consolidated for the first time.

Net income taxes paid in 2020 amounted to kEUR 1.413 (previous year: kEUR 47).

The change in financial liabilities is as follows:

Change in financial liabilities (in kEUR)	01/01/2020	Cash changes	Non-cash changes			31/12/2020
			Addition acc. to IFRS 16	Disposal	Disposal group	
Non-current financial liabilities	16,177	6,289	0	-7,068	0	15,398
Current financial liabilities	1,543	158	0	0	0	1,701
Leasing liabilities	4,326	-1,176	1,622	-1,729	0	3,043
Total liabilities from financing activities	**22,046**	**5,271**	**1,622**	**-8,797**	**0**	**20,142**

8 Other information

8.1 Capital management

The Group manages its capital with the aim of maximising its stakeholders' income by optimising the ratio of equity to debt. The equity ratio is defined as the target figure. In the process, steps are taken to ensure that all Group companies can operate under the going concern assumption.

As of 31 December 2020 and 2019, respectively, equity and total assets amounted to:

	31/12/2020	31/12/2019	Change
Equity in kEUR	51,998	46,512	
Equity as % of total capital	60.54	57.79	+2.75 %-points
Liabilities in kEUR	33,897	33,966	
Liabilities as % of total capital	39.46	42.21	-2.75 %-points
Total capital (equity and liabilities) in kEUR	**85,895**	**80,478**	

Equity comprises the total capital, the Group's reserves 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

Over the course 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, the Group also uses derivative financial instruments to manage these risks. In principle, however, only the risks which have an impact on the cash flow of the Group are addressed. 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 euros. Trade payables in a foreign currency have scarcely any importance for the Group. The Group's currency risk is therefore generally low. A policy has been drawn up for the purpose of hedging the risks, by forward contracts for example. It stipulates that these transactions must be congruent as to their currencies and maturities.

As in the previous year, no forward exchange contracts existed of 31 December 2020.

The carrying amount of the Group's monetary assets and liabilities denominated in foreign currency as of 31 December 2020 is attributable to the activities of the ITC segment and is as follows:

Assets:	kEUR 2	(previous year: kEUR 2)
Liabilities:	kEUR 0	(previous year: kEUR 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 customary 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 depend largely on how long the receivables have been outstanding and the degree of success in recovering them. Experience has shown that receivables which are outstanding for more than 365 days are not recoverable and are fully 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 2020, the Group's liquidity reserves developed very well. The repayment of loans in the course of scheduled redemptions was more than compensated for by the positive performance and the cash inflow from the disposal of consolidated companies as well as the taking out of new loans. Financial planning tools are used across the Group to monitor and manage liquidity. The planning horizon extends to one year.

The Group can draw on credit lines. An amount of kEUR 1,022 (previous year: kEUR 1,030) was utilized in the form of a guarantee 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 within the meaning of IFRS 7.40 were therefore waived.

The risk of rising interest rates from bank loans is monitored in a timely manner.

Price risk

The gold holdings disclosed under other assets are subject to significant price fluctuations. These price fluctuations may lead to devaluations or losses in the context of selling the gold holdings, which could have a considerable impact on the Group's earnings position.

8.3 Related parties

As part of its normal business activities, 3U HOLDING AG and its subsidiaries maintain business relationships with joint ventures which are considered related companies of the Group. This pertains to 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 amounted to kEUR 2 on 31 December 2020 (previous year: kEUR 12) and current liabilities to kEUR 18 (previous year: kEUR 20). At 3U HOLDING AG, current receivables on these companies came in at kEUR 0 (previous year: kEUR 1) and current liabilities at kEUR 0 (previous year: kEUR 0).

Income of kEUR 45 (previous year: kEUR 64) and expenses of kEUR 164 (previous year: kEUR 205) resulted from these transactions at 3U HOLDING AG's subsidiaries in the financial year 2020. At 3U HOLDING AG, this income stood at kEUR 8 (previous year: kEUR 8) and expenses to kEUR 0 (previous year: kEUR 0).

Business with other related parties relates primarily to supply and service relationships that were established on commercial terms and consulting services provided at market rates. These transactions were carried out with related parties/companies of companies/managers of Group companies. In the financial year 2020, income of kEUR 5 (previous year: kEUR 9) was generated and expenses of kEUR 65 (previous year: kEUR 100) were incurred. As at 31 December 2020 there were current loans amounting to kEUR 0 (previous year: kEUR 0) and current liabilities of kEUR 0 (previous year; kEUR 0).

