EEX Group Annual Report 2020

Building Markets Together

21.04.2021
Leipzig

Contents

Key Data

	Unit	2020	2019	Change %
Financial Key Data				
Sales revenue	EUR thousands	320,147	304,212	+5 %
Non-variable expenses	EUR thousands	-195,522	-187,508	+4 %
Earnings before interest and taxes (EBIT)	EUR thousands	101,129	98,064	+3 %
Net profit	EUR thousands	69,688	67,292	+4 %
Adjusted net income	EUR thousands	59,484	59,193	+0 %
Equity	EUR thousands	542,848	516,827	+5 %
Volume Key Data				
Power				
European Power Spot Volume	TWh	622	598	4%
European Power Derivatives Volume	TWh	4,736	3,973	19%
Japanese Power Derivatives Volume	TWh	0.6	n/a	n/a
US Power Derivatives Volume	TWh	1,719	1,857	-7%
Natural Gas				
European Gas Spot Volume	TWh	1,411	1,454	-3%
European Gas Derivatives Volume	TWh	968	1,088	-11%
US Gas Derivatives Volume	TWh	34	4	+731 %
Environmental Markets				
European Emissions Spot Volume	Million tonnes	737	644	14%
European Emissions Derivatives Volume	Million tonnes	581	495	17%
US Environmental Markets Volume	Contracts	110,471	95,817	15%
Freight Markets				
Freight Derivatives Volume	Contracts	789,921	74,776	956%
Agricultural Markets				
Agricultural Derivatives Volume	Contracts	49,452	57,125	-13%
Further Company Parameters				
Trading Participants	Number	776	669	+16 %
Employees	Number	764	681	+12 %

THE MANAGEMENT BOARD
f.l.t.r.
Dr Tobias Paulun › Chief Strategy Officer
Jens Rick › Chief Information Officer
Anja Kiessling › Chief Financial Officer
Peter Reitz › Chief Executive Officer
Steffen Köhler › Chief Operating Officer

Report of the Supervisory Board

Dear Shareholders,

During the reporting year 2020, the Supervisory Board of EEX diligently carried out the tasks with which it has been entrusted according to the applicable legislation, the statutes of the Company and its rules of procedure. It supported the Management Board in the running of the Company in an advisory capacity and continuously monitored the management of the business of the Company. The Supervisory Board was directly involved in all the decisions and measures which were of fundamental importance to the Company.

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

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

Because of the global pandemic and for the protection of all parties involved, the Supervisory Board dispensed with meetings with personal attendance. Instead, depending on the epidemiological situation, the meetings were held either in a hybrid form or as phone/video conferences.

Work of the Committees

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

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

The **Personnel Committee** prepares decisions to be made by the Supervisory Board regarding the appointment and dismissal of Management Board members, as well as regarding the determination of their compensation. Furthermore, the Personnel Committee submits proposals regarding the conclusion or amendment of Management Board employment contracts, including decisions relevant for the setting of compensation, and regarding target agreements and attainment. Additionally, instead of the Supervisory Board and on the basis of the competences transferred to it, it adopts resolutions on matters specified in detail in the rules of procedure for the Supervisory Board, in particular, the approval of ancillary activities of members of the Management Board. The Personnel Committee consists of the chairman and the deputy chairmen of the Supervisory Board and met four times during the reporting period. At these meetings, it dealt with the resignation of a long-standing member of the Management Board and the replacement for this member. Furthermore, the Personnel Committee discussed the regular salary review of two other members of the Management Board. In addition, the Personnel Committee prepared proposals for target agreements and information on the degrees of target attainment by the Management Board members and issued recommendations for the corresponding resolutions to be voted on by the Supervisory Board.

Supervisory Board meetings

In the reporting year 2020, four ordinary meetings of the Supervisory Board were held. At all of these, the major topic was the report of the Management Board regarding the current situation of the Company, which the Supervisory Board then discussed in detail with the Management Board. One further Supervisory Board meeting focusing on strategic matters was held in addition during the reporting year.

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

At the meeting convened to approve the balance sheet on 2 April 2020, the details of the 2019 annual and consolidated financial statement and also of the corresponding management reports were looked into. This was done in the presence of the external auditor of the annual accounts. The annual financial statements prepared were approved and are, therefore, considered as adopted.

The Supervisory Board approved the Management Board's proposal to the Annual General Meeting to use the balance sheet profit to pay a dividend of EUR 0.27 per share certificate entitled to dividends. Moreover, the Supervisory Board discussed the annual report made by the internal auditing department and the report on the processing status of findings established during a special audit by the Bundesbank and the Federal Financial Supervisory Authority (BaFin) of the group company ECC, which also formed a regular item on the agenda of the Supervisory Board meetings during the rest of the year. In addition, as recommended by the Personnel Committee, the Board also approved the proposed degrees of target achievement relevant for the Management Board members for the financial year 2019 and the related management bonuses. Moreover, at this meeting, note was taken of the revised distribution-of-business plan.

At this meeting, the Supervisory Board also approved the acquisition of KB Tech Ltd. Finally, this meeting also covered the selection of the future auditor of the annual accounts.

In preparing the 2020 to 2025 revenue plan, the strategy meeting on 13 May 2020 focussed on deliberations regarding the EEX Group strategy in general and, more specifically, the Power Spot strategy.

At the 2020 ordinary annual general meeting of EEX on 25 June 2020, elections for the Supervisory Board were held following the end of its regular term of office. Afterwards, the newly elected EEX Supervisory Board convened for its first meeting with no changes in its composition. Firstly, Dr Thomas Book was re-elected as the chairman of the Supervisory Board. In addition, Jürg Spillmann, Hans E. Schweickardt and Burkhard Jung were elected as deputy chairmen of the Supervisory Board. Afterwards, the Supervisory Board dealt with the revised IT strategy in detail. Additionally, changes regarding the tasks and composition of the EEX Exchange Council were explained by its chairman. Moreover, the acquisition of a shareholding in EMEX East Med. Energy Exchange Ltd. was approved by the Supervisory Board. The conclusion of the termination agreement between EEX and a long-standing member of the Management Board was another important part of the deliberations.

The Supervisory Board meeting on 15 October 2020 focussed on the appointment of a new Management Board member in line with the recommendation issued by the Personnel Committee. Because of the changed composition of the Management Board, the Supervisory Board discussed the assessment made regarding adequate staffing of the Management Board. As a result, a positive resolution was made regarding the suitability, reliability, and composition of the Management Board. In addition – and in alignment with the deliberations at the Executive Committee meeting in May, an update of the Power Spot strategy was presented to the Supervisory Board. Finally, the main aspects of the audit of the 2020 annual accounts were discussed in the presence of the auditor of the annual accounts.

At the meeting on 8 December 2020, the Supervisory Board discussed the revised EEX Group strategy. Moreover, the meeting focused on the approval of the 2021 budget, taking note of the medium-term planning regarding 2022 to 2026, as well as the discussion of a preliminary dividend proposal for the 2020 financial year, which was approved by the Supervisory Board. Furthermore, the Supervisory Board approved the acquisition of a minority share in the Brazilian company BBCE.

Furthermore, the Supervisory Board discussed the regular salary review of two Management Board members and, as a result, adopted the resolutions as proposed by the Personnel Committee. Finally, the Supervisory Board also adopted the target agreements for the Management Board members for 2021 as proposed by the Personnel Committee.

Audit of the annual accounts

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

KPMG AG Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, which was appointed as the auditor of the annual accounts and group auditor for the 2020 financial year by the Annual General Meeting, audited the annual financial statement as of 31 December 2020 prepared according to the rules of the German Commercial Code (HGB) and the management report, as well as the consolidated financial statement as of 31 December 2020 (prepared in accordance with IFRS rules in the form in which these have to be applied within the EU) and the consolidated management report as well as the report on the relationships with affiliated companies and certified each of these without qualification.

The auditor of the annual accounts submitted to the Supervisory Board its reports on the type and extent, as well as the result, of the audits. The documents regarding the financial statements referred to, as well as the audit reports provided by the auditors of the annual accounts, were submitted at the due time to all Supervisory Board members. The auditor of the annual accounts took part in the Supervisory Board meeting on 14 April 2021 and reported in detail on the key findings of his audit.

The Supervisory Board examined the annual financial statement the management report, the report on the relationships with affiliated companies as well as the consolidated financial statement and the consolidated management report. There were no objections and the result of the audit carried out by the auditor of the annual accounts was approved. The Supervisory Board approved the annual financial statement prepared by the Management Board, as well as the consolidated financial statement for the 2020 financial year. The annual financial statement of EEX is therefore adopted. The Supervisory Board approved the Management Board's proposal regarding the appropriation of the balance sheet profit.

Management Board personnel matters

The Member of the Management Board, Iris Weidinger resigned from the EEX Management Board with effect of 30 June 2020, at her own request. The Supervisory Board thanked Ms Weidinger for the many years of cooperation and her important contribution to the successful development of the company. She is succeeded by Anja Kiessling, who was appointed a member of the EEX Management Board with the function of a Chief Financial Officer on 15 October 2020.

Supervisory Board personnel matters

There were no personnel changes on the Supervisory Board during the reporting period.

The Supervisory Board would like to thank the members of the Management Board and all employees of European Energy Exchange AG and its affiliated companies for the work performed. Through their high personal commitment, great loyalty, and flexibility in dealing with the effects of the Covid-19 pandemic, they have made an exemplary contribution to ensuring that the EEX Group was able to successfully conclude the 2020 financial year, despite of the numerous challenges.

Leipzig, April 2021

On behalf of the Supervisory Board

Dr Thomas Book
Chairman of the Supervisory Board

Consolidated Management Report

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

1. Basics regarding the Group

1.1 Business activities and Group structure

Business model

The European Energy Exchange AG (EEX), with its registered office in Leipzig, Germany, operates a global trading platform for energy and energy-related products with international partnerships.

EEX AG is the parent company of the EEX Group, which provides market platforms for energy and commodity products worldwide and a network of 776 trading participants from 40 countries. EEX Group companies focus on specific markets in order to ensure the targeted development of markets. The EEX Group's portfolio is complemented by two clearing houses that ensure transactions concluded or registered on the exchange are correctly cleared and settled.

On 31 December 2020, EEX Group, which is part of Deutsche Börse Group, had 17 sites in Amsterdam, Berlin, Berne, Brussels, Helsinki, Copenhagen, Leipzig, London, Luxembourg, Madrid, Milan, Oslo, Paris, Prague, Singapore, Washington and Vienna and it had 764 employees.

Business fields and product portfolio

The EEX Group product portfolio comprises exchange trading and trade registration services for energy, environmental products, freight, metals and agricultural products, as well as further services connected with the commodity business. Generally, exchange trading is divided into spot and derivatives markets. Trading transactions concluded on the spot market are settled physically, at the latest, two days after their conclusion. As a result, the spot market facilitates the short-term optimisation of procurement and production. On the other hand, trades concluded on the derivatives market are settled physically or financially at a later point in time agreed in advance. As such, the derivatives market permits the optimisation of medium- to long-term portfolios.

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

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

Power Derivatives Europe & Japan	Power Spot Europe	Natural Gas Europe	US Commodities	Environmental Products Europe	Global Commodities	Agricultural products
Market Data Services						
Registry Services						
Clearing Services						

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

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

Power Derivatives Europe & Japan	• Futures and Trade Registration Services for Germany, Austria, France, Italy, Spain, the Netherlands, Belgium, Switzerland, the United Kingdom, the Nordic countries, Poland, the Czech Republic, Greece, the Slovakia, Hungary, Rumania, Bulgaria, Serbia, Slovenia and Japan • Options for Germany, Austria, France, Italy and Spain • Tender services in the Czech Republic
Power Spot Europe	• Intraday and day-ahead products for Germany, France, Austria, Switzerland, Belgium, Luxembourg, the Netherlands, the United Kingdom as well as Norway, Sweden, Finland and Denmark • Day-ahead products for Serbia • Clearing and settlement of the day-ahead auction for the Czech Republic • Capacity certificates for France • Market coupling products and services for transmission system operators • Services in connection with market coupling and operations for power exchanges
Natural Gas Europa	• Spot and derivatives products as well as trade registration services for Germany (market areas GASPOOL & NCG), France (PEG), the Netherlands (TTF), Belgium (ZTP, ZEE), the United Kingdom (NBP), Denmark (ETF), Austria (CEGH), the Czech Republic (CEGH CZ) and Spain (PVB) • Trade Registration Services for derivatives products for Italy (PSV) • Trade Registration Services for Liquid Natural Gas Futures (LNG) • Tender services in the Czech Republic
US Commodities	• Local power derivatives products (futures and options) for various sites in a number of power markets in North America (ISO-NE, NYISO, PJM, MISO, ERCOT, SPP, CAISO and Mid-C) • Henry Hub gas derivatives products (futures and options) • Futures and options for CO_2 emission allowances, SO_2 and NO_x emissions, guarantees of origin for power and certificates for renewable fuels in North America

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

Environmental Products Europe	• Spot and derivatives products for secondary trading in emission allowances (EU Emission Allowances – EUA, EU Aviation Allowances – EUAA, Certified Emission Reductions – CER) • Spot primary auctions for emission allowances (EUA, EUAA) for 27 EU member states as well as for the three EEA EFTA states
Global Commodities	• Futures and options on freight rates • Futures on fuel oil • Futures and options on iron ore • Futures on wood pellets
Agriculturals	• Futures on butter, liquid milk, skimmed milk powder and whey powder • Futures on European processing potatoes

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

Market Data Services	• Services for the publication of insider information in the fields of power, natural gas and emission allowances in Europe which are reported to EEX • Services in connection with the marketing of European trading data of EEX Group, as well as the available fundamental data • Services in the field of regulatory reporting according to the EU regulations EMIR, REMIT and MiFID II/MiFIR
Registry Services	• Registry services for guarantees of origin for power and hydrogen • Registry services for capacity guarantees • Registry services for energy savings certificates

Clearing Services	• Provision of infrastructure and services for executing clearing and settlement of trades in the above-mentioned business areas
	• Risk management services
	• Clearing services for partner exchanges that are not part of EEX Group:
	  • HUPX (spot market for power in Hungary)
	  • HUDEX (derivatives market for power in Hungary)
	  • NOREXECO (derivatives market for pulp and wood)
	  • SEMOpx (spot market for power in Ireland and Northern Ireland)

Group structure

During the past financial year, the following fully consolidated companies were part of EEX Group: European Energy Exchange AG (EEX), EEX Asia Pte. Ltd. (EEX Asia), EEX CEGH Gas Exchange Services GmbH (EEX CEGH), EEX Link GmbH, EPEX SPOT SE (EPEX), Nodal Exchange, LLC (Nodal Exchange), Grexel Systems Oy (Grexel), KB Tech Ltd. (KB Tech), Power Exchange Central Europe, a.s. (PXE) and the clearing houses European Commodity Clearing AG (ECC) and Nodal Clear, LLC (Nodal Clear).

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

With effect as of 1 January 2020, Powernext and Gaspoint Nordic were merged into EEX. As a result, EEX has taken over the operation of the spot and derivatives markets as well as the provision of Market Data Services in the Natural Gas business field. In addition, EEX has also worked in the Registry Services business field by operating the French Registries for Guarantees of Origin, Capacity Guarantees and Energy Savings Certificates. EEX now directly holds 51 per cent of the shares in EEX CEGH, a joint subsidiary of the Austrian Central European Gas Hub AG (CEGH) operating the Austrian gas market.

Moreover, with the takeover of Powernext, a shareholding of 25 per cent in Spark Commodities Pte-Ltd. was transferred to EEX. The company is a joint venture with the data intelligence company Kpler, and it focuses on the provision of technology-based services in order to promote liquidity in the LNG market.

The French EPEX offers trading and market data services for the Power Spot business field in Europe (except for the Czech Republic) and, in addition, it provides services for other power exchanges in Serbia, Hungary, Slovakia, Slovenia, Ireland and Northern Ireland. Moreover, in the 2020 financial year, EPEX held 25 per cent of the shares in the South Eastern European Power Exchange (SEEPEX), which operates the physically settled spot market in Serbia.

In the 2020 financial year, EEX held a direct share of 51 per cent in EPEX. The remaining 49 per cent of the shares in EPEX are held by the consortium HGRT, which consists of several TSOs.

The Czech PXE in which EEX held, in total, two thirds of the shares in the 2020 financial year supports the market for EEX Power Derivatives contracts in Hungary, the Czech Republic, Slovakia, Romania, Poland, Bulgaria and Serbia, as well as the gas market in the Czech Republic. Moreover, PXE also provides Market Data Services for the corresponding products and, in addition, also offers a tender service for power in the Czech Republic.

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

The US Commodities business field is operated by the US-based Nodal Exchange, in which EEX held 100 per cent of the shares in the 2020 financial year. Nodal Exchange is a regulated derivatives exchange which, at present, offers more than 1,000 power contracts for sites in North America and provides market participants with products to hedge against price risks in the United States. Moreover, Nodal Exchange also offers trading in natural gas contracts and environmentals for North America.

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

EEX holds 100 per cent of the shares in the registry operator Grexel. Grexel provides registration and certification services for renewable energies and is assigned to the Registry Services business field.

Since 3 April 2020, EEX has held 100 per cent of the shares in the British software company KB Tech. The company specialises in data management services and products for trading and financial markets.

Moreover, in the 2020 financial year, EEX held 40 per cent in enermarket GmbH (enermarket), an online comparison portal set up in 2018 as a joint venture with innogy SE and Süwag Energie AG.

1.2 Targets and strategies

The medium-term strategy of EEX Group has a time horizon of 3 to 5 years and is reviewed annually. It is significantly shaped by the following developments:

- Increasing regulatory requirements for exchange operators and clearing houses
- Change in established market structures in the context of reinforced sustainability efforts in society and economy
- Change in the competitive environment on the global markets
- Substantial organic and inorganic growth within EEX Group

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

- Safeguarding the implementation of new regulatory standards and investments in long-term infrastructure measures
- Focussing on initiatives with a high contribution margin under consideration of sustainability criteria
- Implementation of the target model for becoming the preferred Global Commodity Exchange
- Integration of the group companies acquired through inorganic growth

The company’s strategy during the year under review follows the long-term global growth strategy of EEX Group and it is not materially different as against the previous year. All ongoing activities and transactions are based on the above-mentioned targets.

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

In order to prevail in the more intense competition with international competitors, the EEX Group will rely on the reduction of access barriers for current and potential customers to the services offering of the entire Group and the continuous increase in the availability and liquidity of its products. In parallel with this, new products will be developed in existing asset classes and offered on new markets. Organic growth and selected cooperations, as well as acquisitions, are being pursued under careful consideration of the customers' requirements. The focus is on covering the customers' comprehensive hedging and trading needs and creating the basis for lasting customer loyalty.

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

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

In this process, the EEX Group strategy is essentially driven by our belief that, as an exchange operator, we are making an active contribution to a society and economy shaped by sustainability. To this end, EEX Group observes ESG (environmental, social and corporate governance) criteria in the corporate prioritisation process for innovative business initiatives. Moreover, it actively explores new opportunities for operating and developing those markets which support sustainability targets. For example, the EEX Group establishes daily market-based prices for CO_2 emission allowances in Europe and the USA, which are a fundamental element of the increasing decarbonisation of the economy. In a global comparison, EEX Group already offers an unparalleled range of varied trading instruments in environmental products today.

1.3 Management control

Essentially, the EEX Group uses the parameters of annual net profit and earnings before interest and taxes (EBIT) as well as (net) sales revenue and non-variable expenses as the main factors for all Group companies in indicating corporate success. As a result, these form the financial performance indicators of EEX Group.

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

All costs which are not directly linked to the amount of the traded volumes are defined as non-variable expenses. As regards non-variable expenses, the Group essentially differentiates between staff expenses, depreciation/amortisation and other operating costs. In 2020, approximately 86 per cent of EEX Group total costs were non-variable expenses (2019: 86 per cent).

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

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

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

In addition, employee and customer interests, as well as our social responsibility, are also important elements for the internal evaluation of our progress as a company.

The corresponding values for the parameters for 2020 are explained in the sections “Business development” and “Earnings position”. Forward-looking statements on the parameters are provided in the “Outlook report” section.

1.4 Research and development

As a service provider, the EEX Group does not engage in any research and development activities that are typical for similar manufacturing companies, for example. New developments of products and services for 2020 are covered in the “Development of business” section, while future developments are described in the “Risk and opportunities report”.

