

## Search Result

BTC Business Technology Consulting AG Oldenburg	Accounting / financial reports	Annual financial statements for the business year from <b>01/01/2018 to 12/31/2018 Supplemented on</b> ----- information	01/09/2020
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**BTC Business Technology Consulting AG**

**Oldenburg**

**Annual financial statements for the business year from 01/01/2018 to 12/31/2018**

### Independent auditor's report

To BTC Business Technology Consulting AG

#### Note on the audit of the annual financial statements and the management report

##### Examination Opinions

We have the annual financial statements of BTC Business Technology Consulting AG, Oldenburg - consisting of the balance sheet as of December 31, 2018 and the income statement for the financial year from January 1 to December 31, 2018 as well as the notes, including the presentation of the accounting - and evaluation methods - checked. In addition, we have audited the management report of BTC Business Technology Consulting AG for the financial year from January 1 to December 31, 2018. We have not checked the content of the declaration on corporate governance in accordance with Section 289f (4) HGB (information on the quota of women) contained in the management report, in accordance with German legal regulations.

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

- the attached annual financial statements comply in all material respects with the German commercial law regulations applicable to corporations and, in compliance with the German principles of proper accounting, give a true and fair view of the assets and financial position of the company as of December 31, 2018 and its earnings position for the financial year from January 1 to December 31, 2018 and
- the attached management report gives an overall accurate picture 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 accurately presents the opportunities and risks of future development. Our audit opinion on the management report does not extend to the content of the above-mentioned declaration on corporate governance pursuant to Section 289f para 4 HGB (information on the quota of women).

In accordance with Section 322 (3) sentence 1 of the German Commercial Code (HGB), we declare that our audit has not led to any objections to the correctness of the annual financial statements and the management report.

##### Basis for the examination results

We carried out our audit of the annual financial statements and the management report in accordance with Section 317 of the German Commercial Code (HGB), taking into account the generally accepted German auditing principles established by the Institut der Wirtschaftsprüfer (IDW). Our responsibility under these regulations and principles is further described in the section "Responsibility of the auditor for the audit of the annual financial statements and the management report" of our auditor's report. We are independent of the company in accordance with German commercial and professional regulations and have fulfilled our other German professional obligations in accordance with these requirements. We believe

##### Other Information

The legal representatives and the supervisory board are responsible for the other information. The other information includes the corporate governance declaration pursuant to Section 289f (4) of the German Commercial Code.

Our audit opinions on the annual financial statements and management report do not cover the other information, and accordingly we do not issue an audit opinion or any other form of audit conclusion thereon.

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

- have material inconsistencies with the annual financial statements, management report or our knowledge obtained during 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 in all essential respects with the German commercial law regulations applicable to corporations, and for ensuring that the annual financial statements, in compliance with the German principles of proper bookkeeping, give a true and fair view of assets and finance - and the company's earnings. Furthermore, the legal representatives are responsible for the internal controls that they have determined to be necessary in accordance with the German principles of proper accounting to enable the preparation of the annual financial statements,

When preparing the annual financial statements, the legal representatives are responsible for assessing the company's ability to continue business operations. Furthermore, they are responsible for disclosing matters relating to the going concern of the company, if relevant. In addition, they are responsible for accounting for the going concern basis of accounting, unless actual or legal circumstances conflict with this.

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

The Supervisory Board is responsible for overseeing 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 sufficient certainty as to whether the annual financial statements as a whole are free of material - intended or unintentional - misrepresentation and whether the management report as a whole gives an accurate picture of the company's position and, in all material matters, with the annual financial statements as well is in line with the findings of the audit, complies with German legal requirements and correctly presents the opportunities and risks of future development, as well as issuing an auditor's report that includes our audit opinions on the annual financial statements and the management report.

Adequate security is a high level of security, but no guarantee that an audit carried out in accordance with Section 317 of the German Commercial Code (HGB) in accordance with the German principles of proper auditing established by the Institute of Auditors (IDW) will always reveal a material misstatement. Misrepresentations can result from violations or inaccuracies and are regarded as material if it could reasonably be expected that they individually or collectively influence the economic decisions made by the addressees on the basis of these annual financial statements and management report.

During the examination, we exercise our due discretion and maintain a critical attitude. Furthermore

- We identify and assess the risks of material - intentional or unintentional - misrepresentations in the annual financial statements and the management report, plan and carry out audit activities in response to these risks and obtain audit evidence that is sufficient and suitable to serve as a basis for our audit opinions. The risk that material misrepresentations will not be detected is higher in the case of violations than inaccuracies, since violations can involve fraudulent interaction, forgeries, intentional incompleteness, misleading representations or the overriding of internal controls;
- We gain an understanding of the internal control system relevant to the audit of the annual financial statements and the provisions and measures relevant to the audit of the management report in order to plan audit procedures that are appropriate under the given circumstances, but not with the aim of providing an audit opinion on the effectiveness of these Delivering systems to society;
- we assess the appropriateness of the accounting methods used by the legal representatives as well as the acceptability of the estimated values presented by the legal representatives and related information;
- we draw conclusions about the appropriateness of the going concern accounting principle applied by the legal representatives and, on the basis of the audit evidence obtained, whether there is any material uncertainty in connection with events or circumstances, the significant doubts about the company's ability to continue as a going concern can raise. If we come to the conclusion that there is material uncertainty, we are obliged to draw attention to the relevant information in the annual financial statements and in the management report in the auditor's report or, if this information is inappropriate, to modify our respective audit opinion. We draw our conclusions based on the audit evidence obtained up to the date of our auditor's report. Future events or circumstances can, however, mean that the company can no longer continue its business activities;
- we assess the overall presentation, structure and content of the annual financial statements, including the information, as well as whether the annual financial statements present the underlying business transactions and events in such a way that the annual financial statements provide a true and fair view of the asset, financial and the company's earnings position;
- we assess the consistency of the management report with the annual financial statements, its compliance with the law and the picture it provides of the company's position;
- we perform audit procedures on the future-oriented information presented by the legal representatives in the management report. On the basis of adequate, suitable audit evidence, we particularly review the significant assumptions on which the legal representatives are based on the future-oriented information and assess the appropriate derivation of the future-oriented information from these assumptions. We do not issue an independent audit opinion on the future-oriented information or the underlying assumptions. There is a considerable unavoidable risk that future events will differ materially from the forward-looking statements.

Among other things, we discuss with those responsible for monitoring the planned scope and timing of the audit as well as significant audit findings, including any deficiencies in the internal control system that we discover during our audit.

#### **Other statutory and other legal requirements**

#### **Note on the examination of compliance with the accounting obligations in accordance with Section 6b (3) EnWG**

##### **Audit opinion**

We have checked compliance with the accounting obligations pursuant to Section 6b (3) EnWG, according to which separate accounts must be kept for activities pursuant to Section 6b (3) EnWG for the financial year from January 1 to December 31, 2018.

In our opinion, the accounting obligations pursuant to Section 6b (3) EnWG, according to which separate accounts are to be kept for the activities pursuant to Section 6b (3) EnWG, for the financial year from January 1 to December 31, 2018, were in all essential Concerns fulfilled.

