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Detecon International GmbH

Cologne

Annual financial statements for the financial year from January 1st, 2019 to December 31st, 2019

District Court of Cologne, HRB 76144

INDEPENDENT AUDITOR'S REPORT

To Detecon International GmbH, Cologne

audit opinions

We have the annual financial statements of Detecon International GmbH, Cologne, - consisting of the balance sheet as of December 31, 2019 and the income statement for the fiscal year from January 1 to December 31, 2019 and the notes, including the presentation of the accounting - and evaluation methods - checked. In addition, we have audited the management report of Detecon International GmbH for the fiscal year from January 1 to December 31, 2019. In accordance with the German statutory provisions, we have not checked the content of the declaration on corporate governance in accordance with Section 289f (4) HGB (information on the proportion of women).

According to our assessment based on the knowledge gained during the audit

The attached annual financial statements comply in all material respects with German commercial law regulations and, in compliance with German generally accepted accounting principles, provide a true and fair view of the company's net assets and financial position as of December 31, 2019 and its results of operations for the financial year from January 1 to as of December 31, 2019 and the attached management report as a whole provides a suitable view of the company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

In accordance with § 322 Para. 3 Sentence 1 HGB, we declare that our audit has not led to any objections to the regularity of the annual financial statements and the management report.

Basis for the test results

We conducted our audit of the annual financial statements and the management report in accordance with Section 317 of the German Commercial Code, taking into account the German generally accepted auditing principles established by the Institute of Public Auditors in Germany (IDW). Our responsibilities under these regulations and principles are further described in the "Auditor's responsibility for the audit of the annual financial statements and management report" section of our auditor's report. We are independent of the company in accordance with the requirements of German commercial and professional law and have our other German professional responsibilities in compliance with these requirements. We believe that

Other Information

The legal representatives are responsible for the other information. The other information includes the declaration on corporate governance in accordance with Section 289f (4) HGB (information on the proportion of women).

Our opinions on the annual financial statements and on the 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, we have a responsibility to read the other information and, in doing so, to evaluate whether the other information

- exhibit material discrepancies with the annual financial statements, the management report or our knowledge obtained in the audit, or
- otherwise appear materially misrepresented.

Responsibility of the legal representatives and the supervisory board for the annual financial statements and the management report

The legal representatives are responsible for the preparation of the annual financial statements, which comply with the German commercial law provisions in all material respects, and for the fact that the annual financial statements, in compliance with the German principles of proper accounting, give a true and fair view of the net assets, financial position and results of operations of the society conveys. Furthermore, the legal representatives are responsible for the internal controls which they have determined, in accordance with the German principles of proper accounting, to be necessary in order to enable the preparation of annual financial statements that are free from material - intentional or unintentional - misstatements.

In preparing the annual financial statements, the legal representatives are responsible for assessing the company'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, provided no actual or legal circumstances conflict therewith.

In addition, the legal representatives are responsible for preparing the management report, which as a whole provides a suitable view of the company's position and is consistent with the annual financial statements in all material respects, complies with German legal requirements and suitably presents the opportunities and risks of future development. Furthermore, the legal representatives are responsible for the precautions and measures (systems) they have deemed necessary to enable the preparation of a management report in accordance with the applicable German legal provisions and to provide sufficient suitable evidence for the statements in the management report can.

The Supervisory Board is responsible for monitoring the company's accounting process for the preparation of the annual financial statements and the management report.

Auditor's responsibility for the audit of the annual financial statements and the management report

Our objective is to obtain reasonable assurance as to whether the annual financial statements as a whole are free from material - intentional or unintentional - misstatements and whether the management report as a whole provides a suitable view of the company's position and, in all material respects, with the annual financial statements and is consistent with the findings obtained in the audit, complies with German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report which contains our audit opinions on the annual financial statements and on the management report.

Adequate assurance is a high level of assurance, but is no guarantee that an audit conducted in accordance with Section 317 of the German Commercial Code, taking into account the German principles of proper auditing established by the Institut der Wirtschaftsprüfer (IDW) will always uncover a material misstatement. Misstatements may 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 made on the basis of these financial statements and management report.

During the audit, we exercise professional judgment and maintain a critical attitude. Over and beyond

- We identify and assess the risks of material - intentional or unintentional - misstatements in the annual financial statements and in the management report, plan and perform audit procedures in response to these risks, and obtain audit evidence that is sufficient and appropriate to serve as a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is greater than that arising from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- We gain an understanding of the internal control system relevant to the audit of the annual financial statements and the precautions and measures relevant to the audit of the management report to plan audit procedures that are appropriate in the given circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems of the company to deliver.
- We evaluate the appropriateness of the accounting methods used by the legal representatives and the justifiability of the estimated values presented by the legal representatives and the 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 cast significant doubt on the Company's ability to continue as a going concern can. If we conclude that there is a material uncertainty, we are required to draw attention to the related disclosures in the financial statements and management report in the auditor's report or, if such disclosures are inappropriate, to modify our respective audit opinion. We base our conclusions on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- We evaluate the overall presentation, the structure and the content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in such a way that the annual financial statements, in compliance with the German principles of proper accounting, give a true and fair view of the assets, financial and earnings situation of the company.

- We assess the consistency of the management report with the annual financial statements, its compliance with the law and the view it conveys of the company's situation.
- we perform audit procedures on the future-oriented information presented by the legal representatives in the management report. On the basis of sufficient appropriate audit evidence, we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not provide a separate audit opinion on the future-oriented information and the underlying assumptions. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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

Dusseldorf, April 3, 2020

PricewaterhouseCoopers GmbH
auditing company

Erik Hönig, auditor

ppa. Melanie Zünkler, auditor

MANAGEMENT REPORT FOR 2019

I. CORPORATE STRUCTURE

Detecon International GmbH (hereinafter Detecon) expands the value chain of Deutsche Telekom AG with its strategy and management consulting. As a subsidiary of T-Systems International GmbH, Detecon combines classic consulting with technological expertise. Advice in the ICT environment (Information and Communication Technology) ensures holistic advice for clients on the path to digital transformation.

In addition to classic telecommunications clients and their supplier industry, Detecon advises industrial customers from the automotive, manufacturing, pharmaceuticals & health sectors as well as services clients from the IT service provider, consumer, energy, financial services, public, retail and travel & transport sectors.

Internationally, Detecon is partially represented by subsidiaries in the regions of southern and eastern Europe, the USA, the Middle East, Africa, Asia Pacific and China.

The German-speaking area is also looked after by companies in Austria and Switzerland. As of the balance sheet date, office locations were maintained in the following German cities in addition to the headquarters in Cologne: Berlin, Dresden, Frankfurt, Munich and Stuttgart.

II. ECONOMIC REPORT

II. 1 MACROECONOMIC AND SECTOR-SPECIFIC ENVIRONMENT

The global economy grew by 2.9% in the year under review - the lowest growth rate since the sovereign debt crisis. In the previous year, the growth rate was still 3.6%. Growth also weakened in Detecon's core markets, but remained positive. The US economy grew by 2.3% in the year under review (previous year: 2.9%). In its forecast, the International Monetary Fund (IMF) assumes that the gross domestic product (GDP) in the emerging markets will increase by 3.9% in 2019 (previous year: 4.5%) and in the industrialized countries by 3.0% (previous year: 3.6%) has grown.

In Deutschland erhöhte sich das BIP gegenüber Vorjahr um 0,6% (Vorjahr: 1,5%). Deutschlands exportabhängige Wirtschaft hat unter der Verlangsamung des Welthandels gelitten. Während die Industrieproduktion rückläufig war, blieb die Inlandsnachfrage jedoch stabil - die privaten Konsumausgaben konnten die binnenwirtschaftliche Entwicklung stützen. Die Arbeitslosenquote lag 2019 bei 5,0% (Vorjahr: 5,2%) im Jahresdurchschnitt; die Beschäftigung in Deutschland liegt damit weiterhin auf sehr hohem Niveau. Im europäischen Vergleich, EU: 1,2% (Vorjahr: 1,9%), wuchs die deutsche Wirtschaft 2019 deutlich unter EU-Durchschnitt. Die US-Wirtschaft wuchs im Berichtsjahr um 2,3% (Vorjahr: 2,9%), der Arbeitsmarkt war über das Jahr in guter Verfassung.

Die wirtschaftliche Entwicklung im Mittleren Osten und Nordafrika („MENA“) wird weiter maßgeblich vom Ölpreis und von politischen Rahmenbedingungen bestimmt. Beide Faktoren sind weiterhin volatil. Eines der Detecon-Kernländer Saudi-Arabien hatte trotz Milliarden-Investitionen in die Infrastruktur nach Einschätzung der OECD ein Wirtschaftswachstum von 0% (Vorjahr: 2,2%). Zudem bleiben unveränderte Risiken, wie etwa das Iran-Embargo, die Entwicklungen in Syrien, Libyen und Jemen.

In der Region Zentral- und Südafrika befindet sich Südafrika in einer andauernden wirtschaftlichen Schwächephase. Im Jahr 2019 wuchs das Bruttoinlandsprodukt (BIP) nach Schätzungen um 0,7% (Vorjahr: 0,8%). Die strukturellen Schwächen, hohe Staatsverschuldung und politischen Unsicherheiten bleiben unverändert und belasten weitere Länder in der Region.

Wir leben in einer Phase der Unsicherheit; nach fast einem Jahrzehnt des allgemeinen Wachstums sind viele Regionen auf der ganzen Welt insbesondere dort, wo Detecon tätig ist - mit politischen, wirtschaftlichen, sozialen und ökologischen Risiken konfrontiert. All dies geschieht, während wir uns inmitten einer technologischen Revolution befinden. Unsere Welt verändert sich und wir interagieren mit ihr in einer Geschwindigkeit und Größe, die noch nie zuvor erlebt wurde.

Diese Revolution wird im Wesentlichen durch ein explosionsartiges Wachstum bei intelligenten Geräten, dem „Internet der Dinge“, getrieben. Diese kommunizieren untereinander über immer schnellere Netzwerke, greifen auf massive Rechenfähigkeiten der Cloud zu (und edge by extension), erzeugen Petabyte an Daten, die mit künstlicher Intelligenz hochautomatisiert verarbeitet und analysiert werden. Unternehmen, die diese Ökosysteme kontrollieren, sind in Bezug auf Attraktivität und Rentabilität an die Spitze gestiegen. Diejenigen Unternehmen, die gelernt haben, diese Vermögenswerte zu nutzen, haben ihre Konkurrenten übertroffen. In einigen Fällen

konnten sich Neueinsteiger, die diese "digitalen" Fähigkeiten von Beginn an einbinden, erfolgreich in einer bestehenden Branche etablieren und diese aufwerten.

Der Zielmarkt der Detecon, die Management- und Technologieberatung im nationalen und internationalen ICT-Umfeld, ist 2019 weiter gewachsen. Vorläufige Prognosen erwarten für das Gesamtjahr eine Steigerung des deutschen Beratungsmarktes im Umsatz von durchschnittlich 5,7% (Vorjahr: 7,3%). Der limitierende Faktor für weiteres Wachstum ist nach BDU-Einschätzung vor allem die Gewinnung von erfahrenen Mitarbeitern und High Potentials gewesen.

II. 2 GESCHÄFTSVERLAUF DER DETECON INTERNATIONAL GMBH

Detecon konnte die positive Entwicklung des Vorjahres außerhalb des Konzerns Deutsche Telekom AG (DTAG) fortsetzen und das Geschäft insbesondere mit Industrie und Services Kunden in Deutschland und in der internationalen Telko-Branche ausbauen. Das Umsatzvolumen im DTAG-Konzern war auch 2019 deutlich rückläufig und damit geringer als prognostiziert, so dass insgesamt ein gegenüber Vorjahr rückläufiges Geschäftsvolumen erreicht wurde.

Bei der Detecon International GmbH veränderten sich die Umsatzerlöse um -4,2% auf 121,5 Mio. €, angetrieben durch ein deutliches Wachstum der Auslandsumsätze von 19,9%, wobei die Region Asien Pazifik („APAC“) durch ein Großprojekt in Brunei der wesentliche Umsatztreiber war. Die Regionen mittleres und südliches Afrika („CASA“) (+70,1 %) und Europa (+12,1 %) entwickelten sich positiv, die Region Mittlerer Osten und Nordafrika (-61,3%) und Nordamerika (-38,3%) schrumpften. Die Umsätze mit Industrie- und Services-Kunden im Inland wuchsen in Summe um 14,2%, wobei sich die einzelnen Branchen unterschiedlich entwickelten. Das Geschäft mit Kunden innerhalb des DTAG Konzerns verringerte sich deutlich (-36,8%).