2. Economic position

2.1 Macro-economic, industry-specific and regulatory framework

Regulatory framework

The EEX Group markets are influenced to a significant degree by financial market, energy and climate legislation. The following legislative initiatives and political discussions in 2020 will or can have a potential impact on the Group's transactions revenue in future (details, in particular, those regarding possible risks are addressed in the "Risk and opportunities report"):

a) Financial market legislation
- the short-term adjustment ("quick fix") of the EU MiFID II directive and the appertaining EU MiFIR regulation
- the lasting discussion regarding additional taxation on the financial market through a financial transaction tax or of digitally based services on platforms through a digital tax, e.g. in connection with the management of costs of the Covid-19 pandemic
- the implementation of the European benchmark regulation also for commodity indices

b) Energy legislation
- lasting reforms in the field of renewable energies in Germany and Europe
- the discussion regarding the amendment of the EU Guideline on Capacity Allocation and Congestion Management on the Power Market ("CACM"), including a discussion of opening of the order book in the last hour before "gate closure time" on the intraday market
- the ongoing discussion of a possible reconfiguration of the European power bidding zones and, in particular, of the German power bidding zone
- the reform of the ARENH mechanism in France governing access to legacy nuclear power capacities
- the effects of Brexit on the energy market and, in particular, border-crossing power trading
- the further regulatory development of the gas market, both at the level of the EU and at a national level and, in particular, the role of "green gases" and hydrogen

c) Climate protection legislation
- The implementation of the European Green Deal with its new ambitious climate protection targets for 2030 and 2050, including the debate regarding the expansion and reform of European emission allowance trading (EU-ETS)

Challenging market environment for the customers of EEX Group

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

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

Furthermore, the Covid-19 pandemic affected the entire macro-economic situation during the 2020 financial year: In general, the global economy weakened significantly, in particular, in the first half of 2020 leading to considerable restrictions of economic and social activities (lock-down). The lock-down measures led to a lower demand for energy, e.g. power consumption in Germany declined by 10 per cent in April/May as against the mean value for 2016 to 2018 and by 4 per cent against the previous year for the entire year 2020. Moreover, the change in fundamental data and the uncertainty regarding the further course of the pandemic – in particular, during the first lock-down in March/April – led to a high level of uncertainty on the part of the players on the energy markets. As a result, position adjustments were observed on the Power Derivatives market during this period and, therefore, market volatility escalated significantly temporarily.

At the same time, however, the exceptional situation of the Covid-19 pandemic has shown that EEX Group offers all market participants the possibility of hedging and flexible supply even when volatility is high. In spite of the challenging situation, the market proved to be stable and liquid. The safeguarded technical availability as well as stable operations enabled all trading participants to continue to benefit from the overall portfolio of products and services of EEX Group.

Competitive situation

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

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

On the North American power market, EEX Group has established itself as an important trading platform with its subsidiary, Nodal Exchange. ICE is the most important competitor on this market. The Nasdaq offering in the US power and gas market ceased with the withdrawal of its subsidiary NFX from this market. CME Group and ICE are the main competitors of Nodal Exchange in the US gas market.

Essential factors influencing the EEX Group transaction revenue

The EEX Group's total transaction revenue is influenced by three key factors: In addition to the size of the overall market, the transaction revenue depends on the market share achieved, as well as its fee structure. Market share and fee structure are monitored in the context of the implementation of the Group strategy and management control by focusing on strengthening the competitive position of the EEX Group and positioning the Group as a global trading platform for energy and commodities products.

In contrast, the size of the overall market cannot be influenced by the EEX Group and, essentially, depends on the following factors:

- Final consumption of the commodity traded
- Volatility on the energy markets
- Regulatory framework
- Churn rate of the commodity traded

2.2 Development of business

Overview of business in 2020

As described in the framework conditions of the report on the economic position, it became clear in spring 2020 that the infectious disease Covid-19 would have a significantly negative effect on the development of the global economy and, as a result, also on the development of business of EEX Group. While the growth trend in trading volumes in the power spot and derivatives markets in Europe continued, two-digit growth rates were achieved in the environmentals product field in Europe and strong growth was observed on the global freight market. EEX recorded declines in volume on the European natural gas market as well as in the US Commodities and Agriculturals in connection with the effects of the Covid-19 pandemic. The increase in revenue in the cross-commodity business fields of Market Data Services and Registry Services, as well as the growth in revenue from clearing services for partner exchanges that are not part of EEX Group had a positive effect on the development of business.

Power Derivatives Europe & Japan

The Power Derivatives Europe business field continued its long-term growth trend and, once again, developed positively in the 2020 financial year in spite of the increased uncertainty and volatility on the markets because of the Covid-19 pandemic. The increased hedging demand of the trading participants is reflected in an increase in trading volumes, in particular, in March and April 2020. In spite of the lasting regulatory challenges in the framework of Brexit and continued intense competition, EEX was able to increase its trading volume in the 2020 financial year by 19 per cent and, hence, it grew significantly more than the overall market. As early as in November 2020, a new record in power trading was achieved with a volume of more than 4,000 TWh since the beginning of the year. The German Power Futures, which continue to form the benchmark product in European power derivatives trading, were decisive for this success. As a result, EEX increased its market share in Germany by two percentage points to 44 per cent in 2020. During the same period, it generated volume growth of 16 per cent.

In many European market areas, the positive trend of a shift in OTC trading towards trades registered on an exchange continued. In this process, EEX was able to increase its market share in France to 54 per cent (2019: 46 per cent), while its market share in Italy rose to 88 per cent (previous year: 86 per cent) and to 75 per cent in Spain (2019: 64 per cent). Moreover, in eastern and south-eastern Europe, it achieved a significant increase in trading volumes in a large part of its markets. The Hungarian market, in particular, benefited from this development considerably and has evolved into the most liquid market area in south eastern Europe. EEX Group generated a volume of more than 200 TWh in Hungarian power futures throughout the year.

In spite of the intense competition and the decline in volumes in the past year, the trend in the most important power option markets, Germany and France, was reversed. In the past year, the EEX trading volume for German power options rose by 60 per cent and showed a clear contrast to the development in the year before. The increased liquidity is a clear indication of the growing importance of option products as hedging tools in power trading, in particular, in a volatile market environment.

In addition, another important milestone in the internationalisation of the EEX Group was reached in the 2020 financial year: In May, EEX launched its Trade Registration offering in Japan and, hence, for the first time enabled clearing of power derivatives transactions in the Asian-Pacific region. In the first seven months, the registered volumes already exceeded those on the Japanese power exchange and testified to the successfully entry into a new market region.

Power Derivatives Europe & Japan trading volumes			
in TWh	**2020**	**2019**	**Change**
Futures	4,656	3,922	+19 %
Germany	*3,006*	*2,597*	*+16 %*
France	*551*	*356*	*+55 %*
Italy	*546*	*569*	*-4 %*
Eastern and South-eastern Europe	*278*	*186*	*+49 %*
Spain	*189*	*151*	*+26 %*
Japan	*1*	*0*	*n/a*
Others	*86*	*63*	*+36 %*
Options Europe	81	50	+60 %
Power Derivatives Europe & Japan	**4,737**	**3,973**	**+19 %**

Selected European power derivatives market shares		
in %	**2020**	**2019**
Power Derivatives Europe (all)	**41**	**37**
of which Futures Germany	44	42
of which Futures France	54	46
of which Futures Italy	88	86

For the 2021 financial year, EEX is planning to expand its existing product offering. The number of tradeable annual contracts is to be increased to up to nine years in addition to the respective current power year to support price hedging of very long-term power purchase agreements for renewable energies, so-called Power Purchase Agreements (PPA), with standardised exchange products. Initially, the expansion of the annual contracts will be implemented for the markets in Germany, Spain and Italy, since there is strong demand for PPA hedging in these markets. In the short-term derivatives segment, EEX is planning to expand the maturities for contracts in Romania, Slovenia and Belgium. In addition, the exchange will introduce so-called Futures Style Options to provide the trading participants with an additional alternative in options trading: In the case of Futures Style Options, the agreed option premium is not paid once by the buyer after the acquisition of the option position but on the exercise or expiry day as the final premium payment. Moreover, during the holding period, daily profit and loss settlement is carried out using the change in the price of the option premium.

In spite of the successful development of its markets, EEX Group still faces strong competition on the power derivatives market in Europe. As in the past, more than half of all trading still takes place via the over-the-counter broker platforms and is not cleared, even though this market share continued to decrease in 2020. In addition to the EEX Group, the global exchange operators Nasdaq Commodities (Nasdaq) and ICE as well as some smaller national energy exchanges operate in European power trading as regulated trading markets.

Power Spot Europe

In the 2020 financial year, EEX was able to achieve a new volume record in the Power Spot Europe business field and achieved growth of 4 per cent against 2019. Trading volumes increased significantly both on the day-ahead markets, in particular, in France and Belgium, and on the intraday markets in all major market areas. Furthermore, the new day-ahead and intraday markets launched in the four Nordic countries (Norway, Sweden, Denmark and Finland) on 3 June and 25 May 2020 respectively also contributed to this growth. In 2020, a record volume of 561,316 capacity guarantees was traded at the French capacity market operated by EPEX.

Power Spot Europe trading volumes			
in TWh	**2020**	**2019**	**Change**
Day-ahead markets	510	506	+1 %
Germany	*216*	*226*	*-5 %*
France	*122*	*113*	*+8 %*
United Kingdom	*55*	*53*	*+4 %*
Netherlands	*29*	*35*	*-20 %*
Nordic countries	*12*	*0*	*n/a*
Others	*76*	*78*	*-3 %*
Intraday markets	111	92	+21 %
Germany	*64*	*54*	*+19 %*
United Kingdom	*23*	*22*	*+6 %*
France	*11*	*8*	*+39 %*
Netherlands	*4*	*3*	*+31 %*
Nordic countries	*2*	*0*	*n/a*
Others	*8*	*5*	*+46 %*
Power Spot Europe	**622**	**598**	**+4 %**

Overall, in 2020, the intraday markets continued to gain in importance within the Power Spot Europe business field and reached 18 per cent of the absolute volume on the power spot market (previous year: 15 per cent). This growing trend is primarily due to the increasing importance of digitalisation and the fluctuating feed-in of renewable energies in the power supply, which results in an increased demand for flexibility and short-term balancing options for the balancing Group managers. In mid-October 2020, EPEX launched new, local intraday auctions in Austria, Belgium, France and the Netherlands. These products supplement the existing 15-minute intra-day auction in Germany, the coupled 30-minute intraday auctions in Great Britain, as well as the coupled 60-minute intraday auctions in Switzerland.

The EU Guideline on Capacity Allocation and Congestion Management (CACM) is of essential importance for the European power spot exchange. This guideline includes the establishment of uniform day-ahead and intraday market coupling with the help of harmonised provisions on capacity calculation, congestion management and power trading. Moreover, it introduces the concept of a nominated electricity market operator (NEMO). CACM governs the cooperation between NEMO and transmission system operators and creates a system which enables the NEMOs to become active in other member states. Risks in connection with the CACM regulation are explained in the section entitled “Essential risks” under the heading “Impact of energy market legislation and regulation”.

In the framework of the CACM guideline, EPEX, together with the transmission system operators from central-western Europe (CWE) and other NEMOs, implemented the so-called Multi-NEMO

Arrangement (MNA) in July 2019. As a result of this, competing spot exchanges entered the EPEX home markets. In spite of a slight decline in the EPEX trading volumes on the day-ahead markets of the CWE region, the markets in the UK and Scandinavia were able to offset the losses. Overall, the day-ahead volumes remained stable in 2020 as against the previous year. On 3 June 2020, the MNA was implemented in the Nordic countries and, hence, in the second region in Europe. As a result of which EPEX entered the market with day-ahead and intraday products for four Nordic countries. In 2021, Poland will become the third big geographic region in Europe in which the MNA is implemented.

The introduction of the border-crossing European single intraday market coupling (SIDC; previously: XBID) platform in fourteen European countries in June 2018 constituted an important step for the creation of a pan-European intraday solution for the power spot market. Based on a joint IT system, SIDC records the entire continuous European trading in a joint order book and forms the interface between the power exchanges' local trading systems and the transmission system operators providing the border-crossing transmission capacity. In November 2019, the SIDC was expanded by seven countries to a total of 21 participating countries. On 10 December 2020, EPEX successfully introduced new, border-crossing 15- and 30-minute intraday products in bidding zone borders between Belgium, Germany, France and the Netherlands. These border-crossing contracts give the EPEX trading participants additional possibilities for balancing their portfolio with a finer granularity.

In the power spot Europe business field, EEX Group is in direct competition with other spot exchanges. Its main competitor Nord Pool operates in all EPEX markets except Switzerland. Moreover, EEX Group also competes with the Austrian EXAA exchange in the German and the Austrian day-ahead market.

Natural Gas Europe

The Natural Gas Europe business field is the third important mainstay of revenue, in addition to the power derivatives and spot markets. On the European gas spot market, EEX Group was able to generate significant gains in market shares across almost all market areas and, as a result, it significantly expanded its position as the leading gas spot exchange in Europe. Because of the lower demand for natural gas as a result of the Covid-19 pandemic, however, the total volume on the gas spot market declined as against the previous year. This led to a decline in trading volumes at EEX Group, in particular, in the German and Dutch market areas. On the derivatives market, this decline in trading volumes, is due, in particular to declining volumes on the Dutch derivatives market (TTF hub), the market area with the highest liquidity in Europe, because of competitive pressure. As a result of this, the traded volumes in the Natural Gas Europe business field declined by 6 per cent as against the previous year.

Natural Gas Europe trading volumes			
in TWh	**2020**	**2019**	**Change**
Spot market	1,411	1,454	-3 %
Netherlands	*602*	*618*	*-3 %*
Germany	*428*	*472*	*-9 %*
France	*162*	*140*	*+16 %*
Belgium	*101*	*91*	*+12 %*
Austria	*93*	*101*	*-9 %*
Others	*24*	*31*	*-21 %*
Derivatives market	968	1,088	-11 %
Netherlands	*787*	*904*	*-13 %*
Germany	*58*	*75*	*-22 %*
France	*26*	*25*	*+6 %*
Austria	*73*	*62*	*+18 %*
Others	*23*	*22*	*+7 %*
Natural Gas Europe	**2,378**	**2,542**	**-6 %**

Selected Natural Gas Europe market shares[2]		
in %	**2020**	**2019**
Spot market (all)	**51**	**46**
of which Spot market Netherlands	60	51
of which Spot market Germany	64	62
of which Spot market France	68	62
Derivatives market (all)	**1**	**2**
of which Derivatives market Netherlands	2	3
of which Derivatives market Germany	2	3
of which Derivatives market France	4	4

[2] Since competitor information was not available for December 2020 at the time at which this report was prepared, the comparison of market shares only covers the period from January to November 2020.

As of 1 October 2020, EEX permitted negative prices on the natural gas spot markets which it operates. However, such prices have not been observed yet. The introduction of this option followed a period of bigger price fluctuations on the market. The additional implementation of negative prices on the gas market enables EEX and its customers to deal with any future price scenario.

In the first quarter of 2021, EEX will expand its product range with new futures style options on natural gas futures – as on the power derivatives market. The new option products will be provided for order book trading and trade registration. Moreover, EEX will introduce natural gas futures with financial settlement. The new financially settled futures based on the European Gas Spot Index (EGSI) will be offered for the market areas in the Netherlands (TTF), Austria (CEGH) and Germany (NCG). They expand the trading options for the trading participants, and, at the same time, they enable EEX to offer spark spread contracts. Customers can use these products to trade the price difference between the power and the gas derivatives market. As a result, this product forms an important addition which will help to further increase liquidity on the gas market.

The merger of the German gas market areas forms another essential development. On 1 October 2021, the two existing gas market areas GASPOOL (GPL) and NetConnect Germany (NCG) will be merged into a new national market area, the Trading Hub Europe (THE). In order to keep the technical connection as simple as possible for all trading participants and, concurrently, prevent of a split of liquidity in German gas trading, the EEX trading participants can already trade the THE Future within the current EEX NCG derivatives contracts as of now. From October 2021, the EEX NCG products will be renamed THE with trading in spot and futures products for the new Trading Hub Europe market area set to be continued in these.

The competitive environment in the European natural gas markets resembles that on the power derivatives markets. A major part of natural gas trading is carried out via over-the-counter broker platforms. The remaining share is distributed across EEX Group and the exchanges of CME Group, ICE and Nasdaq. While ICE accounts for the biggest market share in the exchange derivatives markets, EEX Group is the exchange with the highest trading volumes on the spot market.

US Commodities

EEX Group offers trading and clearing for various US markets via its subsidiary Nodal Exchange, which became part of EEX Group in May 2017. The Nodal Exchange offering comprises a large number of local (nodal) derivatives contracts, gas derivatives contracts based on the Henry Hub underlying, as well as derivatives contracts on various North-American environmental products. After a record volume in 2019, the annual trading volume of Nodal Exchange declined by 7 per cent in 2020 as a result of the Covid-19 pandemic and the resulting lower hedging activities on the core markets. However, trading volumes in the new markets of Nodal rose significantly by 731 per cent (natural gas) and 15 per cent (environmental products).

US Commodities[3]			
	2020	**2019**	**Change**
Power (in TWh)	1,719	1,857	-7 %
Natural gas (in TWh)	34	4	+731 %
Environmental products (in thousand contracts)	110	96	+15 %
Power market share[4]	37%	36%	

In November 2019, the EEX Group and the US-based Nasdaq Futures Inc (NFX) concluded an agreement regarding the sale of assets from the NFX futures and options business. The migration of US power contracts' open interest of 91.2 TWh was successfully concluded on 6 February 2020. In April 2020, the NFX open interest in natural gas contracts was successfully migrated in two tranches.

In order to expand its product offering in North-American environmental products Nodal exchange launched a number of contracts in renewable fuels in 2020: The first contracts for renewable fuels with physical delivery listed at the markets in California and Oregon were introduced in January and June 2020. The offering was supplemented with eight new futures and options contracts for Renewable Identification Numbers (RINs) in November 2020. RINs are traded throughout the USA in the framework of the Renewable Fuel Standard of the US Environmental Protection Agency, which enables producers of renewable fuels, market participants and players obliged under the regulation to generate, buy, and sell RINs. Essentially, RINs are ID numbers assigned to every gallon of biofuel which is mixed into fuels for transport in the United States. In addition, in June and November 2020, Nodal Exchange introduced a series of new futures on Renewable Energy Certificates. With 575 futures and options contracts on 47 different emission markets, Nodal offers the broadest range of environmental products which can be traded on an exchange today.

[3] Excluding the volumes from the NFX migration
[4] The market share only includes the cleared volumes in US Power Futures and comprises extrapolated competitor volumes for the period from 30 October to 4 December due to the unavailability of data.

All environmental products were developed in cooperation with IncubEx, with which the EEX Group concluded a cooperation agreement in 2017 and which, with its subsidiaries in North America and Europe, specialises in the development of financial products and services focusing on environmental products.

Nodal Exchange's competitors on the US energy markets are the global exchange operators, ICE and CME.

Environmental Products Europe

In the Environmental Products Europe business field, EEX was able to grow trading volumes in emission allowances, both on the primary and on the secondary market for spot and derivatives products as against the previous year. This positive development was boosted, in particular, by the increase in active participants in order book trading. The auction volumes on the primary market are fixed in the framework of the EU emissions trading scheme (EU ETS) and cannot be influenced by EEX. Because of a decline in market shares, there were repeated negative trends in option trading.

Environmental Products Europe trading volumes			
in million t	**2020**	**2019**	**Change**
Emission allowances	1,290	1,070	+21 %
Primary auction (Spot)	*673*	*594*	*+13 %*
Secondary auction (Spot)	*64*	*50*	*+28 %*
Secondary trading (Derivatives)	*553*	*426*	*+30 %*
Options	29	69	-58%
Environmental Products Europe	**1,318**	**1,139**	**+16 %**

On behalf of the European Commission and of the member states taking part, new emission allowances are introduced to the market via auctions (primary auctions) at EEX. More than 85 per cent of the entire primary market volume in Europe are auctioned through EEX. It operates the joint auction platform for auctioning of emission allowances on behalf of the European Commission and of 25 member states taking part and, from June 2019 onwards, of three EEA EFTA states in addition. EEX was confirmed in this position as the service provider for another five-year term in November 2020. In addition, it carries out separate auctions for the Federal Republic of Germany and Poland. Separate auctions are also held for the United Kingdom by the competitor ICE.

The EEX Group advocates the implementation and development of emission trading systems worldwide in order to enforce the principle of global CO_2 pricing with market mechanisms. In December 2019, EEX agreed a cooperation with the New Zealand Exchange (NZX) regarding the development of emissions trading in New Zealand. In October 2020, the New Zealand ministry of the environment appointed the two exchanges as service providers for the development and execution of auctions for the New Zealand emissions trading scheme (NZ ETS), scheduled to be held on behalf of the government of New Zealand from March 2021. The appointment of NZX and EEX is the result of a successful joint bid in a previous tender.

In secondary trading in emission allowances, ICE holds approximately 95 per cent of the market with EEX Group essentially accounting for the remaining trading volumes.

Global Commodities

Within the Global Commodities area, the EEX Group generated more than 500 per cent growth in revenue compared with the previous year. This increase is essentially due to the freight segment, which generated two- to three-digit growth rates every quarter. Among other factors, the take-over of the NFX open interest and the increase in the number of market participants was decisive for the lasting growth. On the other hand, volumes in futures on iron ore, fuel oil and other futures declined.

Global Commodities trading volumes				
		2020	**2019**	**Change**
Freight (futures/options)	Contracts	789,921	74,776	+956 %
Iron ore	kt	220,883	236,890	-7 %
Fuel oil	kt	17	90	−82 %
Others	kt	10	71	−86 %

The agreement regarding the transfer of the NFX futures and options business to EEX Group was an important milestone for the further development of the freight business.