##### **Basis for the audit opinion**

We conducted our audit in accordance with Section 6b (5) EnWG, taking into account the generally accepted German auditing standards established by the Institute of Auditors (IDW). Our responsibility according to these regulations and principles is further described in the section "Responsibility of the auditor for checking compliance with the accounting obligations pursuant to Section 6b (3) EnWG" and in the section "Responsibility of the auditor for the audit of the annual financial statements and the management report".

We are of the opinion that the audit evidence we have obtained is sufficient and suitable to serve as a basis for our audit opinion.

#### **Responsibility of the legal representatives for the accounting according to § 6b Abs. 3 EnWG**

The legal representatives are responsible for compliance with the obligations according to Section 6b (3) EnWG as well as for the precautions and measures (systems) that they have considered necessary to comply with these obligations.

### Responsibility of the auditor for checking compliance with the accounting obligations according to Section 6b (3) EnWG

Our objective is to obtain sufficient certainty as to whether the accounting obligations according to Section 6b (3) EnWG have been met in all essential matters and to issue a note stating our audit opinion on compliance with the accounting obligations according to Section 6b (3) EnWG includes. The audit includes the assessment of whether the valuations and the allocation of the accounts according to § 6b (3) EnWG have been carried out properly and comprehensively and whether the principle of consistency has been observed.

Hamburg, February 14, 2019

**Ernst & Young GmbH**  
auditing company

*Barnstedt*

*Auditors*

*horn*

*Auditors*

### Balance sheet as of December 31, 2018

#### assets

	EUR	EUR	December 31, 2017 KEUR
A. Fixed assets			
I. Intangible Assets			
1. Self-created industrial property rights and similar rights and values	1,389,358.00		994
2. Concessions acquired against payment, industrial property rights and similar rights and values as well as licenses to such rights and values	282,104.00		222
3. Internally generated intangible assets under construction	0.00		1,175
		1,671,462.00	2,391
II. Tangible assets			
1. Technical systems and machines	548,213.00		591
2. Other equipment, factory and office equipment	254,627.00		182
3. Facilities under construction	0.00		19th
		802,840.00	792
III. Financial assets			
1. Shares in affiliated companies	17,379,942.75		11,136
2. Loans to affiliated companies	35,000.00		35
		17,414,942.75	11,171
		19,889,244.75	14,354
B. Current Assets			
I. Inventories			
1. Work in progress, work in progress	5,957,553.20		8,249
2. Advance payments made	2,536,744.29		869
3. Advance payments received for inventories	-3,675,723.30		-4,604
		4,818,574.19	4,514
II. Receivables and other assets			
1. Trade accounts receivable	14,891,671.07		13,349
2. Receivables from affiliated companies	19,095,879.00		18,778
3. Other assets	633,763.58		336
		34,621,313.65	32,463
III. Cash and bank balances		840,917.10	4th
		40,280,804.94	36,981
C. Prepaid expenses		583,471.85	480
		60,753,521.54	51,815

#### liabilities

	EUR	EUR	December 31, 2017 KEUR
A. Equity			
I. Drawn capital		2,000,000.00	2,000
II. Capital reserve		1,100,000.00	1,100

	EUR	EUR	December 31, 2017 KEUR
III. Retained earnings			
1. Legal Reserve	200,000.00		200
2. Other retained earnings	2,453,099.00		2,453
		2,653,099.00	2,653
IV. Balance sheet profit		7,148,825.12	7.149
		12,901,924.12	12,902
B. Provisions			
1. Provisions for pensions and similar obligations	165,092.00		0
2. Other provisions	12,197,683.73		11,499
		12,362,775.73	11,499
C. Liabilities			
1. Advance payments received on orders	1,798,263.24		474
2. Trade accounts payable	1,643,065.95		2,457
3. Liabilities to affiliated companies	29,791,510.31		22,556
4. Other Liabilities	1,694,106.70		1,852
of which from taxes EUR 1,093,317.37 (previous year: EUR 885 thousand)			
		34,926,946.20	27,339
D. Prepaid expenses		561,875.49	75
		60,753,521.54	51,815

### Income statement for 2018

	EUR	EUR	2017 KEUR
1. Sales	137,450,789.96		130.043
2. Increase or decrease in stocks of finished and unfinished products	-2,291,413.09		-136
3. Other own work capitalized	769,034.45		1,228
4. Other operating income	4,321,874.95		1,572
of which income from currency translation EUR 960.91 (previous year: EUR 31 thousand)			
		140,250,286.27	132,707
5. Cost of materials			
a) Expenses for raw materials, consumables and supplies and for purchased goods	5,064,488.05		4,617
b) Expenses for purchased services	40,748,457.85		31,710
6. Personnel expenses			
a) Wages and salaries	62,189,158.01		59,570
b) Social security and pension and support expenses	11,772,931.73		11,163
of which for pensions EUR 884,712.06 (previous year: EUR 903 thousand)			
7. Depreciation on intangible assets and property, plant and equipment	2,071,192.62		538
8. Other operating expenses			
thereof expenses from currency translation EUR 38,676.10 (previous year: EUR 2 thousand)	25,957,859.61		21,938
		147,804,087.87	129,536
9. Income from participations	5,560,220.35		5,300
of which from affiliated companies EUR 5,560,220.35 (previous year: EUR 5,300 thousand)			
10. Other Interest and Similar Income	1,244.22		1
11. Interest and Similar Expenses	223,247.51		50
of which to affiliated companies EUR 19,994.67 (previous year: EUR 5 thousand)			
of which expenses from discounting EUR 185,239.00 (previous year: EUR 25 thousand)			
		5,338,217.06	5,251
12. Earnings before other taxes and before profit transfer		-2,215,584.54	8,422
13. Other taxes		42,686.96	42
14. Income from the assumption of losses		2,258,271.50	0
15. Profits transferred on the basis of a profit transfer agreement		0.00	8,380
16. Annual net income		0.00	0

**Appendix of BTC Business Technology Consulting AG, Oldenburg, for the 2018 financial year****General explanations**

BTC Business Technology Consulting AG (BTC), Oldenburg, is a large corporation within the meaning of Section 267 (3) HGB.

The annual financial statements are prepared in accordance with the accounting regulations for corporations of the Commercial Code (HGB), taking into account the German Stock Corporation Act.

The fiscal year is the calendar year.

The income statement was prepared using the total cost method.

In the interest of better clarity and clarity, the notes to be made under the items of the balance sheet and profit and loss account in accordance with the statutory provisions, as well as the notes that can optionally be made in the balance sheet or profit and loss account, are largely listed in the appendix.

The company is registered under the company BTC Business Technology Consulting AG with its registered office in Oldenburg in the commercial register of the Oldenburg District Court under the number HRB 4717.

**Accounting and valuation methods**

The annual financial statements were prepared assuming the going concern.

The following accounting and valuation methods continued to apply to the preparation of the annual financial statements.