Besonders positiv entwickelte sich das Direktgeschäft mit internationalen Kunden außerhalb der Deutschen Telekom AG (+19,9%), aber auch der Channel-Vertrieb über T-Systems und T-Deutschland mit Kunden außerhalb des DTAG Konzerns verlief mit einem Umsatz-Plus von 37% sehr positiv, nur das Geschäft innerhalb der Deutschen Telekom AG war stark rückläufig.

Der Bestand an unfertigen Leistungen erhöhte sich insgesamt um € 3,0 Mio. Die Bestandserhöhung resultiert im Wesentlichen aus Projekten der Regionen MENA und Amerika.

The incoming orders of Detecon International GmbH increased compared to the previous year to a total of € 138.6 million (+ 8%) due to the increased external business with a simultaneous decline in the Deutsche Telekom AG group. Incoming orders with service recipients within DTAG fell by 28.8%, the Industries & Services divisions grew by 30.7% and International Telco increased by 44.2%. The topics "strategy, innovation and products" accounted for 22.8% (previous year: 28.4%) of the incoming orders, the focus "processes, transformation and organization" reached 13.5% (previous year: 12.4%) and on the topics "Enterprise architecture and IT efficiency" accounted for 20.3% (previous year: 16.5%).

Price competition continued at home and abroad, and longer sales cycles are to be expected abroad. Detecon's brand positioning with a focus on industry & services customers and in the international telecommunications industry was also strengthened in 2019 through organizational and sales measures, and the personnel and management structure was changed in some cases.

On the one hand, the implementation of the "Detecon Target Operating Model" introduced in the previous year, which is based on a global management and organizational structure, is supported equally by industries, functions and regions.

On the other hand, Detecon expanded the competence of the holistic implementation of the digitization concepts in association with Digital Solutions units within T-Systems International GmbH. Together with its partners, Detecon is developing into an integrated provider in the field of digital strategy and transformation services.

The innovation and efficiency measures initiated in the previous year were continued in order to achieve the targeted external growth. The following key measures were taken in the 2019 financial year:

- Implementation of the cooperation agreement concluded at the end of 2018 between the Detecon companies, T-Systems Multimedia Solutions GmbH and the "Digital Solutions" portfolio unit within T-Systems International GmbH.
- Alignment of the target systems of Detecon, the units of the portfolio unit "Digital Solutions" and the sales units of T-Systems International GmbH towards stronger cooperation.
- Adjustment of the target and career system based on performance indicators in order to accelerate the transformation of Detecon in the industry and functional practices
- Parallel to the decline in DTAG sales, reduction in external delivery services, focus on utilization management to improve productivity and other personnel measures to ensure corporate profitability
- Global resource management and focused recruiting to close skill gaps
- Socially acceptable measures to reduce overhead functions based on company regulations on partial retirement and individual exit agreements, refraining from filling positions

The structural changes in the business and the organizational measures led to a reduction in the operating result in 2019 from €7.6 million in the previous year to €-1.0 million. The previous year's forecast still assumed an improvement in the operating result. The company posted a net loss for the year of €3.5 million (previous year: net income for the year of €4.0 million). The financial result in 2019 was affected by a missing distribution from Detecon Al Saudia Co. Ltd. in Saudi Arabia (previous year: € 1.1 million) and reached € -1.2 million (previous year: € -0.5 million). The income tax expense, which was €1.8 million lower than in the previous year, resulted primarily from domestic and foreign tax income from previous years.

Other significant events of the financial year to be mentioned are:

- Resignation of the CEO Dr. Heinrich Arnold on January 31, 2019 and entry of the new CEO Ralf Pichler on August 1, 2019. He manages Detecon together with the CFO Sven Erdmann.

- Granting a waiver of claims against the subsidiary Detecon Inc., San Francisco, CA, which has established itself as the Detecon Innovation Institute and is increasingly doing business in Silicon Valley.

III. ASSETS, FINANCIAL AND RESULTS OF OPERATIONS

III. 1 FINANCIAL POSITION

	12/31/2019	12/31/2018	change	
	k€	k€	k€	%
Capital assets	11,811	4,289	7,522	175.4%
current assets	56,818	69,002	-12,184	-17.7%
prepaid expenses	366	624	-258	-41.3%
Active difference from asset allocation	394	525	-131	-25.0%
Total assets	69,389	74,440	-5,051	-6.8%
Equity capital	24,023	31,555	-7,532	-23.9%
accruals	39,091	36,123	2,968	8.2%
liabilities	6,275	6,762	-487	-7.2%
Balance sheet liabilities	69,389	74,440	-5,051	-6.8%

The balance sheet total decreased by €5.1 million to €69.4 million in the reporting period.

On the assets side, the lower balance sheet total results in particular from a decrease in current assets by €12.2 million. On the one hand, the inventory of work in progress from international projects increased by €3.0 million to €8.4 million. There was also an increase in external trade receivables (€ +0.8 million). This development follows the course of business in 2019 with significantly increasing external sales.

Die Forderungen aus Lieferungen und Leistungen gegen verbundene Unternehmen verringerten sich dagegen um € 3,1 Mio. auf € 10,8 Mio., was der Geschäftsentwicklung mit einem insgesamt rückläufigen Konzerngeschäft innerhalb der Deutschen Telekom folgte.

Das Guthaben auf den Intercompany-Konten bei der Deutschen Telekom AG im Rahmen des Cash Poolings hat sich um € 12,1 Mio. verringert. Ursächlich für den Rückgang der Liquidität war der Erwerb von Preference Shares an der Gesellschaft Unified National Networks Sdn Bhd, Brunei, in Höhe von € 8,0 Mio. im Rahmen eines Großprojektes. Zudem wurde der Jahresüberschuss 2018 in Höhe von € 4,0 Mio. an den Gesellschafter ausgeschüttet.

Der Bestand an Kassenmitteln und Guthaben bei Kreditinstituten verringerte sich um € 1,0 Mio. auf € 2,9 Mio. und betraf im Wesentlichen niedrigere Bankguthaben im Ausland.

Der Erwerb der Preference Shares an der Unified National Networks Sdn Bhd, Brunei, wurde als sonstige Ausleihung in Höhe von €8,0 Mio. in den Finanzanlagen bilanziert und bildet damit die Gegenposition zu den niedrigeren Forderungen gegen verbundene Unternehmen auf der Aktivseite.

Die Reduktion der Bilanzsumme auf der Passivseite ist vor allem durch das um € 7,5 Mio. niedrigere Eigenkapital bei gleichzeitig um € 3,0 Mio. höheren Rückstellungen begründet.

Dabei erhöhten sich die Rückstellungen für Pensionen und ähnliche Verpflichtungen um € 1,3 Mio.

Die Erhöhung der sonstigen Rückstellungen um € 2,9 Mio. resultierte insbesondere aus um € 3,6 Mio. höheren Rückstellungen für Personalumbaumaßnahmen. Dagegen sanken die Rückstellungen für fehlende Eingangsrechnungen um € 0,5 Mio. und die Rückstellungen für variable Vergütung um € 0,3 Mio.

Die Steuerrückstellungen verminderten sich im Vergleich zum Vorjahr um € 1,2 Mio. wegen der Abwicklung der Betriebsprüfung für die Jahre 2015 und 2016 sowie dem Ergebnis des Geschäftsjahres, das zu keiner Steuerrückstellung führte.

Die niedrigeren Verbindlichkeiten im Vergleich zum Vorjahr ergeben sich im Wesentlichen aus höheren Verbindlichkeiten aus Lieferungen und Leistungen (€ +0,5 Mio.), niedrigeren Verbindlichkeiten gegenüber verbundenen Unternehmen und Unternehmen, mit denen ein Beteiligungsverhältnis besteht (€ -0,4 Mio.) sowie niedrigeren sonstigen Verbindlichkeiten (€ -0,9 Mio.).

Das Eigenkapital hat sich durch den im Geschäftsjahr erzielten Verlust in Höhe von € 3,5 Mio. und die Ausschüttung des Jahresüberschusses 2018 von € 4,0 Mio. auf € 24,0 Mio. verringert. Die Eigenkapitalquote zum 31. Dezember 2019 beläuft sich auf 34,6% und hat sich gegenüber dem Vorjahr um 7,8 Prozentpunkte verringert.

III. 2 FINANZLAGE

Die liquiden Mittel waren im Geschäftsjahr 2019 rückläufig. Der Bestand an Bankguthaben sank um € 1,0 Mio. auf € 2,9 Mio. Zwischen der Detecon und der Deutschen Telekom AG besteht ein Rahmenvertrag zur Einbeziehung in das Cash-Pooling. Dadurch wird die Liquidität jederzeit sichergestellt. Zum 31. Dezember 2019 betrugen die Forderungen aus Cash-Pooling € 24,2 Mio., was einem Rückgang von € 12,1 Mio. entspricht.

III. 3 ERTRAGSLAGE

	2019	2018	Veränderung	
	T€	T€	T€	%
Umsatzerlöse	121.520	126.848	-5.328	-4,2%
Bestandsveränderung	2.961	-5.229	8.190	-156,69%
Gesamtleistung	124.481	121.619	2.862	2,4%
Sonstige betriebliche Erträge	4.605	9.015	-4.410	-48,9%
Materialaufwand	-21.482	-19.178	-2.304	12,0%
Personalaufwand	-77.086	-75.178	-1.908	2,5%

	2019	2018	Veränderung	
	T€	T€	T€	%
Abschreibungen	-981	-1.258	277	-22,0%
Sonstige betriebliche Aufwendungen	-30.527	-27.428	-3.099	11,3%
Betriebsergebnis	-990	7.592	-8.582	-113,0%
Finanzergebnis	-1.178	-465	-713	153,3%
Steuern	-1.319	-3.082	1.763	-57,2%
Jahresfehlbetrag(-)/Jahresüberschuss	-3.487	4.045	-7.532	-186,2%

Der Umsatz sank im Vergleich zum Vorjahr auf € 121,5 Mio. (Vorjahr: € 126,8 Mio.). Dieser Rückgang ist maßgeblich getrieben durch rückläufige Umsätze (€ -7,5 Mio.) innerhalb des Konzerns Deutsche Telekom AG. Dagegen konnte der Wachstumspfad im externen Geschäft mit einem Umsatzplus von € 2,2 Mio. fortgesetzt werden. Unter Berücksichtigung der gegenüber dem Vorjahr um € 8,2 Mio. verbesserten Bestandsveränderung, welche insbesondere aus Projekten der Regionen Amerika und Mittlerer Osten resultierte, ergab sich eine gegenüber dem Vorjahr höhere Gesamtleistung von € 124,5 Mio.

Der Inlandsumsatz in Deutschland verringerte sich dabei insgesamt um € 9,8 Mio., wobei sich die direkten und indirekten - über den Channel-Vertrieb des Konzerns Deutsche Telekom AG - an externe Kunden erbrachten Leistungen um € 8,0 Mio. erhöhten, die internen Umsätze mit Kunden innerhalb der Deutschen Telekom AG jedoch um € 17,8 Mio. verringerten.

Der Umsatz mit internationalen Kunden erhöhte sich insgesamt um € 4,5 Mio. Dabei stieg der Umsatz in den Regionen Europa um € 0,6 Mio., in Mittel- und Südafrika um € 1,3 Mio. und in Asien um € 11,6 Mio. In den Regionen Mittlerer Osten und Nordafrika verringerte sich der Umsatz um € 8,1 Mio. und in Nordamerika um € 0,9 Mio.

Die sonstigen betrieblichen Erträge sanken in 2019 um € 4,4 Mio. auf € 4,6 Mio., die Veränderungen gegenüber Vorjahr resultieren insbesondere aus niedrigeren Auflösungen von Rückstellungen (€ -2,2 Mio.) und niedrigeren Erträgen aus der Auflösung von sonstigen Verbindlichkeiten (€ -1,2 Mio.).

Auf der Kostenseite haben sich auch die Aufwendungen für bezogene Leistungen um € 2,3 Mio. erhöht. Die Materialquote erhöhte sich auf 17,7% (Vorjahr: 15,1 %). Die Ursache hierfür war der höhere Anteil internationaler Projekte.