Agriculturals

In the Agriculturals business field, EEX Group recorded a decline in sales revenue in the 2020 financial year. This is due to the lower demand for processing potatoes during the Covid-19 pandemic, as a result of which fewer contracts in futures on processing potatoes were sold than in the previous year. In trading in dairy futures, on the other hand, EEX achieved growth of 22 per cent. This is due, in particular, to the very high increase in the volume of futures on skimmed milk powder (+79 per cent).

Agriculturals trading volumes			
Contracts	**2020**	**2019**	**Change**
Processing potatoes	28,055	39,601	-29 %
Dairy products	21,397	17,524	+22 %

As a result, EEX achieved a new record day with 1,095 contracts traded on the derivatives market for dairy products on 4 March 2020. This was the first time since the introduction of exchange risk management instruments for the European market in 2010 that the threshold of 1,000 contracts per day was exceeded.

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

Transparency Services comprise the publication and forwarding of insider information of market participants regarding power, natural gas and emission allowances which are reported to EEX. This information is published on the EEX transparency platform. Data reporting on this website operated by EEX is effected under the EU Regulation on Wholesale Energy Market Integrity and Transparency (REMIT), the EU transparency regulation as well as the Market Abuse Directive (MAR). Through its transparency platform, EEX Group offers every trading participant the possibility to publish its insider information on a recognised platform accredited by the European regulatory authority ACER, the Agency for the Cooperation of Energy Regulators.

Moreover, by reporting their data on the platform, the market participants can contribute to the transparency of the fundamental situation on the individual markets. In the 2020 financial year, further market participants from Germany, France, the Netherlands, Romania, and Spain also opted for publication. As a result, the platform is currently used by around 119 reporting companies from twelve countries to fulfil their publication requirements.

Information Services have the fundamental task of ensuring the highest possible visibility of the EEX Group trading products by commercially marketing their data in order to create transparency and lower market entrance barriers. The information product offering essentially comprises prices and volumes, i.e. those data which are generated by the trading activities within EEX Group and become available through the trading participants' publication processes on the EEX transparency platform.

The area of Reporting Services brings together reporting services which are provided on the basis of various legal provisions. On the one hand, Trade Reporting according to the European Market Infrastructure Regulation (EMIR) is provided for various clearing and non-clearing members of ECC; on the other hand, the EEX Group, in its function as a "Registered Reporting Mechanism", reports order and trade data to ACER, the Agency for the Cooperation of Energy Regulators, and to the Swiss Federal Electricity Commission (ElCom) on behalf of its market participants in the framework of the Regulation on Market Integrity and Transparency (REMIT). In addition, the unit also offers reporting of positions and transactions under MiFID II/MiFIR. Overall, since its establishment, regulatory reporting has developed positively and generated around 13 per cent of the revenue in the Market Data Services business field in 2020.

Moreover, on 3 February 2020, EEX launched the "Insight Commodity" platform. This service provides users with a comprehensive overview of the available data products, services, and providers regarding the EEX Group energy and commodity markets.

Registry Services
The Registry Services segment comprises all the registry services provided by EEX (previously: Powernext) and Grexel.

EEX operates the register of guarantees of origin on behalf of the French government. A guarantee of origin is an electronic certificate which guarantees the origin of a product to the final consumers and provides corresponding information. This confirms that, e.g., a certain volume of electricity was generated from renewable energies. In addition, EEX operates the capacity register for the RTE transmission system operator as well as the register for energy savings certificates in France. Moreover, the sales revenue in this business field includes further services which EEX offers for transmission system operators to support them in their balancing activities.

The acquisition of the registry operator Grexel at the beginning of 2019 constituted an important milestone for the segment. Together with EEX, this provider of registries for guarantees of origin and other energy certificates in Europe holds a market share of more than 40 per cent for new certifications in the framework of the European Energy Certificate System (EECS) and provides services for operators of electronic certificate registries.

In the 2020 financial year, Grexel provided registry services for guarantees of origin in Latvia for the first time. In addition, Grexel was appointed the operator of the first European market for guarantees of origin for green hydrogen in the framework of the third phase of the CertifHy project. Grexel is part of a consortium which pursues the aim of jointly establishing a sustainable and liquid market for guarantees of origin for renewable and non-renewable hydrogen in Europe. In accordance with this, Grexel will provide the central register of guarantees of origin for a period of 18 months and operate as the issuing office for hydrogen certificates. Through EEX and Grexel, EEX Group has become an important player in the field of guarantees of origin and currently covers registers in 14 European countries.

Clearing Services

The Clearing Services segment includes clearing for those partner exchanges that are not part of the EEX Group. In the 2020 financial year, this included the Hungarian HUPX/HUDEX and the Norwegian NOREXECO as well as the Irish SEMOpx. In the period under review, volumes generated from clearing and settlement of trades for HUPX/HUDEX increased significantly by 16 per cent as against the previous year. Volumes traded at NOREXECO, on the other hand, recorded a decline year-on-year.

Clearing cooperations volumes			
	2020	**2019**	**Change**
HUPX/HUDEX (in TWh)	31	27	+16 %
SEMOpx (in TWh)	46	43	+5 %
NOREXECO (in kT)	29	47	-37 %

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

Trading and clearing participants

The table below shows the trading participants per exchange (without eliminating overlaps) as of 31 December 2020:

Trading participants per exchange			
	2020	**2019**	**Change**
EEX[5]	416	288	+44 %
EPEX	303	300	+1 %
EEX Asia	80	80	+/- 0 %
PXE[6]	17	16	+6 %
Nodal[7]	171	142	+20 %

As of the reporting date (31 December 2020), 32 clearing members (28 general clearing members and four direct clearing members) were registered – compared with 31 clearing members as of the 2019 reporting date. Moreover, 48 participants were admitted to the Direct Clearing Participant (DCP) model (2019: 35). At the end of the year, the number of non-clearing members rose to 529. On the balance sheet date, 15 clearing members were registered at Nodal Clear.

2.3 Earnings position

The 2020 financial year was significantly shaped by the development of the Covid-19 pandemic, which has had considerable effects on some of the results of the segments. The growth in the EEX Group trading volumes is reflected accordingly in the earnings position. In the past financial year, the EEX Group sales revenue totalled EUR 320,147 thousands and, hence, increased by EUR 15,935 thousands and by 5 per cent. This increase in revenue was accompanied by a three per cent increase in costs, so that the resulting operating result of EUR 101,129 thousands was, in total, EUR 3,065 thousands (3 per cent) higher than in 2019. In 2020, the consolidated net profit rose to EUR 69,688 thousands by EUR 2,395 thousands (4 per cent) as against 2019.

For the first time, the profit and loss account for 2020 also includes the values of the subsidiary KB Tech which was first consolidated in the 2020 financial year. The essential effects will be addressed separately below.

[5] During the migration of Powernext into EEX, 106 participants that had only registered on Powernext were admitted as new participants at EEX as of 1 January 2020. The remaining participants are 143 joint participants that were already admitted to EEX on 1 January 2020 and 3 participants that did not wish to migrate to EEX.
[6] Only participants on the Czech power spot market area are reported.
[7] The number of 88 trading participants at Nodal Exchange referred to in the previous year's management report was adjusted to the counting method of the other subsidiaries and, as a result, it is now 142 for the year 2019.

Sales revenue and net revenue

The EEX Group's sales revenue consists of transaction fees from trading, clearing and settlement of transactions and other sales revenue. In 2020, they were generated within the individual fields of business as follows, reflecting the development outline in the section "Development of business":

Sales revenue per business field				
in EUR thousands	**2020**	**Share**	**2019**	**Change**
Transaction revenue:				
Power Derivatives Europe & Japan	108,888	34 %	92,884	+17 %
Power Spot Europe	72,687	23 %	72,654	+0 %
Natural Gas Europe	54,486	17 %	55,119	-1 %
US Commodities	19,070	6 %	20,358	-6 %
Environmentals Europe	4,519	1 %	4,120	+10 %
Global Commodities	3,836	1.2 %	594	+546 %
Clearing Services	1,747	0.5 %	1,334	+31 %
Agriculturals	280	0.1 %	384	-27 %
Other sales revenue:				
Market Data Services	8,464	3 %	7,649	+11 %
Registry Services	7,506	2 %	6,452	+16 %
Others	38,665	12 %	42,664	-9 %
Sales revenue	**320,147**	**100 %**	**304,212**	**+5 %**

Apart from sales revenue, net revenue consists of net income from banking transactions (EUR 5,161 thousands), other operating income (EUR 2,146 thousands) and variable costs (EUR −30,803 thousands). The latter comprise performance-related reimbursements for certain trading participants, such as market makers or brokers. They declined by EUR 549 thousands in the financial year.

Overall, in the past financial year, net revenue was EUR 296,651 thousands, which corresponds to an increase by EUR 11,079 thousands (4 per cent) as against the previous year.

Non-variable expenses

During the reporting period, the total non-variable expenses (staff expenses, depreciations, and other operating expenses) which are considered in the operating result rose to EUR 195,522 thousands by EUR 8,014 thousands and, hence, by 4 per cent.

Because of the planned expansion of staff and the integration of the KB Tech, staff increased by 83 employees and staff expenses rose to EUR 82,268 thousands during the reporting period (2019: EUR 76,089 thousands).

At EUR 25,873 thousands, depreciations were EUR 2,821 thousands higher than in the previous year. This is essentially due to the higher scheduled depreciations of rights of use under long-term leasing agreements according to IFRS 16 in 2020. Moreover, the 2020 value also includes the additional depreciations in the framework of the migration of the NFX open interest to EEX Group.

The other operating expenses were EUR 985 thousands lower than in the previous year. These, for example, include expenses for the further development and operation of the IT infrastructure by external service providers, plus consulting expenses, as well as expenses for other infrastructure and marketing purposes. Furthermore, the other operating expenses also include costs for the EEX Group sites and offices and non-deductible sales tax, as well as travel expenses which are mainly incurred in the framework of sales activities. The decline in other operating expenses is essentially due to lower consultancy expenses, e.g. as a result of the staff development, and to lower expenses for travelling and marketing as a result of the Covid-19 pandemic. In part, these positive effects were offset by higher expenses for the operation of the IT infrastructure, in particular, because of:

- measures for compliance with the growing regulatory requirements and for the improvement of the robustness and security of the IT system landscape
- the targeted adjustment of the IT infrastructure and the IT processes against the background of growth and the expansion of the business fields

Further revenue items

In the past financial year, the financial result was EUR -549 thousands and, hence, EUR 765 thousands higher than in the previous year.

Income from at-equity investments (EUR –927 thousands) includes income from the shareholdings reported in the balance sheet in accordance with the at-equity method within the EEX Group. This item includes the result of the adjustment of the valuation allowance of Spark Commodities Pte. Ltd. and enermarket GmbH as well as SEEPEX, an associated company of EPEX.

Earnings figures

At EUR 101,129 thousands, earnings before interest and taxes (EBIT) were EUR 3,065 thousands or 3 per cent higher than in the previous year. Under consideration of the financial result and the income from at-equity investments and after the deduction of income tax expenses (EUR -29,965 thousands), consolidated net profit was EUR 69,688 thousands.

The parameter of the “adjusted net income”, which was introduced in the section “Management control” above, reached a value of EUR 59,484 thousands and was, hence, at the same level as in the previous year. In this context, the annual net profit was reduced by the profit shares of minority shareholders and by one-off effects of the transactions, e.g. in connection with the KB Tech acquisition and the integration of Powernext into EEX.

The EBIT margin as the ratio of the earnings before interest and taxes and the sales revenue was 32 per cent and, hence, at the same level as in the previous year. At 19 per cent, the return on equity before taxes was slightly lower than in the previous year (21 per cent). It is calculated from the earnings before taxes in proportion to the equity base of the Group at the beginning of the reporting period.

2.4 Asset position

Development of assets

As of 31 December 2020, EEX Group non-current assets amounted to EUR 436,088 thousands (2019: EUR 387,156 thousands). They consisted of intangible assets (EUR 192,072 thousands), goodwill (EUR 129,404 thousands), derivative financial instruments (EUR 63,897 thousands), property, plant and equipment (EUR 34,407 thousands), deferred tax assets (EUR 11,923 thousands) as well as investments in associates and joint ventures (EUR 4,386 thousands).

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

- Increase in derivative financial instruments by EUR 57,317 thousands: This concerned the options cleared by ECC with a maturity of more than one year, which were recorded at fair value. The fair value is determined using the current open-position exchange price. Since ECC operates as the central counterparty for the different EEX Group markets, there is a liability of the same value as this asset.
- Decline in intangible assets by EUR -13,232 thousands essentially because of the scheduled depreciations in the 2020 financial year.

The asset side of the balance sheet is largely characterised by current assets of EUR 7,364,053 thousands (previous year: EUR 4,814,183 thousands).[8] These mainly comprise restricted bank balances (EUR 6,469,726 thousands), trade receivables (EUR 504.350 thousands), other cash and bank balances (EUR 214,959 thousands), derivative financial instruments (EUR 137,297 thousands) and other assets (EUR 37,571 thousands) as well as tax refund claims (EUR 149 thousands). Essential changes in current assets were observed with regard to the following items:

- An increase in restricted bank balances by EUR 2,147,668 thousands: On the one hand, this concerns the cash collateral deposited by clearing participants in connection with ECC and Nodal Clear. On the other hand, own contributions to the ECC as well as Nodal Clear clearing funds are reported under this item. This asset is offset by a liability of the same value.
- Increase in trade receivables by EUR 254,199 thousands: This position essentially comprises the reporting date-specific disclosure of accounts receivable from the physical settlement of power and gas contracts by ECC Luxembourg. This asset is also offset by a liability of the same value on the liabilities side of the balance sheet.

Development of equity and liabilities

The EEX Group assets were financed by equity of EUR 542,849 thousands (2019: EUR 516,827 thousands) as well as by liabilities of EUR 7,257,292 thousands (2019: EUR 4,684,513 thousands). The liabilities consisted of long-term liabilities of EUR 155,586 thousands (2019: EUR 57,823 thousands) as well as short-term liabilities of EUR 7,101,705 thousands (2019: EUR 4,626,689 thousands).

The growth in equity in the past financial year is shown by the partial retention of the 2019 earnings. As a result, reserves increased by EUR 9,740 thousands. At the same time, the retained earnings

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

increased by EUR 33,333 thousands and the share of non-controlling interests rose by EUR 312 thousands. Other results, on the other hand, declined by EUR 17,364 thousands essentially because of the effects of the weaker US dollar on the EEX Group assets reported in the profit and loss account in US dollars.

As of the reporting date, long-term liabilities largely consisted of derivative financial instruments (EUR 97,091 thousands), deferred tax liabilities (EUR 30,097 thousands) and non-current leasing liabilities (EUR 24,856 thousands). In addition, they included non-current provisions (EUR 3,392 thousands) and non-current liabilities (EUR 150 thousands). The increase in long-term liabilities essentially reflects the development of options trading on the EEX Group trading platforms, which, in line with the assets side of the balance sheet, is reflected in the derivative financial instruments with growth of EUR 90,511 thousands.

The short-term liabilities are characterised to a significant degree by the trading participants' cash deposits of EUR 6,438,466 thousands, trade payables of EUR 498,330 thousands and derivative financial instruments of EUR 104,103 thousands. Furthermore, short-term liabilities include other current liabilities, provisions, and leasing liabilities. As of the balance sheet date, there were no essential liabilities towards affiliated companies. Other bank loans and overdraft amounted to EUR 8,382 thousands. The development of short-term liabilities is largely influenced by the following:

- Increase in trading participants' cash deposits of EUR 2,149,245 thousands: This is the opposite position to the restricted bank balances on the current assets item.
- Increase in trade payables by EUR 251,370 thousands: This item offsets the reporting date-specific disclosure of accounts receivable from the physical settlement of power and gas contracts of ECC Luxembourg on the assets side of the balance sheet.

Adjustment to the balance sheet total with clearing-specific matters

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

On the one hand, the item of restricted bank balances includes cash collateral of the clearing participants in an amount of EUR 6,469,726 thousands (2019: EUR 4,322,059 thousands); on the other hand, there are identical short-term liabilities from the cash deposits of the trading participants. Moreover, reporting date-specific customer balances of settlement transactions of EUR 466,127 thousands (2019: EUR 206,830 thousands) were included. This concerns the reporting date-specific recognition of receivables and liabilities from the allocation of power and natural gas. Furthermore, the short- and long-term derivative financial instruments recognised at the fair value of the options are included in the assets and liabilities side in an amount of EUR 201,194 thousands (2019: EUR 66,408 thousands). After the deduction of these positions, the adjusted balance sheet total at the end of the period under review was EUR 663,093 thousands (2019: EUR 606,043 thousands) and the equity ratio on the reporting date was 82 per cent (2019: 85 per cent). The high equity ratio underlines EEX's high profitability and highlights the fact that its financing strategy, in principle, is aligned towards maximum independence from external creditors.

The debt ratio, which is equal to the proportion of long-term and short-term liabilities in the adjusted balance sheet total, increased slightly to 18 per cent (2019: 15 per cent). The Group was able to cover all expenses using its own financial resources and current income at all times during the year.

2.5 Financial position

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

As of the reporting date, the EEX Group's cash and cash equivalents amounted to EUR 206,577 thousands, which corresponds to an increase of EUR 37,591 thousands compared to the previous year (EUR 168,985 thousands). Cash and cash equivalents comprise cash in hand, cash in bank accounts and financial investments available at short notice reduced by short-term liabilities to banks in the form of loans.

The development in cash and cash equivalents was driven by cash flow from operating activities of EUR 82,723 thousands. Cash flows from financing activities of the EEX Group of EUR 26,696 thousands and from investing activities of EUR 19,021 thousands were financed from this source.

The cash flow from operating activities comprised the annual net profit (EUR 69,688 thousands) after adjustment for non-cash-effective income and expenses during the reporting period. These amounted to EUR 13,035 thousands and mainly included depreciation/amortisation and changes in receivables, liabilities, and provisions.

The cash flow from investing activities of EEX Group during the reporting year includes, on the one hand, investments in intangible assets (EUR 13,432 thousands) and, in particular, the IT infrastructure of the EEX Group. On the other hand, they include investments in associated companies of EUR 300 thousands and investments in property, plant, and equipment of EUR 2,264 thousands. Furthermore, there were payments for the acquisition of shares in fully consolidated subsidiaries (EUR 3,025 thousands). These concern the acquisition of KB Tech.

The cash flow from financing activities of the EEX Group include the dividend payments to shareholders of EEX AG of EUR 16,220 thousands, and to non-controlling interests of EUR 10,476 thousands.

On account of its sufficient financial resources and sound internal financing power, as in previous years, the EEX Group does not expect any liquidity shortfalls for the 2021 financial year. As a result, it will again be able to carry out the planned investments required to maintain and expand its good competitive position in the future. Moreover, intra-Group and external credit lines are available to cover additional liquidity requirements arising at short notice.

2.6 Financial and non-financial performance indicators

Financial performance indicators

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

Non-financial performance indicators

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

The non-financial performance indicators regarding employee matters, customer matters and social responsibility will be discussed in the section "Corporate management" below.

Employee matters

On 31 December 2020, EEX Group employed a staff of 764 (31 December 2019: 681) at 17 sites worldwide. Staff turnover, further training of staff and length of employment at the company are important indicators for measuring employee satisfaction and employee matters. The following table shows individual parameters regarding these indicators:

EEX Group		
Number of employees[9]	764	
	Men	**Women**
Period of employment		
Less than 5 years (%)	36.3	23.2
5 to 15 years (%)	21.5	14.9
More than 15 years (%)	2.9	1.0
Employees joining the company	86	56
Employees leaving the company	46	30
Further training days per FTE	1.43	1.83

[9] The number of employees on 31 December 2020 is established on the basis of the number of employees as of 31 December 2019 taking into account employees joining and leaving the company throughout 2020, plus 12 employees from inorganic growth through the integration of KB Tech Ltd. Other deviations result from fluctuations in the number of employees on parental leave on the respective cut-off dates.

As a result of the Covid-19 pandemic, the EEX Group human resources work, of course, had to focus on the challenge of further strengthening models for flexible working and supporting the induction and integration of new employees into the teams. The conclusion of a works agreement regarding “mobile working” takes account of the employees’ wish for contemporary solutions to ensure the compatibility of work, family, and individual life plans. Because of the pandemic situation in 2020, an “interim policy on working from home” was introduced before the “Mobile Working” works agreement took effect to show responsibility and enable all employees to securely work from home early on to protect their health.

Moreover, in May 2020, EEX Group carried out a detailed employee survey which showed that more than 90 per cent of the employees are happy or very happy with their work at EEX Group. Afterwards, the results of this voluntary survey were discussed in detail in the individual departments and proposals for improvements were developed.

Customer matters

As discussed in the section “Targets and strategies”, all EEX Group activities focus on the customers’ needs and the necessary products and services. By implementing its strategy, EEX Group aims to become “exchange of choice” for its members on the global energy and commodity markets.

Among other aspects, the annual EEX/ECC customer survey serves this purpose. Once a year, all traders registered on EEX are asked about their satisfaction and needs with regard to their trading activities at EEX in a comprehensive survey. It covers a broad range of aspects from general satisfaction to detailed questions regarding products, services, and proposed changes. To facilitate an improved comparison of important segments within the group, a “Net Promoter Score” (NPS) is used. The NPS is a method to measure satisfaction with a possible range from -100 to +100. After an analysis of the survey, the results are discussed with the Management Board. These result from a list of improvement proposals and priorities which are coordinated with the respective departments and included in planning.