**Capital assets**

Internally generated intangible assets are valued at their production costs and depreciated pro rata according to their useful life. Intangible fixed assets purchased from third parties are capitalized at cost and depreciated on a straight-line basis over their expected useful life, pro rata temporis in the year of acquisition. Computer programs acquired for a fee are amortized over a normal useful life of three years.

Insofar as the fair values of individual intangible fixed assets fall below their book value, unscheduled depreciation is also made in the event of a likely permanent decrease in value.

Property, plant and equipment are valued at acquisition or production cost less scheduled straight-line depreciation. Depreciation on additions to property, plant and equipment is always pro rata temporis. Insofar as the fair values of individual assets fall below their book value, additional write-downs are made in the event of a likely permanent decrease in value.

Borrowing costs were not capitalized.

Low-value assets with acquisition costs up to and including € 800 are written off in full in the year of acquisition and at the same time treated as disposals.

The financial assets are to be booked with the acquisition costs or lower fair values. The loans are generally recognized at their nominal value.

**Current assets**

Inventory assets are valued at acquisition or production cost, including directly attributable individual costs and necessary proportionate overheads or lower current values on the balance sheet date.

Receivables and other assets are shown at their nominal value. In addition to the appropriate individual valuation allowances, the general credit risk for trade receivables was taken into account by creating a general valuation allowance of less than one percent on the net receivables that were not individually valued.

Cash and cash equivalents are shown at their nominal value.

**Prepaid expenses**

The prepaid expenses take into account incoming and outgoing payments before the balance sheet date, insofar as they represent income or expenses for a certain period after this point in time.

**accruals**

The pension provisions were determined on the basis of actuarial calculations based on the "2018 G mortality tables" (Prof. Dr. Klaus Heubeck) using the modified entry-level method / projected unit credit method. For discounting, the average market interest rate of the past 10 years with a remaining term of 15 years of 3.21% (previous year: 3.68%) in accordance with the Provision Discounting Ordinance of November 18, 2009 was used. Expected salary increases were taken into account with 2.5% (previous year 2.5%) and expected pension increases with 1.0% (previous year 1.0%). The fluctuation was taken into account at a rate of 1.0% (previous year: 1.0%).

The provisions were recognized in the amount of the settlement amount required according to prudent business judgment.

The provisions for anniversaries and partial retirement with a remaining term of more than one year are discounted using the average market interest rate for the past seven financial years corresponding to their remaining term.

Provisions for obligations from partial retirement are set up in accordance with the block model. The valuation of provisions for partial retirement is based on an actuarial interest rate of 0.88% pa and on the basis of the 2018 G mortality tables from Dr. Klaus Heubeck according to actuarial principles. The provisions for partial retirement were set up for potential early retirement agreements that were already concluded on the balance sheet date and for future partial retirement agreements. They contain top-up amounts and the company's performance obligations that have accrued up to the balance sheet date.

The provisions for anniversary payments are shown according to actuarial principles at their present value with an interest rate of 2.32%.

The other provisions take into account all uncertain liabilities and impending losses from pending transactions and are based on the probable utilization.

**liabilities**

All liabilities are shown at their settlement amount.

**Deferred taxes**

There were no deferred tax items. According to the formal approach, the sole tax debtor is the controlling company, ie the actual and deferred taxes of the controlled company must be shown in full in the controlling company's annual financial statements. Accordingly, the temporary differences of the controlled company are recorded in the financial statements of the controlling company.

**Foreign currency**

Assets and liabilities denominated in foreign currencies were generally converted using the mean spot exchange rate on the reporting date.

**Notes on the balance sheet and income statement****Capital assets**

The development of the individual items of fixed assets is shown in the following table of assets, including the depreciation of the financial year.

The internally generated intangible asset under construction, GridAgent, was extraordinarily and completely written off in the reporting year. We refer to our comments on depreciation in the notes.

For the investment in PRO CONSULT Management- und Systemberatung GmbH, Neu-Isenburg, a write-up of T € 1,882 was made in accordance with Section 253 (5) of the German Commercial Code. The resulting income is recorded under other operating income.

With effect from October 1, 2018, 100% of the shares in the companies best-blu consulting with energy GmbH, Salzgitter and SEC Selecta Energy Consulting GmbH, Kelkheim, were acquired.

A list of the shareholdings recognized under financial assets is attached below.

Name and seat of the companies	Percentage ownership %	currency	Signed capital	Equity 2018	Annual result 2018
BTC IT Services GmbH, Oldenburg *	100.00%	E.	750,000.00	1,462,764.27	2,083,260.73
PRO CONSULT Management and System Consulting GmbH, Neu-Isenburg	100.00%	E.	100,000.00	524,193.28	424,193.28
BTC Embedded Systems AG, Oldenburg **	93.60%	E.	161,600.00	3,487,184.99	1,210,836.16
BTC Polska Sp.zo.o., PL-Poznan **	100.00%	PLN	200,000.00	2,146,432.65	1,734,736.01
BTC Bilis im Hizmetleri AS., TR-Istanbul **	100% ***	TRY	1,007,400.62	7,756,848.58	812,671.44
BTC (Switzerland) AG, CH-Glattbrugg **	90.00%	CHF	1,000,000.00	2,576,720.12	1,199,922.82
BTC Software Technology (Shanghai) Co. Ltd., CN-Shanghai **	100.00%	CNY	1,134,825.00	1,550,378.33	415,553.33
best-blu consulting with energy GmbH, Salzgitter ****	100.00%	E.	25,564.59	121,941.56	96,376.97
SEC Selecta Energy Consulting GmbH, Kelkheim ****	100.00%	E.	125,000.00	306,469.75	153,736.71

\* Domination agreement - annual result before profit transfer

\*\* these are previous year's values \*\*\* two shares are in third-party ownership \*\*\*\* the company was acquired on October 1st, 2018

## Receivables and other assets

The trade accounts receivable had almost been paid at the time the balance sheet was drawn up. As in the previous year, all receivables and other assets have a remaining term of up to one year.

The receivables from affiliated companies include trade receivables in the amount of T € 16,838 (previous year: T € 18,778).

in €	as of December 31, 2018	as of December 31, 2017
EWE Aktiengesellschaft, Oldenburg	7,909,844.00	8,610,138.80
BTC IT Services GmbH, Oldenburg	3,151,588.77	4,069,030.94
EWE NETZ GmbH, Oldenburg	2,302,130.80	2,625,089.16
EWE TEL GmbH, Oldenburg	2,130,039.98	2,045,496.12
wesemetz Bremen GmbH, Bremen	1,922,192.20	409,821.84
swb AG, Bremen	537,239.72	96,195.72
PRO CONSULT Management and System Consulting GmbH, Neu-Isenburg	451,794.23	295,715.15
EWE Vertrieb GmbH, Oldenburg	292,511.38	30,859.65
BTC (Schweiz) AG, CH-Glattbrugg	80,666.11	101,496.73
EWE Offshore Service & Solutions GmbH	68,707.73	342,527.72
BTC Bilisim Hizmetleri AS, TR-Istanbul	62,397.00	0.00
BTC SP. z oo	18,426.44	39,717.06
Rest	168,340.64	112,244.40
	19,095,879.00	18,778,333.29

Of the receivables from affiliated companies, € 7,910 thousand (previous year: € 8,610 thousand) are due from the sole shareholder EWE Aktiengesellschaft, Oldenburg (EWE).

