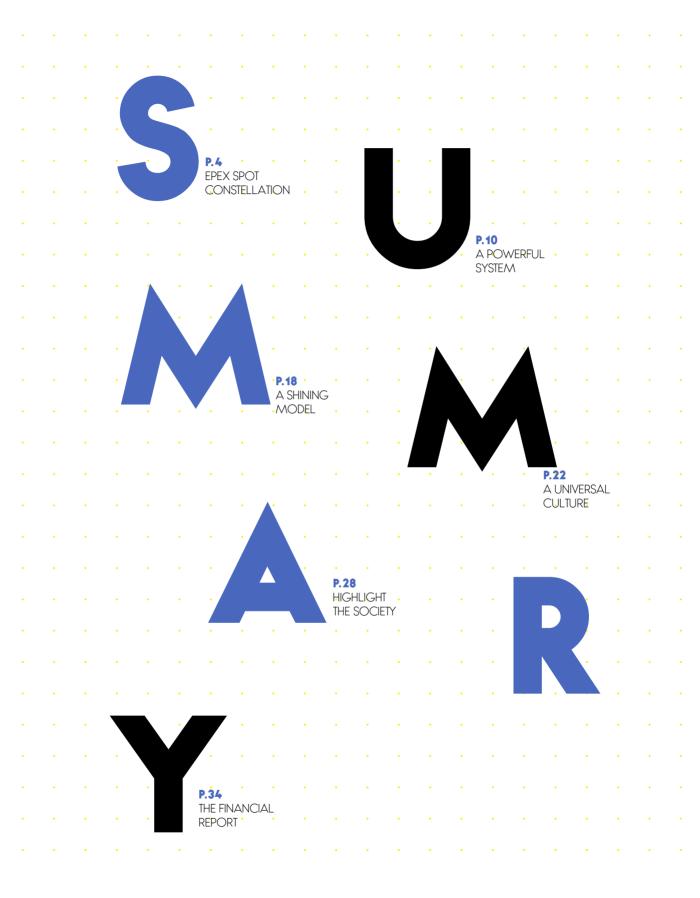
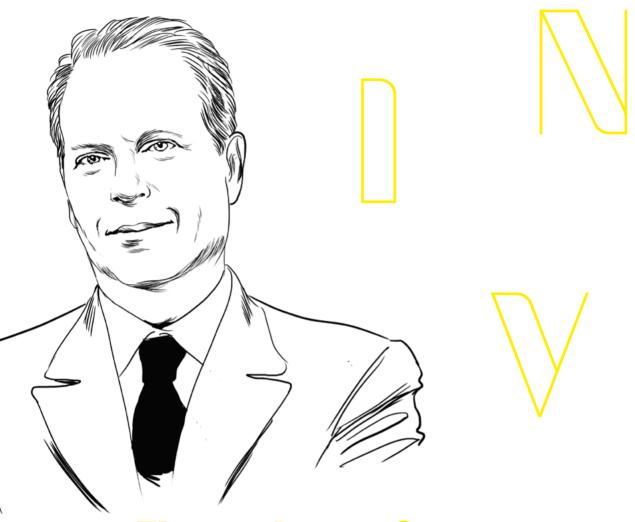
illuminating the European Future





The European model is, first, a social and economic system founded on the role of the market, for no computer in the world can process information better than the market.

Jacques Delors



The nature of our industry makes us who we are: an innovator and connector in the power sector

A preface by Jean-François Conil-Lacoste

Chief Executive Officer and Chairman of the Management Board of the European Power Exchange EPEX SPOT

The energy value chain evolves continuously, encompassing capacity, flexibility and green dimensions. EPEX SPOT's Day-ahead and Intraday markets accompany these changes and have done so for years. What's more, our markets have become a main driver of electricity system optimisation, aiming to dispatch energy where and when it is most needed, and at a fair, freely formed price. The European dimension of EPEX SPOT's work has stood out from the very start, committed to the European idea in name, the European Power Echange. We stand behind our conviction that the harmonisation of the European energy sector not only brings benefits for all markets, but also will allow for Europe to grow closer together, an important sign in these unsteady times.

