



MESSE BERLIN

BUSINESS REPORT 2019

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Messe Berlin GmbH**INTRODUCTION**

You could clearly see again at the events of the Messe Berlin last year that global cooperation is the fundamental principle of our economy and society. It goes without saying that, in addition to the daily digital cooperation, the trade fair and conference dates are the highlights of the annual calendar across all industries. Today more than ever, trade fair venues are meeting places for a globally networked economy. They facilitate the concentrated exchange with trusted partners as well as making new contacts. Trends are showcased here, and tomorrow's developments are initiated during numerous appointments. Their significance in the past and the responses to event cancellations that became necessary due to the COVID-19 pandemic demonstrate that trade fairs and conferences will remain an important hub for many industries.

The Messe Berlin has been on a steady, positive course for almost two decades and has continued to remain on target in 2019. The Group is illustrating once again that here in Berlin the trade fair concept is designed and practised as a viable business model. For the federal state of Berlin, the trade fair is, therefore, a versatile service provider for the networking of stakeholders in the capital and worldwide.

As a result of the transformation of the globalised world, the centres of international business are multiplying. As a good host, the Messe Berlin is helping to shape this transformation and, therefore, exists within the international competition. Events such as the third ITB China in May in Shanghai, the ASIA FRUIT LOGISTICA in Hong Kong and the CE China in Guangzhou in September continued to grow last year.

As the event venues become more diverse, the exhibition grounds under the Radio Tower still shape the identity of the Messe Berlin. With the hub27, we ceremoniously opened our 27th event building in August. As a multifunctional large capacity space, the hub27 meets the requirements of the time and, at the same time, connects Halls 1 and 25. It was built during the ongoing events on the nearly fully booked exhibition grounds. We succeeded in meeting our time frame and budget as well as impressed our exhibitors at the IFA and BOOT & FUN.

We consider ourselves responsible not only to our customers but also to the state of Berlin and its citizens. Berlin benefits from its trade fair location. We have almost 1,000 employees and, for local businesses, our guests are an important source of incomer which has a positive impact on Berlin's tax revenue.

In addition, Berlin is able to repeatedly prove its innovative capacity with the events of the Messe Berlin. That is a valuable strength during the changes brought about by the limitations of the COVID-19 pandemic. 2020 demonstrates particularly well that health is a basic prerequisite for all social spheres. Trade fair operators bear a special responsibility in this regard. This duty of care, however, includes responding with quick adjustments. And it is important to look to the future so that the Messe Berlin can again take advantage of its full potential in the coming years. The interaction between the Messe Berlin and the metropolitan region will then continue to prove to be a bonanza because of the good reputation, success and attractiveness of the event location are linked together.

Sincerely,

A handwritten signature in blue ink, appearing to read 'W. Wolf', written in a cursive style.

Wolf-Dieter Wolf
Chairman of the Supervisory Board
Messe Berlin GmbH

Messe Berlin GmbH**INTRODUCTION**

With Group turnover of EUR 286 million, 2019 continued Messe Berlin's decades-long course of growth.

Compared to 2017 – because we hold some trade fairs every two years – we are steady. With the German Protestant Church Assembly and the International German Gymnastics Festival, we experienced during this comparison year two exceptional highlights that contributed significantly to the turnover (EUR 284 million). Even without these one-off events, we maintained our high level. In 2019, we exceeded the budget of Messe Berlin GmbH for turnover by EUR 4.9 million.

As per our motto, "Hosting the World", Messe Berlin proved itself again this past year as an international event destination. 36,000 exhibitors from more than 180 countries were represented at Messe Berlin's in-house and guest events. We are happy that we could grow further here and would like to thank our business partners for their confidence in us.

Overall, we welcomed 2.1 million international guests to 126 events. Our world's leading trade fairs play a special role here. The global brands IFA, ITB, FRUIT LOGISTICA and the International Green Week alone attracted 880,000 visitors. In addition, every year, thousands of journalists, media representatives and bloggers give our events global appeal.

In addition to the leading trade fairs, we were able to create new highlights in our trade fair calendar with the international spin-offs. The events ITB China and ITB Asia, ASIA FRUIT LOGISTICA and the worldwide droidcon events contributed significantly to our turnover increases. With our global network of around 85 agencies abroad on all five continents, we are constantly improving our strategic positioning.

Digitalisation as an interdisciplinary theme plays an important role at most of our events. IFA has been trendsetting in this area for decades and has strong formats for digital innovation with the start-up areas IFA NEXT and IFA+ Summit. In other areas as well, our digital events are growing, DMEA – Connecting Digital Health with its focus on health, the worldwide droidcon conferences for Android developers and the smart country convention with public services as the focus.

In 2019, we also launched MES – Mobility Electronics Suppliers Expo, a trade fair for the supplier industry of electromobility with the core topic of digitalisation in mobility.

The exhibition grounds under the Radio Tower is a popular location for a wide variety of events. A total of 60 guest events took place here in 2019. Alone over 100,000 visitors came to 23 national and international congresses by external organisers. There is a wide range of topics. We have now established our premises as a fixed location for major medical conferences, the shareholders' meetings of Daimler AG and Volkswagen AG were held here and the delegates to the SPD federal party convention met for the second time in the CityCube. "State-of-the-art" technologies and horsepower: on the one hand, topics such as coil windings, insulation and electrical manufacturing were presented at CWIEME Berlin; on the other hand, the Sommergarten for the third time was the site of the 5-star horse show Global Champions Tour Berlin. Between the tight schedule of our in-house trade fairs and events and the guest events, our exhibition grounds were almost completely booked in 2019. With the completion of the hub27 on our exhibition grounds close to the city centre, we have expanded our offerings for a modular trade fair and conference business. The 10,000 m² of the new multifunctional area allow for variable spaces and concepts. Thanks to Messe Berlin's steady course of growth in recent years, we could finance the hub27 largely from our own resources and within budget. Construction took less than two years.

Following the opening party in August, numerous exhibitors, visitors and media representations at IFA and BOOT & FUN were impressed by its functionality.

With the K.I.T. Group, our professional conference organiser, we achieved significant growth in international turnover, among other things, with an expansion of business activity in the Middle East. The focus of the organised conventions and conferences is on the areas of medicine, industry and education.

Berlin is our headquarters. As one of city's largest hosts, we are closely connected to the entire metropolitan region. In the past year, Messe Berlin's exhibitors and guests generated more than EUR 1.4 billion in additional consumer spending. Additional tax revenue for the federal state of Berlin can thereby be estimated in tens of millions. These figures will turn out differently in 2020. The restrictions that have been imposed on us to contain the global COVID-19 pandemic will have a huge impact on our business model. Along with numerous other industries, the event industry is faced with major challenges. Without question, the health and safety of our employees and partners is our highest priority.

At the same time, our position going forward is good thanks to our strong brands and diversified portfolio. While we are strengthening options for digital and decentralised conditions, the contact restrictions make us aware of the basic desire for physical meetings face to face! We will build on that in 2021. The Berlin location continues to have all the qualities as an event destination in demand worldwide, and the Messe Berlin has established itself as one of the ten strongest trade fair companies in the world in terms of turnover and growth as well as a reliable economic engine.

We owe this achievement to our exhibitors and business partners in addition to the tireless dedication of the Group's approximately 1,000 employees. The trade fair principle can only be achieved together. We look forward to continuing our successful cooperation.

Sincerely,



Dr Christian Göke
Chief Executive Officer



Dirk Hoffmann
Chief Operating Officer

Key figures 2019

In-house events	2019
Number of trade fairs and exhibitions	66
Gross area in m ²	1,604,291
Number of exhibiting companies	30,190
Number of visitors/participants	1,739,659

Guest events ¹	2019
Number of guest events	60
Gross area in m ²	842,212
Number of exhibitors	5,979
Number of participants	320,515

Finances (in EUR million)	2019
Turnover (Group)	286
Turnover (Messe Berlin GmbH)	187
Net profit for the financial year (Group)	1.3
Net loss (Messe Berlin GmbH)	-0.5
Group EBT: Trade fairs and congresses	+47.8
Group EBT: Facility management/Exhibition grounds	-45.3

Personnel ²	2019
Employees (Group)	1,003
of which trainees	27
Employees (Messe Berlin GmbH)	557
of which trainees	19

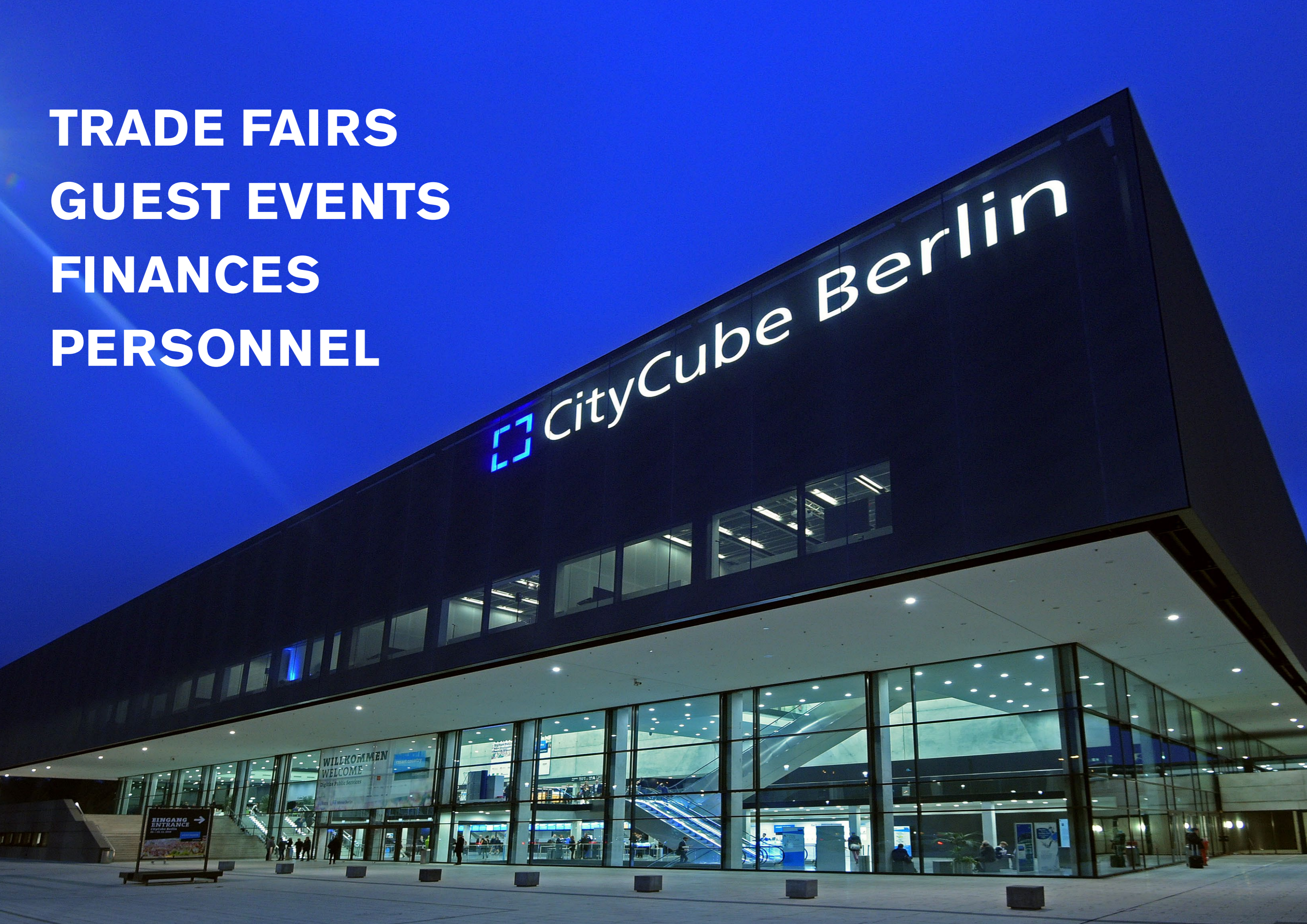
¹ Guest organisers of trade fairs, congresses, corporate events.

² Average annual figures

Key figures of the Messe Berlin Group and Berlin as a trade fair venue

**TRADE FAIRS
GUEST EVENTS
FINANCES
PERSONNEL**

 **CityCube Berlin**



Management Report (in accordance with Sections 289 and 315 German Commercial Code (HGB))

2019

Management report 2019 Group and Messe Berlin GmbH

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This Management Report is a combined report of the Messe Berlin GmbH and the Messe Berlin Group. The information relates to both financial statements, unless otherwise noted.

The Group's business model

The core business of Messe Berlin is developing, planning and running trade fairs and exhibitions in Germany and abroad. With the International Green Week Berlin (IGW), ITB Berlin – THE WORLD'S LEADING TRAVEL TRADE SHOW (ITB), IFA – Consumer Electronics Unlimited (IFA), InnoTrans – International trade fair for traffic technology, innovative components – vehicles – systems and FRUIT LOGISTICA – International Fair for Fruit and Vegetable Marketing, Messe Berlin has five leading international trade fairs in its portfolio. Messe Berlin's portfolio is supplemented by other in-house events as well as a number of guest events. Overall, more than 120 in-house and guest events take place annually at the Berlin location and worldwide.

The federal state of Berlin also benefits from Messe Berlin's success because trade fairs and congresses spur economic growth. According to a 2015 study of the Investitionsbank Berlin (IBB), EUR 1.0 of trade fair and event turnover triggers EUR 5.10 of additional purchasing power in Berlin. Accordingly, more than EUR 1.4 billion in additional consumer spending was generated in 2019 by Messe Berlin's exhibitors and guests in Berlin. The service sector in particular benefited from this spending as well as the federal state of Berlin through additional tax revenues in the tens of millions. Messe Berlin's activities not only directly support the economy in Berlin and the entire Berlin-Brandenburg metropolitan region but also secure a large number of jobs.

Fundamentals

Sites

At the headquarters of Messe Berlin GmbH are Berlin ExpoCenter City (ECC) exhibition grounds with around 190,000 m² of hall space spread over 26 exhibition halls as well as the CityCube Berlin and hub27 Berlin. The site's principal owner is the federal state of Berlin, and its operator is Messe Berlin.

In light of the continuing international competition, the technical and structural standards of the buildings belonging to the state of Berlin are especially important. The completion and official opening of the hub27 Berlin on 16 August 2019 after a construction period of less than two years paved the way for the start of the planned 15-year implementation of the Master Plan Stage 1, during which the existing exhibition halls will be renovated little by little and equipped with state-of-the-art technology. This means that Messe Berlin will be able to provide its national and international exhibitors and visitors a modern state-of-the-art exhibition complex. In addition, Messe Berlin will provide an optimised hosting of the trade fairs and events on its site. The traffic and logistics concept implemented in the fourth quarter of 2018 for their development and dismantling was put in place in 2019 on the occasion of the various events and proved to be an efficient logistics resource for the exhibitors.

Messe Berlin will primarily bear the costs for the new construction and the management of the exhibition grounds.

Products

The Group's business is divided into in-house events, which the Messe Berlin or its subsidiaries run in its own name in Berlin and other locations in Germany and worldwide, guest business (guest events, corporate events, congresses) and event-related service business on the ECC exhibition grounds. Until the end of September 2019, Messe Berlin also operated the Berlin ExpoCenter Airport (ECA) exhibition grounds, which bordered the Schönefeld airport.

Organisational structure

The basis of the legal relationships between Messe Berlin and its main shareholder, the federal state of Berlin, are essentially two contracts: the comprehensive agreement and the lease. Messe Berlin holds or held in 2019, as the group parent company, a total of 20 direct or indirect fully consolidated subsidiaries as well as a joint venture until 30 September 2019. The Group structure is mainly based on operational necessities.

Objectives and strategies

Despite the slight slackening of the steep growth curve of the last two decades and the continuing stagnant economy, Messe Berlin continues to strive for above-average growth.

The focus of the planned growth strategy remains safeguarding the foundation of our core business, namely the top five leading trade fairs. This also includes developing the spin-offs in Asia and the US.

Messe Berlin registers continued growth with events in the digital area, such as DMEA – Connecting Digital Health, the droidcon conferences on the exhibition grounds and in 20 other cities around the world and the smart country convention (SCCON).

In addition, Messe Berlin organised in 2019 for the first time the MES – Mobility Electronics Suppliers Expo, trade fair for the electromobility supplier industry with the core topic of digitalisation in mobility.

Digitalisation

The company strategy is continuing the expansion of digitalisation. The German Federal Ministry of Transport and Digital Infrastructure (BMVI) is supporting within the 5G innovation competition a joint project of the Berlin Senate Department for Economy, Energy and Business and Messe Berlin. Being jointly worked on is a concept with which the logistic processes on the exhibition grounds can be regulated through 5G technology in real time.

Messe Berlin has also begun to establish and operate various online content platforms. Comprehensive information is provided to users in the form of news, technical articles, reports and analyses on everything having to do with technological innovations and economic conditions on the key topics of the content platforms.

Overseas business

As in previous years, the focus of internationalisation in the 2019 financial year was on Asia. By developing new trade fairs abroad, Messe Berlin is heeding the requirements of exhibitors and customers for international expansion while also securing the position of its leading trade fairs and the trade fair venues in Berlin. The Group's interests abroad are promoted via a global network of 85 representatives in more than 170 countries on all five continents, offering exhibitors and visitors worldwide a comprehensive service portfolio as well as professional and individual consultancy on site.

During the last 14 years, the subsidiary Global Produce Events GmbH (GPE) organised ASIA FRUIT LOGISTICA in Hong Kong, but this time it was held under difficult conditions due to political unrest. Other in-house events abroad were ITB Asia in Singapore, which opened its doors for the 13th time, ITB China in Shanghai, which following its premiere in 2017 could register significant growth after only two years, and Consumer Electronics China (CE China) as a global IFA event, which moved to Guangzhou in 2019 after three years in Shenzhen.

IFA organised – for the second time – CE Week in New York (in June 2019), a platform of the confluence of innovations and cutting-edge trends in the North American technology sector. On 31 December 2019, Messe Berlin USA Corp. acquired another 25 % of the shares in CT Lab Global Media LLC and consequently holds 100 % of the shares in the company.

Guest events

In addition to the in-house events, guest events continued to grow, although with a view to the concentration of in-house events, only a few slots could be offered to guest organisers again in 2019. The Guest Events division has always offered a comprehensive range of services for a variety of event formats. Thanks to the CityCube Berlin as a modern multifunctional location, Berlin's positive environment, such as a hotel industry with its generally very good value for money, the number of scientific institutions and the dynamic start-up scene, the Guest Events division could continue to assert itself as in previous years in a highly competitive market. With the new hub27 Berlin, another 10,000 m² is now available.

Following Daimler AG, which the CityCube annually welcomes for its shareholders' meeting with between 5,000 and 6,000 participants, Messe Berlin accommodated for the second time Volkswagen AG's shareholders' meeting with around 1,300 participants. The 2019 International Pilot and Recruiting Expo took place with around 10,000 participants at the beginning of the year. In addition, Messe Berlin welcomed again in its exhibition halls and the CityCube CWIEME Berlin – The World's Largest Coil Winding, Electric Motors & Transformers Manufacturing Exhibition with around 6,500 participants, World of Coffee 2019 with about 12,000 participants and the WeAreDevelopers World Congress 2019 with approximately 6,000 participants. In addition to many congresses dedicated to the medical sector, making a guest appearance, among other organisations, was the DGHO (annual conference of the German, Austrian and Swiss Associations for Haematology and Medical Oncology) with around 6,000 participants in the CityCube Berlin. The CityCube Berlin also welcomed the SPD federal party convention with approximately 3,500 participants. In July, the Sommergarten turned into the exclusive site for the third time of the 5-star horse Global Champions Tour Berlin.