Other important performance indicators regarding the satisfaction of the EEX Group customers include the market shares as well as the number of trading participants in the different markets and products whose positive developed was described in the section “Development of business”.

Product and environmental matters

As the operator of liquid, secure and transparent markets, EEX Group plays an important role in the improvement of the efficiency and functioning of markets which are directly connected to questions of climate change. This includes the continuous development of new products and services for energy and related markets as well as the provision of market-based solutions to support the long-term transition of the energy system to a higher share of carbon-free, renewable energy sources.

EEX Group is committed to the climate and decarbonisation targets of the European Union as expressed in the “European Green Deal”. Moreover, it develops and evaluates market-based instruments to support these targets. This also includes the evaluation of long-term strategies, such as the EU hydrogen strategy.

EEX operates a regulated market for emission allowances. The CO_2 prices which it publishes on every exchange trading day are an important indicator for the decarbonisation of the energy system and an important reference for the market. In addition, as the central platform in the EU emissions trading scheme, it carries out regular auctions on behalf of the EU Commission and the participating countries – these comprise 27 EU member states and in June 2019 the three EEA EFTA states also joined. An expansion of this system to other sections, such as heating and transport, is both possible and sensible.

Furthermore, EEX Group is developing and expanding its product range to enable trading participants to hedge their risks against the background of the ever increasing generation of power from renewable resources. For example, in 2020, local intraday auctions were introduced on the power spot markets in order to provide the trading participants with flexible intra-hour trading options. On the power derivatives markets, EEX further expanded the range of short-term maturities and is planning to expand the long-term maturities as well.

At present, the trading participants on the EEX derivatives market can hedge power prices with a time horizon of up to six years in the future. On the market, long-term power purchase agreements (PPA) have been established to finance the construction of renewable energy plants. Moreover, the contracting parties can use the standardised exchange products to hedge against counterparty risk and register the transactions for clearing. PPA hedging is already carried out on the EEX markets (in particular in Spanish power futures); however, there is a demand for products with longer terms. Therefore, EEX is planning to introduce further (Cal+9) annual maturities in 2021.

Moreover, in its capacity as a registry operator for guarantees of origin used by power and gas suppliers to prove the origin of the energy supplied by them, EEX Group also promotes the integration and labelling of renewable energies. In future, the registers operated by the Group will be expanded by a hydrogen register. In addition, EEX also carries out auctions of guarantees of origin for power in France, see also the development of business in the “Registry Services” segment.

EEX Group		**2020**	**2019**
Share of revenue from environmental products and Registry Services in total sales revenue	in per cent	3.8	3.5

2.7 General statement on the Group’s economic position by the Management Board

The Management Board of the EEX Group is very satisfied with the development of business in 2020. The Group was again able to exceed its sales and results parameters of the previous year in a particularly challenging market environment which was shaped by lasting uncertainties because of the effects of the Covid-19 pandemic. In spite of the exceptional situation of a global pandemic, EEX Group was able to offer all market participants the option of hedging and the flexible supply of commodities and the entire portfolio of services in the 2020 financial year.

The Management Board’s assessment of the EEX Group’s financial position in 2020 is sound. The company generates significant cash flow from ongoing business activities. The still high equity ratio and the good liquidity of the EEX Group are essential preconditions which enable the Group to finance both organic and inorganic growth using its own resources, and this is expected to continue in the future.

At the time of the preparation of this annual report, the commercial position of the company and its financial strength were both considered to be very good and unchanged.

3. Risk and opportunities report

3.1 Risk management

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

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

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

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

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

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

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

Furthermore, the companies of the EEX Group operate within an increasingly complex technological environment which is determined by regulatory requirements. This results in operational risks as well as business risks since negative effects on the trading behaviour of market participants cannot be excluded. In addition, the environment is being shaped by increasing risks associated with, in particular, low interest rates combined with the social effects of the Covid-19 pandemic threatening the stability of European financial institutions.

Risk strategy and risk control

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

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

3.2 Essential risks

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

Risk profile

The EEX Group risk profile is determined by the overall risk position based on the economic capital required, calculated for the loan, market, operating and business risk as of the end of 2019 with a confidence level of 99.9 per cent and a time frame of 12 months. Diversification effects between the risk classes are not considered in the determination of the overall risk position. On the balance sheet date of 31 December 2020, the risk covering assets were EUR 379 million (2019: EUR 340 million).

Total risk position (based on economic capital requirement)		
in %	**31/12/2020**	**31/12/2019**
Counterparty risk	7	7
Market risk	0	0
Operational risk	46	50
Business risk	46	43
Total	**100**	**100**
Utilisation of the risk covering assets	**54**	**59**

Counterparty risk

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

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

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

The economic development due to the Covid-19 pandemic will probably remain a risk factor which can also have negative effects on clearing members in 2021. For example, an increased need for depreciation on the loan portfolio of the institutes can be expected because of the effects of the Covid-19 pandemic. Therefore, ECC has implemented various monitoring processes in order to detect negative developments at its participants early-on. For example, rating and CDS spread developments are monitored on a daily basis. If a pre-defined threshold is exceeded, a detailed ad-hoc examination of credit worthiness is triggered. Moreover, monitoring processes have been established across the group with the aim of identifying negative information regarding our clearing members (e.g. in press releases). Participants with negative characteristics or reports are kept on a watchlist and are subject to intense monitoring and dealt with according to the situation.

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

Market price risk

Market price risks are defined as adverse developments in the value of assets on account of a change in valuation-relevant market parameters, such as exchange prices. In the context of the investment guidelines, market price risks are largely avoided. Because of the generally balanced positions, there are no market price risks in the clearing business. The market price risks resulting from other operations (essentially currency risks) are minor and are controlled in accordance with the respective situation, e.g. by concluding corresponding hedging transactions. The foreign currency risk resulting from the investment income of Nodal Exchange is monitored and covered based on the respective situation, if required.

Liquidity risk

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

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

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

Nodal Clear complies with the CFTC provisions under which sufficient liquid resources have to be provided to fulfil the requirements under the intraday, same-day and multi-day obligations. Every day, Nodal Clear calculates the liquidity requirement resulting from the concurrent default of the two clearing members generating the highest liquidity demand under extreme yet plausible market conditions (stress test). The Nodal Clear management board is informed of the fulfilment of the liquidity requirements and the stress test results in regular – at least monthly – reports.

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

Operational risk

Operational risks are defined as all potential cases of damage arising from malfunctions of IT systems due to inadequate design of internal processes, errors by members of staff, mistakes or defaults of external service providers and project risks. Due to the high degree of automation in processing business transactions combined with a large number of transactions, malfunctions of the IT systems used constitute essential operational risks for the EEX Group. Since key parts of these systems are operated by external service providers, mistakes or defaults of external service providers also constitute a significant source of risk. Controlling of availability risks is supported by business continuity management. This, for example, comprises a standard business impact analysis on the basis of a process card, requirements for the provision, documentation and testing of business critical processes identified on this basis, as well as corresponding reporting. Moreover, this also comprises provisions for the non-availability of IT systems and technical infrastructure as well as the absence of core staff, such as in the event of an event like the recent Covid-19 pandemic. The situation is managed on the basis of the incident and crisis management procedures of EEX Group. Precautionary measures are centrally coordinated in order to ensure the continuity of business-critical processes as well as the employees' health and safety. The back-up locations are tested regularly, and remote access is available.

The risk strategy pursues the fundamental aim of minimising operational risks by using approved methods for system development, test procedures and operations. The EEX Group either provides core services itself or has them performed by selected specialised, external partners. Individual services are also provided by specialised companies which are part of the Deutsche Börse Group. The quality of the service providers is reviewed in the context of selection processes and continuously on the basis of established service-level agreements. Furthermore, back-up processes are implemented for critical business processes. The quality of the internal control system is checked regularly with the help of examinations by internal auditors and the targeted use of external auditors. The comprehensive control system which is established in the instructions system serves the structured documentation of control tasks and the avoidance of process errors through manual interactions.

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

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

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

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

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

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

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

As a member of Deutsche Börse Group, EEX Group is integrated in the Group-wide data protection system. In addition, information security measures are monitored by the respective information security officers or cyber-security managers in the individual EEX Group companies, such as ECC and Nodal Clear.

Executives and employees receive regular training regarding the relevant compliance topics. These include, in particular, subjects such as money laundering, data protection, corruption, market manipulation and insider trading. Participation in the training measures is mandatory.

The group companies have notification systems which can be used to report potential or actual violations of supervisory or regulatory provisions and ethical standards. Employees can use these to submit reports via phone or e-mail. The anonymity of the informants is safeguarded in principle.

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

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

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

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

Risk of new or stricter regulation in the financial sector

EU Markets in Financial Instruments Directive MiFID II

As a result of the Covid-19 pandemic, the EU Commission proposed a capital market rescue package in order to promote further investments in the real economy and provide relief to critical sectors. With regard to commodity derivatives, the Commission has made targeted changes to MiFID II to give companies the possibility to respond to market volatility, to concurrently provide improved development opportunities for new contracts and to strengthen the role of the euro on the international capital market. In December 2020, the EU institutions agreed to the Commission's proposal to restrict the regulation of the MiFID II provision limit to agricultural and critical commodity derivatives and, at the same time, reduce the complexity for market participants for market participants if they trade on the basis of ancillary transactions. Since the reforms will only take effect in 2022, obstacles to trading in commodity derivative products will persist on the markets of EEX Group for a transitional period. In this context, it has to be observed that the so-called quick fix does not replace the complete revision of MiFID II. In 2021, the EU Commission will present a legislative proposal for a fundamental revision of MiFID II. This is accompanied by the fundamental risk that rules relevant for commodity trade are amended or supplemented and that this might have negative effects on trading and settlement on the markets of EEX Group.

Financial transaction tax and digital tax

In the course of the management of the Covid-19 pandemic, national governments as well as the EU Commission have adopted comprehensive relief efforts. It is likely that, after the end of the pandemic, there will be a debate regarding financing of these costs. In this context, political stakeholders are calling for the introduction of a joint financial transaction tax on (commodity) derivatives or a so-called digital tax. These additional taxes entail the risk of a shift in trading activities to countries which do not charge these.

EU Benchmark Regulation

In principle, commodity benchmarks also fall into the scope of application of the European Benchmark Regulation. After an intense examination of the regulation, the Federal Financial Supervisory Authority licensed EEX as an administrator for various power and agricultural indices with effect as of 2 March 2020. In addition, potential new offers for commodity trading markets and products have to be reviewed to check in how far requirements of the Benchmark Regulation have to be fulfilled. This results in a potential risk that new offers might be subject to restrictions or their introduction might involve a higher effort.

Regulation for central counterparties

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

Regulation of financial market institutes in Germany

The law strengthening financial market integrity, which is currently undergoing legislative procedures, and which is expected to take effect during 2021, could result in potential changes with additional requirements for financial market institutes based in Germany.

Impact of energy market legislation and regulation

Legal framework for renewable energies

Against the background of tighter climate targets (e.g. a tightening of the European CO_2 reduction target for 2030 from 40 to 55 per cent as against 1990) as well as the effects of the Covid-19 pandemic there is a trend for the government to assume more risks in the pending reforms of the funding mechanisms for renewable energies in various European countries. The most recent examples of this include calls for contracts for difference (CfD) guaranteed by the state in the field of offshore wind (Offshore Bidding Zones) and granting of follow-up funding for renewable energy plants that have completed a 20-year funding period. While, on the one hand, investors need to cover their risks, on the other, instruments guaranteed by the state are used which would result in a restriction of the hedging demand across the derivatives market. There is the risk that EEX power derivatives market products might be displaced by instruments guaranteed by the state, leading to the threat of undermining liquidity in trading and settlement.

Political initiatives, such as the EU Commission’s offshore energy strategy, have further effects on the power market design and, as a result, on the overall market. For example, the commission is proposing the introduction of specific bidding zones for offshore wind. These would have to be integrated into the European market coupling, which would lead to expenses and financial risks in the implementation on the trading and settlement side. Moreover, governance structures are being discussed which might restrict the scope of power exchanges and clearing houses through a centralised ISO (independent system operator) structure.

EU Regulation on Capacity Allocation and Congestion Management (CACM)

The EU Regulation on Capacity Allocation and Congestion Management (CACM), which is material for market coupling of the European power markets, also involves risks for EEX Group. The market entry of competitors into the EPEX markets affects the market shares in the respective market areas. At the same time, the market entry of EPEX into other markets – such as in Norway, Sweden, Finland, and Denmark in 2020 and in Poland in 2021 – offers the opportunity of gaining market shares there.

In addition, the CACM revision planned for 2021 involves additional risks. Firstly, there is no guarantee that the costs for services in the field of the market coupling function will be refunded. Secondly, a change in the governance structure of the market coupling operator function might lead to potential centralisation and, as a result, it might change the field of competence of EPEX. Thirdly, a changed understanding of competitive elements at power spot exchanges might lead to a situation in which the market liquidity might have to be shared even more comprehensively – with negative effects on trading and settlement revenue.

Continued debate regarding the configuration of European power bidding zones

In spite of the requirements under the Clean Energy Package to provide 70 per cent of the border-crossing grid capacity for trading transactions or, in the case of structural bottlenecks, to improve the situation by the end of 2025 with the help of an action plan, the periodic review of the design of the European power bidding zones (every three years) is still carried out in parallel. The requirements under the Clean Energy Package and, as a result, the action plans of the member states – including Germany, take priority. However, in the event that a member state cannot linearly increase the capacity on an annual basis until the 70 per cent target is reached, the results of the bidding zone review can become relevant before 2025. In the case of Germany, this might cause the uniform power bidding zone comprising Germany and Luxembourg to be called into question resulting in expenses and financial risks in the implementation on both the trading and settlement side. A change in the bidding zone also leads to changes in the underlying of derivatives contract. This could, in turn, lead to uncertainty and restraint on the part of the trading participants and, as a result, to corresponding negative effects on trading and settlement revenue.

The ARENH mechanism reform in France

The reform of the ARENH mechanism governing access to legacy nuclear power capacities in France offers both opportunities and risks for EEX Group. The plans of the French government provide for ARENH volumes to be settled on the market in future – increasing both liquidity and strengthening European and French price signals. This effect is enhanced even more if nuclear power is sold directly through the market and covered financially by standardised futures products. However, the reform also involves the risk that competitors might become increasingly active with their own trade offering for the French power market.

Further development of the gas market and hydrogen as a new commodity

A comprehensive transformation is emerging for the gas sector with legislation set to pave the way in 2021. In this context, bio-methane and biogas, synthetic gasses and hydrogen will increase in importance. In the short- to medium-term, EEX Group will have the opportunity to build both national and European trading markets for hydrogen, while, in the long run, it might even be able to build a global hydrogen market. Risks which might affect the tradability of hydrogen and corresponding guarantees of origin are due to legislation and regulation which are not, or are not sufficiently, based on market principles. For example, there is, in particular, the risk that early investments in the development of a trading and settlement infrastructure might not be amortised as scheduled.

Increased focus on climate protection

The implementation of the “European Green Deal” with new and ambitious climate protection targets for 2030 and 2050 is a priority of the European Union. To this end, the European emissions trading scheme (EU ETS) is to be revised and expanded to other sectors. Details and corresponding legislative proposals are to be presented in the second half of 2021. Risks which might affect the efficiency of the EU ETS as a market-based mechanism and, hence, the trading market, are found, in particular, in possible complementary political instruments, such as the introduction of a CO_2 minimum price, so-called Carbon Contracts for Difference (CCfD), to support investments in climate-friendly industrial plants, or Carbon Border Adjustment Mechanisms for imports into the EU.

Brexit
The United Kingdom's exit from the European Union results in a large number of risks for EEX Group. These are due to, for example, potential differences between the EU and UK regulation which might lead to regulatory arbitrage regarding competitors based in the United Kingdom. Because of the long-standing preparations for a possible no-deal scenario, the markets were prepared for the end of the transition period on 31 December 2020. It remains to be seen to which degree the United Kingdom and the European Union will cooperate or compete with each other. This will have direct consequences for the regulatory environment.

With a view to physical power trading, EPEX prepared for the end of the transition period. The biggest change is the new time of the day-ahead auction, which was brought forward from 11:00 to 09:20 (GMT/BST). A contractual solution between the United Kingdom and the EU which includes energy is expected to lead to increased pressure for a further-reaching market coupling solution which would then have to be implemented.

3.3 Essential opportunities

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

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

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

- further increasing the attractiveness of the EEX Group as a trading platform;

- further expanding clearing services;
- product innovations and regional growth

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

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

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

In addition, the above-mentioned Capacity Allocation & Congestion Management (CACM) regulation also offers the opportunity to expand the existing market offering for power spot market products. As a result, the EEX Group can begin to operate in markets, which have not been part of its portfolio so far. These comprise, in particular, the Nordic markets of Sweden, Norway, Finland and Denmark, for which EEX Group has expanded its market presence for spot products, as well as the Polish market, which is to be added from 2021.

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

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

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

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

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

With the introduction of power derivatives in May 2020, EEX Group successfully developed a new market outside Europe. The Japanese energy sector has evolved into an up-and-coming market following complete liberalisation. The EEX Group ties into this development and has established a position for itself as an essential pillar of the power market within the period of only a few months. In this process, the EEX Group uses its corporate strategy and also offers its international customer base the opportunity to become active on the derivatives market in Japan, in addition to providing the relevant Japanese companies with an attractive portfolio of tailor-made contracts. As a result of the involvement of experience international customers, the Japanese power market is gaining additional liquidity and stability and, hence, increases the attractiveness of this international market. Here, the cooperation between Japanese and European stakeholders, in particular, provides the key to success: As a result of the close contact between all market participants and the regulatory authorities, EEX Group can safeguard a dynamically growing and stable market in the long run.

Inorganic growth potential

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

For example, in February and April 2020, Nodal Exchange successfully transferred large parts of the power and gas business of the US Nasdaq Futures Exchange to its own platform. In Europe, the merger of EEX and Powernext has led to a significant expansion of the offering for joint customer groups. In addition, the cooperation with the New Zealand NZX exchange agreed in 2020 provides new opportunities in the Asian-Pacific area. In summary, these three examples show how both organic and inorganic initiatives and partnerships can make a successful contribution to the implementation of the global EEX Group growth strategy.

3.4 General statements on threats and opportunities

In spite of growing uncertainties, in particular due to the Covid-19 pandemic, and increasing regulatory developments in both the financial and the energy sectors, the risk assessment for the 2020 financial year has not indicated any threat to the Company’s continued existence on account of individual risks or aggregated risk positions. However, since there are further noteworthy – and particularly industry-specific– risks, setbacks on the way to permanently implementing planned growth targets cannot be ruled out.

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

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

4. Outlook report

4.1 Comparison of earnings position with the forecast for the 2020 financial year

EEX Group has slightly undercut the range of net revenue forecast for the reporting year; however, it reached the forecast range of the earnings before interest and taxes.

in EUR thousands	Forecast 2020	Actual 2020
Net revenue	301,632 – 317,507	296,651
Earnings before interest and taxes	92,834 – 128,595	101,129

This was primarily due to the revenue of the US Commodities and Natural Gas Europe business fields, which were below growth expectations. In the past financial year, the US Commodities business field was severely impacted by the Covid-19 pandemic with the USA being particularly affected. Moreover, for the first quarter, interest measures which are not significantly negative were assumed. The lower sales revenue from the business fields mentioned was cushioned, in part, by growth exceeding the Power Derivatives Europe business field. Furthermore, the past business year was also shaped by active cost management in order to partially compensate the lack in sales growth observed in some business fields.

4.2 Forecast for the 2021 financial year

The outlook report describes the probable development of the EEX Group in the 2021 financial year. It contains statements and information regarding future processes and is based on current expectations, assumptions, and forecasts of the Management Board and on the information available at the time of publication. These forward-looking statements cannot be considered as guarantees regarding the future developments and results referred to therein. Instead, the future developments and results depend on many factors. They involve different risks and uncertainties and are based on assumptions which might turn out to be inaccurate. The Group does not assume any obligation to update the forward-looking statements made in this report.

The forecasts listed below are essentially based on the following assumptions regarding the economic and regulatory environment in 2021:

- After the global economy dropped into an unparalleled recession as a result of the Covid-19 pandemic in 2020, EEX Group expects the economy to recover during the forecast period. This is supported by economic stimulus programs, extremely supportive monetary policies by the central banks worldwide and a growing Covid-19 vaccination rate.
- It is assumed that Brexit will not restrict customers access to EEX Group.
- Potential changes within the regulatory environment do not have a detrimental impact on the EEX Group. There is no negative effect as a result of regulatory changes regarding the financial markets (e.g. no introduction of a financial transaction tax or digital tax).

- There is no negative impact on the liquidity of the core markets as a result of changed power market design and, in particular, a potential split into further price zones on the power market.
- The EEX Group growth is primarily shaped by the increase in the market shares and trading volumes on the European and North American power derivatives and gas markets. Intense price competition with competitors is not expected.