EPEX SPOT has seen changes and challenges in 2016, and a lot has been achieved. After the merger with the Anglo-Dutch-Belgian Power Exchange APX in 2015, integration processes were completed in 2016, reinforcing EPEX SPOT's pivotal role within the European ecosystem.

In 2016 we also witnessed what has been expected for some time: that core markets such as the Day-ahead market will slowly but surely reach maturity in the upcoming years. This is no cause for concern. It shows, first of all, that our power markets work, as all major actors of the electricity sector participate in it by giving a transparent and non-discriminatory price to power through trading. The liquidity of our markets attracts a large number of participants across Europe, and will continue to do so. Secondly, the concurrent growth of the importance of new products, such as Intraday call auctions, 15-minute contracts or the French capacity auction, proves we are able to meet the market's need for flexibility, finescale adjustments of trading portfolios and capacity security.

Innovation is key when it comes to serving power markets, since our products, our services and our trading platforms need to evolve with the market. Our ability to respond to market needs is our biggest asset, and a critical component of our success, forged in concert with our stakeholders, members and non-members alike. This agility has allowed EPEX SPOT to secure its position at the heart of a dynamic ecosystem, as a central link in the energy value chain. Guided by the conviction that our activities entail benefits for whole societies, we are committed to sharing our expertise.

Innovation and the close bond with our ecosystem are the foundation of our efforts to shape the future of European power trading.

EPEX SPOT CONSTEL-LATION

Connecting the dots: the pivotal role of our power markets

EPEX SPOT connects the different actors of the electricity value chain. Producers, suppliers and traders all fulfil their very distinct roles within the ecosystem. But they share a common virtual meeting point: our trading platforms. By connecting all the actors with one another through our markets, a very distinctive pattern emerges, a constellation that is unique to EPEX SPOT. Explore the EPEX SPOT constellation.

Our members: How buying and selling shapes a singular universe



278 exchange members traded a total electricity volume of 529 TWh on EPEX SPOT markets in 2016. All 278 buy and sell on our Day-ahead and Intraday markets, with each market fulfilling a different purpose in optimal electricity allocation.

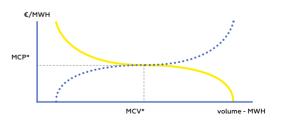
the foundation of our markets

All kinds of companies trade on EPEX SPOT markets. In the classical constellation, producers who want to sell electricity engage indirectly, via our platforms, with consumers who want to buy electricity at a neutral market price. Companies that sell on our markets are, for instance, power utilities that generate and sell electricity. Commercial consumers, such as large industrial units or municipal and regional suppliers, traditionally act as buyers. They acquire electricity either for their own energy-intensive industrial activity or to supply to final users. Transmission system operators (TSOs) buy on the spot markets to compensate their grid losses.

Day-ahead and Intraday markets are two sides of the same coin

They both balance production and consumption in their respective ways. On the day-ahead market, our members trade electricity for delivery the following day. A reliable reference price is determined, and the electricity is traded through an auction which takes place once a day at 12 o'clock, year-round. Members log in their orders — the buy orders are aggregated to a demand curve and the sell orders are aggregated to an offer curve. At the intersection of both curves lies the reference price, called Market Clearing Price (MCP). An auction has the advantage of gathering liquidity at one point in time, while offering full transparency on the traded volumes (Market Clearing Volumes) and creating a level playing field, including to smaller counter-parties.

On the Intraday market, our members trade continuously for same day delivery of the traded electricity. As soon as a buy- and sell-order match, a trade is executed. This allows for a high degree of flexibility and fine-tuning.



As a power exchange, we constantly cater to the needs of the market participants in our ecosystem.



Antonios Gazeas Head of Trading, QUADRA Energy, Düsseldorf, DE

"As an energy trader with a large portfolio of fluctuating generation assets, a high liquidity on the intraday market is essential for our business. We are looking forward to the introduction of the new trading window, that allows trading until 5 minutes before delivery."