K.I.T.

K.I.T. Group GmbH, Berlin (K.I.T. Group GmbH), of which Messe Berlin GmbH owns 75 % is a professional congress organiser (PCO). Its core business is planning and organising medical conferences, meetings and congress-related exhibitions. It encompasses around 35 events per year with roughly 90,000 participants, about 13,000 m² of exhibition space and around 150,000 room reservations. The vast majority of the events are organised outside of Germany. In the environment of a growing market with more than 15,000 conferences worldwide (54 % of them in Europe), the company has been able in recent years to significantly expand its business activities and further strengthen its place among the leading PCOs

worldwide. The basis for its business are multiple long-term contracts with major customers, in particular associations in the medical sector. The growth registered in 2018 of enquiries in non-medical sectors (industry, education and advancement, engineering) was capitalised on in 2019.

The K.I.T. Group also further expanded internationally during the reporting year. The K.I.T. Group Middle East Fz-LLC (K.I.T. Middle East), which with its headquarters in Abu Dhabi continued to expand its business in the Middle East, and the K.I.T. Group Switzerland AG (K.I.T. Swiss) were first consolidated during the reporting year. In the previous year, the companies were not included in the Group financial statement due to their subordinate significance.

E.G.E.

E.G.E. European Green Exhibitions GmbH (E.G.E.), a joint venture of Messe Berlin and Deutscher Bauernverlag GmbH, is thriving thanks to the positive development of existing agricultural and lifestyle fairs, and of new events. Regionally based agricultural products and services are the core business. In 2019, 65,000 trade visitors were welcomed to the four E.G.E. events (RegioAgrar Bavaria, RegioAgrar Baden [first event in March 2019], Agrar Entrepreneur Days and Mecklenburg Agricultural Fair). The E.G.E. has continued its successful regional agricultural trade fair Regio-Agrar Baden with a positive response.

Service subsidiaries

As a service subsidiary of Messe Berlin GmbH, Capital Catering GmbH (CCG) takes care of the culinary well-being of all of Messe Berlin's guests and employees as well as third-market customers. CCG's core business is at the ECC. At these venues, CCG provides catering for conferences, seminars, congresses and exhibitions. In addition, CCG operates the Berlin Radio Tower and the Radio Tower Restaurant. The in-house brand Prime Catering excels at high-quality and renowned service on the event market both on the exhibition grounds as well as externally for third-market customers.

MB Capital Services GmbH (CSG) functions as a service company for the organisation and worldwide implementation of concepts for participation at international events, trade fairs, congresses and other events. In addition to exhibitor services such as construction, advertising spaces, IT/TC services and hostesses, CSG also offers visitor services.

CSG is involved with realtale, a company newly founded in May 2019, with a minority interest of 10.52 %

The business purpose of Capital Facility GmbH (CFG) is essentially rendering services for the technical and infrastructural support of Messe Berlin's properties and trade fair operation and all activities connected with them.

Economic report

ExpoCenter Airport Berlin Brandenburg GmbH

The unsuccessful opening of the BER airport and the so far unsuccessful infra-structural public connections planned in conjunction with it have continued to have a negative impact on marketing the area. After review of the possible alternative use options and future scenarios, ExpoCenter Airport Berlin Brandenburg GmbH (ECA), a joint venture of Economic Development of the State of Brandenburg GmbH (WFBB) and Messe Berlin GmbH, was sold in September 2019 to the Flughafen Berlin Brandenburg GmbH (FBB) in close consultation with WFBB and with the involvement of stakeholders. In doing so, the simultaneous effort of the federal states of Berlin and Brandenburg to hold the ILA Berlin Air Show (ILA) in the region was taken into account.

Security measures

Due to increased security requirements and the resulting need to consolidate security measures more closely, the Corporate Security division, newly created in 2018, became an important part of Messe Berlin. The goal is to ensure the protection of the employees, customers and company in the best possible way within an integrated security strategy and to contribute to a "security culture" which is practised throughout the company. This includes, among other things, the further development of emergency and crisis management, implementation of technical security measures to ensure the protection of interior sensitive areas and for safeguarding controlled personal entrances and vehicle access routes to the exhibition grounds, building a security network in order to achieve a uniform security understanding for all managers and employees (risk culture) as well as for consolidating cooperation with external stakeholders in order to implement short communication and decision processes in emergency and crisis situations.

Economic environment

Growth in 2019 in the German capital was at 2% clearly above the expected increase in Germany of 0.5%. This means that the city of Berlin continues to represent a continuous progression of its buying power (five years of uninterrupted upturn with above-average high growth rates) although the anticipated slight weakening of the economic growth cycle was confirmed (3.1% growth in Berlin in 2018, highest all time level). According to a study by the IBB at the end of December 2019, the slight decrease can be traced back to the uncertain external conditions, such as foreign trade with the US. This is in turn, however, was balanced by robust consumption and tourism combined with high tax revenue. Even though the German economy grew in 2019 for the tenth year in a row, the economy has, however, on the whole clearly cooled off, which can be traced to industrial weakness, which in turn is suffering under sluggish world trade. The trade dispute between China and the US or the continuing uncertainty in the face of possible additional US tariffs in the rest of the world had a negative impact in 2019 on economic activity. Other existing or

latent conflicts such as in the Middle East and Libya as well as unresolved situations such as between the US and North Korea also affected the economic dynamics in the entire world. Nevertheless, economic output on an annual average expanded in 2019 by 0.5%; adjusted for calendar fluctuations; this results in a growth of 0.6%. The positive gross domestic product in 2019 is based on the continuing solid domestic economic foundation with increasing employment, growing income and largely stable consumer prices. The number of gainfully employed persons in 2019 was 45.2 million and is expected to be 45.4 million, again a record level. An increase in consumer prices of 1.5% in 2020 and 1.6% in 2021 is expected after a 1.4% increase in 2019.

The Federal Statistical Office announced in its supporting material for the press conference on 15 January 2020 in Berlin, "2019 Gross Domestic Product for Germany", the figures of the IWF for the eurozone: A price-adjusted gross domestic product growth of 1.4% is anticipated for the entire EU27 (without the United Kingdom) for 2019 and of 1.1% for the 19 states of the eurozone. The ifo Institute provided information at the end of 2019 for the "euro region" designated by it of an increase of the gross domestic product of 1.2% for 2019 and 2020 as well as 1.3% in 2021. However, the significant economic differences among the euro countries was pointed out, and those differences will continue in 2020.

An implemented Brexit represents, just as it did during the previous year, a risk factor for the economy, especially in Europe. Germany will not remain unscathed by it. The capital and its economic actors such as the Messe Berlin are operating in this environment.

Trade fair industry

Participation in trade fairs and the in-house website remain the most important instruments by far for business-to-business communication. Forecast for 2019/2020, a constant 47% of the appropriate budget of German companies will be spent for participating in trade fairs in Germany and abroad. Manufacturing companies will use almost 50% of their communication budgets for trade fairs. That was the result of Trade Fair Trend 2019 of the AUMA (Exhibition and Trade Fair Committee of Die Deutsche Wirtschaft e.V.) in a representative survey conducted by TNS Emnid of 500 German companies that exhibit at trade fairs in Germany that are restricted to trade visitors. The survey provisionally registered for Germany as a trade fair venue in 2019 a growth of 1% in the number of exhibitors and about 0.5% larger stand spaces compared to the previous year at 163 international and national events. Even if the growth compared to the previous year weakened somewhat, the increase in uncertainty about the development of the domestic economy and foreign trade, the protectionist tendencies and the increasing international conflicts were not able to exert any strong impact on trade fair participation. Only the number of visitors decreased by barely 2% compared to the previous year. On the other hand, the

international appeal of the German trade fairs can be regarded as very positive. As in previous years, foreign exhibitors and visitors in particular contributed to the success of the German trade fairs, with another increase of 3%

As part of a survey conducted by AUMA of trade fair organisers, an overall stable result and slightly increased investments as well as rising employment are anticipated for the 185 planned international and trade fairs in 2020.

A positive outlook can be expected in the industry for 2020 according to a survey conducted by AUMA of trade fair organisers within the scope of the association survey in December 2019 by the Institute of the German Economy.

Trends in international competition

The global trade fair industry more than ever is in a state of flux. Globalisation, scarcity of resources and our changing communication habits are continuing to impact trade fairs as a marketing instrument.

In addition to the merging of online and offline communication and a lived high-tech and high-touch communication, increasing over-capacities, advancing scarcity of raw materials and climate change are having a great impact on the competition.

According to a current study on behalf of the AUMA, the authors identify eight key factors that may impact the worldwide business-to-business trade fair market: globalisation, profiling strategies, live communication experience, integrated communication, environmental protection as a market factor, competitive pressure, social and ecological discontinuities as well as economic policy volatilities. The study developed three scenarios for the future from these general conditions: Scenario A assumes growing world markets with globally profiled trade fair groups and, therefore, similar conditions as today. In scenario B, the demand for trade fairs will concentrate on continental markets, especially Asia, in view of a predicated lesser stability of economic policy strategies and protectionist tendencies. Scenario C, on the other hand, sees, based on greater globalisation, a strong competition by digital communication and virtual sensory environments that replace live communication on a large scale and significantly reduce travelling. Traditional trade fairs would be increasingly displaced by smart exhibitions and exhibitor initiatives.

Still crucial in the competition will be the ability of the trade fair companies to pick up on the megatrends of the future. The benefit will be based increasingly less on square metres and much more on innovative event concepts. Artificial Intelligence and Virtual Reality will play a stronger role.

Business development

Messe Berlin is closing 2019 with a Group total turnover of EUR 286 million, which is slightly below the level of the comparative year of 2017 (EUR 284 million).

The Group net profit of EUR 1.3 million has fallen significantly compared to 2017, the previously most successful year (EUR 7 million).

Around 36,000 exhibiting companies (comparative year 2017: 28,000) from Germany and abroad (from more than 180 countries) presented their products and services at the Berlin trade fair venue. Around 2.1 million visitors from Germany and abroad came to more than 120 in-house and guest events worldwide, among them 66 in-house events (comparative year 2017: 56) and 60 guest events (comparative year 2017: 65).

Master Plan Berlin ExpoCenter City

As a basis for the upkeep and future development of the exhibition grounds under the Radio Tower, in 2015 Messe Berlin produced a master plan in line with its strategic business goals and on behalf of the federal state of Berlin for the development of exhibition business at the ECC over the next 15 years or so.

For the purpose of implementing and financing, the so-called Master Plan Stage 1, the significant relationships between the federal state of Berlin and Messe Berlin will be redefined. The federal state of Berlin intends to hand over the ECC site to Messe Berlin so that Messe Berlin itself is in a position to implement the measures involved in the master plan. The first board resolution in this regard was taken by the Berlin Senate in October 2017. The modalities for financing the measures of the Master Plan Stage 1 are being intensively discussed between the federal state of Berlin and Messe Berlin GmbH taking into account all of the legal conditions. An implementation is still planned. In a first step, Messe Berlin GmbH is supposed to acquire all the shares of the minority shareholders Industrie- und Handelskammer zu Berlin (IHK), Berlin Partner für Wirtschaft und Technologie GmbH (Berlin Partner), Verband Deutscher Maschinen- und Anlagenbau e. V. (VDMA) und Zentralverband Elektrotechnik- und Elektronikindustrie e. V. (ZVEI).

hub27 Berlin

The gradual renovation of the exhibition halls as part of the Master Plan Stage 1 will require the temporary shutdown of halls. The security of the business of Messe Berlin made an alternative space necessary. A new hall with 10,000 gross square metres was erected for this purpose. The hub27 Berlin opened on schedule in August 2019. The total construction costs will be approx. EUR 75 million and, therefore, remain within budget. The hub27 Berlin's functionality and capacity for up to 11,500 persons makes it useful for trade fairs as well as for congresses and corporate events.

Financial performance indicators

Situation of the Group

The Group's economic situation remains positive. Compared to the comparative year 2017, whose turnover was affected by exceptional events, the International German Gymnastics Festival and the German Evangelical Church Assembly, a slight growth in turnover of 0.7 % was achieved. Messe Berlin compares figures based on whether the years are odd or even, as certain trade fairs only take place every two years. In the even business years, the company organises, among others, bautec – International trade fair for building and construction technology, ILA – International aerospace exhibition and conferences and InnoTrans – International Trade Fair for Transport Technology.

The Group's operating income (EBIT) for 2019 is lower by EUR 3.7 million compared to the reference year 2017. The return on sales (EBIT/turnover) decreased correspondingly from 3.9% to 2.6%. The planned turnover for 2019 (EUR 274.1 million) was exceeded by EUR 11.9 million (4.3%) and the planned EBIT by EUR 22.4 million. The turnover of the K.I.T. Group, among other things, helped to increase turnover.

Positive EBIT effects result especially from the higher planned costs for the master plan, the positive actual deviation for the K.I.T. Group and the increase of other operating income, especially from the reversal of accruals.

Multi-year comparison

Messe Berlin Group	2019	2018	2017	2016	2015
	EUR	EUR	EUR	EUR	EUR
	million	million	million	million	million
Turnover	286.0	352.1	284.0	309.4	242.0
Changes in inventory – work in progress	-0.2	0.0	0.0	0.0	0.1
Other operating income	19.0	12.5	14.6	15.1	11.4
Material costs	-174.6	-227.9	-187.9	-193.4	-156.4
Personnel costs	-68.8	-67.7	-60.6	-55.8	-51.9
Other operating costs	-44.6	-36.3	-27.4	-44.1	-26.2
Income from investments	0.0	0.1	0.0	0.0	0.1
EBITDA	16.8	32.8	22.7	31.2	19.1
EBITDA %	5.9	9.3	8.0	10.1	7.9
Depreciation of fixed assets	-9.5	-8.9	-11.7	-9.4	-9.5
EBIT	7.3	23.9	11.0	21.8	9.6
EBIT %	2.6	6.8	3.9	7.0	4.0
Interest income	-3.7	-2.9	-2.4	-1.6	-3.2
Taxes	-2.3	-4.2	-1.3	-3.4	-1.9
Non-controlling interests	-1.0	-0.4	-1.1	-0.9	-1.1
Group profit	0.3	16.4	6.2	15.9	3.4

Operating results

Messe Berlin Group	2019	2018	Change compared	
	EUR million	EUR million	EUR million	%
Turnover	286.0	352.1	-66.1	-18.8
Changes in inventory – work in progress	-0.2	0.0	-0.2	-100.0
Other operating income	19.0	12.5	6.5	52.0
Material costs	-174.6	-227.9	53.3	-23.4
Personnel costs	-68.8	-67.7	-1.1	1.6
Other operating costs	-44.6	-36.3	-8.3	22.9
Income from investments	0.0	0.1	-0.1	-100.0
EBITDA	16.8	32.8	-16.0	-48.8
Depreciation of fixed assets	-9.5	-8.9	-0.6	6.7
EBIT	7.3	23.9	-16.6	-69.5
Interest income	-3.7	-2.9	-0.8	27.6
Taxes	-2.3	-4.2	1.9	-45.2
Non-controlling interests	-1.0	-0.4	-0.6	150.0
Group profit	0.3	16.4	-16.1	-98.2

Compared to the previous year, which had more events, the Group turnover decreased by 18.8%. The use of materials decreased compared to the previous year. The main reasons for the change were in particular the direct cost-intensive ILA 2018, the decreased use of materials for the K.I.T. Group Berlin and the decrease for maintenance and repair costs at the ECC. The increase of other operating expenses results significantly from the other operating expenses of the business premises in Singapore for the K.I.T. Group. The accounted corresponding turnover for the K.I.T. Group compensates on the net income side for this increase in expenses. Furthermore, other operating expenses also include the deconsolidation effects from the sale of shares in the ECA. On the other hand, there is the increase of other operating income caused in particular by appreciation effects as a result of the sale of the shares in ECA and by income from the disposal of the exhibition halls in Selchow that was connected to the sale of the ECA.

Messe Berlin GmbH	2019	2018	Change compared	
	EUR million	EUR million	EUR million	%
Turnover	187.0	237.0	-50.0	-21.1
Other operating income	16.8	11.3	5.5	48.7
Material costs	-128.2	-157.2	29.0	-18.4
Personnel costs	-42.8	-42.9	0.1	-0.2
Other operating costs	-35.4	-34.9	-0.5	1.4
Income from investments	13.2	16.6	-3.4	-20.5
EBITDA	10.6	29.9	-19.3	-64.5
Depreciation of fixed assets	-8.4	-8.1	-0.3	3.7
EBIT	2.2	21.8	-19.6	-89.9
Interest income	-2.3	-1.9	-0.4	21.1
Taxes	-0.4	-2.7	2.3	-85.2
Annual result	-0.5	17.2	-17.7	-102.9

For the parent company, Messe Berlin GmbH, a turnover of EUR 187 million was generated, and an operating income before interest and taxes of EUR 2.2 million was achieved (previous year, EUR 21.8 million, reference year 2017 EUR 8.7 million). The turnover decreased by EUR 11.8 million (5.9%) from the reference year 2017. In terms of turnover, Messe Berlin GmbH exceeded its 2019 business plan by EUR 4.9 million.

In-house events

Group turnover in the in-house events part of the business amounted to EUR 124.4 million (previous year: EUR 166.9 million). Compared with the reference year 2017, turnover in this part of the business increased by EUR 6 million. The primary reasons for this were increases for the leading trade fairs, turnover increases for the international events ITB Asia, ITB China and ASIA FRUIT LOGISTICA as well as the SCCON and the droidcon events of Mobile Seasons GmbH, which consolidated in 2018. The turnover increases were primarily compensated by reductions in the case of the fashion trade fair Panorama as well as the omission of the Water Berlin International trade fair.

Congresses and guest events

In the guest events, congress and events part of the business, the Group's turnover in 2019 amounted to EUR 71 million (previous year: EUR 81.4 million). Turnover in this area decreased compared to the previous year for both Messe Berlin with EUR 5.3 million and K.I.T. Group with EUR 5 million. The reason for this decrease for Messe Berlin GmbH was primarily the omission of the EASD Congress (EASD = European Foundation for the Study of Diabetes). In the case of K.I.T., the reduction can mainly be traced to the ESMO Congress (ESMO = European Society of Medical Oncology) which was held in 2018. The turnover for congresses and guest events decreased by EUR 7.5 million from the reference year 2017.

Subsidiary companies in Germany and abroad

The K.I.T. Group and its six subsidiaries turned over EUR 49.9 million in the 2019 financial year (previous year: EUR 53.9 million).

GPE together with its subsidiary GPE (Shanghai) Co., Ltd achieved a turnover of EUR 7.1 million in the financial year (previous year EUR 6.9 million) primarily with the event ASIA FRUIT LOGISTICA – International Trade Fair for Fruit and Vegetable Marketing in Hong Kong.