Further growth in sales revenue in all business areas is expected for the 2021 financial year with the power and gas markets in Europe and North America expected to continue to be essential drivers of growth. Furthermore, because of the constant growth in liquidity on EEX Group trading platforms, as well as an improvement and expansion in the Group's range of products and services and the technical availability for the customer, growth in the number of trading and clearing participants is expected to continue. Overall net revenue is expected to range between EUR 308,173 thousands and EUR 324,393 thousands in 2021.

The attainment of these growth targets requires additional expenses in the form of variable costs, as well as additional investments in product development and projects, an increase in staff numbers and in IT infrastructure. Moreover, the EEX Group expects costs to increase in connection with the implementation of regulatory requirements in 2021. As a result, increasing non-variable expenses in the range between EUR 195,075 thousands and EUR 205,342 thousands are expected.

Considering the planned revenue and costs for the 2021 financial year EEX Group expects earnings before interest and taxes to be in a range of EUR 102,831 thousands to EUR 129,318 thousands.

Following the introduction of joint order books in the intraday and day-ahead markets (SIDC/MNA), the power spot markets are still facing increasing competition including significant sales risks. Other asset classes (in particular, the power derivatives and gas markets) are also facing a situation with increasing competitive pressure. The entry of competitors in both existing markets and growth markets of EEX Group involves the risk of losing opportunities to shape these energy markets and of not reaching its own commercial aims.

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

4.3 Overall statement on the future development of the EEX Group

Despite the uncertainty regarding the development of the Covid-19 pandemic, the EEX Group is convinced that it is still very well prepared as a result of its diversified business model. Therefore, it expects a positive development in its earnings position and the successful implementation of the strategic aims in the coming year, as well as in the medium term.

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

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

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

5.1 Business and general framework

EEX is the parent company of the EEX Group. It operates the Power Derivatives Europe, Environmental Products Europe, Agriculturals and Freight business fields. In addition, EEX operates market data services for itself and other Group companies and provides the technical connection landscape for these companies' customers. Furthermore, it is the central service provider for its subsidiaries in the context of service level agreements. With effect from 1 January 2020, Powernext and Gaspoint Nordic were merged into EEX. As a result, EEX has taken over the operation of the spot and derivatives markets, as well as the provision of Market Data Services in the Natural Gas business field. In addition, EEX has also worked in the Registry Services business field by operating the French Registries for Guarantees of Origin, Capacity Guarantees and Energy Savings Certificates.

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

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

5.2 Earnings situation

In the past financial year, the EEX earnings situation declined slightly. Furthermore, the profit and loss statement was shaped to a significant degree by the migration of Powernext and Gaspoint Nordic to EEX. In the past financial year, the total revenue of EEX – i.e. the sum of sales revenue, other operating income, and investment income – was EUR 202,585 thousands and, hence, around 30 per cent higher than in the previous year (EUR 155,861 thousands). The annual net profit was EUR 53,390 thousands as against EUR 54,804 thousands in the previous year and, as a result, recorded a slight decline of 3 per cent.

Sales revenue

In the 2020 financial year, EEX generated sales revenue of EUR 134,170 thousands, which corresponds to a 60 per cent increase as against the previous year (EUR 83,852 thousands). This consists of transaction fee revenue from trades concluded at EEX and other sales revenue and revenue from the provision of services in the context of intra-Group service agreements.

The strong increase compared to the previous year was essentially driven by the positive development of business on the Power Derivatives market and in the Environmentals and Global Commodities business fields. For example, in the reporting year, transaction revenue of EUR 92,550 thousands was generated from trading in power derivatives contracts, gas contracts, environmental products and agricultural products – compared to transaction revenue of EUR 58,314 thousands in the previous year.

The other sales revenue consisted of revenue from annual fees (EUR 7,780 thousands, 2019: EUR 3,104 thousands), which increased by EUR 4,331 thousands, in particular, because of the inclusion of the annual fees of the former Powernext, as well as of fees for technical connections (EUR 5,659 thousands, 2019: EUR 2,805 thousands), fees from marketing of information products and transparency data and regulatory reporting (EUR 4,935 thousands, 2019: EUR 4,304 thousands), training fees (EUR 188 thousands, 2019: EUR 391 thousands) and additional other sales revenue (EUR 242 thousands, 2019: EUR 179 thousands). Compared with the previous year, revenue from registry services were also included accounting for EUR 5,391 thousands in the year under review.

In the previous financial year, revenue from management services and transactions with affiliated companies of EUR 17,426 thousands (2019: EUR 14,756 thousands) formed another element of the EEX Group sales revenue. In its capacity as the parent company of the EEX Group, EEX provides a wide range of services, such as IT services, management services and administrative services, for its subsidiaries. The costs of these services are charged via service level agreements.

Other operating income

In the 2019 financial year, other operating income was EUR 2,071 thousands (2019: EUR 2,566 thousands). This income primarily included revenue from the reversal of provisions and exchange rate gains.

Expenses

During the reporting period, at EUR 28,169 thousands, **staff costs** rose significantly as against the previous year (EUR 22,507 thousands). This was essentially due to the merger of Powernext in 2020 and the associated transition of functions to EEX. The staff costs of the French establishment were EUR 5,597 thousands.

Compared to 2019, **depreciation/amortisation** of intangible assets, and property, plant and equipment rose to EUR 4,028 thousands by EUR 568 thousands. This increase by 16 per cent was primarily due to the amortisation of the NFX customer base and other intangible assets in the framework of the merger with Powernext.

During the year under review, the **other operating expenses** grew from EUR 58,871 thousands to EUR 94,304 thousands. To a large extent, these were determined by variable costs and expenditure on IT systems, consultancy, marketing, and infrastructure. This increase in expenses was primarily connected with:

- variable fees and costs, as well as performance-related reimbursements to certain market participants, such as market makers, brokers or liquidity providers, because of the new Natural Gas business field,
- the constant optimisation of the IT infrastructure and IT processes, as well as the general expansion of the business area with effects on IT systems,
- business management expenses resulting from the merger with Powernext, the acquisition of KB Tech and the IT services outsourced to ECC,
- the growth of the entire corporate group and the resulting higher costs for infrastructure while, at the same time, expenses for marketing and travelling declined because of the effects of the Covid-19 pandemic,
- exchange rate fluctuations.

Investment income

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

EEX's results were primarily driven by investment income and income from profit-and-loss transfer agreements, which were EUR 66,345 thousands in the past financial year compared to EUR 69,443 thousands. These results consist of income from shareholdings in EPEX, Grexel, PXE and EEX CEGH, which was added during the reporting year, as well as income from the transfer of results from ECC.

The decline in investment income in the past financial year was primarily due to the fact that the Powernext dividend was no longer included (2019: EUR 13,670 thousands). In 2020, a result of EUR 54,151 thousands (2019: EUR 51,956 thousands) was transferred from ECC to EEX. Because of the higher direct shareholding of EEX, the EPEX dividend from the 2019 profit increased and was EUR 10,498 thousands (2019: EUR 2,369 thousands). Moreover, the EEX shareholding portfolio also included the 100 per cent shareholding in Grexel, which paid a dividend of EUR 700 thousands (2019: EUR 998 thousands) to EEX. In the 2020 financial year, the income from the PXE shareholding was EUR 404 thousands (2019: EUR 450 thousands). Following the Powernext merger, EEX now holds 51 per cent of the shares in EEX CEGH outright and received investment income of EUR 591 thousands in the 2020 financial year.

As the parent company, EEX depends on the operating results of its subsidiaries because of the effects outlined above. The combined results from the shareholdings account for 33 per cent (2019: 45 per cent) of the total results calculated as the result of sales revenue, other operating income and investment income.

Financial result

During the reporting year, the financial result (consisting of interest income and expenses, external and internal loans, as well as appreciation and depreciation/amortisation in the value of financial assets) was EUR 96 thousands (2019: EUR 879 thousands). The 2020 financial result mainly included interest income from affiliated companies as well as interest expenses for internal and external loans and the update of the valuation amount of the shareholding in enermarket GmbH.

Development of profitability

The EEX return on equity constitutes the ratio between the result after taxes in proportion to the EEX equity stock at the beginning of the reporting period. As against 2019, return on equity declined slightly to 14 per cent (2019: 16 per cent).

5.3 Asset position

Development of assets

Because of the merger of Powernext into EEX on 1 January 2020, the annual financial statements for 2019 and 2020 cannot be compared. Therefore, in addition to the values for the previous year, the opening balances for the financial year as of 1 January 2020 are shown under consideration of the merger (“opening balance 2020”).

In the reporting year, the fixed asset value increased to EUR 393,719 thousands (2019: EUR 372,201 thousands; opening balance 2020: EUR 356,039 thousands) and was materially shaped by financial assets whose value rose to EUR 371,725 thousands (2019: EUR 361,179 thousands; opening balance 2020: EUR 336,038 thousands). Financial assets reflect the acquisition and sale of shares on the one hand and lending to affiliated companies on the other. During the year under review, the most important financial investments of EEX comprised the shareholdings in Nodal, ECC and EPEX. The increase during the financial year was largely due to the higher shareholding in EPEX as well as the addition to the capital reserves of ECC of EUR 13,000 thousands which compensated the decline in the Powernext shareholding. Furthermore, the acquisition of KB Tech led to an increase in shares in affiliated companies. Moreover, financial investments comprise loans to affiliated companies; an EEX shareholder loan to Nodal Exchange of USD 50,000 thousands (2019: USD 50,000 thousands) and an EEX shareholder loan to ECC of EUR 24,000 thousands (2019: EUR 0 thousands). Intangible assets and property, plant and equipment increased by EUR 21,995 thousands (2019: EUR 11,022 thousands, initial balance 2020: EUR 20,001 thousands). This growth was primarily caused by the merger of Powernext with EEX, as well as the acquisition of the NFX customer base.

As of the reporting date, current assets of EUR 69,150 thousands (2019: EUR 50,761 thousands, opening balance 2020: EUR 69,623 thousands) consisted of accounts receivable from affiliated companies of EUR 45,498 thousands (2019: EUR 39,226 thousands, opening balance 2020: EUR 42,301 thousands), trade receivables of EUR 13,706 thousands (2019: EUR 7,458 thousands, opening balance 2020: EUR 11,356 thousands), other assets of EUR 3,347 thousands (2019: EUR 1,276 thousands, opening balance 2020: EUR 2,267 thousands) as well as cash in hand and cash in bank accounts of EUR 6,599 thousands (2019: EUR 2,800 thousands, opening balance 2020: EUR 13,700 thousands). The increase in accounts receivable from affiliated companies is essentially due to cash pooling with Deutsche Börse AG, while the increase in trade receivables was primarily driven by the inclusion of Powernext receivables.

As of the reporting date, accruals were EUR 2,763 thousands (2019: EUR 1,787 thousands, opening balance in 2020: EUR 3,004 thousands).

5.4 Financial position

The EEX capital consisted of equity of EUR 416,049 thousands (2019: EUR 378,879 thousands, opening balance 2020: EUR 378,881 thousands) as well as borrowed capital of EUR 49,584 thousands (2019: EUR 45,871 thousands, opening balance 2020: EUR 49,785 thousands).

On the balance sheet date, the EEX balance sheet total was EUR 465,633 thousands as against EUR 424,750 thousands in the previous year (opening balance 2020: EUR 428,666 thousands). At 89 per cent at the end of the 2020 financial year, the equity ratio was at the same level as in the previous year. It is calculated as the ratio between equity and the balance sheet total as of the deadline (31 December of the reporting year).

Starting at EUR 2,800 thousands on the 2019 balance sheet date (opening balance 2020: EUR 13,700 thousands), the liquid funds of EEX declined to EUR 6,599 thousands. In order to ensure EEX’s liquidity requirements, there are also intra-Group and external credit lines which can cover short-term, additional liquidity requirements as they arise (“cash pooling”). On the balance sheet date (31 December 2020), the credit lines comprised a total of EUR 42 million. As a result of the mode of payment under the profit-and-loss transfer agreements with its subsidiaries (quarterly pre-payment instead of annual payment), the liquidity of EEX is additionally protected.

Against this background, the company has had good liquidity, which has enabled it to fulfil its payment obligations at all times during the 2020 financial year.

5.5 Threats and opportunities report

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

5.6 Outlook report

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

Overall, EEX expects an annual net profit between EUR 61,733 thousands and EUR 68,231 thousands for 2020.

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

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

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

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

Leipzig, 2 March 2021

Peter Reitz

Chief Executive Officer (CEO)

Steffen Köhler

Chief Operating Officer (COO)

Dr. Dr. Tobias Paulun

Chief Strategy Officer (CSO)

Jens Rick

Chief Information Officer (CIO)

Anja Kiessling

Chief Financial Officer (CFO)

Consolidated Financial Statements

Consolidated Financial Statements for the Financial Year from 1 January to 31 December 2020.

European Energy Exchange AG, Leipzig

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

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Consolidated notes	**01/01/2020 to 31/12/2020**	**01/01/2019 to 31/12/2019**
		k€	k€
Sales revenue	[6]	320,147	304,212
Net income from banking business	[7]	5,161	11,453
Other operating income	[8]	2,146	1,259
Volume-related costs	[9]	-30,803	-31,352
Net revenue		**296,651**	**285,572**
Staff costs	[10]	-82,268	-76,089
Depreciation, amortisation and impairment losses	[11]	-25,873	-23,053
Other operating expenses	[12]	-87,381	-88,366
Operating result		**101,129**	**98,064**
Financial income	[13]	152	570
Financial expense	[13]	-701	-353
Financial result		**-549**	**216**
Income from at-equity investments	[14]	-927	-305
Earnings before tax (EBT)		**99,653**	**97,975**
Income tax expense	[15]	-29,965	-30,683
Net profit for the period		**69,688**	**67,292**
Of which attributable to			
shareholders of EEX AG		59,293	57,491
non-controlling interests		10,394	9,801
<u>Transition to consolidated income statement</u>			
Net profit for the period		**69,688**	**67,292**
Changes in gains/losses recognised directly in equity	[14]	-3,555	2400
Consolidated income statement		**66,133**	**69,692**
Of which attributable to			
shareholders of EEX AG		55,350	59,888
non-controlling interests	[28]	10,782	9,804

Consolidated Statement of Financial Position

	Consolidated Notes	31/12/2020	31/01/2019
		k€	k€
ASSETS			
Non-current assets		**436,088**	**387,156**
Goodwill	[17]	129,404	134,326
Intangible assets	[17]	192,072	205,303
Property, plant, equipment	[18]	34,407	27,547
Investments in associates and joint ventures	[19]	4,386	5,013
Other equity investments	[19]	0	0
Derivative financial instruments	[20]	63,897	6,580
Deferred tax assets	[15]	11,923	8,387
Current assets		**7,364,053**	**4,814,183**
Derivative financial instruments	[20]	137,297	59,828
Trade receivables	[21]	504,350	250,151
Other assets	[22]	37,571	13,138
Tax refund claims	[22]	149	22
Accounts receivables from associates		0	0
Restricted bank balances	[23]	6,469,726	4,322,059
Other cash and bank balances	[24]	214,959	168,985
Total assets		**7,800,140**	**5,201,340**
Liabilities			
Equity		**542,848**	**516,827**
Subscribed capital	[25]	60,075	60,075
Capital reserve	[25]	145,458	145,458
Reserves	[25]	174,258	164,518
Retained earnings	[25]	137,368	104,035
Other results	[16]	-24,897	-7,533
Non-controlling interests	[25]	50,586	50,274
Long-term liabilities		**155,586**	**57,823**
Non-current provisions	[26]	3,392	1,767
Derivative financial instruments	[20]	97,091	6,580
Non-current liabilities	[27]	150	300
Non-current leasing liabilities		24,856	18,158
Deferred tax liabilities	[15]	30,097	31,019
Short-term liabilities		**7,101,706**	**4,626,689**
Current provisions	[28]	9,459	12,061
Derivative financial instruments	[20]	104,103	59,828
Other bank loans and overdraft		8,382	0

Trade payables	[29]	498,330	246,960
Payables to affiliated companies	[30]	0	4
Cash deposits by trading participants	[31]	6,438,466	4,289,221
Current leasing liabilities		4,584	3,375
Other current liabilities	[32]	38,382	15,240
Total equity and liabilities		**7,800,140**	**5,201,340**

Consolidated Statement of Changes in Equity

	Subscribed Capital	Capital Reserve	Reserve according to EMIR Article 45 (4)	Results generated	**Equity of EEX shareholders**	Share of non-controlling interests	**Consolidated equity**
	k€	k€	k€	k€	k€	k€	k€
As of 31/12/2018	60.075	145,458	11,500	204,897	**421,930**	52,205	**474,135**
Total results				57,491		9,801	
Capital increase							
Consolidation effects						920	
Dividends paid				-16,220		-11,700	
Reclassifications of reserves			3,500	-3,500			
Sale of treasury shares							
Net investment hedge				860			
Actuarial profit (loss)				-327			
Foreign currency effects				2,738		3	
Others				81		-955	
As of 31/12/2019	60,075	145,458	15,000	246,020	**466,553**	50,274	**516,827**
Total results				59,293		10,394	
Capital increase							
Consolidation effects						0	
Dividends paid				-16,220		-10,476	
Reclassifications of reserves				0			
Sale of treasury shares							
Net investment hedge				-3,943			
Actuarial profit (loss)				-91			
Foreign currency effects				-13,329		5	
Others				0		388	
As of 31/12/2020	60,075	145,458	15,000	271,730	**492,263**	50,585	542,848

Consolidates Statement of Cash Flows

	Consolidated Notes	2020	2019
		k€	k€
Change in scope of consolidation	[5]	585	1,156
Annual net profit		69,688	67,292
Depreciations on intangible assets and property, plant and equipment	[11]	25,873	23,053
Expenses for/Income from deferred taxes	[15]	3,716	48
Results of at-equity investments	[14]	-927	-305
(Increase)/Reduction in trade receivables and other assets	[20]-[24]	8,166	3,274
(Increase)/Reduction in liabilities and provisions	[26]- [30]	-23,793	-6,459
Cash flow from operating activities		**82,723**	**86,903**
Payments for investments in associated companies	[19]	-300	-5,022
Payments for investments in intangible assets	[17]	-13,432	-21,101
Payments for investments in property, plant and equipment	[18]	-2,264	-2,428
Payment for the acquisition of shares in fully consolidated subsidiaries	[5]	-3,025	-9,101
Dividends received	[13], [19]	0	0
Cash flow from investing activities		**-19,021**	**-37,652**
Dividend payments to shareholders of EEX AG	[33]	-16,220	-16,220
Dividend payments to non-controlling interests	[33]	-10,476	-11,700
Cash inflow from non-controlling interests		0	0
Cash inflow (outflow) from short-term financing		0	-30,000
Outflow of funds from the acquisition of own shares		0	0
Cash inflow from capital increase		0	0
Cash flow from financing activities		**-26,696**	**-57,920**
Cash-effective change in cash and cash equivalents		37,591	-7,513
Currency differences			
Cash and cash equivalents at the beginning of the accounting period		168,985	176,498
Cash and cash equivalents at the end of the accounting period		**206,577**	**168,985**
In the financial year			
- Interest received and similar income	[13]	152	570
- Dividends received	[13]	0	0
- Interest paid and similar expenses	[13]	-674	-296
- Taxes on income paid	[15]	3,922	14,164

Notes on the Consolidated Financial Statements

1. General principles

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

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

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

The consolidated financial statements as of 31 December 2020 have been prepared in accordance with the International Financial Reporting Standards (IFRS) adopted and published by the International Accounting Standards Board (IASB), as they are to be applied in the European Union. The consolidated financial statements are prepared in accordance with the provisions of Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002, regarding the application of international accounting standards in conjunction with Section 315a (1) HGB, taking into account the supplementary commercial law regulations.

2. New standards and interpretations

New accounting standards – implemented in the year under review

The following standards published by IASB and taken over by the EU Commission were applied within EEX Group in the 2020 financial year. They were not adopted ahead of schedule

Standard/amendments/interpretations

		Date of application	Effects on EEX Group
IAS 1, IAS 8	Amendments of the definition of material	01/01/2020	insignificant
IFRS 3	Amendments of the definition of business	01/01/2020	none
IFRS 9, IAS 39, IFRS 7	IBOR Reform 1: Amendments on IFRS 9, IAS 39 and IFRS 7	01/01/2020	none
IFRS 16	Amendments due to Covid-19 rent concessions	01/06/2020	none
	Revised conceptual framework	01/01/2020	insignificant

New accounting standards – not implemented so far

The IASB has adopted the following new and amended standards and interpretations, which were not applied in the reporting year because they have not yet been adopted by the EU or their application is not yet mandatory. The new and amended standards and interpretations are to be applied to financial years beginning on or after the date of application. Earlier application is usually not made, even if individual standards allow it.