Ja<mark>mes Brown</mark>

Tra<mark>ding Manager,</mark> Go<mark>od Energy, Chippenha</mark>m, UK

"Good Energy is a renewable energy supplier, therefore our position varies massively from day-to-day. The flexibility that EPEX SPOT provides us is essential in allowing us to respond to changing forecasts and manage our portfolio, both at the Day Ahead level, and intra-day."



Innovative actors make for a renewed EPEX SPOT

With the rise of renewables and the concurrent trends of decentralisation and digitalisation, new players have emerged, traditional players have expanded their activities and a new constellation has formed. Trading firms comprise a substantial part of our membership. They do not get involved in owning electricity, but buy and sell it on our markets, often on behalf of a client portfolio. Banks or financial services providers operate on our markets in the same way, often opening market access to smaller companies who would not fulfill the entry requirements on their own. Direct marketing schemes for renewable energies, notably in Germany, have accelerated the rise of so-called aggregators and direct marketers, who operate power pools or virtual power plants. They act on behalf of a group of consumers. By linking small- and medium-scale power production and consumption units they efficiently gather liquidity which is then traded on our markets. Each market participant has a different role within the energy value chain. Our spot markets are the common meeting point that allows them to efficiently trade energy in a transparent, reliable and instant manner.

Wouter Alblas

MD Brainchild Capital Investments BV, The Hague, NL

"BCI provides direct market access to energy intensive companies. For this we need state-of-the-art trading solutions, on both the short and long term markets. EPEX SPOT helps us in achieving our goal to offer the best available service to our clients."





Maxime Dauby General Manager of Smart Grid Energy (a Vinci Energies company), Capbreton, FR

"As a demand response aggregator and decentralized electricity generation manager, Smart Grid Energy is in charge of 1+ GW capacity in France and Belgium. EPEX SPOT's capacity auction, launched on the 15t^h of December 2016, offered us a new possibility to monetize guarantees. The auction also defined a reference price for this new market. Thanks to sharp and clear procedures. Smart Grid Energu became a member of EPEX SPOT within a very short period of time."



Andreas Bader

Vice President Mark<mark>et Access</mark> & Shift Trading, Statk<mark>raft, Düsseldorf</mark>, DE

"Statkraft is a market leader in renewable energy direct sales. Liquid short-term markets as well as high technical availability are of crucial importance to us. EPEX SPOT's integrated infrastructure enables us to scale our activities across countries and manage our renewable portfolio efficiently."

Providing electricity where it is needed, when it is needed

This new constellation enhances the role of the power spot markets. With the fluctuating input of energy from renewable resources, short term adjustments have become more important than ever. The Intraday market in particular allows for adjustments of purchases and sales based on the results of the day-ahead auction. Power generation can be planned closer to delivery thanks to the short time spans between trading and delivery. Unforeseen events such as power plant outages can be managed efficiently. As a power exchange, we constantly cater to the needs of the market participants in our ecosystem. Our trading platforms are the bridge that connects them all, creating a dynamic constellation that allows electricity to be optimally allocated across Europe.

Dragan Rajcetic Partner, Power/Mart ApS, Aarhus, DK

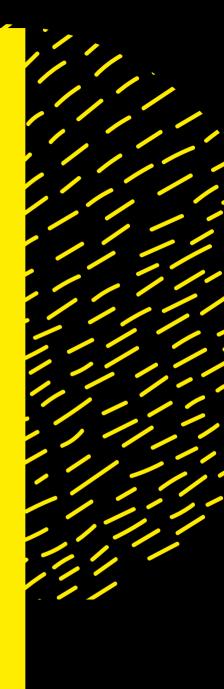
"In my function as a prop trader on Intraday markets Com Trader, the EPEX SPOT interface for Intraday trading allows me to be creative and innovative in my trading strategies. After 10 years of extensive passionate trading I don't find myself tired of it because ComTrader is never boring, offers plenty of action and it has great cool design features. I am looking forward to many more exciting years with ComTrader."