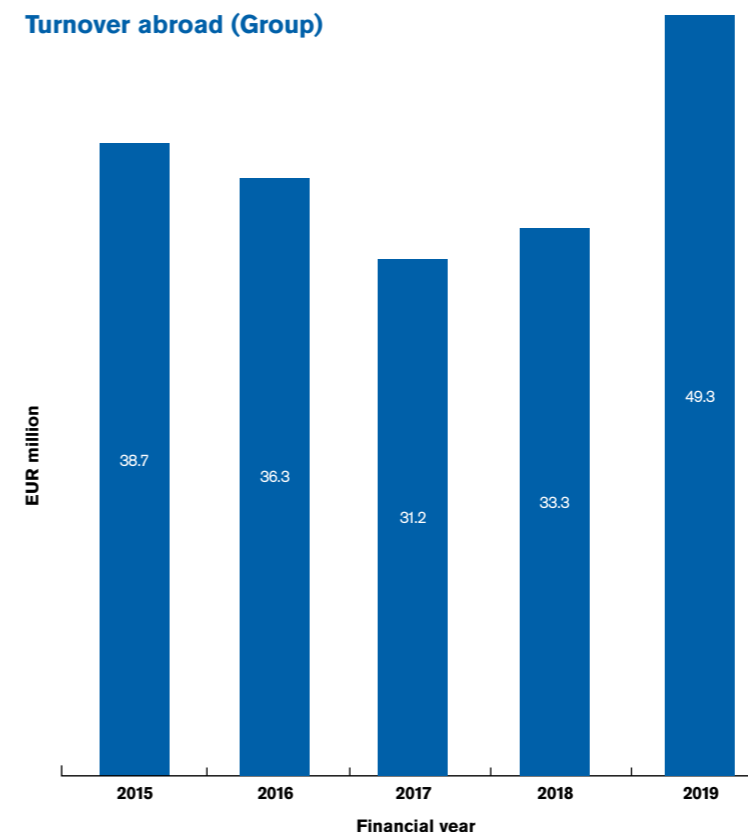
E.G.E., including its subsidiary MAZ Messe- und Ausstellungszentrum Mühlenteez GmbH, achieved a turnover of EUR 7.6 million (previous year EUR 6.1 million).

Another 19% of the shares in Mobile Seasons GmbH were acquired during the reporting year; consequently, Messe Berlin GmbH holds 70% of the shares on the balance sheet date, 31 December 2019. Mobile Seasons GmbH achieved in 2019 a turnover of EUR 1.4 million (previous year: EUR 1.1 million).

Messe Berlin (Singapore) Pte. Ltd. (MBS) generated a turnover of EUR 5.3 million (previous year: EUR 4.4 million) with its ITB Asia 2019 event in Singapore. Berlin Exhibition (Guangzhou) Co., Ltd. (BEG) achieved with the CE China in Guangzhou a turnover of EUR 0.5 million (previous year: EUR 0.6 million). MB Exhibitions (Shanghai) Co., Ltd., Shanghai, China (MBE) turned over EUR 2.9 million (previous year: EUR 2.4 million) with ITB China.

Overall, the foreign turnover of the Messe Berlin Group registered significant growth with EUR 49.3 million (previous year: EUR 33.3 million), which can primarily be traced back to the turnover increase for the K.I.T. Group. In the 2019 financial year, the share of turnover generated abroad was 17.2% (previous year: 9.5%).

Turnover abroad (Group)



Service companies

In the 2019 financial year, the turnover of the subsidiary CCG amounted to EUR 13.8 million (previous year: EUR 19.2 million, reference year 2017: EUR 16.8 million).

The turnover of CSG and its subsidiary reached EUR 33.2 million (previous year: EUR 38.8 million, reference year 2017: EUR 29.5 million). Of this, EUR 11.7 million of turnover (previous year: EUR 12.1 million) was transferred to Messe Berlin. The positive progress made by the leading trade fairs and the growth of the congress business meant 2019 was another good year for CSG in terms of turnover in the stand construction and advertising-space hire parts of the business.

The 2019 financial year also went well for the subsidiary CFG. Turnover from the agency agreement with Messe Berlin for facility management exceeded the planned amount.

Net assets position

In 2019, the positive cash flow from ongoing operations was EUR 13.7 million (previous year: EUR 15.1 million). Major factors were the decrease in trade receivables amounting to EUR 12.6 million, the increase in accounts payable and other liabilities, which were not allocated to investment or financing activities, amounting to EUR 12 million, the non-cash amortisations included in income amounting to EUR 9.5 million as well as the offsetting reduction of accruals with EUR 19.4 million.

Consolidated statement of cash flow (summary)	2019 EUR million	2018 EUR million
Cash flow from current business activities	13.7	15.1
Cash flow from investment activities	5.8	-45.1
Cash flow from financing activities	-17.9	25.0
Changes in financial resources	1.6	-5.0
Consolidated entity /		
Exchange rate-related changes	1.7	0.0
Financial resources as of 1 January	83.2	88.2
Financial resources as of 31 December	86.5	83.2

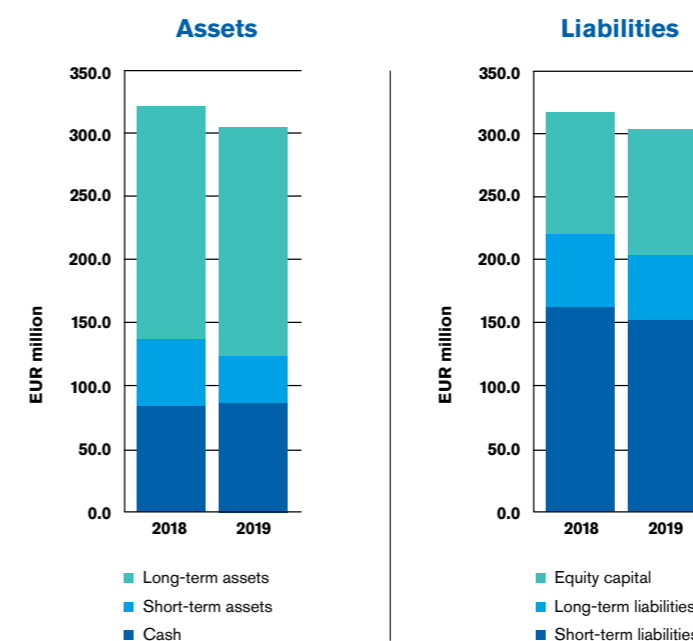
The positive cash flow from investment activities amounted to EUR 5.8 million (previous year: EUR -45.1 million negative). The major drivers were payments received from the disposal of fixed tangible assets of EUR 13.8 million, in particular disposal of the trade fair halls in Selchow, payments received from the sale of shares in the ECA less cash amounting to EUR 13 million and payments received from the investment grant from the federal state of Berlin for the hub27 Berlin of EUR 7 million. This was offset by additional investments in tangible fixed assets of EUR 26.9 million – in particular resulting from construction of the hub27 Berlin.

Cash flow from financing activity was at EUR -17.9 million negative (previous year: EUR 25 million positive). This results primarily from the repayment of borrowed capital amounting to EUR 15 million – primarily from the repayment of the loan for the exhibition halls in Selchow in the course of the sale of the ECA.

For Messe Berlin GmbH, the statement of cash flow is as follows:

Messe Berlin GmbH statement of cash flow (summary)	2019 EUR million	2018 EUR million
Cash flow from current business activities	23.0	11.8
Cash flow from investment activities	-3.6	-43.2
Cash flow from financing activities	-10.0	26.0
Changes in financial resources	9.4	-5.4
Financial resources as of 1 January	52.0	57.4
Financial resources as of 31 December	61.4	52.0

On the reporting date, the Group's balance sheet total amounted to EUR 306.2 million compared with EUR 320 million in the previous year. The balance sheet structure is as follows:



Messe Berlin Group	2019	2018	Change compared	
	EUR million	EUR million	EUR million	%
Long-term assets	180.4	184.0	-3.6	-2.0
Short-term assets	125.8	136.0	-10.2	-7.5
Assets	306.2	320.0	-13.8	-4.3
Equity capital	102.0	100.2	1.8	1.8
Long-term liabilities	53.2	56.4	-3.2	-5.7
Short-term liabilities	151.0	163.4	-12.4	-7.6
Liabilities	306.2	320.0	-13.8	-4.3

Long-term assets are fixed assets and other assets that are expected to be realised more than five years after the reporting date.

Fixed assets decreased from EUR 184 million in the previous year to EUR 180.4 million. The proportion of fixed assets in the balance sheet total went up from 57.5% to 58.9%.

The disposals within the position advance payments and assets under construction amounting to EUR 39.9 million correspond with additions to land, rights equivalent to property and buildings amounting to EUR 37.0 million and pertain in particular to production costs incurred for the hub27 Berlin completed in 2019.

Short-term assets consist mainly of credit institute balances, trade receivables and other assets, and they decreased by EUR 10.2 million compared with the previous year. This results in particular from the decrease in trade receivables. Offsetting this was primarily the increase in cash by EUR 3.3 million.

The result for the financial year further improved our financial structure. Equity increased by EUR 1.8 million. Equity ratio increased from 31.3% to 33.3%.

The long-term liabilities consist chiefly of loan liabilities with a residual time to maturity of more than five years, which amount to EUR 18.9 million (previous year: EUR 29.5 million). The decrease primarily results from repaying the loan for the exhibition halls in Selchow.

Offsetting this is the increase in the special reserves with EUR 6.4 million. This results from the investment grant of the federal state of Berlin for the hub27 Berlin. Furthermore, we view pension provisions amounting to EUR 17.5 million (previous year: EUR 16.5 million) as long-term liabilities.

Short-term liabilities consist of other provisions and tax provisions amounting to EUR 47.3 million (previous year: EUR 67.2 million). The reduced impact was mainly due to the decrease in provisions for deferred maintenance with EUR 11.5 million, the reduction of the contingency reserves with EUR 4.9 million and the decline of tax provisions with EUR 1.8 million. Short-term liabilities also include advance payments (EUR 34.1 million; previous year: EUR 32.2 million). Finally, current liabilities also include the short-term share of liabilities owed to banks (EUR 39.9 million; previous year: EUR 44.3 million); trade liabilities (EUR 7.6 million; previous year: EUR 11.6 million); other liabilities (EUR 12.7 million; previous year: EUR 7 million); and deferred income (EUR 9.5 million; previous year: EUR 0.8 million). The increase in other liabilities largely concerns the VAT payable amount from the grant of the federal state of Berlin for master plan expenses. The increase in accruals and deferred income is also the result of the grant of the federal state of Berlin for master plan expenses.

At Messe Berlin GmbH, the asset and capital structure is as follows:

Messe Berlin GmbH	2019	2018	Change compared	
	EUR million	EUR million	EUR million	%
Long-term assets	191.8	188.7	3.1	1.6
Short-term assets	99.6	101.4	-1.8	-1.8
Assets	291.4	290.1	1.3	0.4
Equity capital	102.9	103.4	-0.5	-0.5
Long-term liabilities	30.4	47.5	-17.1	-36.0
Short-term liabilities	158.1	139.2	18.9	13.6
Liabilities	291.4	290.1	1.3	0.4

The balance sheet total for Messe Berlin GmbH rose by EUR 1.3 million. Fixed assets account for EUR 191.8 million (65.8%) of the total. Financial assets have a share of EUR 14 million. The equity ratio of Messe Berlin GmbH is 35.3% (previous year: 35.6%). The long-term liabilities consist of the long-term share of the liabilities to credit institutes, pension provisions and special items for contributions to fixed assets.

Non-financial performance indicators

Overall conclusion

The business performance as well as the assets, financial and profit situation of Messe Berlin GmbH and the Group of Messe Berlin are overall regarded as positive. The company fulfilled its financial obligations at all times.

Workforce

Messe Berlin has well-trained, highly capable and motivated employees. Messe Berlin recognises that the key factors for success in this regard are a positive work culture and stronger host mentality among staff. To ensure that this remains the case, Messe Berlin considers it important to offer its employees interesting and challenging tasks, flexible working time models, performance-based pay and attractive additional benefits, while, at the same time, investing in their continuing professional development through the acquisition of qualifications.

Regular employee surveys conducted in conjunction with the research and consultancy institute Great Place to Work (GPTW) provide an objective benchmark. The last employee survey was in November 2018, and its gratifying result proves that Messe Berlin is on the right path. Concrete measures for further improvements have been developed in area workshops.

A key element of attractive working conditions is the remuneration model. This is based on the German collective agreement for public service employees (TVöD). As a conclusion over 30 months, the last collective bargaining round in 2018 resulted in an increase in remuneration in three steps. On 1 March 2018, an average increase of 3.19%, as of 1 April 2019 an additional increase of 3.09% and as of 1 March 2020 an average increase of 1.06%.

In addition, bargaining agreements provide a basis for performance-based remuneration elements. In May 2019, the good year-end result in 2018 again allowed for the disbursement of a special bonus for all beneficiary employees at the Group level according to the Group works agreement.

In addition to remuneration, Messe Berlin offers an attractive company pension to secure employees' standard of living during retirement. On behalf of all employees, Messe Berlin pays part of their gross wages into a supplementary pension scheme (VBL).

Furthermore, all employees have the option – within the framework of legal possibilities and under deferred compensation arrangements – to pay part of their salary into two alternative insurance systems, without tax or social security implications. Employees of subsidiaries have been able since 2017 to receive a pension with financial support through their employer.

But being a good place to work is not just about monetary considerations. To improve work-life balance, Messe Berlin offers flexible working arrangements, mobile working options and various part-time arrangements to suit individual needs as far as possible. Since 2018, there has been a parent-and-child office as well as a nursing room for spontaneous care. In 2019, holiday care was offered for the first time to employees with children.

In order to help protect the environment but also to support employee mobility, Messe Berlin would like to provide employees with new mobility options in terms of getting to and from the workplace. To this end, an employer contribution towards commuters' travel cards was introduced in November 2018, while a bicycle leasing scheme came into operation in January 2019.

In these competitive times, when specialist staff are hard to come by, Messe Berlin endeavours to remain attractive as an employer by ensuring professional development is a key pillar of a sustainably-oriented human resources policy. At the end of the year, the Group had 28 trainees (previous year: 30) preparing for careers as office administrators or event sales representatives, or studying for Bachelor of Arts (B.A.) degrees in trade fair, congress and event management. This programme of dual study in business management with a focus on trade fairs and congresses is offered by Messe Berlin in cooperation with the Ravensburg University of Cooperative Education in Baden-Württemberg. After they have successfully completed their vocational training, all trainees will be offered a follow-up contract over at least a year.

As of summer 2018, we also offer the opportunity of spending 18 months as a trainee in the Corporate Communications division. The format encompasses diverse training in both practical and theoretical elements, in conjunction with Hill+Knowlton Strategies, a global PR and integrated communications agency.

Furthermore, Messe Berlin offers the opportunity to study part-time for a bachelor's or master's degree while working. For the duration of their studies, the selected employees will receive monthly financial support to cover the tuition costs. An onboarding concept was implemented in 2019 to integrate new employees quickly and for the long term.

Messe Berlin offers all employees a comprehensive internal training curriculum and allows participation in external qualification measures for imparting technical and methodological knowledge as well as future-oriented skills. There is a broad management curriculum for managers.

The offerings of the company health management were expanded further in 2019 and are accessible to all employees.

As part of a company-specific diversity approach, Messe Berlin would also like to enhance its profile as an employer that values the unique nature of every single person and promotes a working environment free of discrimination (along the lines of gender, nationality, ability, age and sexual orientation). Messe Berlin signed up to the 'Diversity Charter' in 2015 and, since 2014, has been a member of the 'Bündnis gegen Homophobie' (Alliance against Homophobia), which awards the annual Respect prize. Messe Berlin participated for the third time in the "Shift Change" action day, during which several employees exchanged their workplace with an employee of sheltered workshops for disabled persons.

The employees themselves also send a signal through their own social engagement. For example, they volunteer on examining boards and in courts, get involved in blood donation drives and with helping the homeless. The company encourages such engagement and provides support the form of paid time off from work, for example.

Messe Berlin's commitment has also been externally recognised. Messe Berlin was listed by the Frankfurter Allgemeine Zeitung among the 2019 most sought-after employers, and Focus Money awarded us the seal of "Top career opportunities for women" in 2019.

Employees

As of 31 December 2019, the Group employed 974 people, excluding trainees, interns and employees in the passive phase of semi-retirement). Compared with 31 December 2018, the number of employees increased by 16 people. As of 31 December 2019, Messe Berlin GmbH had 551 employees, which constitutes an additional 27 employees.

Percentage of women in management positions

Based on the law that entered into force on 1 May 2015 for the equal participation of women and men in management positions in the private and public sectors, Messe Berlin is obligated to establish target figures for increasing the percentage of women on the Supervisory Board, on the Management Board and in the top two management levels below the Management Board. The Management Board has accordingly established for the division managers and department managers a percentage of women of at least 42% by 2020 and at least 50% by 2025. The quota was reached on the recording date of 31 December 2019 with the percentage of women at 56%. At the division manager level, the percentage of women is 24% and at the department/project manager level at 67%. The Supervisory Board decided to set the target figure for the proportion of women on the Berlin Messe

GmbH Management Board at 50%. The shareholders of Messe Berlin have also determined a target figure of 50% women on the Supervisory Board of Messe Berlin. Due to contractual regulations for the Management Board and the results of the Supervisory Board election, the target figures could so far not be met. The average hourly rate of the Messe Berlin GmbH is EUR 28.53 on the recording date of 31 December 2019. Women receive on average EUR 27.44 and men EUR 30.39. This is due to the fact, among other reasons, that women at Messe Berlin GmbH are on average around three years younger than the men and the TVöD (Civil service collective agreement) has the length of service as a criterion for granting step increases. In order to further support the targeted promotion of women, Messe Berlin updated on the recording date of 31 December 2019 the plan for the promotion of women developed in December 2017. The plan includes an inventory and analysis of the staffing structure and sets out time-related, personnel-related, organisational and training measures to increase the proportion of women, particularly at management levels in business units of Messe Berlin GmbH where they are currently under-represented.

Berlin Corporate Governance Code (BCGK)

As an unlisted company, Messe Berlin GmbH follows the BCGK. The declaration by the Management and Supervisory Boards of conformity with the BCGK was submitted to a vote by the Supervisory Board on 5 December 2019 and was subsequently approved. The declaration of conformity is attached as an annex (unaudited) to the management report.

Risk strategy

We define risks as possibilities of a negative deviation of corporate development and opportunities as a positive deviation of corporate development from planned performance. The business activities of Messe Berlin inevitably involve risks that, despite great care, cannot be entirely avoided. The number one priority of Messe Berlin's risk policy is to exploit existing opportunities and to assume only the business risks that can be considered reasonable and that open up new opportunities for earnings.

Risk management system

Messe Berlin has implemented a risk management system for the identification, assessment and documentation of risks within the Group.

The risk management system as implemented covers risk assessment in the following areas (risk categories):

- strategic risks,
- operational risks,
- financial-reporting risks and
- compliance risks.

Risk management

Other information

Various techniques are used to identify internal and external risks. Thus, major risk areas have been determined, and a risk catalogue has been developed that also includes measures for minimising risks (gross-net method).

All major risks are classified at the level of company units and subsidiaries.