With the exception of the receivables from the sole shareholder EWE Aktiengesellschaft, Oldenburg, receivables from affiliated companies result from deliveries and services. Of the receivables from affiliated companies, there is a receivable from the sole shareholder from the assumption of losses in the amount of T € 2,258 (previous year liability from profit transfer of T € 8,380).

## Liquid funds

Cash and cash equivalents include current bank balances and cash on hand.

## Equity

The subscribed capital amounts to T € 2,000 (previous year: T € 2,000).

## Provisions for pensions and similar obligations

The employer-financed company pension scheme for employees who started a permanent employment contract on January 1, 2009 or who had an open-ended contract on January 1, 2009 is financed by the EWE Treuhandverein. In doing so, BTC transfers the funds required to finance retirement benefits within the framework of a

contractual trust arrangement (CTA) to trust assets that are managed by the EWE trust association. The invested assets serve exclusively to fulfill the obligations and are not accessible to other creditors. These assets were offset against the pension obligations in accordance with Section 246 (2) sentence 2 HGB. The assets are target funds, the investment concepts of which are based on the employees' anticipated retirement. If at the end of the financial year the present value of the guarantee exceeds the current value of the assets to be offset, the settlement amount corresponds to this present value and a pension provision is recognized if the settlement amount exceeds the current value of the assets to be offset.

The fair value of the assets managed by EWE-Treuhandverein as shown in the table below was derived from the stock exchange prices of the fund assets on the reporting date.

	December 31, 2018
Settlement amount from the company pension scheme	6,623,735
Fair value of the plan assets invested	+ 6,458,643
Pension provision	165.092

The net income resulting from the plan assets and the offsetting against the interest expenses of the corresponding settlement amounts of the pension provisions in the 2018 financial year are as follows:

	December 31, 2018
Net return on CTA assets	32,359
Interest expense from the corresponding pension provision	197,451

The difference according to Section 253 (6) sentence 1 of the German Commercial Code (HGB) is € 42 thousand.

### Other provisions

The other provisions were essentially set up for target agreements, vacation not yet taken, anniversary payments, partial retirement, employer's liability insurance association contributions, flextime, warranty obligations and outstanding invoices.

### liabilities

With the exception of the long-term loan from the sole shareholder EWE Aktiengesellschaft, Oldenburg, all liabilities have a remaining term of up to one year. In the previous year, the remaining term of all liabilities was up to one year.

Type of liability	December 31, 2018			total
	up to 1 year	Remaining term more than 1 year	including more than 5 years	
1. Advance payments received on orders	€ 1,798,263.24			€ 1,798,263.24
2. Trade accounts payable	€ 1,643,065.95			€ 1,643,065.95
3. Liabilities to Affiliated Companies	€ 25,291,510.31	4,500,000.00 €	4,500,000.00 €	€ 29,791,510.31
4. Other Liabilities	€ 1,694,106.70			€ 1,694,106.70
total	€ 30,426,946.20	4,500,000.00 €	4,500,000.00 €	€ 34,926,946.20

  

Type of liability	December 31, 2017		total
	up to 1 year	Remaining term more than 1 year	
1. Advance payments received on orders	€ 473,640.02		€ 473,640.02
2. Trade accounts payable	€ 2,457,029.51		€ 2,457,029.51
3. Liabilities to Affiliated Companies	€ 22,556,014.28		€ 22,556,014.28
4. Other Liabilities	€ 1,852,176.94		€ 1,852,176.94
total	€ 27,338,860.75		€ 27,338,860.75

All liabilities are unsecured.

With the exception of the liabilities to EWE Aktiengesellschaft, Oldenburg, liabilities to affiliated companies result from deliveries and services. Of the liabilities to affiliated companies, there are liabilities to the sole shareholder from cash pooling of T € 14,216 (previous year: T € 8,269) and a long-term loan of T € 4,500 (previous year: T € 0). The other liabilities to the sole shareholder relate to trade in goods and services. Due to the negative result reported in the 2018 financial year, there were no liabilities from profit transfers as of the reporting date (previous year: € 8,380 thousand).

### Liabilities to affiliated companies

in €	as of December 31, 2018	as of December 31, 2017
EWE Aktiengesellschaft, Oldenburg	21,481,654.32	18,923,163.69
BTC FT Services GmbH, Oldenburg	7,730,524.18	2,910,163.05
EWE TEL GmbH, Oldenburg	279,313.73	230,779.12
PRO CONSULT Management and System Consulting GmbH, Neu-Isenburg	181,769.81	284,226.94
BTC Switzerland AG	70,407.00	54,264.77
EWE VERTRIEB GmbH, Oldenburg	19,233.73	19,027.48
BTC Bilisim Hizmetleri AS, TR-Istanbul	5,482.60	0.00
BTC Business Technology Consulting Sp. Z oo, PL-Poznan	0	127,342.40
Rest	23,124.94	7,046.83
	29,791,510.31	22,556,014.28

### Sales

The sales are broken down into the areas of services with T € 130,932 (previous year: T € 125,422) and trading with T € 6,519 (previous year: T € 4,621). T € 134,224 (previous year: T € 127,155) of the sales were generated in Germany, the remaining sales were generated abroad at T € 3,227 (previous year: T € 2,888).

**Other company income**

The other operating income includes income unrelated to the accounting period from the reversal of provisions in the amount of € 493 thousand (previous year: € 314 thousand) and the write-up of a financial asset in the amount of € 1,882 thousand.

**Depreciation**

Due to the termination of a business segment, the depreciation includes unscheduled depreciation to the lower fair value in the amount of € 1,282 thousand on internally generated intangible assets.

**Other Information****Proposal for the appropriation of profits**

The Management Board recommends that the retained earnings of € 7,148,825.12 be carried forward to a new account.

**Supervisory board and board of directors**

The members of the Supervisory Board and the Management Board are listed below.

**Supervisory board**

Stefan Dohler, Oldenburg

- Chairman - (from May 23, 2018)

CEO of EWE Aktiengesellschaft, Oldenburg

Michael Heidkamp, Oldenburg

- Chairman - (until May 23, 2018)

Head of Market at EWE Aktiengesellschaft, Oldenburg

Dr. Urban Keussen, Oldenburg

- Deputy Chairman - (from May 23, 2018)

Chief Technology Officer at EWE Aktiengesellschaft, Oldenburg

Wolfgang Mücher, taught

- Deputy Chairman - (until May 22, 2018)

Chief Financial Officer at EWE Aktiengesellschaft, Oldenburg

Bernhard Ellberg, Oldenburg

Senior Government Director of the City of Oldenburg, Oldenburg

Claus Eilers, Zetel (from May 23, 2018)

Member of the district council in the district of Friesland

Ansgar-Bernhard Focke, Berlin (until May 23, 2018) Target group director of the SIGNAL IDUNA Group, Berlin

Assunta Hamm, Munster

Employee representative at BTC Business Technology Consulting AG, Oldenburg

Thomas Walter, Bremen

Employee representative of BTC Business Technology Consulting AG, Oldenburg

The members of the Supervisory Board were paid a total of € 12,000.