A POWERFUL SYSTEM

Building success means building a system that works - brick by brick and through close cooperation

EPEX SPOT has proven over the years that it is a reliable and trustworthy actor that brings true benefits to the electricity ecosystem. The achievements of 2016 strengthen our company and secure the high quality of the services we provide. We have unified clearing and trading across Central Western Europe: rapid, reliable and robust systems are what our activity is built on. Changes in the company's management structure reflect the international role of the Exchange. Discover what we have accomplished.



In 2016 we built a stronger EPEX SPOT



With the unification of clearing and trading systems, we paved the way to harmonise power spot markets in Central Western Europe and the United Kingdom. Our robust and secure one-stop solution for trading and clearing is unique in Europe.

learing and trading systems are the operational core of every power exchange

Rendering these systems more efficient has a direct positive impact on the quality of the service we provide to market participants. Following the integration with former APX, EPEX SPOT was facing profound operational and structural changes in 2016. Harmonising the trading and clearing systems as well as restructuring the administrative bodies were major milestones for EPEX SPOT to further secure its position as the leading power exchange in Central Western Europe (CWE) and the United Kingdom (UK).

One central clearing for Central Western Europe (CWE)

In March 2016, the clearing system for the power spot markets in the United Kingdom, the Netherlands and Belgium was successfully migrated to European Commodity Clearing (ECC), EPEX SPOT's clearing house since its inception. Hence all spot markets operated by EPEX SPOT benefit from one central clearing. In banking and finance, clearing usually refers to a procedure through which an organisation steps between buyer and seller in order to assume the financial risk of a transaction. Market participants make transfers to one central clearing house rather than to each respective party with whom they have traded. In its capacity as central counterparty, the clearing house takes care of the financial and physical settlement of all trades.





EPEX SPOT has a vital role within a strongly interconnected sector.

Matthijs Nijpels Director of Market Operations, based in Amsterdam

"2016 was a very challenging and also rewarding year from an operational perspective. It brought together a group of people from different locations, with different nationalities and most of all different working styles. This group of people had to implement a number of high profile changes to practically effectuate the merger between EPEX SPOT & APX.

It created a dynamic working flow where (former) APX and EPEX SPOT staff really aot to know each other auite intimatelu and finally resulted in a successful implementation of the Clearing Migration and Trade System Migration.

Most of the colleagues working in the core departments such as Market Operations, Commercial, IT and Projects were involved in these projects, mounting up to 100 EPEX SPOT staff members or so getting the jobs done. These experiences will surely help us in successfully delivering the ambitious set of changes that are planned for 2017.

EPEX SPOT's informal motto of "never a dull moment" will surely remain in full force for us going forward!

Traded volumes 2016 565,152,230 2015 2016 529,340,599 Total traded volumes In 2016, 529 TWh of electricity were traded on EPEX SPOT's Day-Ahead and Intraday 58,392,435 61,632,282 2015 2016 Intraday volumes 110,147,756 114,859,450 2015 2016 French total traded volumes





More liquidity through one integrated Intraday market

In October 2016, the Dutch and Belgian Intraday markets were successfully connected with the Intraday markets in Germany, France, Austria and Switzerland. By migrating the Dutch and Belgian Intraday trading to the M7 system, those two markets joined the already interconnected M7 markets of Germany, France, Austria and Switzerland. Thus all continental intraday markets of EPEX SPOT run on unified trading systems and the region forms one integrated Intraday market area. Trading participants benefit from more liquidity and a simplified infrastructure.

The governance reflects the Exchange's international role

EPEX SPOT has a vital role within a strongly interconnected sector. The interests and needs of our stakeholders are at the center of our actions, and our governance mirrors these interests. The Management Board became more international in 2016 with the appointment of Jonas Törnquist to Chief Operating Officer in October. He is of Swedish nationality and brings along a vast experience and knowledge of the energy sector (see portrait p. 16). Törnquist's predecessor Thierry Morello stepped down after 15 years of steering European power trading at EPEX SPOT. Thierry Morello has been one of the pioneers in the construction of organised short-term power markets in Europe.