The findings obtained during the classification process form the basis for estimating current and future risk situations within the Group. Major Group risks are aggregated and communicated, along with critical net individual risks, to the Management and Supervisory Boards in the form of a regular report.

In the course of the annual business planning process, the various opportunities and risks associated with all future business activities are assessed and any changes in the market or in the competitive situation are taken into consideration. Entrepreneurial risks that emerge in the course of the expansion of business activities and new projects are only entered into if an entrepreneurial assessment regards the risk/reward profile to be worth it.

Risk areas

Typical risks faced by a trade fair company include exhibitor and visitor numbers that fail to meet expectations, pricing pressure at guest events and the loss of trade fairs to other venues. For Messe Berlin, risks associated with the exhibition grounds and with construction work, as well as safety risks, are an additional concern. Every new product and the advent of new customers, technologies, systems and procedures can entail risks that did not have to be considered previously. Individual risks will, therefore, be adapted or amended accordingly at least annually and ad hoc if necessary to changed external and internal conditions as well as changes of the processes and functions within the company.

There are currently no high-probability risks and none can be expected to occur in the 2020 financial year.

Compliance

Back in 2010, Messe Berlin decided to set up a Compliance Management System (CMS). Since 2018, the internal Corporate Governance Management System has been responsible for the departments Compliance & Guideline Management, Audit & Risk Management and Data Protection under the umbrella of the Legal & Corporate Governance Division.

The Management Board supports and is committed to the compliance by all employees with the legal provisions and internal corporate guidelines. An in-house compliance officer at Messe Berlin GmbH works with the 'risk owners' to record and assess compliance risks in the Group. An external ombudsperson is a contact point for informants concerning crimes or serious breaches of duty with regard to employment law. The goal is to uncover internal grievances and to counteract compliance risk at an early stage.

Code of Conduct

The guiding principle "We are hosts" integrates the long-standing competence, professionalism and dedicated sense of service of the Messe Berlin Group. The host concept is simultaneously aspiration as well as attitude and a self-concept for all Group members. The Group revised its Code of Conduct in October 2019. The Code represents its fundamental values and principles of conduct. The Code of Conduct serves as a binding guideline during everyday work and is the aspiration of the Group to comply with the applicable legal and official regulations as well as internal standards for its events and products. The following fundamental values shape the corporate strategy and the actions of Messe Berlin GmbH: responsible economic thinking and acting, security and safety, confidentiality and data protection, integrity, diversity and open communication as well as social responsibility and sustainability.

Forecast as well as opportunities and risks of future developments

Maintaining and expanding competitiveness remain the focus of the challenges for the future. The Group's major development areas are still the expansion of the value chain with regard to content by new products as well as geographic expansion.

Messe Berlin sees itself as a multi-service provider, including for the federal state of Berlin. It offers platforms to Berlin stakeholders for exchange and networking.

Master Plan Berlin ExpoCenter City

At the present time, financing of the Master Plan Stage 1 is not yet ensured over the entire period of 15 years. That is why the implementation of construction measures that go beyond 2020 have, to date, not been incorporated into the medium-term planning. The same applies to the economic effects from the planned transfer of land and injection of capital. A possible delay of the master plan due to unclear financing would increase the risks from damage, possible loss of customers and cost increases.

Reshaping service relationships with the state of Berlin

In this context, the following clarification of financing of the master plan and a possible transfer of land, the financial relationships between Messe Berlin and the federal state of Berlin must also be redefined. The conclusion of the necessary audits is expected in the course of 2020. For this period (2020), the existing comprehensive agreement between Messe Berlin and the federal state of Berlin has been extended to the end of 2020 with editorial amendments.

Existing loan agreements

In terms of the existing loan agreements with Nord/LB and IBB, Messe Berlin has agreed to an adjusted equity ratio, adjusted interest cover and adjusted net gearing ratio in order to comply with financial ratios (so-called financial covenants). As at 31 December 2019, these covenants, as in previous years, had been complied with. We are presuming compliance with these covenants for 2020 as well.

Future of the ILA

Negotiations on a new framework agreement for the ILA 2022 ff. are being held primarily against the background of still open questions of state aid and economic conditions. From the perspective of Messe Berlin and its principal shareholder, the state of Berlin, considerations regarding the future of the ILA are shaped by the economic efficiency of the ILA in relation to the considerable investment, under the master plan, in the ECC exhibition grounds.

Use of the International Congress Center Berlin (ICC) still pending

A final decision by the federal state of Berlin regarding the ultimate use of the ICC is still pending. The ICC Berlin was placed under monument protection in September 2019. The expression of interest procedure initiated by the Berlin Senate Department for Economics was concluded in 2019 and a concept procedure prepared. Further steps on the future of the ICC regarding the technical side of the entire project are expected to be dealt with in 2020 in cooperation with the Berlin Senate Department for Urban Development.

Basis for planning the expected business development

The future development of the operating results and the financial and net assets position is being planned on the basis of assumptions that currently appear plausible and sufficiently probable, even though the economic background is still marked by a degree of uncertainty. Consequently, actual developments may differ significantly from previous assumptions and from the resulting plans and trend forecasts.

Expected development of business and profits

In addition to the annual events, the InnoTrans and ILA will take place in the even year of 2020. The event calendar of the Messe Berlin Group is scheduling in 2020 34 group-wide events and 16 in-house events for the parent company. With the continuation of the implementation of the first measures of the ExpoCenter City master plan and other necessary maintenance measures on the exhibition grounds, significant additional negative effects on earnings will occur in 2020. Messe Berlin GmbH and the Messe Berlin Group are planning for 2020 compared to the even comparative year 2018 with a moderate decline in turnover as well as a sharply falling annual profit before taxes (EBT), which, however, is expected to be positive.

After the international leading trade fairs IGW and FRUIT LOGISTICA had been held in 2020, the leading trade fair ITB was scheduled for the first quarter, as every year. The IGW 2020 celebrated its 85th edition and showcased 1,810 exhibitors from 72 countries in 129,000 m² of exhibition hall space. More than 400,000 visitors, 90,000 of them trade visitors for 75 countries, came to Berlin's most visited trade fair. The FRUIT LOGISTICA successfully closed its three-day trade fair for the fruit and vegetable industry with over 72,000 trade visitors from all over the world and 3,300 exhibitors, of which 85% were international exhibitors. After the IGW was held unencumbered by COVID-19, negative economic consequences on the other spring events in Germany cannot be estimated, since they depend primarily on the spread of the virus. It can be observed that, currently, exhibitors are cancelling their trade fair participation in isolated cases. A decline in visitors must be anticipated.

A clear communication before and during the FRUIT LOGISTICA as well as additional security measures on site contributed to boosting customer confidence. These measures will be continued as long as necessary for the following events. On the other hand, the ITB China located in Shanghai, which was supposed to take place between 13 May and 15 May 2020, had to be postponed indefinitely. The decision was made by the Management Board of Messe Berlin GmbH based on the risk assessment of local officials and global organisations. Alternative concepts are currently being worked on for securing the market presence of the established brand image of the ITB China in order to be able to possibly carry out the event in another format in 2020 provided that the situation in China winds down. With regard to the expected business and earnings performance, we cannot safely estimate the risks from COVID-19 overall as things now stand. In case of further spread of the virus, a negative impact on the profit situation for 2020 cannot be ruled out.

Messe Berlin is pressing ahead with the expansion of its leading trade fairs internationally. The CE China will take place for the fourth time in 2020. Additional drivers of the international expansion are the ASIA FRUIT LOGISTICA, which is taking place in Singapore due to the political instability in 2020 in Hong Kong, the ITB Asia in Singapore and the new trade fair ITB India in Mumbai. Messe Berlin's subsidiary, MB Singapore Pte, Ltd., is planning the inaugural event in April 2020 in Mumbai.

Messe Berlin has been taking part since the end of 2019 in the application process with the German Association of the Automotive Industry (VDA) for organising the International Motor Show (IAA)

The decision about awarding the contract is still pending.

Berlin, 26 February 2020

Dr Christian Göke

Dirk Hoffmann



Group balance sheet

2019

Consolidated
balance sheet
on 31 December

Assets	31.12.2019		31.12.2018	
	EUR'000	EUR'000	EUR'000	EUR'000
A. Fixed assets				
I. Intangible assets				
1. Rights and licences acquired against payment	963		1,690	
2. Goodwill	241		272	
3. Advance payments	45	1,249	0	1,962
II. Tangible fixed assets				
1. Land, titles to land and buildings incl. buildings on third-party land		157,631		120,671
2. Technical installations and machinery	5,767		7,039	
3. Operating and business equipment	5,849		4,988	
4. Advance payments and assets under construction	8,642	177,889	48,578	181,276
III. Financial assets				
1. Shares in affiliated companies	229		321	
2. Shareholdings	320		26	
3. Loans to companies	744	1,293	430	777
		180,431		184,015
B. Current Assets				
I. Inventories				
1. Raw materials, consumables and supplies	141		198	
2. Work in progress	586		741	
3. Goods	122		126	
4. Advance payments	1,039	1,888	2,238	3,303
II. Receivables and other assets				
1. Trade receivables	17,107		30,194	
2. Receivables from affiliated companies	14		71	
3. Other assets	19,618	36,739	18,257	48,522
III. Securities				
Other securities		42		12
IV. Cash on hand, bank balances and cheques		86,568		83,175
		125,237		135,012
C. Accruals and deferrals		522		997
D. Active difference from capital account		0		1
		306,190		320,025

Liabilities	31.12.2019		31.12.2018	
	EUR'000	EUR'000	EUR'000	EUR'000
A. Equity capital				
I. Subscribed capital	20,708		20,708	
II. Capital reserves	12,578		12,578	
III. Other retained earnings	109		109	
IV. Net Group profit	64,751		63,847	
V. Differences in equity capital resulting from currency conversion	-73		-46	
VI. Non-controlling interests	3,879		3,006	
		101,952		100,202
B. Special items for contributions to fixed assets		16,833		10,438
C. Provisions				
1. Provisions for pension and similar obligations	17,456		16,545	
2. Provisions for taxes	919		2,705	
3. Other provisions	46,414		64,475	
		64,789		83,725
D. Liabilities				
1. Liabilities to banks	58,801		73,819	
2. Advance payments received on orders	34,113		32,190	
3. Trade liabilities	7,567		11,565	
4. Liabilities to companies in which shares are held	0		298	
5. Other liabilities of which from taxes EUR 6,042 thousand (previous year EUR 1,671 thousand) of which for social security EUR 39 thousand (previous year EUR 26 thousand)	12,678		7,003	
		113,159		124,875
E. Accruals and deferrals		9,457		785
		306,190		320,025

Consolidated statement of profit and loss

2019

Consolidated profit and loss statement for the period from 1 January to 31 December

	2019		2018	
	EUR'000	EUR'000	EUR'000	EUR'000
1. Turnover		285,910		352,061
2. Decrease/increase of inventory of work in progress		-155		46
3. Other operating income of which income from currency conversion EUR 178 thousand (previous year EUR 405 thousand)		19,058		12,532
4. Material costs				
a) Cost of raw materials, consumables and supplies and purchased goods	-15,293		-16,851	
b) Cost of purchased services	-159,342	-174,635	-211,028	-227,879
5. Personnel costs				
a) Wages and salaries	-56,105		-55,679	
b) Social security contributions and costs for pensions and benefits of which for pensions EUR 2,626 thousand (previous year EUR 2,628 thousand)	-12,691	-68,796	-12,068	-67,747
6. Depreciation of intangible assets and tangible fixed assets		-9,507		-8,701
7. Other operating costs of which costs from currency conversion EUR 334 thousand (previous year EUR 172 thousand)		-44,516		-36,334
8. Income from investment		0		118
9. Other interest and similar income		58		42
10. Depreciation on financial assets		0		-250
11. Interest and similar expenses of which expenses from discounting provisions EUR 1,554 thousand (previous year EUR 1,500 thousand)		-3,743		-2,898
12. Taxes on income and profit		-2,213		-4,067
13. Net earnings		1,461		16,923
14. Other taxes		-129		-121
15. Consolidated net loss/profit for the financial year		1,332		16,802
16. Non-controlling interests		-1,058		-414
17. Group profit		274		16,388
18. Profit carried over from the previous year		64,477		47,459
19. Net Group profit		64,751		63,847

Consolidated statement of cash flow

2019

Consolidated statement of cash for the 2019 financial year

	2019		2018	
	EUR'000	EUR'000	EUR'000	EUR'000
1. Consolidated net loss/profit for the financial year		1,332		16,802
2. Depreciations on tangible assets		9,507		8,951
3. Decrease in provisions		-18,665		-28
4. Other non-cash income		-605		-545
5. Profit from disposal of tangible fixed assets		-2,017		-314
6. Decrease in inventories, receivables and other assets that are not allocated to investment or financing activities (in previous year: increase)		13,502		-11,266
7. Increase in accounts payable and other liabilities that are not allocated to investment or financing activities (in previous year: decrease)		11,974		-2,249
8. Interest expenses net of interest income		3,685		2,857
9. Income-based tax expenses		2,213		4,067
10. Income-based tax payments		-7,279		-3,160
11. Cash flow from current business activities		13,647		15,115
12. Cash inflow from disposals of tangible fixed assets		13,816		317
13. Cash outflow for investments in tangible fixed assets		-26,932		-43,832
14. Cash outflow for investments in intangible fixed assets		-535		-635
15. Cash outflow for investments in financial assets		-608		-692
16. Payments received from disposals from the consolidated companies		13,036		0
17. Disbursements for additions to the consolidated companies		0		-323
18. Payments received from investment grants		7,000		0
19. Received interest		58		42
20. Cash flow from investment activities		5,835		-45,123
21. Cash inflow from loans raised		0		30,000
22. Cash outflow from the repayment of loans		-15,018		-3,390
23. Cash outflow to minority shareholders		-654		-202
24. Paid interest		-2,189		-1,398
25. Cash flow from financing activities		-17,861		25,010
26. Changes in financial resources		1,621		-4,998
27. Exchange rate related changes in cash and cash equivalents		110		-34
28. Consolidation related changes in cash and cash equivalents		1,662		0
29. Opening balance of financial resources		83,175		88,207
30. Closing balance of financial resources		86,568		83,175

Statement of changes in consolidated equity

2019Consolidated
statement of changes
in equity for the
financial year 2019

	Subscribed capital	Capital reserves	Other retained earnings	Net Group profit	Differences in equity capital resulting from currency conversion	Equity capital of Messe Berlin GmbH	Non-controlling interests	Group equity capital
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
01 January 2018	20,708	12,578	109	47,459	-130	80,724	2,867	83,591
Distributions	0	0	0	0	0	0	-202	-202
Currency conversion	0	0	0	0	84	84	0	84
Other changes	0	0	0	0	0	0	27	27
Changes Consolidated entity	0	0	0	0	0	0	-100	-100
Consolidated net loss/profit for the financial year	0	0	0	16,388	0	16,388	414	16,802
31 December 2018	20,708	12,578	109	63,847	-46	97,196	3,006	100,202
Distributions	0	0	0	0	0	0	-654	-654
Currency conversion	0	0	0	0	-27	-27	0	-27
Other changes	0	0	0	0	0	0	-267	-267
Changes Consolidated entity	0	0	0	630	0	630	736	1,366
Consolidated net loss/profit for the financial year	0	0	0	274	0	274	1,058	1,332
31 December 2019	20,708	12,578	109	64,751	-73	98,073	3,879	101,952

Balance sheet

2019

Balance sheet
Messe Berlin GmbH
as of 31 December

Assets	31. 12. 2019		31. 12. 2018	
	EUR'000	EUR'000	EUR'000	EUR'000
A. Fixed assets				
I. Intangible assets				
Rights and licences acquired against payment		766		1,048
II. Tangible fixed assets				
1. Titles to land, buildings on third-party premises	157,593		112,830	
2. Technical installations and machinery	5,756		4,797	
3. Operating and business equipment	5,034		4,540	
4. Advance payments and assets under construction	8,641	177,024	48,577	170,744
III. Financial assets				
1. Shares in affiliated companies	11,023		10,796	
2. Loans to affiliated companies	2,963		1,946	
3. Shareholdings	25	14,011	4,168	16,910
		191,801		188,702
B. Current Assets				
I. Inventories				
Raw materials, consumables and supplies		30		37
II. Receivables and other assets				
1. Trade receivables	12,294		21,511	
2. Receivables from affiliated companies	8,683		11,362	
3. Other assets	16,784	37,761	15,696	48,569
III. Cash-in-hand and bank balances		61,401		51,994
		99,192		100,600
C. Accruals and deferrals		407		835
		291,400		290,137

Liabilities	31. 12. 2019		31. 12. 2018	
	EUR'000	EUR'000	EUR'000	EUR'000
A. Equity capital				
I. Subscribed capital	20,708		20,708	
II. Capital reserves	12,578		12,578	
III. Other retained earnings	109		109	
IV. Profit carried forward	70,004		52,839	
V. Net loss (in previous year: annual net profit)	-513		17,165	
		102,886		103,399
B. Special items for contributions to fixed assets		16,833		10,438
C. Provisions				
1. Provisions for pensions	11,489		11,059	
2. Provisions for taxes	155		2,399	
3. Other provisions	41,696		55,137	
		53,340		68,595
D. Liabilities				
1. Liabilities to banks	58,800		67,317	
2. Advance payments received on orders	29,315		27,827	
3. Trade liabilities	6,420		7,993	
4. Liabilities to affiliated companies	8,279		658	
5. Liabilities to companies in which shares are held	0		596	
6. Other liabilities	6,527		2,640	
of which from taxes EUR 4,968 thousand (previous year EUR 772 thousand)				
of which for social security EUR 0 thousand (previous year EUR 2 thousand)				
		109,341		107,031
E. Accruals and deferrals		9,000		674
		291,400		290,137

Profit and loss statement

2019

Statement of
profit and loss
for Messe Berlin
GmbH for the
period from 1 Jan
to 31 Dec

	2019		2018	
	EUR'000	EUR'000	EUR'000	EUR'000
1. Turnover		186,987		237,018
2. Other operating income of which income from currency conversion EUR 3 thousand (previous year EUR 11 thousand)		16,783		11,342
3. Material costs				
a) Raw materials, consumables and supplies		-11,451		-10,882
b) Cost of purchased services		-116,797	-128,248	-146,317
4. Personnel costs				
a) Wages and salaries		-34,370		-34,793
b) Social security contributions and costs for pensions and benefits of which for pensions EUR 2,400 thousand (previous year EUR 2,245 thousand)		-8,468	-42,838	-8,115
5. Depreciation of intangible assets and tangible fixed assets		-8,351		-7,575
6. Other operating costs of which costs from currency conversion EUR 9 thousand (previous year EUR 11 thousand)		-35,385		-34,969
7. Income from investments of which from affiliated companies EUR 2,763 thousand (previous year EUR 2,000 thousand)		2,763		2,000
8. Income from profit transfer agreements		10,470		14,598
9. Income from investments of which from companies in which shares are held EUR 39 thousand (previous year EUR 27 thousand)		141		94
10. Other interest and similar income of which from affiliated companies EUR 5 thousand (previous year EUR 5 thousand)		25		19
11. Depreciation on financial assets		0		-500
12. Interest and similar expenses of which expenses from discounting provisions EUR 974 thousand (previous year EUR 966 thousand) of which to affiliated companies EUR 4 thousand (previous year: EUR 2 thousand)		-2,505		-2,040
13. Taxes on income and profit		-271		-2,629
14. Net earnings		-429		17,251
15. Other taxes		-84		-86
16. Annual net loss (previous year Net profit for the financial year)		-513		17,165



Annex**2019****Notes 2019:
Group and Messe
Berlin GmbH****General information**

1. Preliminary remarks
2. Consolidated entity
3. Consolidation principles

Accounting and assessment principles

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1. Preliminary remarks

The annual financial statement of Messe Berlin GmbH and the consolidated financial statement will be explained together in the following. Unless stated otherwise, the explanations pertain to both financial statements. The presentation currency is the euro (EUR). Unless stated otherwise, all amounts in this report are shown in thousands of euros (EUR'000).