**Board**

Dr. Jörg Ritter, computer scientist, board member, responsible for the operational business and corporate development, Oldenburg

Dirk Thole, business graduate, commercial director, Lohne

Each board member represents the company jointly with another member of the board or with an authorized signatory.

**Employee**

In the 2018 financial year, the company had an average of 1,017 employees (previous year 994). On average over the year, BTC AG has 788 full-time employees and 229 part-time employees as well as temporary workers.

**Contingent Liabilities and Other Financial Obligations**

There are obligations from leasing contracts with an amount of T € 2,514 for the period up to 2021, payment obligations from rental and leasing contracts to affiliated companies amounting to T € 5,000 and guarantees for advance payments and warranties amounting to T € 10,782. The risk of a claim from the guarantees for advance payments and warranties is rated as very low due to the good asset, financial and earnings position as well as past experience.

**Large-scale transactions with affiliated or associated companies in accordance with Section 6b (2) EnWG**

In the 2018 financial year, BTC generated revenues for IT services in the amount of € 72.3 million for the group (previous year: € 65.0 million). The main transactions are based on the agreements of the framework agreement between EWE Aktiengesellschaft and BTC from 01.01.2008. The framework agreement regulates the provision of services for the development, modification and maintenance of IT applications and systems as well as training and advice for the departments of the client's IT departments. In addition, the application operation of the Group's documentation systems is regulated.

The largest group customer, EWE Aktiengesellschaft, was charged € 28.5 million (previous year: € 31.4 million). Services totaling € 9.7 million were provided for EWE Netz GmbH, Oldenburg (previous year: € 8.8 million). EWE TEL GmbH, Oldenburg, achieved € 12.9 million (previous year: € 12.7 million).

BTC spent € 36.6 million on group services for affiliated companies (previous year: € 30.7 million). The expenses mainly relate to IT services and rental expenses.

The largest IT services essentially relate to outsourcing and third-party services from BTC IT Services GmbH, Oldenburg, in the amount of € 26.7 million (previous year € 19.3 million) as well as third-party services from PRO CONSULT GmbH, Neu-Isenburg, in Amount of € 2.0m (previous year € 4.2m) with total expenditure of € 36.6m (previous year € 30.7m).

Rental expenses for office space in the amount of € 4.9m (previous year € 4.6m) were incurred mainly for EWE Aktiengesellschaft.

#### Addendum

No significant events occurred after the balance sheet date.

#### Corporate relationships

EWE Aktiengesellschaft, Oldenburg, is the sole shareholder of our company. There is a control and profit transfer agreement between the two companies in accordance with Section 291 (1) AktG with effect from January 1, 2007.

BTC was not obliged to prepare consolidated financial statements as of December 31, 2018, as the company's annual financial statements in accordance with Sections 290 ff of companies, and is included in the consolidated financial statements of Ems-Weser-Elbe supply and disposal association Beteiligungsgesellschaft mbH, based in Oldenburg (HR B 201794), which prepares the consolidated financial statements for the largest group of companies. The consolidated financial statements of EWE Aktiengesellschaft and Ems-Weser-Elbe Supply and Disposal Association Beteiligungsgesellschaft mbH, prepared in accordance with international accounting principles, are submitted to the operator of the Federal Gazette and published in the electronic Federal Gazette.

#### Examination and consultation fees

The total fee calculated by the auditor for 2018 and broken down according to the type of services provided is included in the consolidated financial statements of EWE Aktiengesellschaft, Oldenburg.

#### Oldenburg, February 6, 2019

#### The board of directors

*Dr. Jörg Ritter*

*Dirk Thole*

#### Development of fixed assets in 2018

	1.1.2018 EUR	Acquisition and production costs			December 31, 2018 EUR	
		Accesses EUR	Departures EUR	Rebooking EUR		
<b>I. intangible assets</b>						
1. Self-created industrial property rights and similar rights and values	1,104,036.32	40,401.92	0.00	621,641.58	1,766,079.82	
2. Concessions acquired against payment, industrial property rights and similar rights and values as well as licenses to such rights and values	4,916,545.43	273,453.91	1,599,103.65	0.00	3,590,895.69	
3. Self-created intangible assets under construction	1,175,381.24	728,632.53	1,282,372.19	-621,641.58	0.00	
	7,195,962.99	1,042,488.36	2,881,475.84	0.00	5,356,975.51	
<b>II. Tangible assets</b>						
1. Technical antigen and machines	4,241,164.22	210,477.56	1,660,489.87	0.00	2,791,151.91	
2. Other equipment, factory and office equipment	1,051,897.48	128,052.46	363,376.35	0.00	816,573.59	
3. Facilities under construction	19,037.87	0.00	0.00	-19,037.87	0.00	
	5,312,099.57	338,530.02	2,023,866.22	-19,037.87	3,607,725.50	
<b>III. Financial assets</b>						
1. Shares in affiliated companies	13,037,965.42	4,343,054.96	0.00	19,037.87	17,400,058.25	
2. Loans to affiliated companies	35,000.00	0.00	0.00	0.00	35,000.00	
	13,072,965.42	4,343,054.96	0.00	19,037.87	17,435,058.25	
	25,581,027.98	5,724,073.34	4,905,342.06	0.00	26,399,759.26	
<b>Accumulated depreciation</b>						
	1.1.2018 EUR	Accesses EUR	Departures EUR	Attributions EUR	Rebooking EUR	December 31, 2018 EUR
<b>I. intangible assets</b>						
1. Self-created industrial property rights and similar rights and values	110,403.32	266,318.50	0.00	0.00	0.00	376,721.82
2. Concessions acquired against payment, industrial property rights and similar rights and values as well as licenses to such rights and values	4,694,616.43	213,278.91	1,599,103.65	0.00	0.00	3,308,791.69
3. Self-created intangible assets under construction	0.00	1,282,372.19	1,282,372.19	0.00	0.00	0.00
	4,805,019.75	1,761,969.60	2,881,475.84	0.00	0.00	3,685,513.51
<b>II. Tangible assets</b>						
1. Technical antigen and machines	3,649,928.22	253,500.56	1,660,489.87	0.00	0.00	2,242,938.91
2. Other equipment, factory and office equipment	869,600.48	55,722.46	363,376.35	0.00	0.00	561,946.59
3. Facilities under construction	0.00	0.00	0.00	0.00	0.00	0.00
	4,519,528.70	309,223.02	2,023,866.22	0.00	0.00	2,804,885.50
<b>III. Financial assets</b>						
1. Shares in affiliated companies	1,902,115.50	0.00	0.00	1,882,000.00	0.00	20,115.50
2. Loans to affiliated companies	0.00	0.00	0.00	0.00	0.00	0.00