The Exchange Council keeps up with the dynamic of the power market

The Exchange Council is an independent body of governance of the European Power Exchange. Its 22 members and four permanent guests represent the diversity of economic and corporate profiles that exist among the Exchange members. By approving new trading systems as well as new market areas and Exchange rules, the body ensures that all operational and procedural decisions reflect the needs of the sector. Upon merging with APX in June 2016, the Exchange Council was restructured. In order to maintain a balanced representation of the European Power Exchange's membership structure and its enlarged scope, four new members were elected (Statkraft, Vattenfall Energy Trading Netherlands, Bergen Energi, Eneco Energy Trade). Bernhard Walter, Head of Market Design & Regulatory Affairs at EnBW AG was elected new Chairman, following Peter Heydecker, who stepped down after four years. EPEX SPOT builds on the expertise of all Exchange Council members and the Council considerably shapes the Exchanges activity. It is an essential part of the overall organisational structure and a key link to fostering the relationships within our ecosystem.

KEEPING THE BALANCE

The term utility **frequency** describes the frequency of electrical current in a power grid. Power plants generate electricity at a frequency of 50 Hz, meaning at 50 oscillations per second. Electrical machinery and appliances are built to efficiently operate at the same frequency. From the power station to the end-user, frequency on the grid must remain constantly stable.

Frequency stays the same if the demand of electricity is the same as the supply of electricity.

If demand increases unexpectedly, the frequency will go down, eventually leading to a power cut. If demand decreases unexpectedly, the frequency will go up, and if it continues to do so connected machines and appliances will abruptly disconnect from the network to protect themselves from damage. Spot markets with short-term trading spans help to balance the overall system. It is within the responsibility of Transmission system operators (TSOs) to keep the frequency at **50 Hz** from generation to delivery. They do so by feeding more or less electricity into the grid, according to surges and decreases in electricity use and generation. All kinds of different events can affect the electrical grid: end-consumer behaviours, planned operations or unplanned incidents at industrial sites, particular weather phenomena and so on.

Can you guess which of the following events have had an impact on the electricity grids of the respective countries? Which event belongs where?

Eurocup final

Solar Eclipse

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Royal Wedding



United Kingdom 2011 **2,400 MW**

France 2016 **2,100 MW**

Germany 2015 **12,500 MW**

Sources: BBC, RTE, EEX Transparency

• Germany 2015, Solar Eclipse (end of eclipse)

Answer: France 2016, Eurocup final France against Portugal • United Kingdom 2011, Wedding of Prince William and Catherine Middleton



In October 2016, Jonas Törnquist was appointed Chief Operating Officer (COO) and Member of the Management Board of EPEX SPOT. Bringing to the table his vast experience in the energy sector, including nearly 12 years at EDF Group in London and Paris, he has already contributed to the evolution and success of EPEX SPOT as a member of the Exchange's Supervisory Board since 2012. In his function as COO, Jonas Törnquist is in charge of the Exchange operations as well as the shaping of commercial services provided to our clients and prospects.

For years you have known EPEX SPOT "from the outside", as a member of the Supervisory Board. Since October 2016, you have gotten to know EPEX SPOT "from the inside". What have you taken away from your dual perspective insights into the company?

I have known EPEX SPOT through my role in the Supervisory Board, but also from the customer side. Dealing with EPEX SPOT as a customer gives you a rather simple picture - you don't see everything that needs to happen to ensure a great customer experience. But as member of the Supervisory Board I obtained a broader overview of the business activities, even if still at a rather high level. My current perspective as an insider completes the view. And here our customers don't see everything that is going on, all the complexity to deliver market prices all day, every day. What really impresses me the most, and what I wish everyone could see the way I do, is the extraordinary dedication, hard work and innovative approach everyone puts into our mission.

What motivated you to join EPEX SPOT?