Die Eigenleistung ist aufgrund der Verminderung der durchschnittlichen Beschäftigtenzahl um 25 FTE (Full Time Equivalents) auf 709 FTE gesunken. Dennoch ergab sich ein Anstieg der Personalaufwendungen um € 1,9 Mio. auf € 77,1 Mio., der insbesondere durch erhöhte Aufwendungen für den sozialverträglichen Personalumbau von € 4,8 Mio. beeinflusst ist. Die Personalaufwandsquote liegt bei 63,4% (Vorjahr: 59,3 %).

Unter Berücksichtigung der gegenüber Vorjahr geringeren sonstigen betrieblichen Erträge von € 4,6 Mio. (€ -4,4 Mio.), den niedrigeren Abschreibungen in Höhe von € 1,0 Mio. (€ -0,3 Mio.) und den um € 3,1 Mio. höheren sonstigen betrieblichen Aufwendungen von € 30,5 Mio. ergibt sich ein negatives Betriebsergebnis in Höhe von € -1,0 Mio. (Vorjahr: € 7,6 Mio.).

Die höheren sonstigen betrieblichen Aufwendungen resultieren maßgeblich aus höheren Kostenweiterbelastungen von verbundenen Unternehmen (€ +3,6 Mio.), der erstmaligen Belastung einer Konzernumlage der Deutschen Telekom (€ +1,3 Mio.) und höheren Miet- und Pacht aufwendungen (€ +0,5 Mio.). Dagegen verringerten sich die Aufwendungen für Reisekosten (€ -0,3 Mio.), die Kfz Betriebskosten (€ -0,4 Mio.), die sonstigen Personalnebenkosten (€ -0,6 Mio.), die Marketingaufwendungen (€ -0,2 Mio.) und die Aufwendungen für Büromaterial, Bücher und Fachliteratur (€ -0,2 Mio.).

Im Vergleich zum Vorjahr gingen die Wertberichtigungen von Forderungen um € 0,2 Mio. zurück und die Währungskursverluste um € 0,4 Mio.

Die Ausgaben für IT-Support, die Kommunikationsaufwendungen, die Fort- und Weiterbildung und die Aufwendungen für Rechts- und Beratungskosten verblieben im Geschäftsjahr 2019 insgesamt mit € 5,5 Mio. auf ähnlichem Niveau wie im Vorjahr.

Insgesamt verschlechterte sich das Betriebsergebnis in 2019 um € 8,6 Mio. auf € -1,0 Mio.

Das Finanzergebnis lag mit € -1,2 Mio. um € -0,7 Mio. unter Vorjahr. Der Rückgang resultierte aus der in 2019 fehlenden Dividendenausschüttung der Detecon Al Saudia, Saudi-Arabien (€ -1,1 Mio.). Dagegen reduzierten sich die Netto-Zinsaufwendungen 2019 um € 0,3 Mio. gegenüber Vorjahr.

Unter Berücksichtigung der Steuern in Höhe von € -1,3 Mio. (Vorjahr: -€ 3,1 Mio.) ergab sich ein Jahresfehlbetrag von € 3,5 Mio. (Vorjahr: Jahresüberschuss € 4,0 Mio.).

III. 4 FINANZIELLE UND NICHTFINANZIELLE LEISTUNGSINDIKATOREN

FINANZIELLE LEISTUNGSINDIKATOREN

	2019	2018	2017	2016	2015
	Mio. €	Mio. €	Mio. €	Mio. €	Mio. €
Umsatz	121,5	126,8	130,7	130,9	127,9
Betriebsergebnis*	-1,0	7,6	10,5	6,3	4,**
Jahresfehlbetrag (-)/ Jahresüberschuss	-3,5	4,0	8,0	7,5	3,1

* einschließlich periodenfremder/neutraler Erträge und Aufwendungen

** Anpassung der Vergleichszahlen aufgrund von Ausweisänderungen durch das BilRUG

NICHTFINANZIELLE LEISTUNGSINDIKATOREN

	2019	2018	2017	2016	2015
Gesamtbelegschaft durchschnittliche FTE	709,3	734,2	686,4	702,4	666
Anteil Berater/Gesamtbelegschaft (%)	77,5	76,3	77,8	78,1	77,8

	2019	2018	2017	2016	2015
Auslastung Functions (%)	73,5	73,3	81,5	81,5	82,7

Erläuterungen

Bei der Gesamtbelegschaft handelt es sich um einen 12-Monats-Durchschnitt. Die Auslastung der Functions ermittelt sich durch die auf Kundenaufträge geleisteten Beratertage der Produktionsbereiche dividiert durch die Basis der Solltage ohne Urlaub. Aufgrund des rückläufigen Konzerngeschäfts innerhalb des Konzerns Deutsche Telekom AG sowie des Personalumbaus zur Stärkung der positiven externen Geschäftsentwicklung, bewegt sich die Steuerungsgröße „Auslastung Functions“ auf dem niedrigen Niveau des Vorjahres.

III. 5 RISIKO-MANAGEMENT BEI DER BILANZIERUNG VON SICHERUNGSGESCHÄFTEN

Zur Absicherung von Forderungen und Verbindlichkeiten aus Lieferungs- und Leistungsbeziehungen sowie mit hoher Wahrscheinlichkeit erwarteten zukünftigen Umsätzen aus bereits erfolgten Auftragseingängen gegen Devisenkursschwankungen hat die Detecon International GmbH auch im Jahr 2019 Devisentermingeschäfte abgeschlossen. Wie in den Vorjahren wird mit einer Kurssicherung stets dann begonnen, wenn ein Projektauftrag durch einen Kunden erteilt wurde und dessen Vertragswährung nicht in Euro bemessen ist.

In allen Fällen handelt es sich um standardisierte OTC-Geschäfte mit der Deutsche Telekom AG, Bonn. Wesentliche Risiken sind nicht erkennbar.

IV. PROGNOSE

Im Geschäftsjahr 2020 sind die wirtschaftlichen Rahmenbedingungen insbesondere von der weiteren Entwicklung der COVID-19 Pandemie abhängig, die ursprünglich erwarteten Wachstumswerte verändern sich sehr dynamisch. Das für Deutschland erwartete Wachstum des BIP von 1,0% (Vorjahr: 0,6%) wird voraussichtlich deutlich niedriger ausfallen. Für den Beratungsmarkt war mit einem weiterhin hohen Marktwachstum von 5,8% gerechnet worden, doch der Corona Virus könnte auch für die Branche der Unternehmensberater zur großen Herausforderung werden (Quelle: BDU Auszug Jahresbericht 2019). Der BDU geht inzwischen davon aus, dass „die Consulting-Nachfrage 2020 aufgrund vielfältiger Kundenherausforderungen stabil bleiben“ werde. „Beratungsthemen, wie zum Beispiel Supply Chain Management oder Sanierungsberatung, würden eine Sonderkonjunkturerleben“. Digitalisierungsprojekte, die das Geschäftsmodell grundlegend verändern, würden nach Auffassung des BDU wegen des Corona-Virus nicht gestoppt werden.

Detecon ist trotz der externen Einflüsse optimistisch, die Ziele für das Geschäftsjahr 2020 national und international zu erreichen. Die Beratung von Unternehmen des Konzerns Deutsche Telekom wird weiter zurückgehen, für alle anderen Geschäftsbereiche wird ein steigendes Geschäftsvolumen erwartet. Das größte Wachstum wird dabei in der „DACH“-Region erwartet, dort insbesondere in den Bereichen Manufacturing (€ +1,3 Mio.), Mobility (€ +1,9 Mio.) und Financial Services (€ +1,0 Mio.). International wird sich insbesondere die Region Europa (€ +3,7 Mio.) weiter verbessern. Das Geschäft im Mittleren Osten wird nur bei Bedarf über die Detecon International GmbH abgewickelt werden. Die Kunden der Region MENA werden bis auf wenige Ausnahmen von der Detecon-Tochtergesellschaft in Dubai bedient. Daraus ergibt sich insgesamt für die Detecon International GmbH ein Umsatzrückgang im Jahr 2020 von 7,0%.

Das Umsatzniveau 2020 ist durch aktuelle Aufträge zu gut 50% abgesichert. Dabei liegt derzeit der Schwerpunkt der Auftragseingänge in Deutschland. Die Klientenbasis hat sich international weiter vergrößert und reicht in fast allen Regionen deutlich über den Telekommunikationssektor hinaus. Entsprechend der Geschäftsentwicklung wird auch die weitere Personalentwicklung erfolgen.

For the Detecon Group (including domestic and foreign majority holdings), a slightly lower sales level is planned for 2020 compared to 2019. Growth is only expected in the non-captive business outside the DTAG Group, and the share of own work will increase again. A good 50% of the sales volume with customers outside of Deutsche Telekom AG in the "DACH" region will consist of clients from the Industries & Services divisions in Germany, Austria and Switzerland. We expect almost 50% of customer sales to come from international regions with a focus on clients in the telecommunications sector, but also regionally selected clients in other industries in the public, mobility,

Overall, the strategic development of Detecon is having a positive effect. The now streamlined, globally responsible management organization, which is based equally on regions, industries and functions, has proven its worth. The regional diversification into other sectors and topics will be continued in 2020. Detecon strengthens its competitive positioning compared to other consulting companies through the innovation and product capabilities of Deutsche Telekom paired with Detecon consulting services.

Detecon covers the entire consulting value chain - from strategy and innovation to implementation. In the group of companies, Detecon can - if the customer so desires - also implement products of the group or make a handover to the corresponding implementation units.

In the "Digital Strategy & Innovation" area, all the specialist knowledge and expertise required for the establishment of new business models, the development of digital products and the implementation of market strategies are organized. Detecon ensures that organizational learning becomes a key ability of the customers and that flexibility and agility will become their way of working with the mindset of strong customer orientation. Detecon helps to build its own ecosystems and develops digital prototypes and products in its Berlin "Digital Engineering Center". The rapid implementation of strategies is the focus of the consulting services. Detecon has tools and methods that help customers

The "Digital Operations & Performance" area offers insights, expertise and experience to build efficient and effective organizations. This includes process design and process automation, cloud operations and connected value chains as well as data security and compliance. Detecon helps to tackle and solve challenges in finance -, human resources and core area of the company. Sales effectiveness, customer excellence and product/service delivery are also part of the consulting portfolio of this consulting unit.

The "Business Technology" area combines questions of efficiency and innovation with technology as an integral part of modern business models. The core questions of a CTIO organization are, on the one hand, to address efficiency issues, e.g. through hyperautomation, and on the other hand, in particular, value creation issues, e.g. through reduction of Time2value and increasing resilience and flexibility in the provision of technology services.

The "Network Technology" area builds on the industry expertise that Detecon has acquired over many years in the development and operation of telecommunications companies. Detecon provides experts for the design of network architectures and network planning

with the in-house proprietary software tool NetWorks. The optimization of operations with methods for cloudification of networks and network IT are supplemented by audits and due diligences. Alternative access technologies and edge computing are Detecon's special competencies for internet players and new-tech companies. Detecon is involved in the development of campus solutions for many industries, shop floor connectivity and comprehensive IoT strategies.

One of the most important goals parallel to the sales development is the further personnel development and the change in the personnel mix. The measures introduced to develop careers and skills will strengthen Detecon's perception as an attractive employer in the long term.

The operating result of Detecon International GmbH is operationally improved. The necessary capacity adjustment was largely completed in 2019. For necessary adjustments to the personnel structure and possible socially acceptable personnel measures, funds have been budgeted that can burden the company's annual surplus as a special effect. Overall, a positive result is expected for 2020. The importance of the financial result for financing the company remains unchanged.

Actual developments may deviate from expectations if the assumptions made cannot be realised. The forecast developments for sales, earnings and business development in individual areas and regions were prepared before the outbreak of the COVID-19 pandemic.

The focus of the consulting activities on digital business models and processes in the Industries & Services sectors and the telecommunications industry worldwide is the focus of the planning for 2020, combined with the competence of the holistic implementation of the concepts with partners inside and outside of T-Systems International GmbH. In doing so, Detecon develops a neutral management perspective on the respective customer situation and works out solutions together with the customer. Our clients want a strong and reliable partner who supports the transformation from start to finish. This includes topics ranging from business and technology consulting to co-innovation to agile implementation and secure operation. With partners inside and outside of T-Systems, Detecon is developing into an integrated provider in the area of digital strategy and transformation services.