	Accumulated depreciation					December
	1.1.2018	Accesses	Departures	Attributions	Rebooking	31, 2018
	EUR	EUR	EUR	EUR	EUR	EUR
	1,902,115.50	0.00	0.00	1,882,000.00	0.00	20,115.50
	11,226,663.95	2,071,192.62	4,905,342.06	1,882,000.00	0.00	6,510,514.51
	Book values					
					December 31,	December 31,
					2018	2017
					EUR	KEUR
<b>I. intangible assets</b>						
1. Self-created industrial property rights and similar rights and values				1,389,358.00		994
2. Concessions acquired against payment, industrial property rights and similar rights and values as well as licenses to such rights and values				282,104.00		222
3. Self-created intangible assets under construction				0.00		1,175
				1,671,462.00		2,391
<b>II. Tangible assets</b>						
1. Technical antigen and machines				548,213.00		591
2. Other equipment, factory and office equipment				254,627.00		182
3. Facilities under construction				0.00		19th
				802,840.00		792
<b>III. Financial assets</b>						
1. Shares in affiliated companies				17,379,942.75		11,136
2. Loans to affiliated companies				35,000.00		35
				17,414,942.75		11,171
				19,889,244.75		14,354

## Management report 2018 of BTC Business Technology Consulting AG, Oldenburg

### Basics of society

BTC Business Technology Consulting AG (BTC) as a 100% subsidiary of EWE AG, Oldenburg (EWE) is one of the leading IT consulting companies in Germany.

BTC has a holistic, industry-oriented IT consulting offering and has proven expertise in the energy, industry, public sector, service providers and telecommunications sectors.

The range of services ranges from process consulting and system integration to application support and outsourced system management. Close partnerships with SAP, Microsoft and Oracle ensure access to the latest state-of-the-art technologies.

The BTC portfolio is divided into the following four business areas:

- Consulting: Holistic process consulting along the value chains of our customers.
- System integration: The implementation of methods and IT solutions for the smooth running of the customer's business processes form the focus of our competencies in the business field of system integration
- Software products: Provision of standardized applications for challenges in the energy sector
- Application and system management: System management encompasses the transition and operation of extensive IT infrastructures, from selective application operation to full outsourcing in certified, group-owned and highly secure data centers. The application management provides support for ongoing operations. BTC takes over the daily support of the applications as well as the support of the users.

The customers in the business areas are addressed via the market units, which are diversified according to industry and customer structure.

### Economic report

#### Macroeconomic and industry-specific framework conditions

The overall IT market is expected to grow by 3.1% to € 88.8 billion in 2018. The software area gained the most with a plus of 6.3% to € 24.4 billion. The IT services business, which also includes project business and IT consulting, is growing by 2.6% to € 40.0 billion, according to the industry association Bitkom eV. Sales of IT hardware will only change and increase slightly by 0.9% to € 24.4 billion

The value creation processes of all industries and companies are increasingly influenced by digitization. The contemporary and innovative support and addressing of customers are particularly important. This is also reflected in the IT trends 2018. One point of contact is the IT organization, which must be able to develop innovative IT products and services and to increase end customer satisfaction with shorter release and provision cycles. Now that the infrastructure for big data has been built up in recent years, the task now is to establish new business models based on this data. The requirement to carry out IT projects more efficiently using agile methods, often presents the customer with challenges due to a lack of agile ways of thinking. IT security will be extremely important. Other technology trends are security automation, privacy by design and predictive analytics.

BTC is not only a leading product provider in the energy sector, but also a leading IT expert and digitization specialist who accompanies its customers in partnership and supports them in mastering the digital transformation in order to remain successful in their business. An important aspect is the IT organization, which has to be able to develop innovative IT products and services and to increase end customer satisfaction with shorter release and provision cycles.

The requirement to carry out IT projects faster and more efficiently presents the customer with challenges that BTC meets with its consulting and implementation skills in the area of agile methods.

BTC recognized the potential of today's cloud infrastructures. It is now a matter of making the possibilities of shorter software development cycles, maximum availability and highly scalable computing power fully usable for the customer.

The dynamic change and the growing market temporarily lead to capacity bottlenecks, which IT companies and BTC encounter by increasing their workforce or purchasing companies. BTC is also countering the "war for talents" through a large number of activities in the area of recruiting and its positioning in the area of diversity. Nevertheless, BTC is also feeling the increasing battle for IT talent.

### **Business development**

The first half of 2018 was characterized by a high level of sick leave. Furthermore, fewer billable hours could be placed in customer projects. In addition, BTC has invested significantly in future topics. The focus here was on the development of market topics, increased presales activities and increased use in research projects. Free capacities from optimizations could only be placed in projects to a limited extent. Overall, this resulted in a lower billability of employees compared to the previous year. Significant increases in sales were achieved in the ERP core, asset management and gas transport market topics.

The second half of the year was characterized by great efforts to reverse the development of the first half of the year. A lot has been done, among other things, to make the smart grid market topic fit for the future. Missing orders and high margin pressure contrasted with the further development of the products and the necessary investments.

The lack of future earnings prospects and BTC's claim to be able to meet market and customer requirements in the long term led to the sale of the Smart Grid division to PSI Software AG, Berlin, effective January 1, 2019.

In addition to increasing profitability, the first steps towards growth were taken. For this purpose, best-blu consulting with energy GmbH, Salzgitter, and SEC Selecta Energy Consulting GmbH, Kelkheim, were acquired by BTC. Both companies complement the portfolio of the BTC Group.

### **Sales development**

BTC was able to increase its sales revenues of € 137.5 million in comparison to the previous year by a total of € 7.5 million or 5.7%. The revenues from project business and application management could be increased. The main sales drivers are the outsourcing services, which could be increased by € 4.6 million and thus by 30.4%. The trading business could also be increased, while the license business is at the previous year's level.

The industry with the highest turnover at BTC is still the energy industry with 61.5%. Sales are at the level of the previous year and are now at € 84.5 million. The share of the energy supply market in total sales is below the previous year's level due to the increase in total sales.

The retail, consumer goods and services (DL) sector has developed into the second strongest sector compared to the previous year with € 19.8 million. It increased disproportionately to € 9.3 million.

Sales in the industrial sector are € 14.1 million, 6.8% (€ +0.9 million) above the previous year's level.

Activities in the telecommunications sector developed slightly positively. Sales rose from € 12.9 million to € 13.2 million compared to the previous year.

In the public sector, sales rose by € 2.6 million year-on-year to € 5.9 million. This corresponds to a growth rate of 78.8%.

### **Subsidiaries**

BTC holds 100% of BTC IT Services GmbH, Oldenburg (BITS). A control and profit and loss transfer agreement exists between BTC and BITS. At € 60.3 million, sales in the current financial year of BITS are well above the level of the previous year (€ 53.6 million). The result before profit transfer in 2018 was € 2.1 million, around 36% below the previous year's figure (€ 3.3 million). This is mainly due to unplanned challenges within the transition phases of two major projects.

PRO CONSULT Management- and Systemberatung GmbH, Neu-Isenburg (Pro Consult) achieved less sales of € 5.5 million than in the previous year (€ 7.8 million). The annual surplus could nevertheless be increased by around 44% to € 0.4 million.