		Date of application	Effects on EEX Group
IAS 1	Changes in the classification of debt as short or long term	01/01/2023	See description below
IFRS 3	The changes to IFRS 3 concern a reference in IFRS 3 to the conceptual framework	01/01/2022	none
IFRS 4	Amendment to IFRS4: Extension of the period for the temporary exemption of certain insurance companies from the application of IFRS 9	01/01/2021	none
IFRS 9, IAS 39, IFRS 7, und weitere	IBOR Reform 2: Changes to IFRS 9, IAS 39 and IFRS 7 and other standards	01/01/2021	See description below
IAS 16	Change on IAS 16: Clarification	01/01/2022	none
IFRS 17	Insurance contracts	01/01/2023	See description below
IAS 37	Amendments to IAS 37 include the definition of what costs an entity should include in assessing whether a contract will be loss-making	01/01/2022	none
Annual Improvement Cycle 2018 - 2020	The annual improvements lead to changes to IFRS 1, IFRS 9, IAS 41, IFRS 16	01/01/2022	none

IFRS 17 "Insurance contracts"
IFRS 17 regulates the approach, measurement, and disclosure as well as the information for insurance contracts. The aim is to provide relevant information by the accounting company, which should lead to a credible presentation of the insurance contracts. The standard provides for insurance liabilities to be valued at the current performance value instead of historical acquisition costs. Furthermore, a uniform basis about the approach, valuation, disclosure and information in the notes for insurance contracts is to be created. The application date has been postponed and is mandatory in the EU for fiscal years beginning on or after 1 January 2023. The standard has not yet been adopted by the EU. After the analysis has been completed, we do not expect any effects on the asset, financial or earnings position.

Change on IAS 1 "Classification of debt as short or long term"
The changes only affect the disclosure of liabilities in the presentation of the balance sheet - not the amount or the time at which assets, liabilities, income or expenses or information that companies provide on these items are recorded. The changes clarify that the classification of debts as short or

long term must be based on the rights that exist as of the balance sheet date. The possible effects of the changes in reporting on the consolidated financial statements of EEX Group are currently being analysed.

Changes on IFRS 9, IAS 39, and IFRS 7 and further standards – "IBOR reform phase 2"
The IBOR reform phase 2 concerns matters that can affect financial reporting if a reference interest rate is replaced by an alternative interest rate. The changes to the standard relate to the simplification of the accounting presentation and recording of contractual modifications of financial instruments. The change in the contractual cash flows is not to be reflected in the modification result; instead, the subsequent valuation is to be carried out on the basis of the updated effective interest rate and thus the effect on earnings is recorded over the remaining term. This relief affects the EEX Group with regard to the accounting and recording of variable-interest financial instruments if old reference interest rates have to be replaced due to the reform. Furthermore, the simplifications provide that adjustments to hedging relationships do not prevent them from being continued. This adjustment has no effect on the consolidated financial statements of EEX Group, as no interest rate hedges were concluded. In addition, there are expanded disclosure requirements that will particularly affect the presentation of the risk management of EEX Group.

3. Fundamental accounting and valuating methods

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

Principles for the preparation of the financial statement

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

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

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

Principles of consolidation

Subsidiaries

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

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

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

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

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

Transactions with non-controlling interests

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

Associates

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

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

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

Joint Ventures

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

Property, plant and equipment

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

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

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

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

All assets are depreciated linearly according to the useful life.

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

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

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

Intangible assets

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

- Goodwill
- Goodwill is defined as the difference between the costs of acquisition of a company over and above the fair value of the share of the Group in the net assets of the company acquired at the time of acquisition. Any goodwill created by the acquisition of the company is reported in the balance sheet under intangible assets. Any goodwill resulting from the acquisition of an associate is contained in the book value of the investment in this associate. The goodwill shown in the balance sheet is subject to an annual impairment test and carried at its historical cost of acquisition minus cumulated impairments. Reversals of impairment losses are not permissible.
- Goodwill is allocated on cash-generating units for the purpose of the impairment test. This allocation is affected into those cash-generating units which were expected to benefit from the business combination during which the goodwill was created.
- Other intangible assets
- Purchased software is capitalised at its cost of acquisition and production plus the cost for establishing a state ready for going into operation minus any possible grants. The total costs of acquisition are depreciated over the estimated useful life.

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

- Technical feasibility of completion of the intangible asset is ensured so that it will be available for use or for sale.
- The completion of the intangible asset as well as its use or sale are intended.
- There is a likelihood of using or selling the intangible asset.
- It has been assessed how the intangible asset will generate its probable future economic benefit.
- The expected future benefit in the form of external sales revenues exceeds the expected costs of the project.

- The availability of adequate technical, financial and other resources for the completion of the development and the use or sale of the intangible asset is ensured.
- There exists the capacity to reliably determine the expenses allocable to the intangible asset in the context of the development.

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

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

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

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

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

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

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

Financial assets are allocated according to the following categories:
- Debt instruments, derivatives and equity instruments recognised at fair value through profit or loss.
- Debt instruments at amortised cost.
- Debt instruments at fair value through other comprehensive income.
- Equity instruments at fair value through other comprehensive income.

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

Financial assets in EEX Group are allocated to the following three categories:
- Debt instruments, derivatives and equity instruments at fair value through profit or loss

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

- Debt instruments at amortised cost

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

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

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

Derivatives and Hedges

In connection with the acquisition of Nodal Exchange Holdings, LLC, a shareholder loan with the principal amount of USD 50 million was designated as a hedge against foreign exchange risk arising from the translation of this item into euros to hedge the net investment in Nodal Exchange Holdings, LLC. Effective exchange rate differences from the loan were reported in the balance sheet item “other comprehensive income”, as are exchange rate differences from the translation of the functional currency of foreign subsidiaries. For the 2020 business year the effectiveness of this net investment hedge was confirmed.

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

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

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

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

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

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

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

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

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

Cash and cash equivalents
Cash and cash equivalents comprise cash assets, sight deposits and other highly liquid short-term financial assets with an original term of, at a maximum, three months, and overdraft facilities. These are financial assets available for sale.
Overdraft facilities used are shown as “Other bank loans and overdrafts” under current liabilities in the consolidated statement of financial position.

Collaterals
According to the Clearing Conditions, every trading participant needs to provide a certain amount of collateral. This form of collateral can be delivered in securities, bank guarantees (only for the clearing fund) or in the form of cash funds.
Liabilities from cash collaterals are reported under the item “Cash deposits by trading participants” in the consolidated statement of financial position. The corresponding amounts are reported under “Restricted bank balances”.
Collaterals delivered in the form of securities are pledged by the Clearing Members. These are not shown in the consolidated statement of financial position.

Financial debts
Upon their first recognition, financial debts are measured at fair value and after the deduction of transaction costs. In subsequent accounting periods, they are valued at amortised acquisition costs; any difference between the pay-out amount (after the deduction of transaction costs) and the repayment amount is recorded in the profit and loss account by using the effective interest method throughout the term of lending.
Loan liabilities are classified as current liabilities if the Group does not have the unconditional right to postpone the repayment of the liability to a date at least 12 months after the reporting date.

Deferred taxes
Deferred taxes are recognised for all temporary differences between the tax balance sheet value of the assets/liabilities and their book values according to IFRS. Deferred taxes are measured by using the tax rates (and taxation provisions) which are applicable on the reporting date or which have essentially been adopted legally at the reporting date and which are expected to be valid at the time of the realisation of the deferred tax asset and/or of the settlement of the deferred tax liability.
Deferred tax liabilities which are caused by temporary differences in connection with investments in subsidiaries and associates are stated, unless the time of the reversal of the temporary differences can be determined by the Group and it is likely that the temporary differences will not be reversed in the foreseeable future on account of this influence.
Deferred tax assets on losses carried forward are assessed to the degree to which it is likely that they can be used. The use of deferred tax assets on losses carried forward depends on whether enough taxable income is likely to be generated in the future. The earnings situation in the past as well as planning calculations are used to evaluate the likelihood of such a situation.

Employee benefits
Within the Group, there are both defined benefit pension plans and defined contribution pension plans. A defined contribution pension plan is a pension plan under which the Group pays fixed contributions to a company (fund) which is not part of the Group. The Group is not subject to any legal or de facto obligation to provide additional contributions where the fund does not have enough assets in order to settle the pension claims of all employees from the current and previous business years. By contrast,

defined benefit pension plans typically specify an amount for the pension benefit which an employee will receive upon retirement and which usually depends on one or more factors, such as age, length of service and salary.
The provision for defined benefit plans recognised in the consolidated statement of financial position corresponds to the present value of the defined benefit obligation (DBO) at the reporting date. The DBO is calculated annually by an independent actuarial expert by using the projected unit credit method. The present value of the DBO is calculated by discounting the expected future outflow of funds at the interest rate for industrial bonds with the highest credit rating. The industrial bonds are specified in the currency of the payment amounts and have terms corresponding to those of the pension obligations.
Current service costs to be settled subsequently are immediately recognised in the statement of profit or loss unless the modifications of the pension plan depend on the continuance of the employee in the company for a fixed term (term until the beginning of non-vesting). In this case, the current service costs to be settled subsequently are recognised in the statement of profit or loss linearly throughout the period until the beginning of non-vesting.
Actuarial profits and losses are immediately recognised in the statement of profit or loss. In so far as there are plan assets, these are deducted from the pension provision.

Provisions
Provisions are carried as liabilities where the Group has a current legal or de facto obligation resulting from a past event if it is more likely than not that the settlement of the obligation will lead to a cash outflow and the amount of the provision can be determined reliably. Provisions for future operating losses are not recorded.
Provisions are recognised at the present value of the expected expenses; in this process, a pre-tax interest rate is used which takes into account current market expectations regarding the interest effect and the risks specific to the obligation. Increases in the provision resulting merely from compounding are recognised as interest expenses in the statement of profit or loss.

Revenue recognition
All trading and clearing fees for derivatives transactions are provided on the trading day, while delivery fees for spot market transactions are provided upon successful nomination.
Revenue is primarily generated through fees charged on exchange trading and clearing commodity products. The transaction fees are set out in the price list. Discounts are mainly granted in the form of monthly discounts for the provision of a certain volume or liquidity level. Such discounts depend on the monthly total volume or the monthly fulfilment of certain requirements for the provision of liquidity. Revenue is shown when a contract is matched or registered; that is, if there are no unfulfilled obligations to customers, because at this point the service has already been provided. EEX reports receivables if the promised service is provided at a certain point in time and the right to consideration depends solely on the passage of time. The majority of the amounts invoiced are collected directly by the clearing members, which means that there are no financing components.

Sales revenue is recorded during the period in which the services are provided by the Group.
Interest income and interest expenses are recorded if it appears sufficiently likely that an economic benefit from the transaction will accrue to the company and the amount of the revenue can be determined reliably. Interest expenses are recorded as expenses during the period in which they were incurred.
The statement of profit or loss is structured according to the total cost method.

Transactions in foreign currencies

Transactions in foreign currencies are converted into the functional currency (EUR) at the mean foreign exchange rate valid at the time of the transaction. Gains and losses resulting from the fulfilment of such transactions as well as from the conversion of monetary assets and debts recorded in foreign currencies at the exchange rate, valid at the reporting date, are recorded in the statement of profit or loss.
Foreign exchange differences which arise in the context of consolidation as a result of the conversion of financial statements in foreign currencies are recognised in other comprehensive income.

Fair value measurement

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

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

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

Application of IFRS 16 “Leasing relationships”

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

Lessee

As a lessee, EEX Group uses office properties, computer centres and its vehicle fleet. Leasing relationships are recorded in the lessee’s balance sheet: On the one hand, there is the right-of-use asset, or the lessee’s right to use the underlying assets; while on the other hand, there is the lessee’s liability under the leasing relationship, or the lessee’s obligation to make leasing payments.
In the case of leases including a renewal or termination option, EEX Group needs to make an assessment regarding the term of the lease. All material facts and circumstances have to be considered in assessing the question of whether exercising a renewal or termination option is considered as being sufficiently safe.
EEX Group uses the provisions for easier application of IFRS 16 by not recording rights of use and leasing liabilities for short-term leases (with a term of less than 12 months) and low-value leased assets.

Assessment of leasing liabilities

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

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

Assessment of rights of use

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

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

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

As of 1 January 2019, the type of expenses in connection with these leasing relationships has changed. Since then, EEX Group has recorded depreciations on rights of use and interest expenses under leasing liabilities instead of rent and leasing expenses as part of the other operating expenses. These shifts lead to an improvement in earnings before taxes, depreciation and amortisation (EBITDA).

4. Estimates, valuation uncertainties and discretionary decisions

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

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

Impairment of non-financial assets

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

Income tax

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

Further estimates and assumptions are made, in particular, regarding the assessment of the likelihood of the use of certain provisions and the realizability of deferred tax assets.

5. Scope of consolidation

The EEX AG shareholding in subsidiaries, associated companies and joint ventures as of 31 December 2020 included in the scope of consolidation is shown in Note 39.

As of 3 April 2020, EEX AG acquired 100 per cent of all shares of KB Tech Limited, Turnbridge Wells, Great Britain (KB Tech). KB Tech focuses on data management services for financial markets. KB Tech has developed its own software, which offers several services which enable managing real-time data for trading and clearing.

The initial buying price of KB Tech was GBP 2,677 thousands in cash. As of 31 March 2020, KB Tech has been successfully incorporated into EEX AG.

The provisional purchase price allocation had the following results:

	kGBP
Consideration transferred	**2,677**
Acquired bank balances	-515
Total consideration	**2,162**
Acquired assets and liabilities	
Software and other intangible assets	805
Customer relationships	77
Other short-term assets	155
Short-term liabilities	-109
Deferred tax liabilities on temporary differences	-163
Total acquired assets and liabilities	**765**
Goodwill	**1,397**

The full consolidation of KB Tech resulted in an increase in net revenue by EUR 0.5 million and of the result after tax by EUR 0.02 million.

As of 1 January 2020, Powernext SAS was merged into EEX AG activities. Annual financial statement is not affected.

As of 11 January 2021, Gaspoint Nordic A/S was liquidated and therefore left the consolidation scope on the 31 December 2020.

Notes on the consolidated profit and loss account

6. Sales revenue

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

Sales revenue was as follows:

	2020	2019
	k€	k€
Transaction proceeds		
Power Derivatives	108,888	92,884
Power Spot	72,687	72,654
Natural Gas	54,486	55,119
US Commodities	19,070	20,358
Environmental Products	4,518	4,120
Clearing Services	1,747	1,334
Global Commodities	3,836	594
Agricultural Products	280	384
Other revenues		
Market Data Services	8,464	7,649
Registry-Services	7,506	6,452
Other	38,665	42,664
Total sales revenue	**320,147**	**304,212**

The sales revenue in the Power Derivatives Europe business field is mainly determined by the trading volumes in the individual market areas. This is primarily driven by the market share in the German market area, which has increased to 44 per cent (2019: 42 per cent), and by the 16-per cent increase in volume. The market share in the Italian market area, which was already high, increased slightly and reached 88 per cent (2019: 86 per cent) with a 12 per cent share in trading volumes. The market share in France rose to 54 per cent (2019: 46 per cent), with sales volume rising by 55 per cent. Their share in the total volumes is 12 per cent. The strongest growth in 2020 occurred in eastern/ southeast Europe. Especially the Hungarian market grew by 77 per cent in that region.

In the Power Spot Europe business field, the overall sales revenue of all markets was at the same level as in the previous year, while the underlying trading volumes increased by 4 per cent. The trading volumes on the day-ahead markets rose by 1 per cent and account for 82 per cent of the total volumes in this business field. The volumes in the biggest market area, Germany, declined by 5 per cent and account for 42 per cent of the entire day-ahead volumes. The volumes on the French day-ahead market however grew by 8 per cent its share of the overall day-ahead market grew to 24 per cent. Trading volumes on the intraday markets rose by 21 per cent as against 2019 and account for 18 per cent of the total volumes in this business field. In this segment, trading volumes grew significantly in all major market areas. In addition, the recently established day-ahead and intraday markets in Norway, Sweden, Denmark and Finland as well as the record volumes of the French capacity market contributed to the overall growth.

The sales revenue generated in the Natural Gas Europe business field slightly declined compared with the previous year due to shrinking trading volumes in 2020. The spot markets accounted for a share of 81 per cent in the overall revenue. Two-digit growth rates were achieved in almost all market areas both on the spot and on the derivatives market. Due to Covid-19, the demand for natural gas declined and therefore resulted in lower trading volumes for EEX Group, especially in the German and Netherland markets. The futures market also showed slightly declining volumes which can be traced back to lower volumes due to competition in the Netherland futures market; the most liquid market in Europe. Overall, traded volumes in European natural gas declined by 6 per cent compared to 2019.

The sales revenue in the US Commodities business field also slightly declined due to lower trading volumes on the electricity futures market. In this field, a number of local power derivatives contracts, gas derivatives contracts with the Henry Hub underlying and North American environmental products are offered. Lower volumes on the electricity futures market were caused by less hedging activities due to Covid-19. US natural gas and agricultural products however rose by 731 per cent and 15 per cent.

In the field of Environmental Products Europe, revenue increased by 10 per cent compared to 2019. This was caused by rising trading volumes of emission allowances in the primary and secondary markets due to an increasing number of active participants in the orderbook. Auction volumes in the primary market rose 13 per cent. These volumes are fixed by law according to the EU Emission Trading Scheme (EU ETS). Option trading has decreased again due to falling market share.

The sales revenue within the Clearing Services business field rose 31 per cent compared to 2019. This business field includes clearing for those partner exchanges that are not part of the EEX Group. In the 2020 financial year, this included the Hungarian HUPX/HUDEX, the Norwegian NOREXECO and the Irish SEMOpx. The increase in sales is attributable to increasing volumes of HUPX/HUDEX and SEMOpx as well as higher revenues of the clearing cooperation NOREXECO.

In the Global Commodities business field, EEX Group generated significant growth in revenue compared with 2019. This increase is essentially due to the Freight segment, which generated two- to three-digit growth rates every quarter. The lasting organic growth was driven by incorporating NFX's open interest, an increasing number of market participants and the improvement of operational processes. In contrast, the volumes in futures on fuel oil and iron ore, as well as other futures, declined.

In the Agricultural business field, EEX Group slightly decreased its sales revenue in the 2020 financial year. This trend can be traced back to Covid-19 because less futures contracts on processing potatoes have been executed. However, EEX future trades on dairy products increased by 22 per cent.

In 2020, the Market Data Services sales revenue was 11 per cent higher than in the previous year. This business field is divided into the three segments of Information Services, Transparency Services and Reporting Services. In the Information Services segment, data are marketed which are generated by the trading activities within the EEX Group and which are made available through the trading participants' publication processes on the EEX transparency platform. The Transparency Services comprise the publication of insider information of the trading participants for power, natural gas and emission allowances on the EEX transparency platform in the framework of EU Regulation on Wholesale Energy Market Integrity and Transparency (REMIT), the EU transparency regulation and the Market Abuse Directive (MAD). The Reporting Services segment brings together reporting services provided on the basis of various legal provisions.

The Registry Services business field comprises all registry services provided by EEX (former Powernext) and Grexel Systems. At the beginning of 2019, the acquisition of the registry provider Grexel Systems formed an important milestone for this segment. As a result of this, EEX Group was able to significantly increase revenue in this field in 2020 compared with the previous year.

The other sales revenue comprises annual and technical fees. Moreover, this also includes sales revenue from market coupling, services for third parties and cost reimbursements and sales revenue generated through training services. Because of the lasting decline in the development of revenue for market coupling services for power spot markets in Europe, the other sales revenue is lower than in 2019.

7. Net income from banking business

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

The net income from the banking business was as follows:

	2020	**2019**
	k€	k€
Interest income from investment and management of cash collateral	27,523	30,616
Interest expenses from investment and management of cash collateral	-22,362	-19,163
Net income from the banking business	**5,161**	**11,453**

8. Other operating income

This item includes other operating income which is not considered as sales revenue. It includes, among others, gains from foreign currency differences. In addition, this item shows income from the revaluation of financial obligations and income from guarantee reimbursements

9. Volume-related costs

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

10. Staff costs

As at 31 December 2020, 764 members of staff were employed in EEX Group (2019: 681).

	2020	2019
	k€	k€
Wages and salaries	65,163	60,259
Social security contributions	13,205	12,101
Pension costs	3,900	3,730
Total	**82,268**	**76,089**

11. Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses were structured as follows:

	2020	2019
	k€	k€
Intangible assets	23,899	17,022
Property, plant and equipment	1,947	6,031
Total	**25,873**	**23,053**

12. Other operating expenses

The following expenses include costs for temporary employment, training initiatives and currency exchange losses.

	2020	2019
	k€	k€
System costs	42,903	37,255
Consulting	30,229	33,819
Office expenses	3,551	3,035
Marketing, events and travelling expenses	2,207	6,666
Insurances, contributions	1,242	1,016
Audit costs	828	1,117
Supervisory Board emoluments	536	415
Non-deductible input tax	940	1,121
Other expenses	4,874	3,922
	87,381	**88,366**

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

	2020	2019
	k€	k€
Year-end audit	707	719
Tax advisory services	9	9
Other auditing services	0	0
Others	0	72
Total	**716**	**800**

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

13. Financial result

The financial result has the following structure:

	2020	2019
	k€	k€
Interest and similar income	152	570
Interest expenditure	-683	-316
Dividends from investments	0	0
Compounding of provisions	-18	-37
Financial result	**-549**	**217**

Interest income and expenses that are not related to the banking business of the EEX Group and are therefore not part of the net income are recorded in the financial result. Interest income and expenses are recorded over the term of the respective financial instrument, taking into account the effective interest method. Interest income is recognized when it is sufficiently probable that the economic benefit from the business will flow to the company and the amount of the income can be reliably determined. Interest expenses are recognized as an expense in the period in which they are incurred.