V. RISK AND OPPORTUNITY MANAGEMENT

The risk and opportunity situation, which has changed significantly compared to the previous year, is as follows.

ECONOMIC ENVIRONMENT

The consulting industry is very dependent on economic developments. The COVID-19 pandemic is developing very dynamically, the impact on Detecon's business cannot yet be estimated. In the short term, there could be interruptions to ongoing business due to possible cases of illness or restrictions on travel. How the pandemic will affect the further development of our business activities or our business partners in the longer term cannot yet be foreseen. In the case of deterioration and savings programs on the part of customers, consulting projects are often postponed.

Die wirtschaftlichen Rahmenbedingungen sind im 1. Quartal 2020 bei rückläufiger Gesamtkonjunktur und global uneinheitlicher Entwicklung deutlich verschlechtert.

Es ist davon auszugehen, dass sich das Beratungsgeschäft der Detecon im Konzern der Deutschen Telekom AG 2020 weiter verringert und das Geschäft mit Kunden außerhalb des Konzerns wächst. Trotz des wachsenden externen Geschäftsanteils bleibt die Deutsche Telekom größter Einzelkunde und damit wichtiger Pfeiler der Geschäftsstrategie. In den Detecon Wachstums-Bereichen der Industry & Services Kunden liegen die Schwerpunkte der Entwicklung weiterhin auf der Manufacturing Industrie mit dem Segment Automotive sowie der Services-Sektoren Public, Financial Services, Healthcare, Retail und Travel & Transport. In diesen Bereichen bietet Detecon eine digitale Beratungskompetenz auf der Schnittstelle von Business und IT. In den Regionen Europa, Asien, Mittlerer Osten und Afrika wird die begonnene Diversifikation der Kunden und Themen vorangetrieben, um den andauernden politischen Risiken in Ländern des Mittleren Ostens sowie strukturellen Schwächen wie in Südafrika zu begegnen und die Geschäftsentwicklung abzusichern. Großprojekte in der Schweiz und in Brunei werden über mehrere Jahre das angestrebte internationale Wachstum unterstützen.

From today's perspective, it is not yet possible to foresee which regional and segment-specific risks will influence development.

STAFF

A continuous risk lies in the level of unwanted fluctuation in the workforce and the resulting loss of know-how. The high competitive pressure in the consulting market and the pressure to change in the business and the management organization of Detecon led to increasing fluctuation in 2019. The number of voluntary resignations was 13.7% (previous year: 10.2%).

After the reorganization of the management organization and targeted personnel measures in the area of skills and career development, in the further development of the variable remuneration model and the evaluation criteria, we expect a decreasing fluctuation rate for 2020.

Detecon scores in the competition with a special corporate culture that offers personal growth in an ambitious environment with a comparatively good work-life balance and is characterized by a high level of diversity and heterogeneity among the employees. Unlike many other strategy and management consultancies, Detecon does not follow an "up-or-out principle", but enables career development based on the personal preferences and skills of the employees.

FINANCIAL RISKS

Another ongoing risk is the contractual and tax complexity of foreign business. This results in part of the burden on the company's earnings as part of the findings of the tax audits in Germany and abroad. In addition, there may be negative effects on earnings due to the need to write down foreign receivables. These risks are countered regularly by central and local legal and tax advisory support and central receivables management.

The current exchange rate development of the euro offers opportunities and risks. In 2019, the use of German consultants for customers in Switzerland and the US\$ area remained at the price level of the previous year, the structural changes in the German business led to lower demand for international consulting capacities domestically. Exchange rate developments played a subordinate role.

The existing risks do not jeopardize the existence of the company, either individually or as a whole. They are currently being compensated for by opportunities in the national and international non-captive business.

VI. OTHER INFORMATION

Detecon has set targets for the proportion of women in management and on the supervisory board as well as in the first and second management levels (R&D) below management. As of December 31, 2019, the proportion of women on the Supervisory Board was 33.3% (previous year: 16.7%, target: 30%). In the management and in R&D I, a proportion of women of 0% (target: 0%) was achieved, in R&D II a proportion of women of 20.0% (previous year: 20.0%, target: 22.2%) was achieved. By the 2nd implementation deadline on December 31, 2020, a proportion of women of 30% is targeted for the supervisory board, management and for R&D I+II.

Cologne, March 31, 2020

Detecon International GmbH

The Board

Ralph Pichler

Sven Erdman

BALANCE SHEET

ASSETS

in €	annotation	12/31/2019	12/31/2018
CAPITAL ASSETS	1		
Intangible assets		120,667.00	123,809.00
Property, plant and equipment		1,152,419.14	1,627,919.14
financial investments		10,537,713.40	2,537,713.40
		11,810,799.54	4,289,441.54
CURRENT ASSETS			
Stocks	2	8,383,023.55	5,422,746.54
requirements	3	43,703,901.81	57,637,423.01
Other assets	4	1,824,439.58	1,989,083.03
Cash and bank balances	5	2,906,850.31	3,953,018.14
		56,818,215.25	69,002,270.72
DEFERRED EXPENSES	6	365,884.46	623,732.15
ACTIVE DIFFERENCE FROM ASSETS	7	393,741.95	525,032.23
BALANCE SHEET TOTAL		69,388,641.20	74,440,476.64

LIABILITIES

EQUITY CAPITAL	8th		
Subscribed capital		8,700,000.00	8,700,000.00
Other retained earnings		18,809,974.74	18,809,974.74
Balance sheet loss / Balance sheet profit		(3,486,875.77)	4,045,420.14
		24,023,098.97	31,555,394.88
ACCRUALS			
Provisions for pensions and similar obligations	9	15,633,314.00	14,360,925.00
tax provisions	10	1,233,938.65	2,413,971.24
Other provisions	11	22,223,274.64	19,348,607.29
		39,090,527.29	36,123,503.53
LIABILITIES	12	6,275,014.94	6,761,578.23
BALANCE SHEET TOTAL		69,388,641.20	74,440,476.64

PROFIT AND LOSS ACCOUNT

in €	annotation	2019	2018
revenues	13	121,520,251.35	126,848,555.22
inventory changes	14	2,960,277.01	(5,229,183.93)
OVERALL PERFORMANCE		124,480,528.36	121,619,371.29
Other company income	15	4,605,198.85	901,501.01
cost of materials	16	(21,482,437.76)	(19,177,832.67)
personnel expenses	17	(77,085,521.50)	(75,177,812.13)
depreciation	18	(980,485.27)	(1,258,096.00)
Other operating expenses	19	(30,527,207.59)	(27,427,795.85)
financial result	20	(1,178,272.82)	(464,940.62)
Taxes on income and earnings	21	(1,317,341.24)	(3,081,154.09)

in €	annotation	2019	2018
RESULT AFTER TAXES		(3,485,538.97)	4,046,756.94
Other taxes	22	(1,336.80)	(1,336.80)
ANNUAL LOSS / ANNUAL NET INCOME		(3,486,875.77)	4,045,420.14
PROFIT PRESENTATION		0.00	0.00
ACCOUNTABLE LOSS / ACCOUNTABLE PROFIT		(3,486,875.77)	4,045,420.14

ATTACHMENT

PRINCIPLES AND METHODS

DESCRIPTION OF BUSINESS

Detecon International GmbH, Cologne (hereinafter referred to as Detecon or the company) acts as a provider of consulting services for projects in the telecommunications sector for a fee, in particular infrastructure studies and profitability analyzes as well as delivery-unbound, neutral, independent advice to the client on projects such as planning, tendering, contract award, delivery monitoring, construction supervision, control of implementation and acceptance in the administrative organization as well as operation and maintenance of telecommunications equipment and assembly services. In addition, the object of the company is the participation in domestic and foreign companies that are active in the field of telecommunications. The company can also provide consulting services in IT, telecommunications and postal services for a fee as part of state development aid. Detecon is entered in the commercial register at Cologne Local Court under HRB 76144. The sole shareholder is T-Systems International GmbH, Frankfurt am Main (hereinafter referred to as T-Systems). The subscribed capital is €8,700,000.00. Frankfurt am Main (hereinafter referred to as T-Systems). The subscribed capital is €8,700,000.00. Frankfurt am Main (hereinafter referred to as T-Systems). The subscribed capital is €8,700,000.00.

Since July 1, 2002, there has been a VAT group with Deutsche Telekom AG, Bonn (hereinafter referred to as Deutsche Telekom).

The company is an affiliated company of Deutsche Telekom within the meaning of Section 271 (2) HGB. Detecon's annual financial statements are included in the consolidated financial statements of Deutsche Telekom as the parent company. Deutsche Telekom prepares the consolidated financial statements for the largest and at the same time the smallest group of companies in which the company is included. The consolidated financial statements of Deutsche Telekom are prepared in accordance with Section 315e HGB in accordance with International Financial Reporting Standards (IFRS) adopted into European law and have a discharging effect for Detecon in accordance with Section 291 (1) and (2) HGB. The consolidated financial statements are published in the Federal Gazette and are also accessible on the websites of the company register and Deutsche Telekom. In accordance with Section 291 (1) and (2) of the HGB, no separate consolidated financial statements have been prepared.

ACCOUNTING PRINCIPLES

Detecon's annual financial statements are prepared in accordance with the provisions of the German Commercial Code (HGB) for large corporations within the meaning of Section 267 (3) HGB and the law on limited liability companies (GmbHG).

The balance sheet and profit and loss account correspond to the classification regulations of §§ 266 and 275 HGB, whereby the profit and loss account is structured according to § 275 Para. 2 HGB according to the nature of expense method. The statement is made in euros (€) unless otherwise stated. The business year corresponds to the calendar year. Where individual items are combined in the balance sheet and income statement to improve clarity and transparency, they are reported separately in the notes. Required additional disclosures for individual items in the balance sheet and the profit and loss account are also given in the appendix.

ACCOUNTING AND VALUATION

Purchased intangible assets are valued at acquisition cost and amortized over their respective useful lives. Unscheduled depreciation to the lower applicable value is carried out if the impairment is expected to be permanent.

Detecon does not exercise the option to capitalize self-created intangible assets pursuant to Section 248 (2) HGB.

Property, plant and equipment are valued at acquisition cost less scheduled depreciation. Unscheduled depreciation to the lower applicable value is carried out if the impairment is expected to be permanent.

In principle, scheduled depreciation is carried out on a straight-line basis. The standard useful lives taken as a basis are based on a company-specific assessment that takes into account both technical and economic depreciation factors.

If the reasons for the unscheduled depreciation no longer apply in part or in full in the following years, a write-up is made in the amount of the reversal in value, but no more than the value that would have resulted if the unscheduled depreciation had not been carried out.

Scheduled depreciation is essentially based on the following useful lives:

	Years
Concessions, intellectual property rights, other rights of use	3 to 5
software	3
Building	40
operating and office equipment	8 to 13
Other facilities	3 to 6

Additions to movable property, plant and equipment are depreciated pro rata temporis from the year of acquisition.

Since January 1, 2018, assets whose acquisition or production costs do not exceed €800 are written off immediately in the year of acquisition and shown as disposals in the fixed asset movement schedule. The adoption of the amended regulation of §6 paragraph 2S. I ESTG for corresponding additions to the commercial balance sheet, for reasons of simplification. Up to December 31, 2017, assets

with acquisition or production costs of more than €150 but not more than €1,000 were capitalized in annual collective items, which are of minor importance overall, and depreciated over a period of five years.

Fixed assets are written off at their respective book values (acquisition costs less accumulated depreciation) when they are sold or otherwise disposed of. A gain or loss from the disposal of assets is recognized in profit or loss in the amount of the difference between the sale proceeds and the book value of the asset.

Financial assets are recognized at the lower of cost or fair value. In the case of acquisitions of investments in a foreign currency, the daily exchange rate and, in the case of exchange rate hedging, the hedging rate of the foreign currency procured in advance is used to determine the acquisition costs, provided an effective valuation unit has been formed. The loans correspond to the loan amounts granted, reduced by repayments and - if necessary - by depreciation to the lower applicable value. Non-scheduled depreciation is only applied to financial assets if the reduction in value is expected to be permanent.

Work in progress is valued at production cost. Based on a planned utilization of capacity, the production costs contain both the directly attributable individual costs such as material and wage costs as well as special individual production costs plus appropriate proportionate material and production overheads as well as depreciation. Detecon does not exercise the option to include parts of the administrative costs and the expenses for company social facilities, voluntary social benefits and company pension schemes in the production costs. Research and sales costs as well as interest on borrowed capital are not included in the production costs.