The Turkish subsidiary BTC Biliem Hizmetleri A.5, Istanbul, Turkey achieved an increase in sales from the previous year despite the political and economic developments and the associated exchange rate devaluations in Turkey. The positive EBIT could also be increased under these difficult conditions.

The sales of BTC Embedded Systems AG, Oldenburg, could again be increased by around 25% in the current financial year. At the end of 2018, EBIT increased equally.

BTC (Schweiz) AG, Glattbrugg, Switzerland, generated significantly higher sales in 2018 and is around 45% above the level of the previous year. The annual result could also be increased.

BTC Business Technology Consulting Sp. Z oo, Poznan, Poland achieves annual sales around 11% above the previous year's sales. The previous year's EBIT could not be achieved again and was therefore lower.

BTC Software Technology (Shanghai) Co. Ltd., Shanghai, China, ended its first full operating financial year in 2018. The company generated sales at the level of the previous year. A slightly positive result is expected.

On October 1, 2018, best-blu consulting with energy GmbH from Salzgitter (short: BBC) and SEC Selecta Energy Consulting GmbH from Kelkheim (short: SEC) became part of the BTC Group as 100 percent subsidiaries. The BBC is one of the relevant consulting firms in Germany in the field of business process automation and work load balance. The SEC is a classic SAP consulting company with a focus on SAP IS-U for utility companies.

At both companies, the fiscal year was changed to December 31. In the short financial year from October 1, 2018 to December 31, 2018, the BBC generated sales of € 0.9 million and a positive result. The SEC also closed the same period with a positive result with sales of € 0.9 million.

### **Investment development**

At € 0.3 million, BTC's investments in property, plant and equipment are at the previous year's level (2017: € 0.3 million). In addition, existing software products as well as new self-developed software products in the amount of € 0.7 million were further developed and capitalized at BTC. The further development of a new product was stopped at the end of the third quarter and amortized due to the lack of marketability.

A lower single-digit million amount was invested in the acquisition of two investments.

The investments for the infrastructure of the operative business are made by the subsidiary BITS.

### **Earnings, assets and financial position**

#### **Earnings situation**

The result before profit transfer by BTC of € -2.3 million (2017: € 8.4 million) is significantly below the previous year in the past financial year.

The development of self-developed software products that began in 2016 was only partially continued in 2018. The resulting capitalized own work amounts to € 0.8 million for the last time. A major component of other operating income in 2018 is the write-up of an investment amounting to € 1.9 million.

I.a. The completion of long-term projects results in inventory reductions of € 2.3 million (previous year: € 0.1 million).

The cost of materials and external services at BTC rose by € 9.5 million to € 45.8 million (2017: € 36.3 million) and thus more than sales (€ 7.5 million). This is mainly due to the increased use of third-party service providers and the expansion of outsourcing.

Personnel expenses changed compared to the previous year by € +3.2 million to € 74.0 million. The increase is due to the number of employees, the general salary development and one-off effects in the context of organizational changes.

Depreciation rose to € 2.1 million (previous year € 0.5 million), mainly due to the unscheduled depreciation of a self-developed software product under construction.

In total, other operating expenses of € 26.0 million are around 18% above the previous year's figure. The increase of around € 4.0 million is due, among other things, to the general business development and the associated increase in staff in 2018. In addition, risks for development services from existing contracts in the amount of € 2.7 million were shown.

At € 5.6 million, the investment result of BTC is above the level of the previous year. While the earnings contribution of BTC IT Services GmbH is below the previous year, the distributions of BTC Embedded Systems AG, BTC (Schweiz) AG and PRO CONSULT could be increased. For the first time, the two newly acquired holdings BBC and SEC also distributed their previous year's results to BTC. The distribution of BTC Poland, however, remained essentially constant.

### **Financial position**

The long-term assets of BTC are above the level of the previous year, they amounted to € 19.9 million at the end of the year compared to € 14.4 million in the previous year.

This increase is mainly due to the acquisition of the two new investment companies BBC and SEC as well as the reversal of the value of the investment of PRO CONSULT Management- und Systemberatung GmbH. The unplanned depreciation of an internally developed software product under construction had the opposite effect.

Current assets increased by € 3.3 million to € 40.3 million. This change is mainly due to the increase in trade receivables by € 1.5 million and short-term liquidity (€ 0.8 million). As a result of these effects, the balance sheet total rose by 17.2% or € 8.9 million to € 60.8 million (2017: € 51.8 million).

### **Financial condition**

As in the previous year, equity amounted to € 12.9 million. The equity ratio decreased to 21.2% (2017: 24.9%) due to the increased balance sheet total. At € 12.4 million, provisions are slightly above the previous year's level.

The liabilities increased in particular due to a loan in the amount of € 4.5 million to now € 34.9 million (previous year € 27.3 million). In addition, the liabilities increased, among other things due to further utilization of the cash pooling framework and liabilities from operating business.

Liquidity was guaranteed at all times; the ability to meet payment obligations was thus given during the entire financial year.

Overall, the company is in a stable economic situation.

### **Non-financial performance indicators**

#### **Employee**

At BTC, the number of employees rose from 1,057 at the end of 2017 to 1,121 at the end of 2018.

The high demands of the market require a high level of qualification of the employees at BTC. During the financial year, BTC spent € 1.2 million on external training measures.

#### **Quota for women**

BTC has a fundamental interest in increasing the proportion of women in management positions and expanding it in the years to come.

Against this background, on the basis of the law on equal participation of women and men in management positions in the private and public sectors, target women quotas were set for the supervisory board, the executive board and for the two upper management levels of BTC.

Commissioned by the general meeting of BTC, the supervisory board set a target women quota for the supervisory board of 17.0%. Against the background of the current contracts, a target rate of 0.0% was adopted for the BTC board. The target quotas were set by June 30, 2022.

The Executive Board has also set a target quota of 15.0% for the first management level. A target female quota of 20.0% was agreed for the second management level.

#### **BTC in transition**

In 2018 the EWE Group subjected itself to a comprehensive strategy review. In this context, BTC has positioned itself as an important IT service provider for the EWE Group and the IT market outside the Group. EWE has decided that the provision of IT services is not a leading component of the group strategy geared towards energy and telecommunications services. This means that BTC will act confidently and largely independently in the market and will continue to pursue the growth path it has taken in order to participate in the above-average growth of the IT industry as well as possible and to continue to meet EWE's return expectations in the future.

#### **Portfolio**

In October 2018, the BTC group with the BBC from Salzgitter and the SEC from Kelkheim was expanded to include two new wholly-owned subsidiaries - and locations. The BBC focuses in particular on the areas of Business Process Automation and Work Load Balance. The SEC is a classic SAP consulting company with a focus on SAP IS-U for utility companies.

At the end of the year, BTC also sold the Smart Grid operation to PSI Software AG. As of January 1, 2019, PSI will take over around 150 BTC employees and will continue the existing customer contracts. With immediate effect, BTC will concentrate on infrastructure and application operations in the smart grid area and intends to expand this business through partnerships with product manufacturers such as PSI. BTC only looks after a few selected customers in the smart grid environment. The new orientation with regard to the smart grid business also led to the decision to only engage in China in future with the wholly owned subsidiary BTC Embedded Systems AG, which serves the automotive sector.