The following persons were appointed members of the Company's Management Board in the reporting year:

Michael Schmidt	Lahntal Spokesman of the 3U HOLDING AG's Management Board
Andreas Odenbreit	Marburg Member of the 3U HOLDING AG's Management Board Supervisory Board member of 3U ENERGY AG Member of the Supervisory Board of weclapp SE, Frankfurt am Main
Christoph Hellrung	Hattingen Member of the 3U HOLDING AG's Management Board Member of the Supervisory Board of weclapp SE, Frankfurt am Main

Total remuneration of the Management Board granted in 2020 amounted to kEUR 1,060 (previous year: kEUR 873).

The variable remuneration for 2020 includes 94.6 % of the maximum possible variable remuneration for 2020 of kEUR 300 (Michael Schmidt), kEUR 50 (Andreas Odenbreit) and kEUR 50 (Christoph Hellrung), respectively.

Name	Fixed remuneration* (in kEUR)		Variable remuneration (in kEUR)		Total remuneration (in kEUR)	
	2020	2019	2020	2019	2020	2019
Michael Schmidt (Spokesman of the Management Board)	336	326	284	100	620	426
Andreas Odenbreit	168	171	47	50	215	221
Christoph Hellrung	178	176	47	50	225	226
Summe	**682**	**673**	**378****	**200*****	**1,060**	**873**

*Fixed remuneration including fringe benefits
**Already paid in 2020 in an amount of kEUR 75, a residual amount of kEUR 303 is due in the short term.
***Already paid in 2019 in an amount of kEUR 75, a residual amount of kEUR 125 was due in the short term as of 31 December 2019.

In the 2020 financial year, no share options were issued to the members of the Management Board. As of 31 December 2020, members of the Management Board received share options as followed:

Name	Funktion	Share options
Michael Schmidt	Spokesman of the Management Board	166,666 units
Andreas Odenbreit	Management Board	166,666 units
Christoph Hellrung	Management Board	166,666 units

All remuneration for Management Board activities at 3U HOLDING AG are paid by 3U HOLDING AG. The subsidiaries did not pay any remuneration.

In addition, Management Board member Michael Schmidt purchased goods from subsidiaries worth kEUR 5 (previous year: kEUR 9) at market conditions.

Shares held by the Management Board and the Supervisory Board as of 31 December 2020:

Name	Function	Number of shares	Share options	
			Number	Value in EUR*
Michael Schmidt	Spokesman 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

Share options can only be exercised after the expiration of to find lock-up periods (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 financial year 2020, kEUR 67 (previous year: kEUR 56) were recognised as personnel expenses relating to the share options issued to members of the Management Board, executives and employees. Arithmetically, kEUR 11 (previous year: kEUR 11) related to share options issued to Management Board members

The following persons were members of the Supervisory Board in the reporting year, as in the previous year:

Ralf Thoenes	Düsseldorf Lawyer in the Altenburger law firm, 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 at Thies & Thies Steuerberatungsgesellschaft Deputy Chairman of the Supervisory Board of 3U HOLDING AG
Jürgen Beck-Bazlen	Ostfildern Construction physicist, employed at EGS-plan Ingenieurgesellschaft für Energie-, Gebäude- und Solartechnik mbH Member of the Supervisory Board of 3U HOLDING AG

Supervisory Board compensation for 2019 amounted to kEUR 165 (previous year: kEUR 158). For 2020, performance-related remuneration of kEUR 90 (previous year: kEUR 90) was deferred.

Name	Fixed remuneration in kEUR		Attendance-fee in kEUR		Performance related remuneration in kEUR		Total remuneration in kEUR	
	2020	2019	2020	2019	2020	2019	2020	2019
Ralf Thoenes (Chairman)	10	10	18	15	40	40	68	65
Stefan Thies (Deputy Chairman)	8	8	18	15	30	30	55	53
Jürgen Beck-Bazlen	5	5	18	15	20	20	43	40
Total*	**23**	**23**	**53**	**45**	**90**	**90**	**165**	**158**

*Rounding differences in the Totals line and the Total remuneration column

In addition, Supervisory Board members are reimbursed for their travel expenses and other outlays. The following reimbursements were made in the financial year 2020: Mr Thones in an amount of kEUR 1.2 (previous year: kEUR 2.3), Mr Thies in an amount of kEUR 0.1 (previous year: kEUR 0.7) and Mr Beck-Bazlen in an amount of kEUR 0.1 (previous year. kEUR 0.7). Mr Thones also received attendance fees and reimbursement of outlays amounting to kEUR 6 (previous year: kEUR 6) for his Supervisory Board activity at 3U ENERGY AG in the financial year 2020.