The financial statements are prepared in accordance with commercial law as it applies to large incorporated companies and with the supplementary regulations of the law governing limited companies as well as taking into consideration the principles of proper bookkeeping and consolidated accounting. The statements of profit or loss have been prepared based on the nature of expense method.

The annual financial statement and the consolidated financial statement prepared by Messe Berlin as well as the management report of the company and the Group, have been submitted to the operator of the electronic Bundesanzeiger (German Federal Gazette) and have been published in the Bundesanzeiger.

The purpose of Messe Berlin GmbH is to organise, stage and provide support for trade fairs, exhibitions, congresses and conferences, sporting and entertainment events in order to strengthen Berlin's position in Germany and abroad as a venue for trade fairs and similar events, and participation in events of this kind and all the activities associated with such business.

The company is registered as Messe Berlin GmbH, with headquarters in Berlin, in the commercial register of the Local Court Berlin-Charlottenburg under number HRB 5484 B.

2. Consolidated entity

The consolidated entity comprises, alongside Messe Berlin GmbH, twelve domestic and eight overseas subsidiaries (previous year: twelve domestic and six overseas subsidiaries), over which Messe Berlin GmbH may exercise, directly or indirectly, a dominant influence. As part of the process of full consolidation, the following companies are included in the consolidated financial statement:

**General
information**

Capital Catering GmbH, Berlin (CCG)
 MB Capital Services GmbH, Berlin (CSG)
 Capital Facility GmbH, Berlin (CFG)
 MW Messe-, Ausstellungs- und Dienstleistungsgesellschaft Wolfsburg mbH,
 Wolfsburg (MW)
 Messe Berlin (Singapore) Pte. Ltd., Singapore (MBS)
 Berlin Exhibition (Guangzhou) Co. Ltd., Guangzhou, China (BEG)
 K.I.T. Group GmbH, Berlin (K.I.T. Group)
 Global Produce Events GmbH, Berlin (GPE)
 Mobile Seasons GmbH, Berlin (MobS)
 MB Exhibitions (Shanghai) Co. Ltd., Shanghai, China (MBE)
 E.G.E. European Green Exhibitions GmbH, Berlin (E.G.E.)
 CSG-Team GmbH, Berlin (CSG-Team)
 MAZ Messe- und Ausstellungszentrum Mühlengiez GmbH, Güstrow (MAZ)
 Global Produce Events (Shanghai) Co., Ltd., Shanghai, China (GPE Shanghai)
 K.I.T. Group Switzerland AG (previously K.I.T. Swiss AG), Laufenburg, Schweiz
 (K.I.T. Schweiz)
 K.I.T. Group France S.à.r.l., Boulogne-Billancourt, France (K.I.T. France)
 K.I.T. Conference Management (Beijing) Co., Ltd., Beijing, China (K.I.T. China)
 K.I.T. Group GmbH Dresden, Dresden (K.I.T. Dresden)
 K.I.T. Group Middle East Fz-LLC, Abu Dhabi, VAE (K.I.T. Middle East)
 Festival Technical Event Management GmbH, Berlin (TEM)

Included for the first time in the consolidated financial statement are K.I.T. Schweiz, in which the K.I.T. Group holds 100% of the shares, and K.I.T. Middle East, in which the K.I.T. Group holds 51% of the shares. The following have an important impact on the line items of the balance and profit and loss statement: cash on hand, bank balances and cheques EUR 1,384 thousand, turnover EUR 5,432 thousand, cost of purchased services (cost of materials) EUR 3,254 thousand and annual net profit EUR 1,428 thousand. In addition the profit brought forward in the Group increased by EUR 630 thousand.

Since 5 September 2019, Messe Berlin GmbH has increased its shares in MobS by 19% from 51% and now holds 70% of the shares.

The ExpoCenter Airport Berlin Brandenburg GmbH, Schönefeld (ECA) was deconsolidated on 30 September 2019, as Messe Berlin GmbH sold its shares (50%) on the aforementioned recording date. In previous years, the ECA was included in the consolidated financial statement on a proportionate basis. The following have an important impact on the line items of the balance and profit and loss statement: on 31 December 2018, a fixed asset located on the premises of ECA in Selchow and at the book value of EUR 12.5 million was balanced in the case of Messe Berlin GmbH.

A fixed asset at the book value of EUR 10.4 million was balanced in the case of ECA. The loans contracted for financing the fixed asset had in the case of Messe Berlin GmbH a residual debt of EUR 6.1 million, in the case of ECA a residual debt of EUR 6.5 million. Assets and debts have been eliminated from the Group with sale of the ECA on 30 September.

For the period from 1 January to the sale of the ECA on 30 September 2019, the accrued depreciations associated with it in the Group amounted to EUR 0.9 million and the accumulated loan interest EUR 0.3 million.

Messe Berlin USA Corp., Pennsylvania, USA, in which Messe Berlin GmbH holds 100% of the shares, and CT Global Media LLC, Philadelphia, Pennsylvania, USA, in which the aforesaid holds 100% of the shares, were not included in the consolidated financial statement, making use of the option in accordance with Section 296 para. 2 HGB, as they are of subordinate importance for the picture of the actual asset, financial and profit situation of the Group.

The breakdown of share ownership by Messe Berlin GmbH is included in the annex.

3. Consolidation principles

The Group reporting date for the consolidated financial statement and all the companies included in the consolidated financial statement is 31 December 2019. The initial consolidation must take place at the time at which the possibility of controlling the assets and the financial and operational actions of the acquired company passes to the Group.

The statements that provide the basis for consolidation were prepared consistently based on the accounting and assessment guidelines set out by the parent company.

Capital consolidation takes place in accordance with the revaluation method. This involves offsetting the stated amounts of the shares held by the respective parent company against the time values of the subsidiary companies' assets and liabilities, which are to be included in the consolidated financial statement. The difference remaining after offsetting, if it comprises assets, is shown as goodwill, and is written off over the anticipated period of use or at fair value on the reporting date. Negative balances are recognised as income in a scheduled procedure provided that the expected losses or expenses do not mitigate against liquidation.

With regard to businesses that were first included in the consolidated financial statement prior to 1 January 2009, capital consolidation is carried out according to the book value method (Sec. 301 para 1 line 2 no. 1 a. F. HGB).

Accounting and assessment principles

Receivables, liabilities, expenses and revenue between the companies involved are offset against one another. Intercompany profits and losses — insofar as they are significant — are eliminated.

The conversion of statements produced in foreign currency takes place on the reporting date — with the exception of equity capital — at the mean exchange rate in effect on the reporting date. The equity capital (subscribed capital, reserves, profit carried forward) from foreign companies is converted using historical rates from the point at which the subsidiary was first included in the consolidated statement. The profit and loss statement posts are converted into euros using the average annual exchange rates. The differences in the conversion of equity capital arising from the change in the exchange rate from the previous year is shown in the equity capital not affecting profit or loss in the item 'Differences in equity capital resulting from currency conversion'.

4. Fundamentals

The annual financial statements for the companies included in the consolidated financial statement have been put together uniformly in accordance with the accounting and measurement principles of Messe Berlin GmbH, while taking going concern into account.

The accounting and measurement principles decisive for the preparation of the financial statements have not been modified compared to the previous year.

5. Fixed assets

Intangible assets acquired by payment and tangible assets are recognised at their initial cost. If a long-term reduction in value is anticipated, then a lower value will be entered on the reporting date. Depreciable assets are normally written down linearly over their expected period of use. Rights and licences acquired against payment are usually written down over a period of use of three to five years. Buildings are usually distributed over a period of use of 33.3 years, and operating and business equipment is usually distributed over a period of use of 10 years. Accruals are written down on a pro rata temporis basis. A fixed value is set for small catering items of Messe Berlin GmbH that are regularly replaced and are of secondary importance compared with the overall value.

The principles defined by Sec. 6 para. 2 EStG [German Income Tax Act] and/or Sec. 6 para. 2a EStG are applied to low-value assets. Depreciable goods and chattels with initial costs not exceeding EUR 800 are written down in full in the year of acquisition.

Financial assets are shown with the initial costs, if necessary — for anticipated long-term or temporary reduction in value — subject to unplanned depreciation at a lower value. Loans are estimated at nominal value, in principle.

6. Current Assets

Raw materials, consumables and supplies as well as goods are measured at their initial cost or lower fair value on the reporting date, and work in progress is measured at manufacturing cost. Manufacturing costs for future events comprise quantifiable, directly allocatable individual costs (material and individual manufacturing costs) as well as reasonable manufacturing overhead costs. General costs not associated with production are not included in assets.

Receivables and other assets are recognised at the nominal value or initial cost or at a lower fair value on the reporting date. Individual risks are taken into account by means of reasonable adjustments in value.

Securities are recognised at their initial cost or at lower fair value. Provided that securities are not accessible to all other creditors and serve only to cover debts from pension liabilities or similar long-term liabilities, then these are offset against the corresponding liabilities.

Financial resources encompass cash-in-hand, bank balances and cheques, and are recognised either at a nominal value or at lower fair value on the reporting date.

7. Accruals and deferrals

Any expenditure that occurs or income that is received before the reporting date and that constitutes expenditure and income for a specific period after this date will be shown as active or passive accruals/deferrals.

8. Special items

Public investment subsidies, intended for the purchase of tangible fixed assets, are recognised. The special items are written off as recognised income over the period of use of the subsidised assets.

9. Provisions and liabilities

Provisions for pensions and similar liabilities are measured on the basis of actuarial calculations in accordance with the projected-unit credit method, taking into account future remuneration and pension adjustments. These provisions are discounted as per Section 253 para 2 p. 1 HGB with the average market rate of the past ten financial years. With respect to the remaining term, the simplification rule of 15 years was applied.

Tax provisions and other provisions equivalent to the settlement amount required in accordance with the principles of a rational commercial assessment are made in accordance with the principles of a rational commercial assessment for uncertain liabilities and the threat of losses from pending businesses (taking into account future price and cost increases). All foreseeable risks and uncertain liabilities are taken into account. Liabilities with a residual time to maturity of more than one year are discounted for the time remaining until maturity at the average market rate of interest for the previous seven years.

Liabilities are shown as such at the amount of their fulfilment.

10. Deferred taxes

Deferred taxes are determined according to the temporary differences between the estimates in the balance sheet and the fiscal valuation and losses brought forward. Deferred tax assets and liabilities are offset as a sum total; a resulting deferred tax asset surplus is not recognised. This also applies to deferred tax assets in the consolidated financial statement.

11. Foreign currency conversion

Assets and liabilities shown in foreign currencies are converted at the mean exchange rate in effect on the reporting date. In accordance with Sec. 256a HGB, where a residual time to maturity is one year or less, the initial cost principle and the realisation principle are not applied.

12. Fixed assets

A breakdown of the asset items and their development in 2019, as summarised in the Messe Berlin GmbH balance sheet and the consolidated balance sheet, is shown in the respective statement of changes in fixed assets. A list showing share ownership as of 31 December 2019 is included in the annex.

The goodwill of MobS acquired against payment in 2019 from the share acquisition amounting to EUR 263 thousand will be depreciated over the estimated remaining useful life of two years. This was based on the current substantial contractual terms. The disposals from changes of the consolidated entity refer in full to the deconsolidated ECA.

13. Receivables and other assets

All receivables and other assets of Messe Berlin GmbH (EUR 37,761 thousand; previous year: EUR 48,569 thousand) have, as in the previous year, a residual time to maturity of less than one year. In the Group (EUR 36,739 thousand; previous year: EUR 48,522), other assets amounting to EUR 106 thousand (previous year:

EUR 104 thousand) are accounted for as a single long-term item with a residual term of more than one year.

The receivables from affiliated companies of Messe Berlin GmbH amounting to EUR 8,683 thousand (previous year: EUR 11,362 thousand) largely result from profit transfers from the subsidiaries.

As was the case in previous years, the other assets of Messe Berlin GmbH (EUR 16,784 thousand; previous year: EUR 15,696 thousand) mainly comprise advance payments (EUR 13,405 thousand; previous year: EUR 14,281 thousand) and receivables from tax offices (EUR 3,053 thousand; previous year: EUR 963 thousand). In the Group, other assets (EUR 19,618 thousand; previous year: EUR 18,257 thousand) mainly comprise advance payments (EUR 14,545 thousand; previous year: EUR 15,044 thousand) and receivables from tax offices (EUR 4,233 thousand; previous year: EUR 2,107 thousand).

14. Deferred expenses

Deferred expenses in the Group (EUR 522 thousand; previous year: EUR 997 thousand) and individual financial statement (EUR 407 thousand; previous year: EUR 835 thousand) consist exclusively of the payments for expenses for a specific period following the reporting date.

15. Equity capital

The subscribed capital (share capital) of Messe Berlin GmbH amounts to EUR 20,707,600.

The changes to the Group's equity capital, including the minority shares held by other partners, are shown in the statement of changes in consolidated equity.

The cumulative, earned capital shows the profit and loss of the companies included in the consolidated financial statement.

The minority shares (EUR 3,879 thousand; previous year: EUR 3,006 thousand) refer to the original share capital and the shares of the profits held by minority shareholders in E.G.E., GPE, the K.I.T. Group division, MBE and MobS.

The differences from the foreign currency translations of the equity capital of the MBS financial statement reported in Singapore dollars, the K.I.T. Schweiz financial statement reported in Swiss francs, the K.I.T. Middle East financial statement reported in UAE dirham and the financial statements of BEG, MBE, K.I.T. China and GPE Shanghai reported in Chinese renminbi amounting to EUR - 73 thousand (previous year: EUR - 46 thousand) are accounted for in the equity capital with no effect on profit or loss.

Details of the balance sheets

16. Special items for investment subsidies

Public financing assistance as part of the regional economic development scheme for investment projects is shown here. The special items are written off linearly as recognised income over the period of use of the subsidised assets. This item applies within the Group to Messe Berlin GmbH to its full extent.

17. Provisions

For Messe Berlin GmbH pension provisions amounting to EUR 11,489 thousand (previous year: EUR 11,059 thousand) were established. The provisions shown in the Group for pensions (EUR 17,456 thousand; previous year: EUR 16,545 thousand) were created to meet liabilities arising from rights to future pensions and to current benefits payable to former and current employees of Messe Berlin GmbH and CFG, as well as their surviving dependants.

These liabilities are based on individual and collective agreements. Pension provisions are assessed based on the projected-unit credit method. The provisions were calculated on the basis of an actuarial interest of 2.75% p. a. (previous year: 3.25% p. a.) and a trend in pensions and wages of 2% p. a. and 3% p. a., respectively (previous year: 2% p. a. and 3% p. a.). The life expectancy was based on the 2018 G actuarial tables prepared by Dr Klaus Heubeck.

The difference in accordance with Sec. 253 para. 6 HGB for the Group is EUR 1,664 thousand (previous year: EUR 1,882 thousand) and for Messe Berlin GmbH, EUR 983 thousand (previous year: EUR 1,123 thousand) and is subject to a payout block.

Interest components from pensions amounting to EUR 953 thousand (previous year: EUR 926 thousand) for the unconsolidated statement and EUR 1,525 thousand (previous year: EUR 1,449 thousand) for the Group are shown as interest expenditures, in the statement of profit or loss, before being offset by the corresponding income of EUR 19 thousand (previous year: EUR 18 thousand) from the cover funds.

Tax provisions were essentially established in the consolidated financial statement for foreign income taxes amounting to EUR 563 thousand (previous year: EUR 76 thousand). Furthermore, provisions for corporate tax and trade tax were set in the amount of EUR 356 thousand (previous year: EUR 2,626 thousand).

The other provisions take into account all identifiable legal and de facto obligations to third parties, which are likely to be met and for which the amounts can be reliably estimated. In particular, they include the maintenance obligations arising from the lease agreement with the federal state of Berlin (EUR 6,413 thousand for Messe

Berlin GmbH, EUR 6,794 for the Group), provisions for the threat of losses (EUR 8,059 thousand for Messe Berlin GmbH, EUR 8,475 thousand for the Group), provisions for outstanding suppliers' invoices (EUR 19,556 thousand for Messe Berlin GmbH, EUR 20,611 thousand for the Group), provisions for holiday and leisure time due (EUR 1,979 thousand for Messe Berlin GmbH, EUR 2,748 thousand for the Group), provisions to cover part-time allowances for older employees (EUR 723 thousand for Messe Berlin GmbH, EUR 742 thousand for the Group) and provisions for bonuses (EUR 2,000 thousand for Messe Berlin GmbH, EUR 3,300 thousand for the Group).

The calculation of the provisions to cover part-time allowances for older employees was in accordance with Sec. 253 para. 2 line 1 HGB and was based on a discount interest rate of 0.74% p.a. (previous year: 1.01% p. a.). Future wage increases estimated at 3% p.a. were also taken into account. Using the projected-unit credit method, the provision for long-term deposits (accounts for hours worked) was calculated in the Group with a discount interest rate of 2% p. a. (previous year: 2.36% p. a.), with future wage increases estimated at 3% p.a.

In the unconsolidated financial statement of Messe Berlin GmbH, long-term personnel obligations were offset against assets amounting to EUR 5,635 thousand (EUR 722 thousand for pension liabilities and EUR 4,913 thousand for other provisions). In the consolidated financial statement of Messe Berlin GmbH, long-term personnel obligations were offset against assets amounting to EUR 5,982 thousand (EUR 722 thousand for pension liabilities and EUR 5,260 thousand for other provisions).

	Group		Messe Berlin GmbH	
	2019	2018	2019	2018
	in EUR'000	in EUR'000	in EUR'000	in EUR'000
Settlement amount of offset liabilities				
Pension liabilities	18,178	17,335	12,211	11,849
Long-term accounts for worked hours	5,477	5,070	5,310	4,839
Semi-retirement scheme liabilities	1,634	1,618	1,429	1,335
Initial cost of assets				
Pension liabilities	697	772	697	772
Long-term accounts for worked hours	4,287	4,473	4,126	4,275
Semi-retirement scheme liabilities	884	773	698	586
Fair value of the assets				
Pension liabilities	722	790	722	790
Long-term accounts for worked hours	4,368	4,559	4,207	4,361
Semi-retirement scheme liabilities	892	775	706	588
Offset costs				
Pension liabilities	1,231	1,454	659	932
Long-term accounts for worked hours	129	136	124	130
Semi-retirement scheme liabilities	36	37	33	32
Offset income				
Pension liabilities	25	18	25	18
Long-term accounts for worked hours	81	86	81	86
Semi-retirement scheme liabilities	8	2	8	2

The fair value of the assets corresponds to the asset value of the reinsurance policy or, where listed shares in funds are involved, the market value of the fund shares as of 31 December 2019.