In addition, various adjustments were made to the BTC portfolio in the course of the year: In addition to discontinuing offers that are no longer relevant to the market, BTC has developed solutions and services in the areas of "Digital Transformation" and "SAP S / 4" as well as a wide range of services in the managed services environment further consistently positioned in the direction of future market requirements of the core industries. In 2018, the bridging of "Classic IT World" products to "New IT World" services, initiated by BTC some time ago, also became clear in the product portfolio and it is foreseeable that BTC will consistently follow this path in 2019 followed up.

#### **innovation**

For BTC, the second year of the federally funded demonstration project era was dominated by the specification and consolidation of the project goals. In the smart grid environment, the BTC network regulator was further developed and successfully tested under laboratory conditions. In addition, the concept of a network control center of the future was developed. In the smart market environment, a BTC solution for virtual power plants was further developed to enable maximum flexibility in a future energy market. Another focus was on the development of data-driven business models and in particular on value-added services for the energy industry.

In the Energetic Neighborhood Quarter project launched on January 1, 2018, BTC is developing a platform for the automation of energy-related processes and for the provision of energy services for the residents of the neighborhood and is participating in the interactive conception of services in the neighborhood.

The focus of BTC's internal innovation activities in 2018 was on building and expanding competencies in future-oriented topics that are critical to success, such as machine learning, data analytics and agile methods.

#### **forecast**

##### **Overall statement on the expected development**

The management board of BTC assumes that the business of BTC is economically and strategically placed on a good basis, so that overall above-average growth with higher profitability is expected for the following years despite a slight decrease in group sales. At the beginning of 2019, the "Smart Grid" operation was transferred to PSI Software AG, Berlin. A corresponding contract was signed on December 10, 2018.

##### **Internal control system, opportunities and risks**

###### **Internal control system**

BTC and its subsidiaries understand the internal control system to be the principles, procedures and measures introduced by the Management Board:

- to ensure the effectiveness and profitability of business activities including the protection of property, and the prevention and detection of property damage,
- the correctness and reliability of internal and external accounting and
- to comply with the legal regulations relevant to the company.

The function and reliability of the system and the reporting are continuously checked. BTC's internal control system operationalizes the business risks and continuously monitors the effectiveness and compliance with the controls. Compliance with internal processes and areas of responsibility is determined and controlled at various levels by means of guidelines that are centrally managed and published.

In the coming financial years, we will continuously work on optimizing individual business processes.

###### **opportunities**

Significant opportunities lie among other things in the services and products geared to market issues, taking into account a consistent focus on profitability and market development. BTC also focuses on innovative standard solutions for the energy transition and will continue to develop as one of the leading consulting companies in the core industries. Further opportunities lie in the increasing internationalization of BTC solutions.

###### **Risks**

Overall, from today's perspective, there are no discernible risks that could jeopardize the continued existence of BTC.

The risk reporting is done quarterly. In addition, risks that arise at short notice are immediately communicated directly to the responsible offices at BTC and the parent company, regardless of the normal reporting channels.

The risks are identified at an early stage at the level of the unit responsible for risk in a regular and structured process, assessed according to the potential amount of damage and the likelihood of occurrence, and reported, including appropriate risk management measures. Furthermore, the Risk and Compliance Board ensures efficient coordination and increased transparency for all governance, risk and compliance-relevant processes. In addition, the Controlling department reports to the Management Board on a monthly basis the risks resulting from the operational business of all relevant company areas.

The following major risks are currently listed in the risk catalog:

###### **Risks from the implementation of projects and services**

Operational project and service risks summarize all risks from order initiation, order management and order processing of projects and services, provided that these are not already covered by, for example, provisions for warranties or pending losses in accordance with IFRS. The risk can be primarily of a financial nature as well as contain risks that are content-related (technical risk) or identify a resource bottleneck (resource risk).

###### **Risk from the failure of major suppliers**

There is a risk that manufacturers (hardware and software) will fail for a short time in the event of an IT failure and will no longer be available in the future, although delivery obligations exist to the customer.

###### **Risks from the repayment of subsidies**

The funding agency can carry out a cost review up to five years after submitting the proof of use. If incorrect use is found, the funding agency can reclaim the funding.

Overall, the Management Board believes that the risks mentioned as of December 31, 2018 have been further reduced by taking suitable measures.

###### **Future framework conditions**

In its autumn projection for 2019, the federal government expects gross domestic product to rise by 1.8% for the German economy as a whole. The participants in the Lünendonk Study 2018 again expect significantly growing markets for 2019. The IT service providers surveyed expect sales increases of up to 11.0%. The industry association Bitkom eV, on the other hand, is only assuming growth of 2.5% for 2019. Due to the increasing digital maturity of customer companies, the focus will continue to be on process automation and "digital customer experience". The expansion of digital products,

###### **Forecast report**

##### **Overall statement on the expected development**

The management board of BTC assumes that the business of BTC is economically and strategically placed on a good basis, so that overall growth with a further increase in profitability is expected for the following years, despite slightly falling group sales.

##### **Comparison of sales and earnings forecast 2018**

For the 2018 financial year, BTC AG assumed sales revenues between € 129.0 million and € 135.0 million as well as an operating EBIT including investment income in the high single-digit million range. While the sales forecast was exceeded at € 137.5 million, the operating EBIT including investment income is well below the planned value. This deviation is mainly due to increased expenses from services and projects, expenses incurred as a result of the sale of the Smart Grid operation and a lower profit transfer from BITS.

##### **Sales and earnings forecast 2019**

For the 2019 financial year, BTC expects lower sales than in the past financial year due to the sale of the "Smart Grid" sub-operation and a positive annual result compared to 2018 at the level of 2017. The sale of the "Smart Grid" sub-operation concerns around 100 active customer contracts, 150 employees and a sales volume in the upper single-digit million range.

**Future forecast**

The market for IT consulting and system integration will continue to grow over the next few years. As a full-service provider, BTC will pursue topic-oriented, cross-sector profitable growth in the energy, telecommunications, public sector as well as industry and service providers. An increasing share of sales is expected for services. BTC will continue to be firmly anchored in the region with employees and customers. In addition, BTC will successfully serve customers nationally and internationally.

Derived from this, the Management Board expects revenues of € 125.0 million to € 135.0 million for the 2019 planning year. The revenues result, among other things, from increasing service revenues for projects and services as well as outsourcing. The growth is to be achieved with a reduced number of employees and lower personnel costs, due to the sale of the "Smart Grid" operation. By reducing the use of external service providers, the cost of materials is to be reduced compared to 2018. The other operating expenses will decrease slightly property, plant and equipment are constantly at a low level,

The expected operating EBIT before investment income will be in the single-digit million euro range. The planning for the operating EBIT including investment income provides for a value in the lower double-digit range.

**Oldenburg, February 6, 2019***The board of directors**Dr. Jörg Ritter**Dirk Thole*

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