Advance payments received on orders are shown separately under liabilities (§ 268 Para. 5 S. 2 HGB).

Receivables, other assets and cash on hand as well as bank balances are stated at their nominal value. Individual risks are taken into account by means of appropriate value adjustments and the general risk of default is taken into account by means of a general value adjustment on the receivables. Low or non-interest-bearing items with a remaining term of more than one year are discounted.

Receivables and other assets denominated in foreign currencies are converted in accordance with § 256a HGB at the mean spot exchange rate on the balance sheet date and taking into account the acquisition cost principle (§ 253 Para. 1 S. 1 HGB) and the realization principle (§ 252 Para. 1 No. 4 HS. 2 HGB) rated. Short-term items with a remaining term of less than one year are valued at the average spot exchange rate on the balance sheet date in accordance with Section 256a HGB.

The prepaid expenses are recognized as a separate item in accordance with Section 266 (2) C HGB. It is recalculated on each reporting date.

Provisions for pensions and similar obligations result from obligations to employees. They are determined according to actuarial principles using the projected unit credit method, taking into account the Heubeck 2018 G mortality tables. Expected future increases in salaries and pensions are also taken into account. The interest rate used to determine the present value of the pension obligations corresponds to the average market interest rate published by the Deutsche Bundesbank for an assumed residual term of 15 years (section 253 (2) sentence 2 HGB). After the 21 If an addition to the pension provisions is required due to the changed assessment when the BilMoG came into force, the amount must be accumulated by at least one fifteenth in each financial year by December 31, 2024 at the latest (Article 67 (1) sentence 1 EGHGB). The company has exercised the option so that the annual addition corresponds to one fifteenth of the total amount to be added. This amount is reported separately under other operating expenses. The company has exercised the option so that the annual addition corresponds to one fifteenth of the total amount to be added. This amount is reported separately under other operating expenses. The company has exercised the option so that the annual addition corresponds to one fifteenth of the total amount to be added. This amount is reported separately under other operating expenses.

Congruently reinsured pension commitments, the amount of which is therefore determined exclusively by the fair value of a reinsurance claim, are to be valued with this if it exceeds the guaranteed minimum amount (discounted settlement amount of the guarantee). A reinsurance policy can be described as congruent if the payments resulting from it are congruent with the payments to the beneficiary in terms of both the amount and the timing. The fair value of a reinsurance claim consists of the insurance company's so-called business plan actuarial reserve plus

In the past, Detecon has concluded partial retirement agreements with varying conditions and contractual terms, mainly based on the so-called block model. In this context, two types of obligations arise, each of which is measured at present value in accordance with actuarial principles based on the Heubeck 2018 G mortality tables and accounted for separately. These are settlement arrears and top-up amounts. Top-up amounts regularly have a hybrid character, i.e. although on the one hand the agreement is often assigned a compensation function for an earlier termination of the employment relationship, On the other hand, the later payment is subject to the future provision of work. Insofar as phased retirement programs concluded in previous financial years were primarily of a severance nature, top-up amounts were recognized in full as soon as the obligation arose. In current partial retirement agreements, the focus is on the provision of future work, which is why the top-up amounts are recorded over the vesting period. Top-up amounts were recognized in full as soon as the obligation arose. In current partial retirement agreements, the focus is on the provision of future work, which is why the top-up amounts are recorded over the vesting period. Top-up amounts were recognized in full as soon as the obligation arose. In current partial retirement agreements, the focus is on the provision of future work, which is why the top-up amounts are recorded over the vesting period.

To secure claims from partial retirement, assets were transferred to a trustee in a so-called Contractual Trust Arrangement (CTA). In accordance with Section 246 (2) Sentence 2 HGB, the provisions for arrears in the case of semi-retirement are offset against the corresponding plan assets. The netted plan assets are measured at fair value in accordance with section 253 (1) sentence 4 HGB. If an active difference arises as a result of the offsetting, this is shown as a separate item (§ 266 Para. 2 Letter E HGB). In accordance with Section 246 (2) sentence 2 HGB, the expenses and income from discounting and from the assets to be offset are also offset within the financial result.

Provisions for taxes and other provisions, including those for impending losses from pending transactions and for environmental risks, are recognized at the amount required to be settled based on prudent business judgement. Appropriate account is taken of all identifiable risks when measuring these provisions. The price and cost increases to be expected in the meantime are taken into account.

Provisions with a remaining term of more than one year are discounted as of the reporting date using the interest rate published by the Deutsche Bundesbank. The average market interest rate for the past seven financial years, appropriate to the term, is used as the

interest rate.

The performance-related remuneration systems include Variable I, the Share Matching Plan and the Long Term Incentive Plan.

As part of the short-term performance-based remuneration component Variable I, the Business Leader Team is contractually obliged and other executives are also authorized on a voluntary basis to pay part of the fixed annual variable remuneration, which is determined according to the degree of achievement of the target set for each person for the financial year Invest in Deutsche Telekom shares and hold them for a period of at least four years. Deutsche Telekom will grant additional shares for the shares acquired by the plan beneficiaries (Share Matching Plan), which will be allocated to the plan beneficiaries from the treasury shares held by Deutsche Telekom after the four-year holding period has expired.

The Share Matching Plan and the Long Term Incentive Plan are share-based payment instruments that are measured at fair value. For the share matching plan, the fair value corresponds to the Deutsche Telekom share price on the grant date less an expected dividend deduction. In the Long Term Incentive Plan, the block of virtual shares allocated to the employee at the beginning of the plan is multiplied by Deutsche Telekom's share price on the grant date and discounted to the reporting date. During the term of the plan, the value changes in line with changes in the market price of Deutsche Telekom shares. The number of virtual shares changes based on the achievement of four equally weighted key figures. In addition, each beneficiary receives a dividend during the term of the plan. This is reinvested in virtual shares and increases the stock of virtual shares for each plan participant.

Provisions are formed for the probable costs that will arise for the performance-related remuneration. In the case of the Share Matching Plan and the Long Term Incentive Plan, personnel expenses are taken into account over the respective term.

Liabilities are recognized at the settlement amount. Liabilities denominated in foreign currency are converted in accordance with § 256a HGB at the mean spot exchange rate on the balance sheet date and taking into account the acquisition cost principle (§ 253 Para. 1 S. 1 HGB) and the realization principle (§ 252 Para. 1 No. 4 Hs. 2 HGB) rated. Short-term items with a remaining term of less than one year are valued at the average spot exchange rate on the balance sheet date in accordance with Section 256a HGB.

If financial instruments are combined into valuation units - underlying and hedging transaction - unrealized losses resulting from hedged risks are not recognized in the balance sheet in accordance with Section 254 HGB if these losses are offset by unrealized profits in the same amount (freezing method). If the netting (compensation) of changes in the value of the underlying transaction and the hedging instrument relating to the hedged risk results in excess losses, this is taken into account in accordance with IDW RS HFA 35 by creating a provision for impending losses. Valuation gains are only recognized as income when they are realised.

To determine deferred taxes due to temporary or quasi-permanent differences between the commercial law valuations of assets, liabilities and prepaid expenses and their tax valuations or due to tax loss carryforwards, the amounts of the resulting tax burdens and reliefs are calculated using the company-specific tax rates at the time the Differences valued and not discounted. Active and passive tax deferrals are offset. Deferred taxes are not capitalized in exercising the option to recognize them.

Pursuant to Section 277 (1) HGB, all revenue from the sale and rental or leasing of products and the provision of services are reported as sales. This essentially relates to income from the provision of consulting services and other sales.

Sales are reported after deducting sales deductions and sales tax as well as other taxes directly related to sales. In accordance with the realization principle, they are recorded on an accrual basis.

Expenses for pensions include, in particular, expenses relating to allocations to pension provisions for employees.

DISCRETIONATIONS

In preparing the annual financial statements, the Company is required to make estimates and assumptions that affect the reporting of assets and liabilities, the disclosure of risks and uncertainties related to the reported assets and liabilities as of the reporting date, and the expenses and income for the reporting period. Actual results may differ from these estimates.

NOTES TO THE BALANCE SHEET

1 FIXED ASSETS

The intangible assets exclusively include purchased licenses in the amount of €120,667.00 (December 31, 2018: €123,809.00).

Additions to intangible assets totaled €103,054.17 in the year under review (2018: €75,793.18).

Property, plant and equipment in the amount of €1,152,419.14 (December 31, 2018: €1,627,919.14) mainly includes hardware in the amount of €782,484.00 (December 31, 2018: €1,107,170.00) and other Furniture and fixtures in the amount of €325,812.00 (December 31, 2018: €469,694.00). The additions to property, plant and equipment of €414,605.10 (2018: €991,381.82) relate in particular to investments in hardware of €413,965.85 (2018: €769,159.09).

Financial assets include shares in affiliated companies in the amount of €1,933,171.08 (December 31, 2018: €1,933,171.08), investments in the amount of €604,542.32 (December 31, 2018: €604,542.32) and others Loans in the amount of €8,000,000.00. The addition in the area of other loans relates to preference shares acquired in Unified National Networks Sdn Bhd, Brunei, which are not related to participation in assets or losses. The disposals in financial assets relate to the fully written off shares and loans in EUTELIS Consult GmbH, Ratingen, due to deletion from the commercial register.

The list of shareholdings in accordance with Section 285 No. 11 HGB is shown under Note 32.

fixed asset schedule

	Acquisition or production costs			As of 12/31/2019
	As of 01/01/2019	additions	departures	
in €				
I. INTANGIBLE ASSETS				

in €	Acquisition or production costs			
	As of 01/01/2019	additions	departures	As of 12/31/2019
1. Purchased concessions, industrial property rights and similar rights and values as well as licenses to such rights and values	1,589,397.87	103,054.17	-	1,692,452.04
	1,589,397.87	103,054.17	-	1,692,452.04
II. TANGIBLE ASSETS				
1. Land, land rights and buildings, including buildings on third-party land	448,058.13	-	-	448,058.13
operating and office equipment	6,281,661.03	414,605.10	(479,229.18)	6,217,036.95
	6,729,719.16	414,605.10	(479,229.18)	6,665,095.08
III. FINANCIAL ASSETS				
1. Shares in affiliated companies	9,560,414.51	-	(999,999.00)	8,560,415.51
2. Loans to affiliated companies	468,974.09	-	(468,974.09)	-
3. Holdings	604,542.32	-	-	604,542.32
4. Other Loans	-	8,000,000.00	-	8,000,000.00
	10,633,930.92	8,000,000.00	(1,468,973.09)	17,164,957.83
TOTAL FIXED ASSETS	18,953,047.95	8,517,659.27	(1,948,202.27)	25,522,504.95

in €	depreciation			book value		
	As of 01/01/2019	additions	departures	As of 12/31/2019	As of 12/31/2019	As of 12/31/2018
I. INTANGIBLE ASSETS						
1. Purchased concessions, industrial property rights and similar rights and values as well as licenses to such rights and values	(1,465,588.87)	(106,196.17)		(1,571,785.04)	120,667.00	123,809.00
	(1,465,588.87)	(106,196.17)	-	(1,571,785.04)	120,667.00	123,809.00
II. TANGIBLE ASSETS						
1. Land, land rights and buildings, including buildings on third-party land	(397,002.99)	(6,932.00)	-	(403,934.99)	44.123.14	51,055.14
operating and office equipment	(4,704,797.03)	(867,357.10)	463,413.18	(5,108,740.95)	1,108,296.00	1,576,864.00
	(5,101,800.02)	(874,289.10)	463,413.18	(5,512,675.94)	1,152,419.14	1,627,919.14
III. FINANCIAL ASSETS						
1. Shares in affiliated companies	(7,627,243.43)	-	999,999.00	(6,627,244.43)	1,933,171.08	1,933,171.08
2. Loans to affiliated companies	(468,974.09)	-	468,974.09	-	-	-
3. Holdings	-	-	-	-	604,542.32	604,542.32
4. Other Loans	-	-	-	-	8,000,000.00	-
	(8,096,217.52)	-	1,468,973.09	(6,627,244.43)	10,537,713.40	2,537,713.40
TOTAL FIXED ASSETS	(14,663,606.41)	(980,485.27)	1,932,386.27	(13,711,705.41)	11,810,799.54	4,289,441.54

2 SUPPLIES

Work in progress increased by €2,960,277.01 to €8,383,023.55 (December 31, 2018: €5,422,746.54). They include project services from customer orders that have not yet been invoiced. The increase mainly results from the processing of foreign projects. Valuation allowances still exist in the amount of €1,030,000.00 (December 31, 2018: €1,030,000.00) for a project in Yemen.