14. Income from at-equity investments

The item contains the result from the update of the investment valuation of the companies Spark Commodities Pte. Ltd. and enermarket GmbH as well as SEEPEX, an associated company of EPEX.

15. Income tax expense

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

	2020	2019
	k€	k€
Current income taxes	33,004	31,403
Income taxes for previous periods	677	-672
Deferred income taxes	-3,716	-48
Total	**29,956**	**30,683**

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

Country	**Tax rate in per cent**
Denmark	22,000
Germany	31,925
France	31,000
Finland	20,000
Great Britain	17,000
Netherlands	25,000
Austria	25,000
Singapore	17,000
Czech Republic	19,000
USA	27,000

For the evaluation of deferred taxes, applicable tax rates are determined as those for which the deferred taxes will be realised.

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

The expected income tax expenses which would have resulted from the application of the tax rate of 31.925 per cent for Germany on the earnings before tax under IFRS are reconciled to the reported income taxes as follows:

	2020	2019
	k€	k€
Earnings before tax	**99,653**	**97,975**
Tax rate	31,925%	31.925%
Expected tax expenditure	**31,814**	**31,278**
Tax-free income	0	-1
Non-deductible operating expenses	527	37
Other permanent balance sheet differences	-361	126
Different tax rates	49	306
Changes in tax rates	-23	-102
Amendments/non-use of loss carry-forwards	-2500	130
Tax expenses/income for previous periods	677	-667
Non-domestic income and different non-domestic taxes	-69	-375
Others	-149	-50
Effective tax expenditure	**29,965**	**30,682**

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

	Deferred tax assets		Deferred tax liabilities	
	2020	2019	2020	2019
	k€	k€	k€	k€
Intangible assets	6,169	6,646	29,880	30,858
Property, plant and equipment	36	37	3,510	0
Other receivables	28	21	0	0
Loss carry-forwards	3,815	0	0	0
Non-current provisions	3,664	319	87	161
Current provisions	508	721	0	0
Current liabilities	1,083	643	0	0
Outside basis differences	0	0	0	0
Gross value	**15,303**	**8,387**	**33,477**	**31,019**
Offset	-3,380		-3,380	
Total	**11.923**	**8,387**	**30,097**	**31,019**

Deferred tax assets are recognised with regard to tax loss carry-forwards if their realisation appears sufficiently probable based on corporate planning calculations. Tax loss carry-forwards of EUR 17,721 thousands (2019: EUR 31,609 thousands) were not recognised. These loss carry-forwards are not restricted as to the date at which they may be used.

There are taxable temporary outside basis differences of EUR 7,398 thousands (2019: EUR 7,456 thousands), which were not shown as deferred tax liabilities in accordance with IAS 12.39.

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

	2020	2019
	k€	k€
Deferred tax assets		
which will be realised after more than 12 months	13,684	7,002
which will be realised within a period of 12 months	1,619	1,385
Total	**15,303**	**8,387**
Deferred tax liabilities		
which will be realised after more than 12 months	33,477	31,019
which will be realised within a period of 12 months	0	0
Total	**33,477**	**31,019**

16. Other comprehensive income

This item includes effects recorded directly in other comprehensive income from the conversion of financial statements of subsidiaries prepared in foreign currencies in the amount of EUR -13,329 thousands (2019: EUR 2,738 thousands) and from a hedge of a net investment in a foreign operation in the amount of EUR -3,943 thousands (2019: EUR 860 thousands).
In addition, actuarial losses from the revaluation of defined benefit pension plans in the amount of EUR -91 thousands (2019: EUR 327 thousands) were recorded in this item in the 2020 financial year.

With regard to currency conversion as at 31 December 2020, the following relevant exchange rates to the euro were used:

	Closing rate on 31/12/2020	Closing rate on 31/12/2019	Year average rate 2020	Year average rate 2019
SGD	1.6254	1.5090	1.5791	1.5256
GBP	0.8999	0.8537	0.8908	0.8767
CHF	1.0832	1.0857	1.0713	1.1112
USD	1.2300	1.1212	1,1477	1.1195
CZK	26.2698	25.4068	26.5249	25.6700
DKK	7.4403	7.4712	7.4534	7.4658
SEK	10.0659	10.4668	10.4907	10.5885
NOK	10.4873	9.8567	10.8001	9.8514

Notes on the consolidated statement of financial position

17. Goodwill and intangible assets

The goodwill and intangible assets developed as follows:

	Other intangible assets	Goodwill	Total
	k€	k€	k€
Costs of acquisition as at 31/12/2018	**269,031**	**159,066**	**428,097**
Change in the scope of consolidation	1,900	3,794	5,694
Additions	21,101		21,101
Disposals	-75		-75
Costs of acquisition as at 31/12/2019	**291,957**	**162,860**	**454,817**
Change in the scope of consolidation	1,105	1,556	2.661
Additions	13,432		13,432
Disposals	-2,326		-2,326
Costs of acquisition as at 31/12/2020	**304,168**	**164,416**	**468,584**
Depreciation/impairment as at 31/12/2018	**71,154**	**26,519**	**97,673**
Scheduled amortisation	13,821		13,821
Impairment	**0**		0
Disposal	**0**		0
Depreciation/impairment as at 31/12/2019	**84,975**	**26,519**	**111,494**
	23,683		23,683
	-44		-44
	-1,216		-1,216
Depreciation/impairment as at 31/12/2020	**107,398**	**26,519**	**113,917**
Currency differences	-4,698	-8,494	-13,192
Book value as at 31/12/2019	205,303	134,326	**339,629**
Book value as at 31/12/2020	192,072	129,403	**330,131**

Annual impairment test as of 30 September 2020

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

	Allocated book value	Growth rate	Discount rate
	k€	k€	k€
Power Spot	205,908	-1.00%	7.1%
Power Derivatives	113,809	-1.00%	7.1%
Natural Gas	52,598	1.00%	7.1%
Global Commodities	3,047	1.00%	7.1%
US Commodities	147,279	2.25%	8.3%
Registry Business	14,463	1,00%	7.1%
KB-Tech (entity view)	2,740	1.00%	7.1%

For current planning, a growth rate of -1 to +2 per cent was used. The rate of the weighted average cost of capital (WACC), which reflects the capital market's required rate of return for the provision of borrowed capital and equity for EEX, is used for the purpose of discounting cash flows. The rate used for the weighted average costs of capital for the calculation of the recoverable amount is 7.1 to 8.3 per cent depending on the segment.

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

Sensitivity of the planning assumptions

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

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

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

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

	Land and buildings	Leasehold improvements	Computer hardware, fixtures and furnishing	Total
	k€	k€	k€	k€
Costs of acquisition as at 31/12/2018	**0**	**3,668**	**13,997**	**17,665**
Starting Recording Right-of-use Assets according to IFRS 16 at 1 January 2019	18,343	0	394	18,738
Change in scope of consolidation	236			236
Additions	5,505	104	2,624	8,233
Disposals	0	-237	-409	-646
Costs of acquisition as at 31/12/2019	**24,084**	**3,535**	**16,606**	**44,225**
Change in scope of consolidation	115	0		115
Additions	12,216	315	1,949	13,381
Disposals	-236	0	-1,283	-1,520
Costs of acquisition as at 31/12/2020	**36,180**	**3,850**	**17,271**	**56,202**
Depreciation/impairment as at 31/12/2018	**0**	**1,858**	**9,595**	**11,453**
Scheduled depreciation	3,413	304	2,314	6,031
Disposals		-237	-405	-642
Depreciation/impairment as at 31/12/2019	**3,413**	**1,925**	**11,503**	**16,842**
Scheduled depreciation	3,822	317	1,907	6,046
Disposals	-39	-0	-250	-289
Depreciation/impairment as at 31/12/2020	**7,196**	**2,242**	**13,160**	**22,598**
Currency differences	-550	1	130	-419
Book value as at 31 December 2019	**20,712**	**1,615**	**5,220**	**27,547**
Book value as at 31 December 2020	**28,434**	**1,613**	**4,359**	**34,407**

Right-of-use assets

The usage rights developed as follows in the reporting period.

	Land and buildings	Leasehold improvements	Computer hardware, fixtures and furnishing	Total
	k€	k€	k€	k€
Costs of acquisition as at 31/12/2018	**0**	**0**	**0**	**0**
Starting Recording Right-of-use Assets according to IFRS 16 at 1 January 2019	18,343	0	394	18,738
Change in scope of consolidation	236			236
Additions	5,505	0	300	5,805
Disposals	0	0	0	0
Costs of acquisition as at 31/12/2019	**24,084**	**0**	**694**	**24,779**
Change in scope of consolidation	115	0		115
Additions	12,216	0	0	11,117
Disposals	-236	0	-21	-258
Costs of acquisition as at 31/12/2020	**36,180**	**0**	**673**	**35,753**
Depreciation/impairment as at 31/12/2018	**0**	**0**	**0**	**0**
Scheduled depreciation	3,413	0	145	3,558
Disposals		0	0	0
Depreciation/impairment as at 31/12/2019	**3,413**	**0**	**145**	**3,558**
Scheduled depreciation	3,822	0	250	4,071
Disposals	-39	0		-39
Depreciation/impairment as at 31/12/2020	**7,196**	**0**	**395**	**7,590**
Currency differences in previous years	41	0	0	41
Currency differences reporting year	-550	0	0	-550
Book value as at 31 December 2019	**20,712**	**0**	**549**	**21,261**
Book value as at 31 December 2020	**28,434**	**0**	**278**	**28,712**

The average lease term is 8.6 years.

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

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

		SEEPEX A.D.	enermarket GmbH	Spark Commodities Ltd.
Registered office		Serbia Belgrade	Germany Frankfurt	Singapore Singapore
Initial recognition in the balance sheet		2015	2018	2019
Share in capital as of 31/12/2019	%	12	40	25
Share in capital as of 31/12/ 2020	%	12	40	25
Nominal capital	k€	500	1,250	17,838
Inclusion		at equity	at equity	at equity

The book values developed as shown in the table below:

	Associates	Other equity investments
	k€	k€
Costs of acquisition as at 31/12/2018	**530**	**0**
Change in scope of consolidation	0	0
Addition	5,040	0
Disposal	0	0
Costs of acquisition as at 31/12/2019	**5,570**	**0**
Change in scope of consolidation	0	0
Addition	300	0
Disposal	0	0
Costs of acquisition as at 31/12/2020	**5,870**	**0**
Revaluation as at 31/12/2018	**-252**	**0**
Pay-out	0	
Result of at-equity valuation	-305	0
Impairment	0	
Disposal	0	0
Revaluation as at 31/12/2019	**-557**	**0**
Pay-out	0	
Result of at-equity valuation	-927	0
Impairment	0	
Disposal	0	0
Revaluation as at 31/12/2020	**-1,484**	**0**
Book value as at 31/12/2019	**5,013**	**0**
Book value as at 31/12/2020	**4,386**	**0**

20. Derivative financial instruments

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

On account of ECC's function as the central counterparty, accounts receivable and accounts payable are recorded on the asset side and on the liabilities side to the same amount of EUR 119,594 thousands (2019: EUR 31,177 thousands). Options with a total value of EUR 84,689 thousands included in this will mature within one year.

21. Trade receivables

	31/12/2020	31/12/2019
	k€	k€
Accounts receivable	504,458	250,242
Less specific individual bad debt allowance	-108	-91
Trade receivables	**504,350**	**250,151**

	2020	2019
Initial amount of the specific allowance as at 1 January	**91**	**198**
Change in scope of consolidation	0	0
Addition	25	0
Utilisation of allowance	0	-42
Reversal	-8	-65
Currency conversion	0	0
Final amount of the specific allowance as of 31 December	**108**	**91**

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

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

In the financial year under review for the first-time allowances for expected loan losses according to the simplified approach were recognised at the amount of EUR 108 thousands (2019: EUR 91 thousands).

22. Other assets and tax refund claims

	31/12/2020	31/12/2019
	k€	k€
Accounts receivable from Deutsche Börse AG regarding Cash Pooling	16,000	0
Accounts receivable from tax authorities regarding sales tax	9,115	1,983
Accruals for system changes	2,434	2,868
Accruals and deferrals	3,134	3,167
Tax refund claims	149	26
Other	6,888	5,120
Total	**37,720**	**13,160**

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

23. Restricted bank balances

The restricted bank balances of EUR 6,438,466 thousands (2019: EUR 4,289,221 thousands) concern in particular collaterals which have been paid by clearing members for the Spot and Derivatives Market in the form of cash collaterals. These are shown as a liability to the same amount.

This item also contains own contributions to the clearing fund by ECC AG in the amount of EUR 15 million and by Nodal Clear in the amount of USD 20 million (EUR 16.3 million).

24. Other cash and bank balances

As at the reporting date, the Group had cash and cash equivalents of EUR 214,959 thousands (2019: EUR 168,985 thousands).

25. Equity

The changes in the equity items are shown in the consolidated statement of changes in equity.
In the 2020 financial year, EUR 16,220 thousands were paid out to the shareholders of EEX.
The item non-controlling interest shows the shares of minority shareholders of EPEX Group, EEX CEGH Gas Exchange Services GmbH (PCG) (former PEGAS CEGH Gas Exchanges Services GmbH and Power Exchange Central Europe a.s. (PXE). The change compared with the previous year can be explained by the net profit of the current financial year minus dividend payments to non-controlling shareholders.

26. Non-current provisions

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

	Pension provisions	Other non-current provisions
	k€	k€
As at 31/12/2018	**-163**	**1.574**
Utilisation	0	-350
Reversal	0	-30
Compounding	29	8
Addition	212	940
Transfer	0	-737
Actuarial gains/losses	331	0
Change-in-plan assets	-46	0
As at 31/12/2019	**363**	**1,404**
Change of consolidation scope	0	0
Utilisation	0	-514
Reversal	0	0
Compounding	0	0
Addition	410	1,752
Transfer	0	0
Actuarial gains/losses	0	0
Change-in-plan assets	-23	0
As at 31/12/2020	**750**	**2,642**

There are provisions for pensions for a former employee in Germany and, in total, 170 employees in France. As of 31 December 2020, there were actuary reports under IFRS available stating a discount rate of 0.7 per cent (2019: 0.9 per cent).

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

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

27. Long-term liabilities

Long-term liabilities are outstanding purchase price payments from company acquisitions.

28. Current provisions

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

	2020	2019
	k€	k€
As of 01/01/	12,061	12,960
Change in scope of consolidation	0	0
Utilisation	-6,707	-11,300
Reversal	-1,046	-1,235
Addition	5,151	10,864
Transfer	0	737
Currency adjustment	0	35
As at 31/12/	**9,459**	**12,061**

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

29. Trade payables

As at the reporting date, there were trade payables in the amount of EUR 498,330 thousands (2019: EUR 246,960 thousands). As in the case of trade receivables, these trade payables primarily include high liabilities from Spot Market sales in power and gas on account of the reporting date.
There were no trade payables with a remaining term of more than one year as at 31 December 2020, as in the previous year.

30. Liabilities to associated companies

There were liabilities towards SEEPEX A.D. in the previous year. There were no liabilities towards associated companies in the year under review.

31. Cash deposits by trading participants

The amount of cash deposits by trading participants corresponds to the restricted bank balances. As at the balance sheet date, these amounted to EUR 6,438,466 thousands (2019: EUR 4,289,221 thousands).

	2020	2019
	k€	k€
EEX	328	328
ECC	5,964,828	3,794,686
Nodal	473,309	494,205
Total	**6,438,466**	**4,289,221**

32. Other current liabilities

Other current liabilities comprise the following items:

	2020	2019
	k€	k€
Liabilities to staff	6,531	6,482
Tax liabilities	2,995	1,593
Supervisory Board remuneration	270	246
Collaterals received	25,729	3,468
Other liabilities	2,858	3,452
Total	**38,382**	**15,240**

All other liabilities are short-term.

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

“Other liabilities” contain contingent purchase price payments that are recognised at fair value. In the current financial year, the probability of actual payments occurring was reassessed, which led to unrealised valuation losses of EUR 191 thousands (previous year: EUR 162 thousands valuation gains), which are reported under other operating expenses (previous year: other operating income). These purchase price payments are valued using DCF models, according to which expected future payment obligations are discounted on the valuation date, taking into account risk-adequate interest rates. In the previous year, this liability was reported under long-term liabilities.

Notes on the consolidated statement of cash flow

33. Notes on the consolidated statement of cash flows

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

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

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

	2020	2019
	k€	k€
Other cash and bank balances	214,959	168,985
Less liabilities to banks	8,382	0
Cash and cash equivalent	**206.577**	**168.985**

Cash flow from operating activities
Cash flow from operating activities is determined using the indirect method. In this process, the annual net profit in an amount of EUR 69,688 thousands is adjusted for non-cash expenses which amount to EUR -13,035 thousands in the reporting year.

This results in a cash flow from operating activities of EUR 82,723 thousands (2019: EUR 86,903 thousands).

Cash flow from investing activities
The cash flow from investing activities shows payments made for investments in fixed assets, less dividends received.
In the financial year 2020, it amounts to EUR -19,021 thousands (2019: EUR -37,652 thousands) and was characterised by payments for investments in intangible assets, especially in the IT infrastructure of the EEX Group, as well as investments in associated companies and investments in property, plant and equipment. The payments for the acquisition of shares in subsidiaries are also shown here and relate to the acquisition of KB Tech in the reporting year.

Cash flow from financing activities
In addition to distributions of profits to shareholders of EEX AG and non-controlling shareholders, cash flow from financing activities also includes inflow of funds from short-term financings. In 2020, it amounted to EUR -26,696 thousands (2019: EUR -57,920 thousands) mainly as a result of the capital increase in cash.

Other notes

34. Information about the geographic distribution of important figures

	Sales revenue 2020	Sales revenue 2019	Long-term assets 2020	Long-term assets 2019	Number of employees[10] 2020	Number of employees[10] 2019
	k€	k€	k€	k€		
Euro zone	297,845	282,476	209,978	215,088	687	615
Rest of Europe					1	1
America	19,075	20,358	157,081	164,975	87	84
Asia Pacific	3,227	1,378	877	440	13	12
Total regions/ group	**320,147**	**304,212**	**367,936**	**380,503**	**788**	**712**

[10] Total headcount

35. Classification of financial instruments as per IFRS 7

Asset as at 31/12/2019	Amortised acquisition costs		Fair value				Total	
Valuation category	Other accounts receivable		Financial assets recognised at fair value through profit or loss (FVTPL)					
			Trading (HFT)		Fair value option			
Classes of financial instruments	Book value	Fair value	Book value	Book value	Fair value	Book value	Book value	Fair value
Other equity investments	0	0					0	0
Derivative financial instruments			66,408	66,408			66,408	66,408
Trade receivables	250,151	250,151					250,151	250,151
Other assets	13,138	13,138					13,138	13,138
Tax refund claims	22	22					22	22
Accounts receivable from associates	0	0					0	0
Restricted bank balances	4,322,059	4,322,059					4,322,059	4,322,059
Other cash and bank balances	168,985	168,985					168,985	168,985
Total	4,754,356	4,754,356	66,408	66,408	0	0	4,820,764	4,820,764

Asset as at 31/12/2020	Amortised acquisition costs		Fair value				Total	
Valuation category	Other accounts receivable		Financial assets recognised at fair value through profit or loss (FVTPL)					
			Trading (HFT)		Fair value option			
Classes of financial instruments	Book value	Fair value	Book value	Book value	Fair value	Book value	Book value	Fair value
Other equity investments	0	0					0	0
Derivative financial instruments			201,194	201,194			201,194	201,194
Trade receivables	504,350	504,350					504,350	504,350
Other assets	37,571	37,571					37,571	37,571
Tax refund claims	149	149					149	149
Accounts receivable from associates	0	0					0	0
Restricted bank balances	6,469,726	6,469,726					6,469,726	6,469,726
Other cash and bank balances	214,959	214,959					214,959	214,959
Total	7,226,755	7,226,755	201,194	201,194	0	0	7,427,949	7,427,949

Liabilities as at 31/12/2019 Valuation category	Amortised acquisition costs Other liabilities		Fair value Financial assets recognised at fair value through profit or loss (FVTPL)				Total	
			Trading (HFT)		Fair value option			
Classes of financial instruments	Book value	Fair value	Book value	Book value	Fair value	Book value	Book value	Fair value
Non-current provisions	1,767	1,767					1,767	1,767
Derivative financial instruments			66,408	66,408			66,408	66,408
Non-current liabilities	300	300					300	300
Current provisions	12,061	12,061	0	0			12,061	12,061
Other bank loans and overdrafts	0	0					0	0
Trade payables	246,960	246,960					246,960	246,960
Liabilities to affiliated companies	4	4					4	4
Cash deposits by market participants	4,289,221	4,289,221					4,289,221	4,289,221
Leasing liabilities	21,533	21,533					21,533	21,533
Other current liabilities	15,240	15,240					15,240	15,240
Total	4,587,086	4,587,086	66,408	66,408	0	0	4,653,494	4,653,494

Liabilities as at 31/12/2020 Valuation category	Amortised acquisition costs Other liabilities		Fair value Financial assets recognised at fair value through profit or loss (FVTPL)				Total	
			Trading (HFT)		Fair value option			
Classes of financial instruments	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value
Non-current provisions	3,392	3,392					3,392	3,392
Derivative financial instruments			201,194	201,194			201,194	201,194
Non-current liabilities	150	150					150	150
Current provisions	9,459	9,459	0	0			9,459	9,459
Other bank loans and overdrafts	8,382	8,382					8,382	8,382
Trade payables	498,330	498,330					498,330	498,330
Liabilities to affiliated companies	0	0					0	0
Cash deposits by market participants	6,438,466	6,438,466					6,438,466	6,438,466
Other current liabilities	38,382	38,382					38,382	38,382
Total	6,996,561	6,996,561	201,194	201,194	0	0	7,197,755	7,197,755

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

Financial assets and liabilities which are recognised at fair value have to be assigned to the following three hierarchy levels:
Financial assets and liabilities have to be assigned to level 1 if there is an exchange price available for identical assets and debts on an active market.
Assets and liabilities are assigned to level 2 if the parameters which are used as the basis for the measurement of the fair value are derived either directly as prices or indirectly from observable prices.
Financial assets and liabilities are assigned to level 3 if the fair value is derived from non-observable parameters.