First of all, I really believe in the EPEX SPOT product - fostering open markets and delivering market prices that make our economy in Europe more efficient and bringing a benefit to all European citizens. Even before I joined the Exchange, I have always enjoyed working with the EPEX SPOT colleagues, given that I was involved in the market through my previous roles. My personal background is also in keeping with the spirit of EPEX SPOT as a particularly international company: I am Swedish, but in my 20+ years of professional experience in the energy sector I have worked and lived in the UK, New Zealand, Australia and France. Everyone at EPEX SPOT has an international mindset or background; we are a European company with a European angle and a very dedicated team of 16 different nationalities. In addition to this, working for EPEX SPOT means being in the driver's seat for change thanks to the central function the company has within the energy value chain. So to me joining the team really felt like "coming home" again.

How does the Exchange's function fit into the broader vision of society and the future of the energy sector?

EPEX SPOT has a very interesting position: we provide a vital service to our customers and are interacting daily with all the stakeholders in the market - all of whom we need to do our job well. We are a small company with a big function, which is whu we have the opportunity to drive change and to forge new ways of doing business; internally as well as externally. Bringing innovation to the markets first of all means to constantly improve our own processes and habits and to maintain a work environment which brings out the best in the talents who have embarked with us on our journey. From a broader perspective, the trends of decentralisation, decarbonisation and digitalisation reinforce our vital role and enable us to contribute to improvements for society as a whole. At EPEX SPOT, we do not only strive to operate a reliable and trusted market, we also strive to create the markets of tomorrow by fostering and emphasizing innovation in everything we do.

How would you describe the essence of your role?

The position of COO implies responsibility for the daily operations of the company. This spans catering to our customer's needs, operating our markets reliably and efficiently, reinforcing the IT infrastructure and steering improvement projects. It also implies carefully managing our data and further developing new services on the basis of it, such as offering market data products and solutions. Our number one focus at all times is operational excellence, which is key to making a reliable market platform available in two main ways. First, to ensure the systems that are already in place remain operational, stable and reliable; a 100% uptime rate is the goal. And second, to ensure that each new project is delivered well, according to a high quality standard, and benefits all our customers. But on top of this, the world around us is also changing, with the aforementioned trend of digitalisation for instance, which means that the pressure on our systems grows. So we constantly have to find new ways of coping and keep developing cutting-edge technologies to drive change instead of following it. And we are well positioned to succeed.

A Shining Model

Sharing is caring: by sharing our knowledge we serve our own markets better

EPEX SPOT's competence in the operation of power markets does not go unnoticed. We have longstanding international expertise, and participate in projects on a European and even global level. We share what we have learned. By doing this we contribute to the improvement of power markets everywhere and we build expertise that we bring back to our own markets. Discover what makes EPEX SPOT shine internationally.

Exporting a European success story



Over the years EPEX SPOT has become a reference for power trading in Europe. The way we organise spot markets serves as a global inspiration. By striving to export our best practices we learn about power markets everywhere – a valuable asset to constantly improve our work.

common line of action with Japan Electric Power Exchange

In June 2016, EPEX SPOT signed a Memorandum of Understanding with Japan Electric Power Exchange (JEPX). This document aims to deepen the cooperation between the two exchanges, with regard to the design of power market products on one hand. and with regard to the used technologies on the other. EPEX SPOT is working with JEPX to reform the Japanese Power Market, contributing its longstanding expertise in multi-zonal markets. Retail electricity prices in Japan are among the highest in the world, as the system has historically grown with single utilities being responsible for generation, transmission and distribution networks without being exposed to competition. The Japanese government has started to deregulate the sector, which is since facing challenges comparable to those the European power markets experienced in the 1990s. These are challenges which EPEX SPOT knew at the time to transform into strengths, and which lie at the heart of the European Power Exchange's inception.

Connecting power markets in South East Europe

SEEPEX, the South East European Power Exchange, successfully launched its Serbian Day-ahead market in February 2016, with 1,925 MWh traded on the first day. The exchange is a joint venture between the Serbian transmission system operator Elektromreža Srbije (EMS), and EPEX SPOT. This implies that all of SEEPEX' operations rely on the trading system ETS ("EPEX SPOT Trading System"), used by EPEX SPOT to operate its own markets across Central Western Europe. But ambitions go beyond that: inspired by the pioneering role of EPEX SPOT as a driving force in market coupling initiatives, one of the objectives remains for SEEPEX to join a neighbouring market coupling initiative such as the 4M Market Coupling. Besides the mere transmission of the actual trading tools, the transfer of the profound belief in the efficiency of integrated power markets always guides EPEX SPOT in its service provision.