3 CLAIMS

in €	12/31/2019	12/31/2018
Requests from deliveries and services	7,473,182.70	6,686,158.30
Receivables from affiliated companies	34,979,090.90	50,246,384.25
Receivables from companies in which an investment is held	1,251,628.21	704,880.46
	43,703,901.81	57,637,423.01

The increase in trade accounts receivable in the year under review is mainly due to higher accounts receivable abroad.

Receivables from affiliated companies include trade receivables of €10,814,849.97 (December 31, 2018: €13,944,117.66) and other receivables of €24,164,240.93 (December 31, 2018 : €36,302,266.56). The other receivables in the financial year relate to receivables from cash management with Deutsche Telekom. Receivables from the shareholder T-Systems amount to €2,240,395.59 (December 31, 2018: €246,209.80) and relate exclusively to trade accounts receivable.

Receivables from companies in which an investment is held are due from Detecon AI Saudi Co. Ltd., Riyadh, and include trade receivables (€1,183,145.29) and personnel receivables (€68,482.92).

All receivables have a residual term of less than one year.

4 OTHER ASSETS

in €	12/31/2019	12/31/2018
Receivables from income tax prepayments	1,476,828.06	0.00
Interest from loans	99,555.56	0.00
Forward Exchange Transactions	79,534.00	90,048.01
Claims against employees	28,390.07	70,506.56
Credit with suppliers	28,017.02	170,970.03
Receivables from former bank deposits with disposal restrictions	0.00	1,561,541.88
Miscellaneous other assets	112,114.87	96,016.55
	1,824,439.58	1,989,083.03

The receivable from income tax prepayments relates to corporation tax, the solidarity surcharge and trade tax for the 2019 financial year.

The interest receivables result from the loan to Unified National Networks Sdn Bhd, Brunei.

Receivables from forward exchange transactions are unrealized settlement results from expired hedging transactions with rolling hedging.

Receivables from employees include travel expense advances.

The remaining other assets relate to receivables from foreign sales tax in the amount of €94,326.82 (December 31, 2018: €51,471.33).

Other assets include receivables with a remaining term of more than one year in the amount of €-117,343.61 (December 31, 2018: €44,545.22).

5 CASH IN HAND AND CREDIT INSTITUTIONS

in €	12/31/2019	12/31/2018
cash balance	6,824.74	6,452.14
Bank balances	2,900,025.57	3,946,566.00
	2,906,850.31	3,953,018.14

The reduction in bank balances is mainly due to lower bank balances abroad.

The total term of the cash and cash equivalents is less than one year.

6 PREPAID EXPENSES

Prepaid expenses of €365,884.46 (December 31, 2018: €623,732.15) include deferred expenses for license and seminar fees as well as insurance premiums.

7 ASSETS DIFFERENCE FROM ASSETS

in €	12/31/2019	12/31/2018
Settlement amount of the offset debts from partial retirement agreements	2,976,576.00	2,614,459.00
Fair Value of CTA Assets	3,370.31 7.95	3,139,491.23
Acquisition cost of the CTA assets	3,125,000.00	3,125,000.00
Charged Expenses	(40,784.00)	(233,275.11)
Offsetting Income	247,433.82	75,301.32
Surplus of the plan assets over the obligations from arrears from partial retirement agreements	393,741.95	525,032.23

The active difference from asset allocation of €393,741.95 results from the netting of securities and bank account balances of €3,370,317.95 with the arrears of settlement of the provisions for partial retirement of €2,976,576.00. The securities and bank account balances, which have been transferred to a trustee, are used to secure employees' early retirement agreements in the CTA. The fair value of the CTA assets fully covers Detecon's discounted outstanding payments from the obligations from partial retirement as of the December 31, 2019 balance sheet date. The acquisition costs of the CTA assets for partial retirement are below the fair value.

The expenses and income offset are reported under interest and similar income (2018: interest and similar expenses).

The CTA assets are valued on the relevant reporting date, taking into account the current market values.

8 EQUITY

in €	12/31/2019	12/31/2018
Subscribed capital	8,700,000.00	8,700,000.00
Other retained earnings	18,809,974.74	18,809,974.74
Balance sheet loss / Balance sheet profit	(3,486,875.77)	4,045,420.14
Equity capital	24,023,098.97	31,555,394.88

Equity decreased by €7,532,295.91 compared to December 31, 2018. As of December 31, 2019, Detecon's subscribed capital was unchanged from the previous year at €8,700,000.00.

All company shares are held by T-Systems.

By resolution of the shareholders' meeting on April 5, 2019, the net income for 2018 in the amount of €4,045,420.14 was distributed to the shareholder on December 10, 2019.

Amounts that are blocked from distribution result from the valuation of the CTA assets to secure claims from partial retirement in accordance with Section 268 (8) Sentence 3 HGB in the amount of €245,317.95.

Deferred tax liabilities of €79,330.92 are attributable to the difference of €245,317.95, resulting in a balance of €165,987.03. Taking into account deferred tax assets of €79,330.92, which are taken into account by offsetting against the deferred tax liabilities, this results in an amount of €245,317.95 that is barred from distribution in accordance with Section 268 (8) HGB.

The amount blocked for distribution pursuant to Section 253 (6) Sentence 2 HGB results from the difference in connection with the change in the valuation regulations for pension provisions pursuant to Section 253 (6) Sentence 1 HGB in the amount of €1,639,928.00.

The total blocked amount pursuant to Section 268 (8) Sentence 3 HGB and Section 253 (6) Sentence 2 HGB is €1,885,245.95.

9 PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

The balance sheet value of the pension obligations is determined on the basis of actuarial reports.

The pension obligations to employees are based on direct benefit commitments. These include direct commitments made directly by the company.

Since the introduction of the BilMoG on January 1, 2010, pension provisions have been measured using the projected unit credit method. The additional amount resulting from the changed valuation of the pension provisions is distributed over 15 years in accordance with the transitional provisions of the BilMoG (Art. 67 Para. 1 S. 1 EGHGB).

As of December 31, 2019, the portion of the provisions for direct pension obligations not reported in the balance sheet due to the transitional provisions of the BilMoG was €649,555.00 (December 31, 2018: €780,721.00). As of the reporting date, the calculation is based on the following assumptions:

in %	2019
interest rate	2.71%
salary trend	2.50%
pension trend	
Generally	1.50%
Statutory	1.00%
fluctuation	4.00%

The pension obligations are measured using the biometric principles of the Heubeck 2018 G mortality tables.

As of December 31, 2019, there were plan assets for certain pension obligations in the form of matching reinsurance claims. The settlement amount of the offset liabilities from pension obligations of €875,649.00 was offset as of December 31, 2019 with the fair value of the plan assets, which was also €875,649.00. The fair value of the assets corresponds to the taxable asset value of the reinsurance. The acquisition costs of the plan assets amount to €576,693.78. Since, in the case of congruent reinsurance policies, a distribution blocking effect is already achieved by adjusting the book value of the obligations to the fair value of the corresponding reinsurance policy, the distribution block pursuant to Section 268 (8) sentence 3 in conjunction with sentence 1 HGB does not apply in this respect. In the 2019 financial year, interest income from plan assets was netted with expenses from compounding pension obligations in net interest income.

Based on the actuarial reports, a provision for direct pension obligations of €15,633,314.00 (December 31, 2018: €14,360,925.00) was reported as of the reporting date.

The average market interest rate for discounting pension provisions from the past ten financial years (until financial year 2015: seven financial years) is based on the "Act on the Implementation of the Residential Real Estate Credit Directive and Amending Commercial Law Regulations", which came into force on March 21, 2016. The difference between the valuation of pension provisions based on the average market interest rate from the past ten financial years and the valuation of the provisions based on the average market interest rate from the past seven financial years as of December 31, 2019 is €1,639,928.00. The difference is barred from distribution.

10 TAX PROVISIONS

in €	12/31/2019	12/31/2018
Domestic income taxes	530,774.76	1,934,179.28
Foreign income taxes	521,800.00	408,021.15
Other taxes	181,363.89	71,770.81
	1,233,938.65	2,413,971.24

Tax provisions decreased by €1,180,032.59 to €1,233,938.65 compared to the previous year. The reason for this is the handling of the tax audit for the years 2015 and 2016 as well as the result of the financial year, which did not lead to any tax provisions.

11 OTHER PROVISIONS

in €	12/31/2019	12/31/2018
HUMAN RESOURCES OBLIGATIONS		
Variable remuneration	10,475,000.00	10,800,000.00
staff restructuring measures	3,759,966.62	185,400.00
vacation accrual	2,920,000.00	3,030,000.00

in €	12/31/2019	12/31/2018
partial retirement	1,045,258.00	881,963.00
trade association	238,600.00	274,600.00
severely handicapped tax	107,000.00	115,000.00
death benefit	102,400.00	118,300.00
Traveling expenses	60,000.00	300,000.00
Other Obligations	1,047,131.02	739,634.07
	19,755,355.64	16,444,897.07
OTHER COMMITMENTS		
Outstanding invoices for deliveries and services	1,127,100.00	1,642,900.00
commissions	631,400.00	533,000.00
order risk	372,300.00	287,000.00
Year-end closing costs	178,396.00	238,683.00
Miscellaneous other provisions	158,723.00	202,127.22
	2,467,919.00	2,903,710.22
	22,223,274.64	19,348,607.29

The other obligations from the personnel area include, among other things, provisions for additional payment obligations.

The provisions for outstanding invoices for goods and services are formed for IT, consulting, telephone and license costs, among other things.

Provisions for commissions include remuneration for brokering consulting contracts.

The remaining other provisions essentially include the provision for archiving costs as part of the retention obligation.

12 LIABILITIES

in €	12/31/2019				12/31/2018			
	In total	thereof with a remaining maturity			In total	thereof with a remaining maturity		
		up to 1 year	over 1 year	of which: more than 5 years		up to 1 year	over 1 year	of which: more than 5 years
Advance payments received on orders	2,955,570.02	2,955,570.02	-	-	2,728,500.24	2,728,500.24	-	-
liabilities from goods and services	1,400,820.35	1,400,820.35	-	-	893,120.71	893,120.71	-	-
Liabilities to affiliated companies	540,978.06	540,978.06	-	-	1,140,081.73	1,140,081.73	-	-
Liabilities to companies in which an investment is held	241,937.43	241,937.43	-	-	-	-	-	-
Other liabilities	1,135,709.08	1,135,709.08	-	-	1,999,875.55	1,999,875.55	-	-
of which: from taxes	966,426.71	966,426.71	-	-	1,465,303.56	1,465,303.56	-	-
of which: within the framework of social security	105,778.51	105,778.51	-	-	72,510.33	72,510.33	-	-
	6,275,014.94	6,275,014.94	-	-	6,761,578.23	6,761,578.23	-	-

The advance payments received on orders amounting to €2,955,570.02 (December 31, 2018: €2,728,500.24) relate exclusively to projects abroad.

The trade payables essentially relate to the purchase of services and work in the project business. The increase is mainly due to liabilities to a foreign creditor.

Liabilities to affiliated companies include trade payables of €151,152.65 (December 31, 2018: €601,506.35). In particular, they apply to Detecon Inc., San Francisco, USA. In addition, there are VAT liabilities to the parent company Deutsche Telekom of EUR 538,575.38 (December 31, 2018: EUR 389,825.41).

Liabilities to companies in which an investment is held include a down payment on the dividend for the 2018 fiscal year from Detecon AI Saudia Co. Ltd. Riyadh, Saudi Arabia.

Other liabilities break down as follows:

in €	12/31/2019	12/31/2018
Liabilities from taxes	966,426.71	1,465,303.56
Liabilities to employees	21,401.38	324,000.26
Miscellaneous other liabilities	147,880.99	210,571.73
	1,135,709.08	1,999,875.55

Tax liabilities include wage tax liabilities.

Liabilities to employees mainly result from other liabilities from pensions.

Miscellaneous other liabilities essentially include liabilities to the social security agency and customer credit balances.