The Altenburger Rechtsanwälte law firm, of which Mr Ralf Thoenes, Chairman of the Supervisory Board, is a partner received a total of kEUR 11.6 (previous year: kEUR 1.0), plus value added tax, in the 2020 financial year for its consulting services for the 3U Group. These services were rendered to 3U HOLDING AG. In the previous year, weclapp SE was provided with these services.

The basic components of the compensation system for the Management Board and Supervisory Board are presented in the remuneration report as part of the combined management report.

8.4 Events after the reporting period

After entry of the respective priority notice of conveyance in the land registry, the notary public for the sale of parts of the Adelebsen property announced on 15 February 2021 that the preconditions for the settlement of the purchase price under the purchase agreement had been met. The purchase price of kEUR 5,100 was received on 2 March 2021.

8.5 Auditor's Fees

The fees, including additional expenses for the auditor Ebner Stolz GmbH & Co. KG, Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, in the financial year 2020 are (previous year) as follows:

Annual audit services	kEUR 270*	(previous year: kEUR 205*)
Other certification services	kEUR 0	(previous year: kEUR 0)
Tax consulting services	kEUR 0	(previous year: kEUR 0)
Other services	kEUR 47	(previous year: kEUR 31)
Total	kEUR 317	(previous year: kEUR 236)

*Including recalculations for previous years of kEUR 40 (previous year: kEUR 0)

8.6 Declaration on the Corporate Governance Code in accordance with Article 161 of the German Stock Corporation Act (AktG)

The Management Board and the 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).

8.7 Information in accordance with Section 160 (1) No. 8 AktG

In accordance with Section 21 (1) of the German Securities Trading Act (WpHG), Michael Schmidt, Lahntal, notified the Company by way of a letter dated 28 November 2012 that his share of the voting rights in 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) on that date.

On 4 February 2015, Mr Jürgen Beck-Bazlen, Ostfildern, informed the Company according to Section 21 (1) WpHG that his share of the voting rights in 3U HOLDING AG, Marburg, Germany, exceeded the 3 % threshold of the voting rights on 2 February 2015 and amounted to 3.028 % on that date (this corresponds to 1,069,418 voting rights).

3U HOLDING AG issued a notification in accordance with Section 40 (1) sentence 2 WpHG that its share of voting rights in treasury shares had fallen below the threshold of 5 % on 19 December 2019 and amounted to 3.352 % (corresponding to 1,183,640 voting rights) on that date.

3U HOLDING AG issued a notification in accordance with Section 40 (1) sentence 2 WpHG that its share of voting rights in treasury shares had fallen below the threshold of 3 % on 11 September 2020 and amounted to 0.0 % (corresponding to 0 voting rights) on that date.

Lupus alpha Investment GmbH issued a notification in accordance with Section 33 (1) WpHG that its share of voting rights in 3U HOLDING AG, Marburg, Germany, had exceeded the threshold of 3 % on 14 September 2020 and amounted to 3.35 % (this corresponds to 1,183,640 voting rights) on this date.

Additional information

The following companies owned by 3U HOLDING AG make use of the exemptions permitted under Section 264 (3) of the German Commercial Code (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 23 March 2021. The Supervisory Board is responsible for examining the consolidated financial statements and for declaring that it ratifies the consolidated financial statements. After publication, the financial statements cannot be altered.

Marburg, 23 March 2021

The Management Board

Michael Schmidt | Christoph Hellrung | Andreas Odenbreit

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 2020, 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 2020 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 2020. 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 2020 and of its results of operations for the fiscal year from 1 January to 31 December 2020 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 professional 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.