Innovation is our driver in a competitive environment

Historically speaking, power exchanges in Europe have grown within the context of their respective national power markets. With its inception, EPEX SPOT has broken with this tradition from the very start, as a multi-national power exchange whose activity spans over several regions. As a forerunner in market coupling, EPEX SPOT's vision of power markets has always surpassed the national level.

With the enforcement of a new set of European network codes, in particular the Guideline on Capacity Allocation and Congestion Management (CACM) in 2015, breaking the historically grown national boundaries of power exchanges was formally implemented as a binding step towards a single integrated European power market. Each country designated their respective NEMOs (Nominated Electricity Market Operator), and the power exchanges that acquired this status were in turn enabled to set up power markets in new areas that were not historically their own. This means that competition amongst power exchanges will grow - and we are very happy about that. As a designated NEMO, EPEX SPOT has started the preparations to extend its business to the Nordic countries - Denmark, Finland, Norway and Sweden – as well as to Poland. We plan to implement a range of products currently available on our core markets, complemented by products suited to each market's needs. We are more than confident regarding the outcome of these missions, and this is why: First of all, our setup makes us unique. Our strength is our reinforced teams, which, after the merger with former APX, combine skill sets and expertise in a way that is unique in Europe. Second of all, operating in an increasingly competitive environment will emphasize what we do best - we innovate. We have been able to discern specific needs of our respective markets and to design products that not only respond to these needs, but that are also exportable to other market areas. The successful launch of the French capacity market in 2016 is just one example of this: EPEX SPOT reacted to a national need for supply security with the implementation of a product that is accessible to market participants everywhere.

Deploying market principles on behalf of security of supply

To ensure generation adequacy and supply security, in December 2010 the French parliament voted for the introduction of a capacity market through the so-called NOME law. According to this mechanism, electricity producers and demand-response operators receive capacity certificates issued by the French transmission system operator RTE. They receive these guarantees for free, in return for a commitment that their respective power plants will be available during peak demand hours. Power suppliers are under obligation to acquire a certain amount of these capacity guarantees, covering the equivalent peak consumption of their consumers for each delivery year.

On 15th December 2016 EPEX SPOT organised the first capacity auction, allowing market participants – producers and suppliers alike – to trade capacity guarantees and to determine a neutral market price for capacity certificates. The organisation of an auction provides significant advantages over bilateral trading, as liquidity in the market is pooled and a reference price is determined through anonymous and secure trading. On this first auction, 29 members traded a total of 226 358 capacity guarantees for 999,98 Euros per guarantee. Since one guarantee represents 0,1 MW of certified capacity, this means that in total 22 635,8 MW (22,6 GW) were traded. With the announcement of three further auctions in 2017 and recurring auctions in the following years, EPEX SPOT has created a mechanism that will contribute to supply security in the long run, to the benefit of producers, suppliers and consumers.

A UNIVERSAL CULTURE

We are our people: Talents from all backgrounds form a new EPEX SPOT

The merger in 2015 brought people together. New teams formed and new colleagues started collaborating, building a new EPEX SPOT. We seized this opportunity to newly define how we work together and how we learn from each other. 2016 was a crucial year in determining our common language. Having found this common language is what really made the merger successful.

Creating a common DNA for EPEX SPOT

The definition of a corporate culture and identity - shared by all - has been one of the main goals after the merger. This is something that can't be imposed, it has to be established collectively. At EPEX SPOT we have successfully created a singular, universal culture.

ulture counts: How culture creates lasting change

With the integration of EPEX SPOT and former APX Group, new teams have been formed, new links have been forged and new bonds have been created. People of 16 nationalities work at EPEX SPOT. They each bring to the table not only their professional backgrounds but their respective cultural backgrounds as well. Together we have built a new corporate identity, and we continue to constantly define our way of working together. By making the best of each person's professional and cultural background, we ensured the changes brought by the merger were better accepted, and subsequently led to an improved corporate culture.