NOTES TO THE PROFIT AND LOSS ACCOUNT

13 REVENUES

In the year under review, sales fell by €5,328,303.87 compared to the previous year at €121,520,251.35. The revenues result almost exclusively from the provision of consulting services (€121,481,953.70). The other sales revenues (€38,297.65) essentially include sales revenues from letting and from the leasing of personnel.

Sales by region

in €	2019	2018
Germany	94,594,802.20	104,396,717.01
Asia	11,662,029.52	112,262.56
Europe	5,699,827.69	5,085,544.97
Middle East and North Africa	5,114,292.74	13,221,623.78
Central and South Africa	3,076,700.55	1,808,605.88
America	1,372,598.65	2,223,801.02
	121,520,251.35	126,848,555.22

14 INVENTORY CHANGES

The change in the inventory of unfinished services results from the increase in project services from customer orders that have not yet been invoiced.

15 OTHER OPERATING INCOME

in €	2019	2018
Charged benefits in kind	1,591,547.37	1,677,698.89
Income from foreign currency valuation	826,090.34	968,379.42
Income from the reversal of provisions	754,933.08	2,963,560.48
Income from onward charging	423,555.39	621,396.93
Income from valuation of receivables	127,248.28	177,350.38
Income from the release of other liabilities	90,509.41	1,278,072.73
Income from the reversal of the value adjustment on work in progress	0.00	526,202.46
Other Income	791,314.98	802,355.72
	4,605,198.85	9015017.01

Income from foreign currency valuation of €826,090.34 (2018: €968,379.42) mainly relates to gains from the foreign currency valuation of trade receivables and payables.

Income from the reversal of provisions essentially relates to the reversal of provisions for outstanding invoices in the amount of €475,365.95 (2018: €981,777.99) and personnel provisions in the amount of €200,761.04 (2018: €1,955,438.11 €).

Income from recharging in the amount of €423,555.39 (2018: €621,396.93) results exclusively from income from recharging administrative costs to foreign subsidiaries.

The income from the valuation of receivables mainly relates to the reversal of individual value adjustments abroad.

Other income includes, among other things, income from employees' net wage sacrifices in the amount of €517,884.43 (2018: €551,214.16).

In the reporting year, other operating income includes income relating to other periods in accordance with Section 285 No. 32 HGB in the amount of €972,690.77 (2018: €4,418,983.59). This relates in particular to income from the reversal of provisions in the amount of €754,933.08 (2018: €2,963,560.48).

16 MATERIAL EXPENSES

The cost of materials increased by €2,304,605.09 to €21,482,437.76 (2018: 19.1 €77,832.67). It only includes expenses for purchased services that are passed on to the customer.

17 PERSONNEL EXPENSES/EMPLOYEES

in €	2019	2018
WAGES AND SALARIES	67,834,485.67	66,250,573.57
SOCIAL CONTRIBUTIONS AND EXPENSES FOR PENSION PLANS AND FOR ASSISTANCE	9,251,035.83	8,927,238.56
of which: social security contributions	8,670,427.23	8,516,888.81
of which: expenses for employee pensions	580,608.60	410,349.75
	77,085,521.50	75,177,812.13

Personnel expenses increased by €1,907,709.37 compared to the previous year to a total of €77,085,521.50. The increase in expenses for wages and salaries amounts to €1,583,912.10.

The average number of employees (full-time equivalents) developed as follows:

Number	2019	2018
employed consultants	547	566
employees in cross-divisional functions	159	175

18 DEPRECIATION

in €	2019	2018
DEPRECIATION		
Depreciation of intangible fixed assets	106,196.17	150,299.18
Depreciation of property, plant and equipment	874,289.10	1,107,796.82
	980,485.27	1,258,096.00

Scheduled amortization of intangible assets relates to amortization of software in the amount of €106,196.17 (2018: €150,299.18).

Scheduled depreciation of property, plant and equipment in the year under review essentially relates to hardware at €727,238.85 (2018: €766,313.09).

19 OTHER OPERATING EXPENSES

in €	2019	2018
Traveling expenses	6,875,322.63	7,161,159.81
Costs passed on from affiliated companies	5,697,306.97	2,122,541.82
vehicle costs	3,396,667.55	3,760,819.73
Rental and lease expenses (including leasing)	3,329,361.48	2,781,536.46
IT support	2,861,390.37	2,782,037.32
Group allocations	1,305,497.32	0.00
Other ancillary personnel costs	1,144,723.48	1,789,351.33
communication expenses	1,061,647.49	1,025,143.58
training and further education	939,317.15	912,978.52
legal and consulting costs	612,048.25	589,548.08
marketing expenses	506,108.86	728,937.09
Office supplies as well as books and specialist literature	498,301.40	672,660.75
exchange rate losses	489,422.35	863,056.43
bad debt allowances	354,346.07	543,032.30
Expenses according to Art. 67 Para. 1 and 2 EGHGB	131,166.00	131,166.00
Other Expenses	1,324,580.22	1,563,826.63
	30,527,207.59	27,427,795.85

The travel costs include in particular the flight, travel and accommodation costs that are incurred as part of the provision of consulting services.

The cost transfer from affiliated companies results primarily from the remuneration paid to Detecon Consulting FZ-LLC, Dubai, United Arab Emirates, according to the "cost plus procedure" for sales support services in the Middle East and North Africa in the amount of €4,668,657.05 and the remuneration paid to Detecon Inc., San Francisco, USA, for operating the Innovation Institute of €949,999.92.

The vehicle costs essentially include the costs for providing company vehicles.

Rental and lease expenses mainly result from the rental of office space in the amount of €3,295,930.96 (2018: €2,719,587.82). The increase is due to an additional rental in Brunei.

The expenses for IT support include services for setting up and operating applications on client/server systems, network services and services for workstation systems.

The group allocation is the onward billing of centrally provided group services, which the company is billed by its shareholder according to the cause.

The other ancillary personnel costs mainly include services for hiring personnel as well as company events and hospitality.

Communications expenses essentially include telephone, data and network services.

The allowances for receivables relate to trade accounts receivable from external customers in the amount of €95,834.86 and accounts receivable from subsidiaries in the amount of €258,511.21.

The expenses according to Art. 67 Para. 1 and 2 EGHGB include expenses from the adjustment of the valuation of the pension provisions due to the BilMoG in the amount of €131,166.00 (2018: €131,166.00). The company exercised the right to choose how to allocate the addition amount pursuant to Art. 67 (1) sentence 1 EGHGB in such a way that the annual addition amount corresponds to one fifteenth of the total amount to be added.

Other expenses in the year under review include in particular expenses for insurance, commissions and translation services.

In the reporting year, other operating expenses include expenses relating to other periods in accordance with Section 285 No. 32 HGB in the amount of €354,346.07 (2018: €543,032.30). These relate to losses from the depreciation of trade accounts receivable.

20 FINANCIAL RESULT

in €	2019	2018
Income from participations	0.00	1,142,329.06
INVESTMENT RESULT	0.00	1,142,329.06
Income from loans from financial assets		
of which: from affiliated companies €0.00 (2018: €0.00)	99,555.56	0.00

in €	2019	2018
Other interest and similar income	218,895.43	23,857.52
of which: from affiliated companies €2,472.13 (2018: €14,596.26)		
Interest and similar expenses	(1,496,723.81)	(1,631,127.20)
of which: to affiliated companies €0.00 (2018: €0.00)		
of which: from the compounding of provisions €1,433,000.19 (2018: €1,508.4 78.57)		
INTEREST INCOME	(1,178,272.82)	(1,607,269.68)
	(1,178,272.82)	(464,940.62)

Income from investments in the previous year related exclusively to dividend payments by Detecon AI Saudia Co. Ltd., Riyadh, Saudi Arabia.

The income from loans classified as financial assets results from interest on the loan to Unified National Networks Sdn Bhd, Brunei.

The interest expenses essentially relate to the expenses from compounding the pension provisions.

In the year under review, expenses from the compounding of the provision for partial retirement obligations in the amount of €40,784.00 were offset against income from the CTA assets for partial retirement obligations in the amount of €247,433.82 and reported under interest and similar income. In the previous year, the expenses from the compounding of the provision for partial retirement obligations (€64,069.00) together with the expenses from the valuation of the CTA assets for partial retirement obligations at fair value (€169,206.11) and the investment income from the CTA assets (75,301, €32) and shown under interest and similar expenses.

Expenses from the compounding of pension provisions in the amount of €1,469,308 (2018: €1,372,400.00) were offset against the income from plan assets for pension obligations in the amount of €36,430.00 (2018: €22,974.00) and in the interest and similar expenses.

21 TAXES ON INCOME AND PROFIT

Tax expenses of €1,317,341.24 (2018: €3,081,154.09) were incurred in the reporting year. This consists of tax income of €1,368,108.16 (2018: €70,000.00) and tax expenses of €2,685,449.40. The tax income results mainly from the completed tax audit for the years 2015 and 2016 in the amount of €639,608.45 and a refund of foreign taxes in the amount of €686,984.13. The tax expense mainly relates to domestic income tax from previous years in the amount of €775,757.84 and foreign income tax in the amount of €1,633,913.39.

Income tax expenses include income from tax refunds for previous years and income from the reversal of tax provisions in the amount of €1,368,108.16 (2018: €70,000.00) and tax expenses in the amount of €963,378.85 (2018: €882,777.91). , which are not related to the period within the meaning of § 285 No. 32 HGB.

22 OTHER TAXES

Other taxes amount to €1,336.80 (2018: €1,336.80) and relate exclusively to property taxes.

23 RECONCILIATION FROM FINANCIAL LOSS TO ACCOUNTING LOSS

The annual result fell by €7,532,295.91 compared to the previous year. The net loss for the year is €3,486,875.77 and corresponds to the balance sheet loss. The balance sheet profit of the previous year in the amount of € 4,045,420.14 was distributed in full to the shareholder.

OTHER INFORMATION

24 CONTINGENT LIABILITIES AND TRANSACTIONS NOT INCLUDED IN THE BALANCE SHEET IN ACCORDANCE WITH SECTION 285 NO. 3 HGB AS WELL AS REASONS FOR THE ASSESSMENT OF THE RISK OF CLAIMS ON CONTINGENT LIABILITIES IN ACCORDANCE WITH §285 NO. 27 HGB

in €	12/31/2019	12/31/2018
Liabilities from warranty contracts	2,862,976.73	5,500,450.06
of which: to affiliated companies €0.00 (12/31/2018: €0.00)		
	2,862,976.74	5,500,450.06

The warranty obligations mainly include advance payment guarantees, bid guarantees and contract performance guarantees. Since Detecon has sufficiently qualified staff and adequate liquidity, it is able to provide the contractually agreed consulting services at all times. The risk of claims arising from the guarantee agreements is therefore classified as low.

The aforementioned contingent liabilities also belong to the transactions not included in the balance sheet.

25 OTHER FINANCIAL OBLIGATIONS

in €	In total	12/31/2019		In total	12/31/2018	
		thereof with a due date	from the second		thereof with a due date	from the second
		in the coming	following		in the coming	following
		financial year	financial year		financial year	financial year
Obligations from rental and lease agreements	4,152,138.86	2,445,076.50	1,707,062.36	3,979,102.59	2,493,998.22	1,485,104.37
of which: to affiliated companies						
€4,152,138.86						

	12/31/2019			12/31/2018		
	In total	thereof with a due date in the coming financial year	from the second following financial year	In total	thereof with a due date in the coming financial year	from the second following financial year
in € (12/31/2018: €3,979,102.59)						
Purchase commitments from obligations for future expenses and investments	6,434,700.56	6,434,700.56	-	5,308,470.48	5,308,470.48	-
of which: to affiliated companies €1,921,902.26 (12/31/2018: €729,205.81)						
Obligations from pending transactions						
of which: to affiliated companies €0.00 (12/31/2018: €0.00)	-	-	-	8,000,000.00	8,000,000.00	-
	10,586,839.42	8,879,777.06	1,707,062.36	17,287,573.07	15,802,468.70	1,485,104.37

The obligations from rental and lease agreements mainly relate to Deutsche Telekom and DeTeFleetServices GmbH, Bonn, for the provision of office space and vehicles.

The order commitment essentially consists of consulting services.

The obligations from pending transactions existing as of December 31, 2018 related to Detecon's obligation resulting from the Share Subscription and Shareholders Agreement of December 11, 2018, 100,000 preference shares at an issue price of €80 per share in the company National Networks BHD, Brunei Darussalem to purchase.