18. Liabilities

Messe Berlin GmbH's liabilities have the following maturities as of 31 December 2019:

Messe Berlin GmbH	31.12.2019			31.12.2018	
	of which with a residual time to maturity				
	of which				
	up to	more than	over		
in EUR'000	1 year	1 year	5 years		
Liabilities due to banks	58,800	5,213	53,587	18,938	67,317
Advance payments received on orders	29,315	29,145	170	0	27,827
Trade accounts payable	6,420	6,420	0	0	7,993
Liabilities owed to affiliated companies	8,279	8,279	0	0	658
Liabilities owed to companies, in which participating interests are held	0	0	0	0	596
Other liabilities	6,527	6,527	0	0	2,640
of which from taxes	4,968	4,968	0	0	772
of which within the scope of social security	0	0	0	0	2
Total	109,341	55,584	53,757	18,938	107,031

The maturities of the liabilities as of 31 December 2019 in the Group are shown in the following table.

Group in EUR'000	31.12.2019				31.12.2018
	of which with a residual time to maturity				
	up to 1 year	more than 1 year	of which over 5 years		
Liabilities					
due to banks	58,801	5,213	53,588	18,938	73,819
Advance payments received on orders	34,113	33,943	170	0	32,190
Trade accounts payable	7,567	7,567	0	0	11,565
Liabilities to companies in which a participating interest is held	0	0	0	0	298
Other liabilities					
of which from taxes	12,678	12,653	25	0	7,003
of which within the scope of social security	6,042	6,042	0	0	1,671
	39	39	0	0	26
Total	113,159	59,376	53,783	18,938	124,875

19. Valuation unit to hedge interest-rate risks

The bonded loan in the amount of EUR 10,500 thousand, which was taken out in 2013 with a term of more than 10 years, was extended owing to better conditions with a contract from 23 August 2016 to 28 August 2026. This loan is subject to interest change risk. The interest change risk is hedged by means of an interest rate derivative covering its initial term (interest rate swap signed on 2 December 2015 with a constant nominal volume of EUR 10,500 thousand until 28 February 2023). Another interest rate swap was concluded for the extension period of the loan (signed on 9 November 2016 with a constant nominal volume of EUR 10,500 thousand until 28 August 2026). Overall loan and interest derivatives are combined in two separate evaluation units (micro hedge). The interest rate swap recognised in these evaluation units shows a negative market value of EUR 721 thousand as of 31 December 2019. The fair value was determined in the framework of a mark-to-market measurement.

The interest rate of this financial liability is based on the six-month-EURIBOR, which was hedged with a fixed interest rate by the interest swap transaction. Onerous contracts did not need to be allocated, as the unrealised losses as a result of the

interest rate swap recognised in the evaluation units were offset by unrealised earnings from the underlying transactions.

Any opposing value changes and payments from the interest transactions and the loan agreements will probably offset each other because the hedging transactions were adjusted in terms of maturity, term and measurement basis. In order to prospectively measure the effectiveness of the hedging relationship, the critical terms match method is applied. In order to retrospectively measure the effectiveness, the dollar offset method is applied. For the accounting, the hedge presentation method is used, in which the compensating changing values from the hedged risk are not recognised. That means that the compensating positive and negative value changes are not recognised in the profit and loss statement.

20. Deferred taxes

For Messe Berlin GmbH, deferred tax assets as of 31 December 2019 resulted from temporary differences between the financial and tax statements and differences between tax losses carried forward.

Messe Berlin GmbH	31.12.2019		31.12.2018	
	Deferred tax assets ¹	Deferred tax liabilities ¹	Deferred tax assets ¹	Deferred tax liabilities ¹
	EUR'000	EUR'000	EUR'000	EUR'000
Long-term assets	0	26	0	43
Short-term assets	0	4	106	0
Long-term liabilities	1,975	0	1,748	0
Short-term liabilities	2,926	0	4,245	0
Losses carried forward	4,287	0	3,475	0
Subtotal	9,188	30	9,574	43
Balance	30	-30	43	-43
Total	9,158	0	9,531	0

¹ Tax rates corporate taxes/solidarity surcharge: 15.83%; trade tax: 14.35%.

The long-term debts include the pension provisions; the short-term debts include the other provisions. In making the calculation, only losses carried forward, regarding which there is sufficient certainty that they can be utilised, are taken into consideration (forecast period five years). Companies based in Germany with the legal form of an incorporated company are subject to a corporation tax of 15% and a solidarity surcharge of 5.5% of any corporation tax owed. In addition, such companies are

subject to trade tax, the rate being determined in accordance with the local rate of assessment (rate in Berlin 2019: 410%). These rates are used as the basis for the calculation.

For Messe Berlin GmbH, there are temporary differences between the book values in the financial and tax statements, amounting to EUR 16,143 thousand (previous year: EUR 20,070 thousand), as well as tax losses carried forward, amounting to around EUR 19 million (previous year: EUR 16 million) for the corporation tax and around EUR 9 million (previous year: EUR 6 million) for the trade tax.

For the Group, the temporary differences amount to EUR 16,511 thousand (previous year: EUR 19,922 thousand).

Group	31.12.2019		31.12.2018	
	Deferred tax assets ¹ EUR'000	Deferred tax liabilities ¹ EUR'000	Deferred tax assets ¹ EUR'000	Deferred tax liabilities ¹ EUR'000
Long-term assets	0	26	0	43
Short-term assets	0	4	0	0
Long-term liabilities	1,975	0	1,743	0
Short-term liabilities	3,037	0	4,311	0
Losses carried forward	4,287	0	0	0
Subtotal	9,299	30	6,054	43
Balance	30	-30	43	-43
Total	9,269	0	6,011	0

¹ Tax rates corporate taxes/solidarity surcharge: 15.83%; trade tax: 14.35%; Singapore income tax: 17%.

The pension provisions are accounted for in the long-term debts, and the other provisions are accounted for in the short-term debts.

Differences from consolidation measures result in an excess of liabilities to the amount of EUR 3 thousand.

Capitalisation of surplus in both the individual and consolidated financial statements is dispensed with in accordance with Sec. 274 para. 1 line 2, Sec. 300 para. 2 line 2 HGB.

21. Business not included in the balance sheet, contingencies and other financial liabilities

Utilising the right of choice in accordance with Art. 28 para. 1 line 2 EGHGB [Introductory Act on the German Commercial Code], pension obligations are shown neither in the Group nor in the unconsolidated statement of financial position.

Messe Berlin GmbH staff who receive their remuneration in accordance with the German collective agreement for public service employees (TVöD) are insured through the Versorgungsanstalt des Bundes und der Länder (VBL). The purpose of the VBL is to provide employees of the participating employers with an additional old-age pension through an insurance scheme operated under private law. The VBL is financed with contributions under the partial reserve pay-as-you-go system and additionally, since January 2004, for VBL Ost, through the capital cover system.

The contribution rate for the VBL was for the reporting year 8.26% (previous year up to 30 June: 8.16%, as of 1 July, 8.26%). Of this, Messe Berlin provided 6.45% (previous year: 6.45%) Employees themselves are involved at 1.81% (previous year up to 30 June: 1.71%, as of 1 July, 1.81%) of their income. A levy of EUR 2,302 thousand resulted from this for 607 insured persons. Messe Berlin GmbH continues to bear 6.45% and the employee 1.81%.

In 2017, there were no other financial liabilities of any importance that were not connected to ongoing business operations.

In Messe Berlin GmbH, financial liabilities from the agreement with the general contractor to the amount of EUR 5,956 thousand arise from order liabilities in relation to the new trade fair and congress hall hub27 Berlin. The investment amount for the construction of the new hall is around EUR 75,000 thousand in total. This has already resulted in a liquidity outflow of around EUR 66,474. Furthermore, as of the balance sheet date there are for Messe Berlin GmbH financial obligations from outstanding orders for the master plan for the development of the exhibition grounds amounting to EUR 8,959 thousand. The expenses for the master plan show in 2019/2020 a total volume of around EUR 31,300 thousand. This has already resulted in a liquidity outflow of around EUR 6,516.

In addition, Messe Berlin GmbH has in 2020 financial obligations from rental and leasing agreements amounting to EUR 1,708 thousand as well as financial obligations from insurance policies amounting to EUR 1,408 thousand.

In 2020, lease and maintenance obligations arose from the basic agreement with the federal state of Berlin. The existing agreement was extended by a year for 2020.

Outside of ongoing business operations, there are no other significant financial liabilities for 2020. Events held in the first quarter gave rise to financial liabilities that are within the usual scope and that were taken into account during planning. These liabilities consist of a large number of small amounts.

Furthermore, other financial obligations in the Group are for 2020 EUR 3,931 thousand, for 2021–2023 EUR 3,081 thousand and after 2023 EUR 260 thousand. During the financial year under review, no other significant business activities took place that are not included in the balance sheet.

22. Business conducted with affiliated companies and persons

In the year under review, no significant business took place with affiliated companies or persons that was not conducted under normal market conditions.

23. Turnover

Turnover in the unconsolidated and consolidated financial statements is as follows:

	Group		Messe Berlin GmbH	
	2019 EUR'000	2018 EUR'000	2019 EUR'000	2018 EUR'000
In-house events	124,416	166,942	102,650	143,151
Guest events, congresses and events	71,030	81,361	23,288	28,584
Services	48,100	60,735	24,500	31,920
Catering services	7,920	12,348	0	0
Portfolio and facility services	19,718	12,294	24,169	18,075
Other turnover	14,726	18,381	12,380	15,288
Total	285,910	352,061	186,987	237,018

The deviations from the previous year result mainly from the event cycle – due to the cyclic event calendar, the financial year 2019 is weaker in events compared to the previous year. Of the turnover from portfolio and facility services, EUR 10,900 thousand (previous year: EUR 10,000 thousand) is compensation from the state of Berlin for ongoing upkeep and maintenance. Turnover was predominantly achieved domestically.

	Turnover abroad (Group)	
	2019 EUR'000	2018 EUR'000
In-house events	15,102	13,873
congresses and events	31,144	16,936
Services	2,603	2,239
Other turnover	446	223
Total	49,295	33,271

The Group foreign turnover increased significantly compared to 2018. As in the previous year, the congresses organised abroad by the K.I.T. Group and K.I.T.'s foreign subsidiaries as well as the events organised by GPE and MBS contributed substantially to the Group foreign turnover.

24. Other operating income

The other operating income in the Group include non-period income from reversal of accruals, reversal of value allowances for receivables and the disposals of fixed assets and write-ups on financial assets totalling EUR 12,253 thousand (for Messe Berlin GmbH, EUR 11,030 thousand).

Details of the statements on profit and loss

	Group		Messe Berlin GmbH	
	2019	2018	2019	2018
	EUR'000	EUR'000	EUR'000	EUR'000
Income from release of provisions (not specific to the accounting period)	9,285	8,129	8,386	7,716
Income from release of value adjustments on receivables (not specific to the accounting period)	951	268	627	215
Income from release of special items for contributions	605	545	605	545
Income from disposal of fixed assets and attribution to financial assets	2,017	318	2,017	301
Remaining operating income	6,200	3,272	5,148	2,565
Total	19,058	12,532	16,783	11,342

25. Employees

During the reporting year, employees and trainees were employed on average as follows:

	Group		Messe Berlin GmbH	
	2019	2018	2019	2018
Employees	976	905	538	500
trainees	27	28	19	19
Total	1,003	933	557	519

Of the total of employees in the Group, 234 are part-time employees; for Messe Berlin GmbH, 121 are part-time employees.

Temporary staff were also employed as required.

26. Depreciations

In the financial year under review, depreciation for Messe Berlin GmbH amounted to EUR 8,351 thousand (previous year: EUR 7,575 thousand). In the Group, there was an analogous increase in depreciations to EUR 9,507 thousand (previous year: 8,701). MobS goodwill accounted for EUR 264 thousand of this amount.

27. Other operating costs

Compared to the previous year, other operating costs increased in the Group by EUR 8,182 thousand (for Messe Berlin GmbH, by EUR 416 thousand). The increase in the Group results essentially from the other operating expenses of the business premises in Singapore for the K.I.T. Group amounting to EUR 4,224 thousand. The corresponding turnover for the business premises in Singapore amounting to EUR 4,685 thousand cancels out this increase. For Messe Berlin GmbH expenses relating to other periods amounting to EUR 6,450 thousand in revenue deficiencies from disposals are included. No essential expenses relating to other periods are included in the concern.

28. Financial profit or loss

In the financial year, interest payments on Messe Berlin GmbH loans were recorded to the amount of EUR 1,527 thousand (previous year: EUR 1,055 thousand).

29. Taxes

The expenditure on income taxes in the Group totals EUR 2,213 thousand (previous year: 4,067 thousand). The amount from the financial year 2019 essentially results from the regular profits tax of the K.I.T. Group subgroup (EUR 612 thousand), GPE subgroup (EUR 781 thousand), MBS (EUR 322 thousand) and Messe Berlin GmbH (EUR 271 thousand).

30. Revenues/expenses from profit transfer agreements

Messe Berlin GmbH has concluded a control and profit and loss agreement, among others, with the K.I.T. Group. The profit transfer from the K.I.T. Group resulting from this and the compensation to the minority shareholders (EUR 260 thousand; previous year: EUR 267 thousand) is netted for Messe Berlin GmbH in the item "Income from profit and loss transfer agreements".

Definition of cash and cash equivalents: the figures for cash and cash equivalents include the items cheques, cash on hand, bank balances and marketable securities. As in the previous year, cash and cash equivalents consist of bank balances and cash available on short notice amounting to EUR 86,568 thousand (previous year: EUR 83,175 thousand).

There were no essential invalid payments for investment and financial transactions and business transactions.

Distributions to minority shareholders were made in the amount of EUR 654 thousand (previous year: EUR 202 thousand).

Explanatory notes to the cash flow statement

**Other
details**

31. Management and Supervisory Board

The bodies of Messe Berlin GmbH in the financial year comprised the following:

Management:

Dr Christian Göke

Chairman of the Management Board, Chief Executive Officer

Dirk Hoffmann

Chief Operating Officer, Chief Financial Officer

Supervisory Board:

Wolf-Dieter Wolf

Managing Partner

Grundkonzept Financial Services

Wirtschaftsberatungs- und Beteiligungsgesellschaft mbH, Berlin

Chairman

Ramona Pop

Mayor of Berlin and Senator

Senate Department for Economics, Energy and Public Enterprises, Berlin

First deputy chairwoman

Thomas Jaegler

Sous-chef

Capital Catering GmbH, Berlin

Employees' representative

Second deputy chairman

Thomas Blisse (since 13 May 2019)

Business IT specialist

Messe Berlin GmbH, Berlin

Employees' representative

Ulrike Brabant (until 12 May 2019)

Head of Customer Services

MB Capital Services GmbH, Berlin

Employees' representative

Jan Eder

Managing Director

Berlin Chamber of Industry and Commerce, Berlin

Thomas Ellerbeck (until 12 May 2019)

Group Executive Committee Member

Group Corporate & External Affairs

TUI AG, Hanover/TUI Group office in Berlin

Klaus Feiler

State Secretary (rtd)

Senate Department for Finance, Berlin

Ellen Funk-Fritz (until 12 May 2019)

Messe Berlin GmbH, Berlin

Employees' representative

Sonja Groneweg (since 24 October 2019)

Managing director

Sonja Groneweg Beratung GmbH, Greven

André Guse (since 13 May 2019)

MBA, Project manager

MB Capital Services GmbH, Berlin

Employees' representative

Dr Barbara Hendricks (since 24 October 2019)

Member of the German Bundestag, retired Federal Minister

German Bundestag, Kleve

Catherine Mühlemann (until 12 May 2019)

Entrepreneur and administrative board member

Andmann Mediaholding GmbH, Baar, Switzerland

Ulrike Niggemann

Managing director

Fruitnet Media International GmbH, Düsseldorf

Dr Alexander Pett (until 12 May 2019, since 24 October 2019)

Managing Director

gfu Consumer & Home Electronics GmbH, Frankfurt/Main

Rada Rodriguez (since 24 October 2019)

Managing Director (Senior Vice President Energy Transition and Corporate Alliances)

Schneider Electric GmbH, Ratingen

Joachim Rukwied
President
German Farmers' Association, Berlin

Dirk Schade
Team Leader IFA Events/Digital Media & Trade Visitors
Messe Berlin GmbH, Berlin
Employees' representative

Georg Walkenbach (until 12 May 2019)
Managing Partner
Beurer GmbH, Ulm

Norbert Zeglin
Head
Division of Corporate Purchasing –
Construction, Architect, Engineer Services
Messe Berlin GmbH, Berlin
Employees' representative

The salaries of active members of the Management Board comprise the following:

	Dr Christian Göke EUR'000	Dirk Hoffmann EUR'000
Fixed remuneration	385	320
Royalties	172	144
Non-pecuniary and other remuneration	9	13
Total	566	477

Former managers and their dependants received EUR 935 thousand (previous year: EUR 907 thousand) in pensions and benefits. For the group of persons mentioned, pension provisions were established on 31 December 2019 totalling EUR 10,522 thousand (previous year: 10,399 thousand) before compensation with coverage capital (EUR 722 thousand; previous year: EUR 790 thousand).

The Supervisory Board received remuneration amounting to EUR 104 thousand (previous year: EUR 107 thousand), which comprises the following:

in EUR'000	2019
Wolf-Dieter Wolf	10.8
Ramona Pop	8.2
Thomas Jaegler	8.2
Thomas Blisse	4.1
Ulrike Brabant	2.4
Jan Eder	8.6
Thomas Ellerbeck	2.4
Klaus Feiler	8.6
Ellen Funk-Fritz	3.2
Sonja Groneweg	1.2
André Guse	4.1
Dr Barbara Hendricks	1.2
Catherine Mühlemann	2.4
Ulrike Niggemann	6.5
Dr Alexander Pett	3.6
Rada Rodriguez	1.2
Joachim Rukwied	8.6
Dirk Schade	7.8
Georg Walkenbach	2.4
Norbert Zeglin	8.6
Total	104.1

32. Exceptions pursuant to Sec. 264 para. 3 HGB [German Commercial Code]

Messe Berlin GmbH as sole shareholder decided on 14 March 2019 for the K.I.T. Group and on 6 June 2019 for MW, CCG, CSG and CFG that for the financial year 2019 the exceptions pursuant to Sec. 264 para. 3 HGB will be used. Each of these companies is exempted from preparing an annual financial statement, including the management report, and from auditing and reporting the annual financial statement for the 2019 financial year.

33. Total auditor's fee

The total auditor's fee for the financial year is allotted to fees for the audit of financial statements (EUR 117 thousand), fees for other assurance services (EUR 12 thousand), fees for tax advisory services (EUR 47 thousand) and fees for other services (EUR 30 thousand). The final audit fees cover the auditing of the annual financial statements of Messe Berlin GmbH and the subsidiaries, and the auditing of the consolidated financial statement.

34. Supplementary report

After the reporting date, there were no events of special significance that could have a significant financial impact.