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 2020. 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 participations in ClimaLevel Energiesysteme GmbH, Cologne and in Märkische Windkraft 110 GmbH & Co. KG, Berlin

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

*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.

dependent on the discount rates used. The result of the impairment test 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 participations in ClimaLevel Energiesysteme GmbH, Cologne and in Märkische Windkraft 110 GmbH & Co. KG, Berlin

a) Risk to the financial statements

In the 2020 financial year, 3U Holding AG, Marburg, sold its shares in ClimaLevel Energiesysteme GmbH by notarised purchase agreement dated 28 October 2020. Benefits and burdens were transferred on the closing date of 30 November 2020.

Furthermore, in the 2020 financial year, Windpark Lüdersdorf was sold. In this context 3U Energy AG, Marburg, sold its limited partner's shares in Märkische Windkraft 110 GmbH & Co. KG, Berlin, to Hellenstein SolarWind GmbH, Heidenheim an der Brenz, under a purchase contract dated 3 December 2020. At the same time 3U ENEGRY PE GmbH, Berlin, resigned as general partner in Märkische Windkraft 110 GmbH & Co. KG, Berlin, while SolarWind Verwaltungs-GmbH became the new general partner. Benefits and burdens were transferred as of 31 December 2020.

In the consolidated financial statements as at 31 December 2020, notable disposal proceeds and disposal gains were realised overall in connection with the aforementioned disposals as part of the deconsolidation, which contributed to an improvement in the financial position and results of operations in the 2020 financial year.

Due to the overall significant effects of the deconsolidation of ClimaLevel Energiesysteme GmbH and Märkische Windkraft 110 GmbH & Co. KG on the net assets, financial position and results of operations of the company, we consider these matters to be a particularly important audit matter in the 2020 financial year.

The information provided by the company on the deconsolidation these participations is contained in the section "5. Notes to the consolidated income statement" and in section "7 Notes to the consolidated statement of cash flows" 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 agreements in order to assess its effects on the balance sheet and did assess the accounting treatment of the notarized agreements. 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 and financial liabilities. We were able to satisfy ourselves that the deconsolidation was properly reflected.

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 remaining parts of the annual report, but not the consolidated financial statements, nor the not audited parts of the Combined management report, nor our Audit Opinion
- 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. 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 consolidated 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 evaluate the appropriateness of the accounting policies used and the reasonableness of accounting estimates and related disclosures made by management and the reasonableness of accounting estimates and related disclosures made by management.
- 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.

- we assess 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

Report on the audit of the electronic reproductions of the consolidated financial statements and the combined management report prepared for the purpose of disclosure in accordance with section 317 (3b) of the German Commercial Code (HGB)

Audit opinion

Pursuant to section 317 (3b) HGB, we have performed a reasonable assurance engagement as to whether the reproductions of the consolidated financial statements and the combined management report (hereinafter also referred to as "ESEF documents") contained in the attached file "UUUHolding_AG_KA_KLB_ESEF-2020-12-31.zip" and prepared for disclosure purposes comply in all material respects with the requirements of section 328 (1) HGB on the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this audit extends only to the conversion of the information in the consolidated financial statements and the combined management report into the ESEF format and therefore neither to the information contained in these reproductions nor to any other information contained in the aforementioned file.

In our opinion, the reproductions of the consolidated financial statements and the combined management report included in the attached file referred to above and prepared for disclosure purposes comply, in all material respects, with the requirements of section 328 (1) HGB on electronic reporting format. Beyond this audit opinion and our audit opinions on the accompanying consolidated financial statements and the accompanying combined management report for the financial year from 1 January 2020 to 31 December 2020 contained in the preceding "Report on the audit of the consolidated financial statements and the combined management report", we do not express any audit opinion on the information contained in these reproductions or on the other information contained in the aforementioned file.

Basis for the audit opinion

We conducted our audit of the reproductions of the consolidated financial statements and the combined management report contained in the above-mentioned attached file in accordance with section 317 (3b) of the German Commercial Code (HGB) and in compliance with the draft IDW Auditing Standard: Audit of Electronic Reproductions of Financial Statements and Management Reports Prepared for the Purposes of Disclosure of financial statements and management reports prepared for the purpose of disclosure in accordance with section 317 (3b) HGB (IDW EPS 410). Our responsibility thereunder is further described in the section "Auditor's Responsibility for the Audit of the ESEF Documents". Our auditing practice has complied with the quality assurance system requirements of the IDW Quality Assurance Standard: Requirements for Quality Assurance in Auditing Practice (IDW QS 1).