The balance sheet value of derivative financial instruments is measured at the price on the reporting date and, hence, has to be allocated to level 1 of the fair value hierarchy. The negative fair values of trading derivatives shown in the current provisions are allocated to level 2.

During the past reporting period, the valuation category “Loans and receivables” generated interest income of EUR 112 thousands (2019: EUR 522 thousands). Furthermore, no accounts receivable were impaired in the year under review (2019: EUR 8 thousands). For receivables in the amount of EUR 2,555 thousands (2019: EUR 1,893 thousands) allowances for expected losses according to the simplified approach under IFRS 9 were recognised.

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

	Consolidated notes	Daily 2020	Daily 2019	Not more than 1 year 2020	Not more than 1 year 2019	More than 1 year, not more than 5 years 2020	More than 1 year, not more than 5 years 2019	More than 5 years 2020	More than 5 years 2019
		k€	k€	k€	k€	k€	k€	k€	k€
Trade receivables: from associates, from companies in which participating interests are held and other current assets	[19-21]	414,300	208,733	127,621	54,557	0	0	0	0
Restricted bank balances	[22]	6,469,726	4,322,059	0	0	0	0	0	0
Other cash and bank balances	[23]	214,959	168,985	0	0	0	0	0	0
Non-derivative financial assets		**7,098,985**	**4,699,777**	**127,621**	**54,557**	**0**	**0**	**0**	**0**
Non-current liabilities	[30]					150	300	0	0
Other bank loans and overdrafts		8,382	0	0	0	0	0		
Trade payables: to associates, to companies in which participating interests are held, leasing liabilities and other current liabilities	[32], [34]	414,300	208,733	126,996	56,847	17,186	11,258	7,670	6,900
Cash deposits by market participants	[33]	6,438,466	4,289,221	0	0	0	0	0	0
Non-derivative financial liabilities		**6,861,148**	**4,497,953**	126,996	**56,847**	**17,336**	**11,558**	**7,670**	**6,900**
Financial assets and derivatives	[18]	0	0	137,297	59,828	63,897	6,580	0	0
Financial liabilities and derivatives	[18]	0	0	104,103	59,828	97,091	6,580	0	0

36. Financial risk and capital management

Organisational structure

In accordance with the requirements of Section 91 (2) AktG, the EEX Executive Board set up a monitoring system which detects developments that could threaten the continued existence of the company early on and addresses them accordingly.

Operational responsibility for designing the EEX Group's early risk warning system lies with the EEX Chief Financial Officer (CFO). The individual group companies are largely responsible for risk management themselves. For risks that require group coordination, the EEX Board of Directors specifies minimum standards for all group companies. Depending on their size, the individual companies have their own risk control unit that is responsible for reporting within the respective group company. Based on the risk reports of the individual risk control units, the group risk control function prepares a quarterly risk report for the EEX Group for the management board and the supervisory board. The Management Board is obliged to report to the Supervisory Board on an ad-hoc basis for material changes in the risk situation.

EEX Group uses the Value-at-Risk (VaR) approach to quantify all significant risks. The required economic capital (REC) is determined at a confidence level of 99.9 per cent and for a time window of twelve months.

The risk coverage potential in relation to the capital requirement essentially consists of the equity capital reported. For risk control, the EEX Group regularly determines the REC ratio in relation to the risk coverage potential, the so-called utilization of the available risk-bearing capacity.

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

The internal audit department uses independent audits to ensure that the risk control and risk management functions are appropriate.

Conceptual framework

The EEX Group's risk situation is determined by its business areas. On the one hand, the companies of the EEX Group operate electronic marketplaces for futures and spot transactions in various commodities. Due to the complex requirements for IT operations, including 24/7 trading for spot transactions in electricity and gas, operational risk is a dominant component in risk management alongside business risks. On the other hand, for the clearing houses of the EEX Group (ECC and Nodal Clear), due to their activities as central counterparties, the default risk of their clearing members is of great importance for risk management.

The EEX Group companies also operate in a technically increasingly demanding environment that is determined by regulatory requirements. This gives rise to both operational and business risks, as negative effects on the trading behaviour of market participants cannot be ruled out. In addition, there is an environment characterised by increased risks, with the low interest rate phase in combination with the macroeconomic effects of the Covid-19 pandemic increasing the risks for the stability of European financial institutions.

Risk Management

The EEX Group aligns its risk management with its business model and its corporate strategy. The aim of risk control is to ensure that risks are consciously controlled in accordance with the regulatory framework and do not jeopardise the continued existence of EEX Group. Corresponding minimum standards have been established for risk management. Strict risk limitation in customer business as part of clearing, ongoing controlling reports and profitability analyses of new projects or markets ensure an appropriate risk-to-return ratio.

The risk management system is integrated in all planning, controlling and reporting systems in the individual companies of the EEX Group as well as at group level. Internal auditing and the respective compliance departments of the individual companies are also an integral part of the risk management system. The basis for the risk management system is the systematic identification, evaluation, documentation and communication of risks. Corresponding principles, processes and responsibilities are regulated in group-wide guidelines.

Risks

In the year under review, EEX Group saw the main risks which, if they occur, could have relevant adverse effects on the group and its asset, financial and earnings position, in the risk types described below.

Counterparty risk

The counterparty default risk measures the risk that business partners cannot meet their contractual payment obligations or cannot meet them on time, and this leads to a loss for EEX Group. The main counterparty default risks occur with the clearing houses of the EEX Group (ECC and Nodal Clear).

Market price risk

Market price risks are understood to be unfavourable changes in the value of assets due to changes in valuation-relevant market parameters, such as stock exchange prices. According to the investment guideline, market price risks are to be largely avoided. Due to the generally balanced positions, there are no market price risks in the clearing business. The market price risks (mainly foreign currency risks) resulting from the rest of the business operations are managed as appropriate, for example by entering appropriate hedging transactions.

Liquidity risk

The liquidity risk describes the risk of the EEX Group not fulfilling its payment obligations at a contractually agreed time. Within the EEX Group, no significant deadline incongruences arise from the operative business. The financing requirements for current expenses and investments are identified and addressed as part of the medium-term planning at the level of the individual Group companies. Any unplanned financing gaps within the group companies are closed or avoided by maintaining liquidity reserves in accordance with the EEX Group's investment guidelines. The structural liquidity risk is monitored as part of the annual medium-term planning and ongoing liquidity management. The aim is to set the liquidity reserves and credit lines in such a way that liquidity is guaranteed in any case. The investment guideline requires that the group companies hold, at least, 25 per cent of their annual operating expenses in cash and allow the investment of free liquidity reserves only with counterparties with good credit ratings and within approved limits. In addition, the maximum term is limited in such a way that sufficient liquidity is guaranteed for short-term needs.

There is basically no market liquidity risk at EEX Group, as EEX Group does not have an investment portfolio with securities.

Operational risk

Operational risks are potential damage caused by disruptions in the IT systems used, inadequate design of internal processes, errors by employees, errors or failure of external service providers, and damage from project risks. Due to the high level of automation in the processing of business transactions with a large number of transactions at the same time, the main operational risks of the EEX Group result from disruptions in the IT systems used. Since essential components of these systems are operated by external service providers, errors and the failure of external service providers are also a major source of risk. The control of these availability risks is supported by business continuity management. This includes a standardised business impact analysis based on a process map, requirements for storage, documentation and tests for business-critical processes identified from them, as well as corresponding reporting. This also includes the unavailability of IT systems and technical infrastructure as well as the loss of employees in core functions, for example due to pandemic-based events such as the most recent Covid-19 pandemic. The situation is handled on the basis of the incident and crisis management process of the EEX Group. Precautionary measures are coordinated centrally to ensure the continuity of business-critical processes as well as the health and safety of employees. The back-up locations are tested regularly, and remote access is also available.
A significant legal risk consists in enforcing the legal regulations of the group companies (essentially the trading and clearing conditions) in the relevant jurisdictions. The risk is reduced through the use of standard rules in connection with standardised contract forms. The enforceability of these standard regulations is regularly checked by internal and external reports.

Compliance risk

The EEX Group is exposed to potential compliance risks, especially in the area of sales tax fraud, damage to trust from unauthorised publication of information, non-compliance with legal and regulatory requirements and abuse through money laundering or terrorist financing. Furthermore, it must be ensured that no transactions are carried out with natural or legal persons listed on relevant sanction lists. In order to identify possible risks, control functions (e.g. compliance, money laundering officer, data protection, information security) have been set up at the relevant points in the individual group companies.

As a member of the Deutsche Börse Group, the EEX Group is integrated into the group-wide data protection organisation. Information security measures are also monitored in individual companies of the EEX Group such as ECC and Nodal Clear by information security officers or cyber security managers.

Business risk

Business risk encompasses the medium to long-term consequences of new competitors, technical changes or a change in the product landscape that have a negative impact on the earnings situation. These risks are monitored by evaluating information on competitors, customers, products, and markets. Furthermore, the effects on earnings on the EEX Group are examined within the framework of scenario calculations. These scenario calculations form the basis for calculating the required economic capital.

Concentration risk

In addition to the management of individual risks, the monitoring and control of concentration risks is an essential part of ensuring the stability of the EEX Group's clearing houses. The term concentration risk is understood to mean potential losses that can result, for example, from the concentration of contracts in individual portfolios at the level of trading participants or clearing members due to insufficient diversification with regard to the accepted collateral or the business partners.

Concentrations with regard to counterparty risks and liquidity risks can arise in the actual clearing business as well as in the non-cleared business. Concentrations with regard to operational risks are controlled as part of the stress test observation. With regard to outsourcing, concentrations of several outsourcing to one service provider are taken into account in the outsourcing risk. Concentrations in relation to credit risks are controlled by means of limits.

There are also the following additional risks:

- Risk of new or tightened regulation in the financial sector
- EU financial market guideline MiFID II
- Financial transaction tax and digital tax
- EU benchmark regulation
- Regulation for central counterparties
- Regulation of financial market institutions in Germany
- Influence of energy market legislation and regulation
- Legal framework for renewable energies
- Regulation for capacity allocation and congestion management (CACM)
- Ongoing discussion on the configuration of European electricity bidding zones
- The reform of the ARENH mechanism in France
- Further development of the gas market and hydrogen as a new commodity
- Climate protection is moving more into focus

Brexit

The exit of the United Kingdom from the European Union results in a large number of risks for the EEX Group. These are due, for example, to potential differences between EU and UK regulation. These can lead to regulatory arbitrage in relation to UK based competitors. Due to the many years of preparatory work for a possible no-deal scenario, the EEX markets were prepared for the end of the transition phase on 31 December 2020. It remains to be seen to what extent the United Kingdom and the

European Union will cooperate or compete with one another in the future. This will have an immediate impact on the regulatory environment.

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

37. Information on regulatory capital requirements and own funds

ECC

Since being approved as a central counterparty in 2014, European Commodity Clearing AG has been subject to the capital requirements under Article 16 EMIR. Regardless of its classification as a special credit institution under German law, European Commodity Clearing AG is only subject to the capital requirements under EMIR.
The equity requirements for credit risks of European Commodity Clearing AG are relatively stable throughout the year despite the volatile total assets due to the high level of secured or zero-weighted financial investments.
The basic indicator approach is used at European Commodity Clearing AG to calculate operational risk.
The capital adequacy of European Commodity Clearing AG is currently well above the regulatory requirement. As of the balance sheet date, the balance sheet equity can be used in full to cover the risks under Article 16 EMIR, as these are available in liquid form. The own contribution to the European Commodity Clearing AG default fund remained constant at € 15.0 million and, thus, it was above the minimum regulatory requirement.

	2020	**2019**
	million €	million €
Capital requirement for operational, credit and market price risk	28.8	25.2
Other EMIR capital requirements	56.1	41.9
Sum of EMIR capital requirements according to Article 16 EMIR	**84.9**	**67.1**
Equity	131.9	118.9
EMIR-deductible items	0.0	0.0
Own contribution to the default fund	–15.0	–15.0
EMIR equity	**116.9**	**103.9**

Nodal Clear

Nodal Clear, LLC is a Derivatives Clearing Organization (DCO) regulated by the US Commodity Futures Trading Commission (CFTC).

According to Section 39.11 of the Code for Federal Regulation (CFR), Nodal Clear, LLC must have sufficient financial resources to cover ongoing costs over a period of twelve months, with highly liquid assets having to cover ongoing costs for at least six months. The minimum regulatory requirements were met throughout the financial year.

	Capital requirements		**Regulatory capital**		**Capital coverage rate**	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**
	million €	million €	million €	million €	million €	million €
Nodal Clear, LLC	**24.5**	**24.5**	**31.9**	**31.1**	**130.0**	**127.0**

38. Other financial liabilities and contingent liabilities

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

31/12/2019

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

31/12/2020

Leased item	Up to 1 year	1 to 5 years	More than 5 years
	k€	k€	k€
Systems/maintenance/infrastructure	13,255	4,079	0
Rent	39	0	0
Motor vehicles	0	0	0
Others	3,232	1,216	0
Total	**16,526**	**5,296**	**0**

39. Corporate Institutions

Management Board

Peter Reitz (Chief Executive Officer), Leipzig, Germany

Steffen Köhler, Oberursel, Germany – Chief Operating Officer/ Managing Director Exchange

Dr Tobias Paulun, Leipzig, Germany – Chief Strategy Officer

Jens Rick, Oberursel – Chief Information Officer

Anja Kiessling, Bad Lausick, Germany – Chief Financial Officer

Supervisory Board

Dr Thomas Book (Chairman)
Member of the Executive Board, Deutsche Börse AG, Frankfurt/Main, Germany

Burkhard Jung (Vice Chairman)
Mayor of the city of Leipzig, Leipzig

Hans E. Schweickardt (Vice Chairman)
Vice Chairman of the Supervisory Board, Polenergia SA, Warsaw, Poland

Jürg Spillmann (Vice Chairman)
Member of the Executive Board, Eurex Global Derivatives AG, Zug, Switzerland

Dr Dirk Biermann
Managing Director, 50Hertz Transmission GmbH, Berlin, Germany

Heike Eckert
Member of the Executive Board, Deutsche Börse AG, Frankfurt/Main, Germany

Dr Nigel Hawkins
Head of European Affairs and Studies of Elettricita Futura, Enel Global Trading S.p.A., Rom, Italy

Peter Heydecker
Executive Director Trading, EnBW Energie Baden-Württemberg AG, Karlsruhe, Germany

Dr Karin Labitzke
Retired, former division manager at UniCredit Bank AG, Gauting, Germany

Xavier Lafontaine
Head of Market Economics Électricité de France SA, Paris, France

Michael Lockett
Chief Commercial Officer - Power, Uniper Global Commodities SE, Düsseldorf, Germany

Dr Hartmut Mangold
Secretary of State, Saxon State Ministry for Economic Affairs, Labour and Transport, Dresden, Germany

Katja Mayer
Managing Partner, KM Networks GmbH, Hofheim, Germany

Prof. Harald R. Pfab
Managing Director, HHP Beratung GmbH, Fronreute, Germany

Andreas Preuß
retired, former Deputy Chief Executive Officer, Deutsche Börse AG, Beaconsfield, Great Britain

Dr Michael Redanz
Managing Director, EWE Trading GmbH, Bremen, Germany

Uwe Schweickert
Managing Director of Market Operations & Executive Office, Deutsche Börse AG, Eschborn, Germany

Vincent van Lith
European Head of Energy, ABN AMRO Bank N.V. Frankfurt Branch, Frankfurt/Main, Germany

40. Relations with related parties and companies

According to IAS 24, those persons and companies, who or which control the Group or exercise significant influence over it or who or which are controlled by the Group or over which the Group exercises significant influence, are considered related parties and companies.
Accordingly, members of the Management Board and the Supervisory Board, shareholders holding an interest of more than 20 per cent as well as the subsidiaries, associates and joint ventures are defined as related parties and companies.
Business transactions with related companies and parties are concluded according to the arm's length principle.

Relations with related persons

Managing Board:
In the financial year 2020, the fixed and variable remuneration of the Managing Board amounts to EUR 5,753 thousands, which includes EUR 552 thousands for pension expenses.

Supervisory Board:
The members of the Supervisory Board of EEX received remunerations of EUR 270 thousands for their work during the financial year. The payment will be made in 2021.

Relations with related companies

As of December 31, 2020, Deutsche Börse AG, Eschborn, held a total of 75.05 per cent of the shares in EEX.

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

	2020	2019
	k€	k€
Deutsche Börse Group		
EEX Group as the recipient of services		
- Provision of trading system & IT infrastructure	16,156	10,859
- Provision of services	1,471	4,730
- Financial services	0	48
EEX Group as the provider of services		
- Provision of market data	-740	-712
Receivable as of 31 December	0	391
Financial receivable as of 31 December		24,884
Liability as of 31 December	0	9,418
Financial liability as of 31 December		0

Relations with unconsolidated companies, associates and joint ventures

	2020	2019
	k€	k€
SEEPEX A.D.		
EEX Group as the provider of services		
- Provision of services	-343	-320
EEX Group as the receiver of services		
- Provision of services	18	42
Receivable as at 31 December	0	0
Liability as at 31 December	0	-4

Business with associated parties was done under certain conditions, which are corresponding to market conditions of third parties.

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

Company	Headquarter	Share in capital directly (indirectly) 31/12/2020
Fully consolidated subsidiaries		
EEX Asia Pte. Ltd.	Singapore	100%
EEX Link GmbH	Germany	100%
EPEX Netherlands BV	Netherlands	(51%)
EPEX SPOT Schweiz AG	Switzerland	(51%)
EPEX SPOT SE	France	51%
European Commodity Clearing AG	Germany	100%
European Commodity Clearing Luxembourg S.à.r.l.	Luxemburg	(100%)
Grexel Systems Oy	Finland	100%
KB Tech Ltd.	Great Britain	100%
Nodal Exchange Holdings, LLC	USA	100%
Nodal Exchange, LLC	USA	(100%)
Nodal Clear, LLC	USA	(100%)
EEX CEGH Gas Exchange Services GmbH*	Austria	51%
Power Exchange Central Europe, a.s.	Czech Republic	66.67%
Joint venture and associates accounted at equity		
SEEPEX AD	Serbia	(12%)
enermarket GmbH	Germany	40%
Spark Commodities Ltd.	Singapore	25%

*former PEGAS CEGH Gas Exchange Services Ltd.

42. Significant events after the reporting date

The outbreak of the SARS-CoV-2 pandemic in 2020 is not expected to have any significant impact on the annual financial statements and the business activities of the EEX Group in 2021.

There were no significant events after the reporting date.

Leipzig, 2 March 2021

Peter Reitz

Chief Executive Officer (CEO)

Steffen Köhler

Chief Operating Officer (COO)

Dr. Dr. Tobias Paulun

Chief Strategy Officer (CSO)

Jens Rick

Chief Information Officer (CIO)

Anja Kiessling

Chief Financial Officer (CFO)

Independent Auditor's Report

To European Energy Exchange AG, Leipzig

Opinions

We have audited the consolidated financial statements of European Energy Exchange AG, Leipzig, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1 January to 31 December 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the combined management report of European Energy Exchange AG for the financial year from 1 January to 31 December 2020.

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

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315e (1) HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 December 2020, and of its financial performance for the financial year from 1 January to 31 December 2020, and
- the accompanying combined management report as a whole provides an appropriate view of the Group's position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

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

Basis for the Opinions

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

Other Information

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

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

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

– is materially inconsistent with the consolidated financial statements, with the combined management report information audited for content or our knowledge obtained in the audit, or

– otherwise appears to be materially misstated.

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

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

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

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

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

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

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

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

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

– Identify and assess the risks of material misstatement of the consolidated financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

– Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.

– Evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.

– Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

– Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.
- Evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by management in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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

Frankfurt am Main, 4 March 2021

KPMG AG

Wirtschaftsprüfungsgesellschaft

[Original German version signed by:]

Pfeiffer	**Nebelung**
Wirtschaftsprüfer	Wirtschaftsprüferin
[German Public Auditor]	[German Public Auditor]

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