35. Proposal for the appropriation of profit

The Management Board proposes to offset the net loss for 2019 of Messe Berlin GmbH amounting to EUR 513 thousand with the profit brought forward and be carried forward to new account.

Berlin, 26 February 2020

Dr Christian Göke

Dirk Hoffmann



Annex 1: Consolidated fixed assets

2019

Development of
Group assets for
financial year 2019

	Initial cost							Depreciations					Book values		
	Additions from initial consolidation		Additions	Re-classifications	Disposals	Changes of the consolidated entity	31.12.2019 EUR'000	Additions		Disposals	Disposals from changes of the consolidated entity	Differences from currency conversion	31.12.2019 EUR'000	Book value	Book value
	1.1.2019 EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000		1.1.2019 EUR'000	EUR'000	EUR'000	EUR'000	EUR'000		31.12.2019 EUR'000	31.12.2018 EUR'000
I. Intangible assets															
1. Rights and licences acquired against payment	17,877	0	226	0	-9	-474	17,620	16,187	571	-4	-97	0	16,657	963	1,690
2. Goodwill	5,483	0	264	0	0	0	5,747	5,211	295	0	0	0	5,506	241	272
3. Advance payments	0	0	45	0	0	0	45	0	0	0	0	0	0	45	0
	23,360	0	535	0	-9	-474	23,412	21,398	866	-4	-97	0	22,163	1,249	1,962
II. Tangible fixed assets															
1. Land, titles to land and buildings incl. buildings on third-party land	170,115	0	20,324	42,416	-18,166	-9,975	204,714	49,444	6,219	-6,132	-2,448	0	47,083	157,631	120,671
2. Technical installations and machinery	11,506	0	911	696	0	-3,320	9,793	4,467	761	0	-1,202	0	4,026	5,767	7,039
3. Operating and business equipment	24,004	6	2,349	172	-11	-2	26,518	19,016	1,661	-11	0	3	20,669	5,849	4,988
4. Advance payments and assets under construction	48,578	0	3,348	-43,284	0	0	8,642	0	0	0	0	0	0	8,642	48,578
	254,203	6	26,932	0	-18,177	-13,297	249,667	72,927	8,641	-6,143	-3,650	3	71,778	177,889	181,276
III. Financial assets															
1. Shares in affiliated companies	321	0	0	0	0	-92	229	0	0	0	0	0	0	229	321
2. Shareholdings	26	0	294	0	0	0	320	0	0	0	0	0	0	320	26
3. Loans to affiliated companies	430	0	314	0	0	0	744	0	0	0	0	0	0	744	430
4. Loans to companies, in which shares are held	750	0	0	0	-750	0	0	750	0	-750	0	0	0	0	0
	1,527	0	608	0	-750	-92	1,293	750	0	-750	0	0	0	1,293	777
	279,090	6	28,075	0	-18,936	-13,863	274,372	95,075	9,507	-6,897	-3,747	3	93,941	180,431	184,015

Annex 2: Fixed assets Messe Berlin GmbH

2019

Development of
the fixed assets
of Messe Berlin
GmbH for the 2019
financial year

	Initial cost					Depreciations					Book values	
		Additions	Reclassi- fications	Disposals	31.12.2019		Additions	Disposals	Attribution	31.12.2019	Book value	Book value
	1.1.2019 EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	1.1.2019 EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	31.12.2019 EUR'000	31.12.2018 EUR'000
I. Intangible assets												
Rights and licences acquired against payment	13,386	175	0	-5	13,556	12,338	452	0	0	12,790	766	1,048
	13,386	175	0	-5	13,556	12,338	452	0	0	12,790	766	1,048
II. Tangible fixed assets												
1. Titles to land, buildings on third-party premises	159,706	20,293	42,415	-18,165	204,249	46,876	5,912	-6,132	0	46,656	157,593	112,830
2. Technical installations and machinery	8,161	899	696	0	9,756	3,364	636	0	0	4,000	5,756	4,797
3. Operating and business equipment	22,035	1,672	173	0	23,880	17,495	1,351	-0	0	18,846	5,034	4,540
4. Advance payments and assets under construction	48,577	3,348	-43,284	0	8,641	-	0	0	0	-	8,641	48,577
	238,479	26,212	0	-18,165	246,526	67,735	7,899	-6,132	0	69,502	177,024	170,744
III. Financial assets												
1. Shares in affiliated companies	10,796	227	0	0	11,023	0	0	0	0	0	11,023	10,796
2. Loans to affiliated companies	1,946	1,017	0	0	2,963	0	0	0	0	0	2,963	1,946
3. Shareholdings	5,037	0	0	-5,012	25	869	0	-869	0	0	25	4,168
4. Loans to companies, in which shares are held	1,500	0	0	-1,500	0	1,500	0	-1,500	0	0	0	0
	19,279	1,244	0	-6,512	14,011	2,369	0	-2,369	0	0	14,011	16,910
	271,144	27,631	0	-24,682	274,093	82,442	8,351	-8,501	0	82,292	191,801	188,702

Annex 3: Breakdown of share ownership

2019

Breakdown of
share ownership

	Share of nominal capital	Equity capital	Result
	%	EUR'000	EUR'000
Affiliated companies (direct)			
Messe Berlin GmbH, Berlin			
Capital Catering GmbH, Berlin ^{1,2}	100	60	0
MB Capital Services GmbH, Berlin ^{1,2}	100	400	0
Capital Facility GmbH, Berlin ^{1,2}	100	182	0
MW Messe-, Ausstellungs- und Dienstleistungs- gesellschaft Wolfsburg mbH, Wolfsburg ^{1,2}	100	626	0
Messe Berlin (Singapore) Pte. Ltd., Singapore ^{2,5}	100	2,541	1,573
Berlin Exhibition (Guangzhou) Co., Ltd., Guangzhou, China ^{2,6}	100	-1,129	-501
Messe Berlin USA Corp., Pennsylvania, USA ^{3,4,8,12}	100	-462	-294
K.I.T. Group GmbH, Berlin ^{1,2}	75	25	0
Global Produce Events GmbH, Berlin ²	70	2,053	706
Mobile Seasons GmbH, Berlin ²	70	-926	-342
MB Exhibitions (Shanghai) Co., Ltd., Shanghai, China ^{2,7}	65	-244	-32
E.G.E. European Green Exhibitions GmbH, Berlin ²	50	3,689	489

	Share of nominal capital	Equity capital	Result
	%	EUR'000	EUR'000
Affiliated companies (indirect)			
MB Capital Services GmbH, Berlin			
CSG-Team GmbH, Berlin ²	100	209	6
E.G.E. European Green Exhibitions GmbH, Berlin			
MAZ Messe- und Ausstellungenzentrum Mühlenggeez GmbH, Mühlenggeez ^{1,2}	100	27	0
Global Produce Events GmbH, Berlin			
Global Produce Events Co., Ltd., Shanghai, China ^{2,9}	100	-250	-329
Messe Berlin USA Corp., Pennsylvania, USA			
CT Lab Global Media, LLC, Philadelphia, USA ^{3,4,12}	100	-898	-392
K.I.T. Group GmbH, Berlin			
K.I.T. Group Switzerland AG, Laufenburg, Switzerland ^{2,10}	100	203	36
K.I.T. Group France S.a.r.l., Boulogne-Billancourt, France ²	100	643	189
K.I.T. Conference Management (Beijing) Co. Ltd., Beijing, China ^{2,11}	100	1,012	636
K.I.T. Group GmbH Dresden, Dresden ²	55.08	210	151
K.I.T. Group Middle East Fz-LLC, Abu Dhabi, United Arab Emirates ^{2,13}	51	1,052	402
Festival Technical Event Management GmbH, Berlin ²	50.10	436	204

¹ Control and profit-and-loss agreement with the parent company.

² Fully consolidated

³ Not consolidated.

⁴ As per Sec. 296 para. 2 HGB or Sec 311 para. 2 HGB due to minor importance not included in the consolidated financial statement.

⁵ Share capital: SGD 100,000

⁶ Share capital: CNY 2,950,744.50

⁷ Share capital: CNY 4,855,643.92

⁸ Share capital: USD 250,000

⁹ Share capital: CNY 4,819,660

¹⁰ Share capital: CHF 100,000

¹¹ Share capital: CNY 1,923,862.50

¹² Previous year's values, 2019 annual financial statement unavailable when report was created

¹³ Share capital: AED 100,000.

Independent audit certificate

2019

Note on the audit of the annual financial statement and the management report

To Messe Berlin GmbH, Berlin

Audit assessments

We have audited the annual financial statement of Messe Berlin GmbH, Berlin – consisting of the balance sheet on 31 December 2019 and the profit and loss statement for the financial year from 1 January to 31 December 2019 as well as the annex, which is combined with the Group annex of the consolidated financial statement, including disclosure of the accounting and valuation methods. Furthermore, we have audited the management report of Messe Berlin GmbH, which is combined with the Group management report, for the financial year from 1 January to 31 December 2019. We have not substantively examined the components of the management report named in the 'Other information' section of our audit certificate, in compliance with the provisions of German law.

According to our assessment based on the knowledge acquired during the audit:

- the attached annual financial statement complies in all significant respects with the provisions of German commercial law and conveys an image of the net asset and financial position of the company as of 31 December 2019 and its operating result for the financial year from 1 January to 31 December 2019, in line with the actual conditions, having due regard to the German principles of proper accounting; and
- the attached management report conveys an accurate image of the company's situation overall. In all significant respects, this management report is consistent with the annual financial statement, complies with the provisions of German law and accurately presents the risks and opportunities of future development. Our audit assessment of the management report does not cover the content of the sections of the management report named in the 'Other information' section.

In accordance with Sec. 322 para. 3 line 1 HGB, we declare that our audit has not led to any objections to the regularity of the annual financial statement and management report.

Basis for audit assessments

We have conducted our audit of the annual financial statement and management report in accordance with Sec. 317 HGB, having due regard to the German principles of correct financial auditing as laid down by the auditing institute – Institut der Wirtschaftsprüfer (IDW). Our responsibility in accordance with these provisions and principles is described in greater detail in the section 'Responsibility of the auditor for the auditing of the annual financial statement and management report'. We are independent of the company in line with German commercial and labour law and have fulfilled our other German professional obligations in line with these

requirements. In our opinion, the audit evidence we obtain is sufficient and suitable to serve as a basis for our audit assessments regarding the annual financial statement and management report.

Other information

The legally appointed representatives are responsible for other information. The other information includes the following components of the management report, which are not substantively examined:

- the declaration on corporate management in accordance with Sec. 289f para. 4 HGB (Information about the proportion of women) included in the Section "Proportion of Women in Management Positions" of the management report,
- the declaration of conformity with the Berlin Corporate Governance Code.

Our audit assessments for the annual financial statement and management report do not cover the other information and, accordingly, we do not issue an audit assessment or any other form of audit conclusion in this regard.

In conjunction with our audit, we are also responsible for reading the other information and recognising whether the other information

- shows significant discrepancies with the annual financial statement, management report or the information we obtained during the audit; or
- otherwise appears to be significantly false in its representation.

Responsibility of the legally appointed representatives and the Supervisory Board for the annual financial statement and the management report

The legally appointed representatives are responsible for producing the annual financial statement, in compliance with the provisions of German commercial law in all significant respects, and ensuring that the annual financial statement conveys an image of the net assets, financial position and operating result of the company in line with actual circumstances, having due regard to the German principles of proper accounting. The legally appointed representatives are also responsible for the internal checks which they have determined as necessary, in accordance with the German principles of proper accounting, to enable the creation of an annual financial statement that is free of significant – intentional or unintentional false representations.

When producing the annual financial statement, the legally appointed representatives are responsible for assessing the Group's ability to pursue its business activity. They are also responsible for providing information in conjunction with the continued operation as a going concern, if relevant. They are also responsible for producing

the balance sheet according to accounting principle of continued operation as a going concern, unless factual or legal circumstances contradict it.

The legally appointed representatives are also responsible for producing the management report, which conveys an accurate image of the company's situation overall and is consistent with the annual financial statement in all significant respects, complies with the provisions of German law and accurately presents the opportunities and risks of future development. The legally appointed representatives are also responsible for the arrangements and measures (systems) that they deemed necessary to enable the creation of a management report in line with the applicable provisions of German law and to be able to produce sufficient suitable evidence for the statements in the management report.

The Supervisory Board is responsible for monitoring the company accounting process for producing the financial statement and management report.

Auditor's responsibility for the auditing of the annual financial statement and the management report

Our aim is to obtain sufficient certainty as to whether the financial statement as a whole is free of significant – intentional or unintentional – false representations and whether the management report conveys an accurate image of the company's situation overall and is consistent in all significant respects with the financial statement and the knowledge acquired in the audit, complies with the provisions of German law and accurately presents the opportunities and risks of future development, and to issue an audit certificate that includes our audit assessments with regard to the financial statement and the management report.

Sufficient certainty is a high degree of certainty but no guarantee that an audit conducted in compliance with Sec. 317 HGB having due regard to the German principles of correct financial auditing as laid down by the auditing institute – Institut der Wirtschaftsprüfer (IDW) – will always uncover a significant false representation. False representations may result from infringements or inaccuracies and are deemed significant if it could reasonably be expected that they have an influence individually or as a whole on the business decisions of recipients that are taken based on this financial statement and management report.

During the audit, we exercise due discretion and maintain a critical stance. We also:

- identify and assess the risks of significant – intentional or unintentional – false representations in the annual financial statement and management report, plan and conduct auditing activities as a reaction to these risks and obtain audit evidence that is sufficient and suitable to serve as a basis for our audit assessments. The risk of significant false representations not being revealed is greater in the case of infringements than inaccuracies, as infringements may comprise

fraudulent collaboration, falsification, intentional incompleteness, misleading representations and/or derogation from internal checks;

- acquire an understanding of the internal control system relevant for auditing the annual financial statement and the arrangements and measures relevant for auditing the management report in order to plan auditing activities that are appropriate under the circumstances, albeit not with the aim of issuing an audit assessment of the efficacy of the company's systems;
- assess the suitability of the accounting methods used by the legally appointed representatives and the tenability of the estimated values presented by the legally appointed representatives and associated information;
- draw conclusions regarding the suitability of the accounting principle of continued operation as a going concern applied by the legally appointed representatives and, based on the audit evidence obtained, as to whether there is a significant uncertainty regarding events or circumstances which may cast significant doubt on the company's capacity to continue operations as a going concern. If we reach the conclusion that there is a significant uncertainty, we are obliged to point out, in the audit certificate, the relevant information in the annual financial statement and management report or, if this information is unsuitable, to modify our audit assessment. We draw our conclusions based on the audit evidence obtained as of the date of our audit certificate. Future events or circumstances may, however, mean that the company can no longer continue to pursue its business activity;
- assess the overall presentation, the structure and content of the financial statement including data as well as whether the financial statement presents the underlying transactions in such a way that the financial statement in accordance with the German generally accepting accounting principles conveys a true and fair view of the asset, financial and profit situation of the company;
- assess the management report's compliance with the annual financial statement, its legal compliance and the image it conveys of the company's situation;
- conduct auditing activities for the information pertaining to the future presented by the legally appointed representatives in the management report. Based on sufficient and suitable audit evidence, we analyse significant assumptions, particularly those used as a basis for the information pertaining to the future provided by the legally appointed representatives, and assess the factual derivation of information pertaining to the future from these assumptions. We do not issue an independent audit assessment on the information pertaining to the future and the basic assumptions. There is a significant unavoidable risk that future events may deviate significantly from the information pertaining to the future.

**Note on the audit
of the consolidated
financial statement
and the Group
management report**

We discuss with the persons responsible for monitoring matters including the planned extent and scheduling of the audit and significant audit findings, including any deficiencies in the internal monitoring system that we notice during our audit.

Audit assessments

We have audited the consolidated financial statement of Messe Berlin GmbH, Berlin, and its subsidiaries (the Group) – consisting of the consolidated balance sheet on 31 December 2019, the consolidated profit and loss statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the financial year from 1 January to 31 December 2019 as well as the Group annex, which is combined with the annex of the consolidated financial statement, including disclosure of the accounting and valuation methods. We have also audited the management report of Messe Berlin GmbH, which is combined with the Group management report, for the financial year from 1 January to 31 December 2019. We have not substantively examined the components of the Group management report named in the 'Other information' section of our audit certificate, in compliance with the provisions of German law.

According to our assessment based on the knowledge acquired during the audit:

- the attached annual consolidated financial statement complies in all significant respects with the provisions of German commercial law and conveys an image of the net asset and financial position of the company as of 31 December 2019 and its operating result for the financial year from 1 January to 31 December 2019, in line with the actual conditions, having due regard to the German principles of proper accounting; and
- the attached Group management report conveys an accurate image of the Group's situation overall. In all significant respects, this Group management report is consistent with the consolidated financial statement, complies with the provisions of German law and accurately presents the opportunities and risks of future development. Our audit assessment of the Group management report does not cover the content of the sections of the Group management report named in the 'Other information' section.

In accordance with Sec. 322 para. 3 line 1 HGB, we declare that our audit has not led to any objections as to the regularity of the consolidated financial statement and Group management report.

Basis for audit assessments

We have conducted our audit of the consolidated financial statement and the Group management report in compliance with Sec. 317 HGB, having due regard to the German principles of correct financial auditing as laid down by the auditing institute – Institut der Wirtschaftsprüfer (IDW). Our responsibility according to these provisions and principles is further described in the Section "Responsibility of the auditor for the audit of the consolidated financial statement and Group management report" of our auditor's certificate. We are independent of the Group company in line with German commercial and labour law and have fulfilled our other German professional obligations in line with these requirements. In our opinion, the audit evidence we obtained is suitable and sufficient to serve as a basis for our audit assessments regarding the consolidated financial statement and Group management report.

Other information

The legally appointed representatives are responsible for other information. Other information includes the following aspects of the Group management report, which are not substantively examined:

- the declaration on corporate management in accordance with Sec. 289f para. 4 HGB (Information about the proportion of women) included in the Section "Proportion of Women in Management Positions" of the Group management report,
- the declaration of conformity with the Berlin Corporate Governance Code.

Our audit assessments of the consolidated financial statement and Group management report do not cover the other information and, accordingly, we do not issue any audit statements or any other form of audit conclusion in this regard.

In conjunction with our audit, we are also responsible for reading the other information and recognising whether the other information

- shows significant discrepancies with the consolidated financial statement, Group management report or the information we obtained during the audit; or
- otherwise appears to be significantly false in its representation.

Responsibility of the legally appointed representatives and the Supervisory Board for the consolidated financial statement and the Group management report

The legally appointed representatives are responsible for producing the consolidated financial statement, in compliance with the provisions of German commercial law in all significant respects, and ensuring that the consolidated financial statement conveys an image of the net assets, financial position and operating result of the Group in line with actual circumstances, having due regard to the German principles of proper accounting. The legally appointed representatives are also responsible for the internal checks that they have determined as necessary, in accordance with the German principles of proper accounting, to enable the creation of a consolidated financial statement that is free of significant – intentional or unintentional – false representations.

When producing the consolidated financial statement, the legally appointed representatives are responsible for assessing the Group's ability to pursue its business activity. They are also responsible for providing information in conjunction with the continued operation as a going concern, if relevant. They are also responsible for producing the balance sheet according to accounting principle of continued operation as a going concern, unless factual or legal circumstances contradict it.