Responsibility of the legal representatives and the supervisory board for the ESEF documents

The legal representatives of the company are responsible for the preparation of the ESEF documents with the electronic reproductions of the consolidated financial statements and the combined management report in accordance with section 328 (1) sentence 4 no. 1 HGB and for the recording of the consolidated financial statements in accordance with section 328 (1) sentence 4 no. 2 HGB.

Furthermore, the company's management is responsible for the internal controls as they deem necessary to enable the preparation of the ESEF documents that are free from material non-compliance, whether due to fraud or error, with the electronic reporting format requirements of section 328 (1) HGB.

The legal representatives of the Company are also responsible for submitting the ESEF documents together with the auditor's report and the attached audited consolidated financial statements and audited combined management report as well as other documents to be disclosed to the operator of the Federal Gazette.

The Supervisory Board is responsible for overseeing the preparation of the ESEF documents as part of the financial reporting process.

Auditor's Responsibility for the Audit of the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance, whether due to fraud or error, with the requirements of section 328 (1) HGB. During the audit, we exercise professional judgement and maintain a critical attitude. Furthermore, we

– identify and assess the risks of material non-compliance with the requirements of section 328 (1) HGB, whether due to fraud or error, plan and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. Obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion.

– obtain an understanding of internal control relevant to the audit of the ESEF documents in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of those controls.
– evaluate the technical validity of the ESEF documentation, i. e. whether the file containing the ESEF documentation complies with the requirements of Delegated Regulation (EU) 2019/815, as amended at the reporting date, regarding the technical specification of such documentation.
– we assess whether the ESEF documentation provides a consistent XHTML representation of the audited consolidated financial statements and the audited combined management report.
– we assess whether the inline XBRL technology (iXBRL) tagging of the ESEF documents provides an adequate and complete machine-readable XBRL copy of the XHTML output.

Other information according to Article 10 EU APrVO

We were elected as auditors of the consolidated financial statements by the Annual General Meeting on 20 May 2020. 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 30 October 2020. 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, 23 March 2021

Ebner Stolz GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft

Burkhard Völkner	Martin Theis
Certified Public Accountant Business	Certified Public Accountant Business

Additional Information

Financial calendar

- **Publication of quarterly announcement 1/2021**
  12 May 2021
- **Annual General Meeting 2021**
  20 May 2021
- **Publication of half year financial report 2021**
  11 August 2021
- **Publication of quarterly announcement 3/2021**
  10 November 2021

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Disclaimer

The Annual Report 2020 is the unauthorised English translation of the German Annual Report which is the only legally binding document. The translation is being provided for convenience purposes only.

This annual report contains forward-looking statements 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. Forward-looking statements 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 3U HOLDING AG's scope of control.

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 to be interpreted as a substitute for the information of 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
010017 Telecom GmbH Marburg, Germany	**3U ENERGY AG** Marburg, Germany	**Calefa GmbH** Montabaur, Germany	**InnoHubs GmbH** Würzburg, Germany
3U TELECOM GmbH Marburg, Germany	**3U ENERGY PE GmbH** Berlin, Germany	**PELIA Gebäudesysteme GmbH** Montabaur, Germany	
3U TELECOM GmbH Vienna, Austria	**3U Euro Energy Systems GmbH** Marburg, Germany	**samoba GmbH** Bad Honnef, Germany	
Discount Telecom S&V GmbH Marburg, Germany	**Immowerker GmbH** Marburg, Germany	**Selfio GmbH** Bad Honnef, Germany	
Exacor GmbH Marburg, Germany	**Repowering Sachsen-Anhalt GmbH** Marburg, Germany		
fon4U Telecom GmbH Marburg, Germany	**Solarpark Adelebsen GmbH** Adelebsen, Germany		
LineCall Telecom GmbH Marburg, Germany	**Windpark Klostermoor GmbH & Co. Betriebs-KG** Kirchroth, Germany		
OneTel Telecommunication GmbH Marburg, Germany	**Windpark Langendorf GmbH & Co. KG** Marburg, Germany		
RISIMA Consulting GmbH Marburg, Germany	**Windpark Langendorf Verwaltungsgesellschaft mbH** Marburg, Germany		
weclapp SE Frankfurt am Main, Germany	**Windpark Roge GmbH** Marburg, Germany		
	Windpark Roge GmbH & Co. Betriebs-KG Kirchroth, Germany		

*Fully consolidated companies as of 31 December 2020

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