26 FINANCIAL DERIVATIVE INSTRUMENTS

Detecon International GmbH enters into forward exchange transactions to hedge trade receivables and expected future sales and production costs from orders already received against exchange rate fluctuations. A high probability of occurrence of the hedged transactions can be assumed as they are routine transactions. Individual forward exchange contracts were concluded for the individual customer receivables or orders placed, the terms of which correspond to the expected maturity of the underlying transactions (micro-hedge).

The opposing changes in value/cash flows balance each other out in the hedging period, as according to Group guidelines, risk positions (underlying transaction) are hedged by forward exchange transactions in the same amount in the same currency and term immediately after they arise. By the time the transactions are finally settled, the opposing changes in value/cash flows from the underlying and hedging transactions will fully offset each other. Because the hedging strategy used means that it is always a perfect micro-hedge, the critical term match method is always used. Ineffectiveness is therefore not possible and a mathematical effectiveness measurement is dispensed with. As soon as it becomes foreseeable

As of December 31, 2019, there are valuation units as follows:

	Hedged amount of the underlying transaction in foreign currency	Amount included in euros
CONTRACT CURRENCY		
CUSTOMER REQUIREMENT		
SAR	2,750,694.00	637,949.48
USD	114,597.81	90,000.00
PENDING DEALS		
KWD	83,750.00	222,498.52
USD	292,190.34	246,054.40
		1,196,502.40

The opposing changes in value and cash flows are expected to balance each other out by February 14, 2020. The amount of the risks hedged with valuation units was €0.00 as of the reporting date (avoided provisions for impending losses or failure to write down receivables in foreign currency), since the market values of the forward exchange transactions were positive as of December 31, 2019.

27 DEFERRED TAXES

In the year under review, there was a surplus of deferred taxes. Detecon International GmbH does not exercise the right to choose pursuant to Section 274 (1) HGB to recognize the resulting tax relief as deferred tax assets. The active / passive deferred taxes are mainly based on differences in the balance sheet items receivables as well as on provisions and loss carryforwards. An effective tax rate of 32.338% for corporation tax plus solidarity surcharge and trade tax is used to determine deferred taxes.

28 AUDITOR'S FEES AND SERVICES

The total fee charged by the auditor for the year under review within the meaning of Section 285 No. 17 HGB is included in the relevant notes to the consolidated financial statements of Deutsche Telekom.

29 MANAGEMENT OF DETECON INTERNATIONAL GMBH 2019

dr Heinrich Martin Arnold

Chief Executive Officer (CEO), until 01/31/2019

Ralph Pichler

Chief Executive Officer (CEO), as of 08/01/2019

Sven Erdman

Chief Finance Officer (CFO)

30 THE SUPERVISORY BOARD OF DETECON INTERNATIONAL GMBH 2019

Christian Til Roga

chairman of the supervisory board

Senior Vice President, Global Portfolio Operational Excellence, T-Systems International GmbH

Udo Sommer

Deputy Chairman of the Supervisory Board

Chairman of the general works council of Detecon

George Heil

Finance, T-Systems South Africa (Pty) Limited, until February 22, 2019

Hans Jürgen Wickenhöfer

Vorsitzender Betriebsrat Frankfurt/München Detecon International GmbH

Britta Hutter

HR Business Partner PK, Telekom Deutschland GmbH

Frank Strecker

Senior Vice President, Public Cloud Managed Services, T-Systems International GmbH, bis 28.02.2019

Peter Lorenz

Senior Vice President, Digital Solutions, T-Systems International GmbH, ab 07.03.2019

Tina Lang

Head of Chapter Subsidiary Management and Export, T-Systems International GmbH, ab 07.03.2019

31 VERGÜTUNG VON GESCHÄFTSFÜHRUNG UND AUFSICHTSRAT/BEIRAT

Gem. § 286 Abs. 4 HGB wird auf die Angabe der Gesamtbezüge einschließlich der Sachbezüge der ehemaligen und aktuellen Geschäftsführer verzichtet.

Im Geschäftsjahr 2019 wurde für Aufsichtsratsbezüge ein Betrag von 8.323,00 € zurückgestellt. Die Auszahlung wird im Geschäftsjahr 2020 erfolgen.

Vorschüsse und Kredite an Organmitglieder sowie ehemalige Organmitglieder wurden nicht gewährt. Ebenso wurden keine Haftungsverhältnisse zu Gunsten dieses Personenkreises eingegangen (§ 285 Nr. 9 c HGB).

32 ANTEILSBESITZLISTE GEMÄSS § 285 NR. 11 UND 11A HGB

Lfd. Nr.	Name und Sitz der Gesellschaft	Über Nr.	Indirekt %	Direkt %	Gesamt-nominalwert	Währung
1. Verbundene Unternehmen						
1.	Detecon (Schweiz) AG, Zürich			100,00	1.000.000	CHF
2.	Detecon Consulting Austria GmbH, Wien	1.	100,00		72.672	EUR
3.	Detecon Asia Pacific Ltd., Bangkok			100,00	49.000.000	THB
4.	Detecon Consulting FZ-LLC, Dubai			100,00	500.000	AED
5.	Detecon Vezetési Tanácsadó Kft., Budapest			100,00	4.600.000	HUF
6.	Detecon, Inc,, San Francisco			100,00	1.872.850	USD
7.	ORBIT Gesellschaft für Applikations- und Informationssysteme mbH, Bonn			100,00	128.000	EUR
8.	Qingdao DETECON Consulting Co. Ltd. Peking			100,00	2.000.000	USD
2. Assoziierte Unternehmen und übrige Beteiligungen						
1.	DETECON AL SAUDIA, Riyadh			46,50	4.000.000	SAR
Lfd. Nr.	Name und Sitz der Gesellschaft	Eigenkapital in Tsd.	Jahresüberschuss/ Jahresfehlbetrag (-) in Tsd	Reporting-währung	Bemerkung	
1. Verbundene Unternehmen						
1.	Detecon (Schweiz) AG, Zürich	11.988	855	CHF	1.	
2.	Detecon Consulting Austria GmbH, Wien	442	-6	EUR	1.	

Lfd. Nr.	Name und Sitz der Gesellschaft	Eigenkapital in Tsd.	Jahresüberschuss/ Jahresfehlbetrag (-) in Tsd.	Reporting- währung	Bemerkung
3.	Detecon Asia Pacific Ltd., Bangkok	75.524	-30.542	THB	1.
4.	Detecon Consulting FZ-LLC, Dubai	1.651	226	AED	1.
5.	Detecon Vezetési Tanácsadó Kft., Budapest	50.415	-3.906	HUF	1.
6.	Detecon, Inc., San Francisco	25	-133	USD	1.
7.	ORBIT Gesellschaft für Applikations- und Informationssysteme mbH, Bonn	9.113	2.293	EUR	1.
8.	Qingdao DETECON Consulting Co. Ltd. Peking	8.717	24	CNY	1.
	2. Assoziierte Unternehmen und übrige Beteiligungen				
1.	DETECON AL SAUDIA, Riyadh	206.343	8.458	SAR	1.

1. Eigenkapital und Jahresüberschuss bzw. Jahresfehlbetrag nach lokalem Jahresabschluss 31.12.2018.

33 EREIGNISSE NACH DEM BILANZSTICHTAG

Auswirkungen der aktuellen Coronavirus-Pandemie auf unseren Geschäftsverlauf lassen sich aktuell kaum abschätzen. Kurzfristig muss mit Unterbrechungen der laufenden Geschäfte aufgrund von Krankheitsfällen oder Einschränkungen der Reisetätigkeit gerechnet werden. Wie sich die Pandemie längerfristig auf die weitere Entwicklung unserer Geschäftstätigkeit oder unserer Geschäftspartner auswirken wird, lässt sich derzeit noch nicht absehen

Köln, den 31. März 2020

Detecon International GmbH

Die Geschäftsführung

Ralf Pichler

Sven Erdmann

BERICHT DES AUFSICHTSRATS

Sitzungen und Beschlussfassungen

Der Aufsichtsrat hat während des Geschäftsjahres 2019 in seinen ordentlichen Sitzungen insgesamt zweimal getagt. Die Sitzungen fanden im Frühjahr in Bonn und im Winter in Köln statt. Im Rahmen der Aufsichtsratssitzungen hat die Geschäftsführung in vollem Umfang Bericht erstattet und der Aufsichtsrat hat sich von ihrer ordnungsgemäßen Geschäftsführung überzeugt.

Im Geschäftsjahr 2019 wurden folgende Beschlüsse gefasst:

Datum	Nummer	Beschluss
04.04.2019	01/2019	Beschlussfassung zur Genehmigung des Protokolls der ordentlichen Sitzung vom 6. Dezember 2018
04.04.2019	02/2019	Beschlussempfehlung an die Gesellschafterversammlung zur Feststellung des Jahresabschlusses für das Geschäftsjahr 2018
04.04.2019	03/2019	Beschlussempfehlung der Geschäftsführung an die Gesellschafterversammlung zur Ergebnisverwendung
04.04.2019	04/2019	Beschlussempfehlung an die Gesellschafterversammlung zur Entlastung der Geschäftsführung für das Geschäftsjahr 2018
04.04.2019	05/2019	Beschluss zur Vorlage des Berichtes des Aufsichtsrats an die Gesellschafterversammlung zur Tätigkeit im Geschäftsjahr 2018
11.12.2019	06/2019	Beschlussfassung zur Genehmigung des Protokolls der ordentlichen Sitzung vom 4. April 2019

Veränderungen in der Geschäftsführung

In der Geschäftsführung gab es im Geschäftsjahr 2019 folgende Personalveränderungen:

Prof. Dr. Heinrich Arnold verließ zum 31.01.2019 die Detecon und legte sein Mandat nieder. Zum 01.08.2019 wurde Ralf Pichler durch die Gesellschafterversammlung der Detecon International zum Geschäftsführer und Sprecher der Geschäftsführung bestellt.

Veränderungen im Aufsichtsrat

Im Aufsichtsrat gab es im Geschäftsjahr 2019 folgende Personalveränderungen:

Die Gesellschafterversammlung der Detecon International GmbH hat mit Beschluss vom 07.03.2019 zwei neue Mitglieder in den Aufsichtsrat berufen: Peter Lorenz und Tina Lang. Frank Strecker legte sein Mandat zum 28.02.2019 nieder; ebenso Georg Heil, der sein Mandat zum 22.02.2019 niederlegte. Zeitgleich schied Georg Heil auch aus dem Ausschuss zum Konsultationsverfahren aus.

Jahresabschluss 2019

Der Aufsichtsrat hat die von der Gesellschafterversammlung gewählte Wirtschaftsprüfungsgesellschaft PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft mit der Prüfung des Jahresabschlusses 2019 beauftragt.

Der Jahresabschluss 2019 für die Detecon International GmbH ist unter Einbeziehung der Buchführung von der Wirtschaftsprüfungsgesellschaft PricewaterhouseCoopers GmbH geprüft und mit einem uneingeschränkten Bestätigungsvermerk versehen worden.

Der Prüfungsbericht hat dem Aufsichtsrat vorgelegen. Der Aufsichtsrat hat mit dem Abschlussprüfer seine Prüfungsergebnisse in der über den Jahresabschluss beratenden Sitzung eingehend erörtert.

Nach dem abschließenden Ergebnis der eigenen Prüfung des Aufsichtsrats sind keine Einwendungen gegen den Jahresabschluss der Detecon International GmbH zu erheben. Der Aufsichtsrat hat den von den Geschäftsführern aufgestellten Jahresabschluss 2019 gebilligt und in seiner Sitzung am 09.04.2020 gegenüber der Gesellschafterversammlung die Empfehlung ausgesprochen, den vorgelegten Jahresabschluss festzustellen.

Der im Geschäftsjahr 2019 erzielte Jahresfehlbetrag betrug € -3.486.875,77.

Zusammen mit dem Gewinnvortrag aus dem Jahr 2018 in Höhe von € 18.809.974,74 ergibt sich ein Bilanzgewinn von € 15.323.098,97. Der Jahresfehlbetrag aus 2019 wird auf neue Rechnung vorgetragen.

The Supervisory Board of Detecon International GmbH recommends that the shareholders' meeting follow the management's proposal.

Bonn, April 9th, 2020

Christian Till Roga, Chairman of the Supervisory Board
The board of directors