The legal representatives are also responsible for producing the Group management report, which conveys an accurate image of the Group's situation and is consistent in all significant respects with the consolidated financial statement, complies with the provisions of German law and presents the opportunities and risks of future development in an accurate way. The legally appointed representatives are also responsible for the arrangements and measures (systems) that they deemed necessary to enable the creation of a Group management report in line with the applicable provisions of German law and to be able to produce sufficient suitable evidence for the statements in the Group management report.

The Supervisory Board is responsible for monitoring the Group accounting process for producing the consolidated financial statement and Group management report.

Auditor's responsibility for auditing the consolidated financial statement and the Group management report

Our aim is to obtain sufficient certainty as to whether the consolidated financial statement as a whole is free of significant – intentional or unintentional – false representations and whether the Group management report conveys an accurate image of the Group's situation overall and is consistent in all significant respects with the consolidated financial statement and the knowledge acquired in the audit, complies with the provisions of German law and accurately presents the opportunities and risks of future development, and to issue an audit certificate that includes

our audit assessments with regard to the consolidated financial statement and the Group management report.

Sufficient certainty is a high degree of certainty but no guarantee that an audit conducted in compliance with Sec. 317 HGB, having due regard to the German principles of correct financial auditing as laid down by the auditing institute – Institut der Wirtschaftsprüfer (IDW) – will always uncover a significant false representation. False representations may result from infringements or inaccuracies and are deemed significant if it could reasonably be expected that they have an influence individually or as a whole on the business decisions of recipients that are taken based on this consolidated financial statement and Group management report.

During the audit, we exercise due discretion and maintain a critical stance. We also:

- identify and assess the risks of significant false representations, whether due to fraud or error, in the consolidated financial statement and Group management report, plan and perform audit procedures as a reaction to these risks and obtain audit evidence that is sufficient and appropriate to serve as a basis for our audit opinion. The risk of significant false representations not being revealed is greater in the case of infringements than inaccuracies, as infringements may comprise fraudulent collaboration, falsification, intentional incompleteness, misleading representations and/or derogation from internal checks;
- acquire an understanding of the internal control system relevant for auditing the consolidated financial statement and the arrangements and measures relevant for auditing the Group management report in order to plan auditing activities that are appropriate under the circumstances, albeit not with the aim of issuing an audit assessment of the efficacy of these systems;
- assess the suitability of the accounting methods used by the legally appointed representatives and the tenability of the estimated values presented by the legally appointed representatives and associated information;
- draw conclusions on the appropriateness of the accounting principles used by the legal representatives for the continuation of business activity as well as based on the audit evidence obtained whether there is significant uncertainty related to events or conditions that might raise meaningful doubt about the ability of the Group to continue its business activity. If we reach the conclusion that there is a significant uncertainty, we are obliged to point out, in the audit certificate, the relevant information in the consolidated financial statement and Group management report or, if this information is unsuitable, to modify our audit assessment. We draw our conclusions based on the audit evidence obtained as of the date of our audit certificate. Future events or circumstances may, however, mean that the Group can no longer continue to pursue its business activity;

- assess the overall representation of the structure and content of the consolidated financial statement, including the details and whether the consolidated financial statement presents the fundamental business transactions and events in such a way that the consolidated financial statement conveys an image of the Group's net assets, financial position and operating result that corresponds to actual circumstances, taking into account the German principles of proper accounting;
- gather sufficient suitable audit evidence for the accounting information of the companies or business activities within the Group in order to issue audit assessments on the consolidated financial statement and Group management report. We are responsible for the direction, monitoring and implementation of the consolidated financial statement audit. We hold sole responsibility for our audit assessments;
- assess the Group management report's compliance with the consolidated financial statement, its legal compliance and the image it conveys of the Group's situation;
- conduct auditing activities for the information pertaining to the future set out by the legally appointed representatives in the Group management report. Based on sufficient and suitable audit evidence, we analyse significant assumptions, particularly those used as a basis for the information pertaining to the future provided by the legally appointed representatives, and assess the factual derivation of information pertaining to the future from these assumptions. We do not issue an independent audit assessment on the information pertaining to the future and the basic assumptions. There is a significant unavoidable risk that future events may deviate significantly from the information pertaining to the future.

We discuss with the persons responsible for monitoring matters including the planned extent and scheduling of the audit and significant audit findings, including any deficiencies in the internal monitoring system that we notice during our audit.

Berlin, 26 February 2020

PricewaterhouseCoopers GmbH
Auditing company

Dierk Schultz
Auditor

p.p. Jan Witing
Auditor



Berlin Corporate Governance Code (BCGK)**2019****Declaration for the Berlin Corporate Governance Code (BCGK) for the financial year 2019**

As an unlisted company Messe Berlin GmbH applies the Berlin Corporate Governance Code (BCGK) on the basis of the participation guidelines issued by the federal state of Berlin, which the Senate Department for Finance requires Messe Berlin to observe, being a company in which the federal state of Berlin holds a stake greater than 50%.

In its meeting on 15 December 2015, the Senate of Berlin decided to update the notes in regard to the participations of the state. The update was prompted, inter alia, by the modifications to the German Corporate Governance Code (DCGK). Therefore, a short declaration of conformity in regard to the corresponding application of the DCGK shall suffice. The declaration of conformity and the annual report have been made available on the website of Messe Berlin GmbH.

The behavioural recommendations as set out in the Berlin Corporate Governance Code have been complied with in the 2019 financial year by Messe Berlin GmbH, with the exception of the following deviations:

I. Management Board**1. D&O insurances**

D&O insurances are agreed with a deductible for the Management Board and without a deductible for the Supervisory Board.

2. Management employment contracts

In view of vested rights and their three-year contractual term, the contracts of Management Board members do not, in the event of premature termination without serious cause, limit severance pay to the equivalent of two years' salary including ancillary benefits, i.e. no severance payment cap is stipulated, nor to just the remaining term of the contract.

II. Supervisory Board**1. Transfer of decision-making authority to committees by the Supervisory Board****a) Personnel and Presidential Committee**

The Supervisory Board also includes a Personnel and Presidential Committee, which prepares the Supervisory Board's decisions on human resources matters concerning the Management Board. The Chairman of this committee is the Chairman of the Supervisory Board.

Under its resolution of 22/05/2019, the Supervisory Board has continued to assign to the Personnel and Presidential Committee the tasks and authority to act as an audit committee until the end of the current term of office. The Personnel and Presidential

Committee, therefore, also deals with issues involving accounting, and with risk management and compliance, the necessary independence of the auditor, the awarding of the auditing contract to the auditor, the definition of the priorities of the audit and the agreement about fees. The chair of the meetings that address auditing issues is appointed by the Supervisory Board and must be a member of the committee other than the committee chair.

An extraordinary meeting of the Personnel and Executive Committee took place during financial year 2019

b) Investment Committee

The Supervisory Board also has an Investment Committee. Its task is to advise the Supervisory Board in its dealings and decisions regarding significant asset and financial investments, in accordance with the company's general strategy. In its decision of 30 November 2017, the Investment Committee agreed to convene only as required and to deal with issues directly as part of Supervisory Board meetings. The Investment Committee met four times in 2019.

The Supervisory Board has not assigned any further decision-making authority to any committees.

2. Age limit for members of management

No age limit has been set whereby members of management must leave the company. It is not the practice for a management member to take over the chairmanship of the Supervisory Board or one of its committees.

3. Age limit for members of the Supervisory Board

No age limit has been set for members of the Supervisory Board.

4. Participation of Supervisory Board members in Supervisory Board meetings

All members of the Supervisory Board participated in at least half of the meetings in the 2019 financial year. From 13/05 to 24/10/2019, four Supervisory Board mandates were not allocated.

5. Conflicts of interest

The Supervisory Board has set out procedural arrangements for conflicts of interest affecting the Supervisory and Management Boards.

Equal Pay for Equal Work Report in accordance with the resolution of the Berlin House of Representatives dated 12 September 2019

**III. Accounting
Interim reports**

The interim reports do not contain a list of associated companies with details on the name and headquarters of the company, names and holding amounts of shareholders, amount of equity capital, result of the last financial year, information on whether voting rights correspond to holding amounts. The organisational charts on trade fair participation do not contain all of the above information.

Proportion of women and men in the collectively negotiated pay groups

Pay group	Proportion of women		Proportion of men		Proportion of various		Average collectively negotiated hourly wage in EUR
	Number	as %	Number	as %	Number	as %	
	1	0	0	0	0	0	
2	0	0	0	0	0	0	–
3	0	0	0	0	0	0	–
4	0	0	0	0	0	0	–
5	2	100	0	0	0	0	19.40
6	18	58	13	42	0	0	16.40
7	10	83	2	17	0	0	21.94
8	14	32	30	68	0	0	20.66
9A	10	21	38	79	0	0	23.60
9B	26	31	57	69	0	0	23.74
9C	0	0	6	100	0	0	24.11
10	33	31	73	69	0	0	27.03
11	9	17	44	83	0	0	29.80
12	40	53	35	47	0	0	32.81
13	9	56	7	44	0	0	32.96
14	12	33	24	67	0	0	38.90
15	3	50	3	50	0	0	44.05
15Ü	1	100	0	0	0	0	52.31
GB	20	63	12	38	0	0	47.73

Proportion of women and men in the management levels

Management level	Proportion of women		Proportion of men		Proportion of various	
	Number	as %	Number	as %	Number	as %
	FE 1 (GF)	0	0	2	100	0
FE 2 (BL)	4	24	13	76	0	0
FE 3 (AL/ PL)	35	67	17	33	0	0
FE 4 (TL/ SL)	9	35	17	65	0	0

Supervisory Board Report**2019****Supervisory Board
Report****Cooperation between the Supervisory Board and Management Board**

In 2019, the Supervisory Board once again discharged its tasks as a supervisory body in accordance with the law and the company articles, and continuously monitored the company's Management Board. The Supervisory Board supported the Management in a consultative capacity and was involved in all decisions that were of fundamental importance to the company. This applies in particular with regard to corporate planning and to the main projects and investments. Matters which, in accordance with the law and the company agreement, require the approval of the Supervisory Board were submitted for a ruling.

The Chairman of the Management Board kept the Chairman of the Supervisory Board regularly informed (verbally and in writing) about all important business occurrences and about the economic development of the company. Between meetings, the Chairman of the Supervisory Board regularly shared information and ideas with Management.

The members of the Supervisory Board always had sufficient time to critically examine the presented reports and the draft resolutions from Management, and to discuss them with the latter. Operational topics were presented to the Supervisory Board in a meticulous manner on the basis of an analysis of the value potential and of the opportunities and risks. The Supervisory Board has given its approval to the individual business transactions requiring approval.

The employee representatives discussed the plenary sessions' agenda items in separate preliminary talks. The shareholder representatives decided to hold preliminary discussions as necessary.

At each meeting, the participants received information about ongoing business operations in Germany and abroad as well as the current key data reports of Messe Berlin Group. At each meeting, reports were given on the meetings of the Personnel and Presidential Committee and the Investment Committee. Other areas of focus are mentioned below.

Supervisory Board meetings

In the 2019 financial year, the Supervisory Board of Messe Berlin GmbH convened in four regular meetings.

The Supervisory Board has been kept regularly informed about the economic and financial position of Messe Berlin. In the 2019 financial year, Messe Berlin was able to achieve significant increases in turnover, in both the trade fair and congress sectors. The expansion of the internationalisation remains as in previous years an integral part of the company strategy, for which the Supervisory Board receives and deals with the necessary information in its meetings as well as, if necessary, in

writing outside of the meetings. Furthermore, based on detailed information on the status of the planning and implementation of the Master Plan Stage 1 of the ExpoCenter City Berlin, the full board also intensively discussed the modalities of its financing, the construction of the hub27, which was officially opened on 16/08/2019 according to schedule and budget, the framework conditions and future alternatives to the ILA Berlin Air Show in 2020 ff. as well as the status of the sale negotiations and the completed safe of the associated company ExpoCenter Airport Berlin Brandenburg GmbH to the Flughafen Berlin Brandenburg GmbH on 01/10/2019. Reports on the national and international events in the previous quarter were part of the standing agenda items.

The first ordinary meeting of the Supervisory Board on 20/03/2019 focused on the annual and consolidated financial statements for 2018. On the recommendation of the Personnel and Presidential Committee and following discussion with the auditors present from PricewaterhouseCoopers GmbH, the Supervisory Board resolved to adopt the 2018 annual financial statement for submission to the shareholders' meeting.

After discharge of the Supervisory Board members for the financial year 2018 in the general meeting on 13/05, the five-year term of all members ended in accordance with the Statutes. The previously newly elected five employee representatives and the six shareholder representatives newly elected by the shareholders at their regular meeting on 13/05/2019 met on 22/05/2019 for an inaugural meeting; the four vacant mandates on the Supervisory Board were filled in a by-election by the shareholders by means of a written vote in October 2019. During the inaugural meeting on 22/05/2019, Mr Wolf-Dieter Wolf was re-elected Chairman of the Supervisory Board, Ms Senator Ramona Pop was elected first deputy chairwoman and Mr Thomas Jaegler second deputy chairman. At the same time, the members of the Supervisory Board chose the members of the Personnel and Executive Committee, to which the function of the Audit Committee was assigned, and the Investment Committee. The Supervisory Board dealt primarily with the above-mentioned topics and then approved, among other items, sale of 50% of the company shares of the ExpoCenter Airport Berlin Brandenburg GmbH (ECA) and the fixed assets of Messe Berlin GmbH to Flughafen Berlin Brandenburg GmbH.

In its third regular meeting on 22/08/2019, the full board in addition to the standing above-mentioned agenda items, dealt with the effects of the unrest in Hong Kong of holding the ASIA FRUIT LOGISTICA at the beginning of September 2019.

At the fourth ordinary meeting of the Supervisory Board, on 05/12/2019, the Management Board provided the plenary with extensive information regarding the 2020 business and financial plan, which the Supervisory Board duly adopted, and the medium-term 2020–2024 plan, which the Supervisory Board acknowledged. In

this meeting of the last quarter, the Supervisory Board approved the extension of the comprehensive agreement between Messe Berlin GmbH and the federal state of Berlin until 31/12/2020. Furthermore, the full board gave its approval to important development measures of Messe Berlin: to the founding of an associated company for carrying out the new event "Shift Mobility" on the topic of networking the automobile, to a majority acquisition of company shares of the Travel Daily Group for carrying out and securing the ITB China as well as takeover of 25% of the shares in CT Lab Global Media LLC in Philadelphia for worldwide expansion of the important market of consumer electronics and home appliances.

In addition, the Supervisory Board on the recommendation of the Personnel and Executive Committee decided on the contractual adjustment of the Management Board and the target agreements for 2020.

All members of the Supervisory Board participated in at least half of the meetings in the 2019 financial year.

Reports on the work of the committees

Four regular and one extraordinary meeting of the Personnel and Executive Committee took place in 2019.

In its meetings, the Personnel and Executive Committee discussed recommendations regarding the above-mentioned personnel issues of the Management Board and prepared as part of the financial statement the resolutions of the Supervisory Board as recommendations to the regular general meeting.

In its extraordinary meeting on 28/01/2019, the Personnel and Executive Committee dealt with the personnel issues of the target attainments for 2018 and the target agreement for 2019 of the managing directors.

After the end of the 2014–2019 term, the members of the Personnel and Executive Committee chose in their first and inaugural meeting on 22/05/2019 Mr Wolf-Dieter Wolf as chairman, Ms Senator Ramona Pop as first deputy chairwoman and Mr Thomas Jaegler as second deputy chairman.

In accordance with a decision by the Supervisory Board on 22/05/2019, the Personnel and Presidential Committee also deals with issues involving accounting and risk management, compliance, the necessary independence of the auditor, the awarding of the auditing contract to the auditor, the definition of audit priorities and the agreement about fees. At this meeting, the Supervisory Board also assigned to the Personnel and Presidential Committee the tasks and authority of an audit committee until the end of the current term of office.

Ms Senator Ramona Pop was chosen for chairing meetings dealing with audit matters.

During financial year 2019, the Investment Committee came together for four meetings in which it dealt with, among other items, issues of implementing the master plan Berlin ExpoCenter City, the progress of the construction or completion of the hub27 Berlin and the designs of the federally owned planning entity (DEGES) for the Rundfunk motorway junction.

In its first and inaugural meeting on 22/05/2019 the members of the Investment Committee chose Mr Wolf-Dieter Wolf as chairman, Mr Jan Eder as first deputy chairman and Mr Norbert Zeglin as second deputy chairman for the time of the new term of the Supervisory Board, 2019–2024.

Corporate governance

On the basis of a decision by the Supervisory Board on 30 September 2004, Messe Berlin GmbH applies the Berlin Corporate Governance Code (BCGK). In accordance with Sec. 161 of the Stock Corporation Act (AktG), the declaration of conformity with the BCGK of the Management and Supervisory Boards for the 2019 financial year is published on Messe Berlin's web pages and elsewhere, including in the business report.

Audit of the annual financial statement

The annual financial statement and consolidated financial statement provided by the Management Board, together with the management report and Group management report for the 2019 financial year, have been examined by the auditors appointed by the shareholders of Messe Berlin GmbH, PricewaterhouseCoopers GmbH audit company, and have been awarded the unconditional audit certificate.

The auditors provided information about the content of the financial state and consolidated financial statement to the Personnel and Executive Board in its meeting on 18/03/2020 as well as to the Supervisory Board in its meeting on 01/04/2020 and answered all questions of the members. As a result, they expressed their recommendations to the Supervisory Board.

The Supervisory Board examined and approved the annual financial statement and the management report, and also recommended to the shareholders' meeting to approve the financial statements. Furthermore, the consolidated financial statement and the Group management report were acknowledged. The Supervisory Board has positively acknowledged the result of the auditors' examination.

The Supervisory Board has approved the proposal by the Management Board to apply the findings.

Personnel changes on the Supervisory Board

As a result of elections of the employees of Messe Berlin GmbH on 26/03/2019 as well as of the shareholders of Messe Berlin GmbH on 13/5 and 24/10/2019, Mr Thomas Blisse, Mr André Guse, Mr Thomas Jaegler, Mr Dirk Schade and Mr Norbert Zeglin were appointed as employee representatives, and Mr Jan Eder, Mr Klaus Feiler, Ms Ulrike Niggemann, Ms Senator Ramona Pop, Mr Joachim Rukwied and Mr Wolf-Dieter Wolf were appointed as representatives of the shareholders to the Supervisory Board for the new 2019–2024 term. Furthermore, effective on 24/10/2019, the shareholders appointed in a by-election via a written vote for a circular resolution passed outside of a meeting Ms Sonja Groneweg, Ms Dr Barbara Hendricks, Mr Dr Alexander Pett and Ms Rada Rodriguez. The employee representatives Ms Ulrike Brabant and Ms Ellen Funk retired as well as shareholder representatives Ms Catherine Mühlemann, Mr Thomas Ellerbeck and Mr Georg Walkenbach.

The mandate of the new Supervisory Board began on 13/05/2019.

The term of office of the current Supervisory Board ends with its exoneration for the 2023 financial year during the 2024 ordinary shareholders' meeting.

Berlin, 01 April 2020



The Supervisory Board
Wolf-Dieter Wolf
Chairman