It takes two to tango: The effort of each and every one brought us closer together

In order to facilitate the formation of such a corporate culture, concrete measures were taken. Through intercultural seminars, we identified the concerns of our colleagues, and differences in decision-making and interactions between the different nationalities were analysed. We reviewed priorities and processes together to share best practices and preserve what works well. Each department nominated a change ambassador, a specific point of contact for questions and inquiries. Change was thus humanised, and became a catalyst for interaction. The ambassadors met regularly to identify points of improvement based on the comments they received from their colleagues, feeding back into the overall strategy.



Secondment periods for staff were institutionalised, encouraging everyone to spend working periods of several months at other sites, in order to entirely immerse themselves in the working world of another location.



Living our values is a work in progress

Customer orientation, innovation & agility and trustful teams are EPEX SPOT's core values. Implementing them into our daily lives is an ongoing process. We have found our common language, but patience, transparency and honesty will remain important factors in building our joint future. Our constant effort to work together more efficiently is crucial to our performance and to the quality of the services we provide to our customers.



A Universal State of Mind

Austria

Poland

Arnold • • Weiss

Head of Austrian Office

Vienna I never thought that the European dimension of an activity can be measured, but these figures don't lie: 12+ member states visited (per year), more than 8 (counted!) means of travel,

and up to 5 dedicated phones used on a single day! Europe for today. Europe for tomorrow. The Netherlands

Gerda Khairi

Executive Support • Amsterdam

EPEX's international growth gave me the opportunity to work as an executive assistant for the COO located in Paris while I am based in Amsterdam. Having experienced a lot of changes in my career at EPEX in the energy branch thus far, I am very motivated to make this challenge into a success!! ▶ The Netherlands

Morocco

Rachida Boussamgane Technical Project Lead ; Application Servi<u>ces</u>

Amsterdam •

I enjoy working for an international, challenging and dynamic company like EPEX and with my personal cultural diversity, I am feeling completely integrated within the company. Looking at everything we have achieved and how we make things happen together, it is just amazing to work in this European environment.

Germany

Tamiro In Rakow

Head of Business & System Analysis Paris

Since 2009 I have worked for EPEX at 2 different locations, using 3 different languages

Davide Orifici

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Italv

Switzerland

Head of Swiss Office

affairs within EPEX and the European voice within Switzerland.

Tunisia

Belgium

Bern As Head of the Swiss Office, I am the "Ambassador" of Swiss

Germany

Serbia

The Netherlands Nataša Miljuš

Key Account Manager Amsterdam

Since the start of my career I have worked in international environments with many different many different nationalities. Within EPEX SPOT this is reflected in our day to day work• by the people and locations of our colleagues and members. This fits in having a Serbian background and being based in Amsterdam.

Canada

Tina Phillipp Market Operations

Leipzig

traders from 23 different

Hungary Germany

Belgium

France

ylvie Tārnai

Business Development Manager Paris

I work on a daily basis with partners from neighboring countries to Eastern Europe and to the Nordics. It is very exciting to work on new initiatives and further broaden our horizons. As German-French with Hungarian background, I feel very at home at EPEX and am• glad to contribute shaping

Howard **Vright**

Business Development Manager

.London

Serving international markets means working with international customers who have very distinctive needs. I truly enjoy the challenges this comes with, and working at EPEX SPOT has extended my professional and personal

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HIGHLIGHT THE SOCIETY

Serving a higher purpose: the benefit of society is our ambition

The smooth and efficient integration of the energy transition is the responsibility of all actors in the energy sector. Through its Day-Ahead and Intraday markets, EPEX SPOT considerably contributes to the successful integration of renewables into the market. Explore how what we do creates benefits for consumers, helps to achieve environmental goals and fosters trust.

What EPEX SPOT does for you

EPEX SPOT is a competitive organisation and we are proud to develop solutions the market needs. By optimising power-flows through a more efficient price formation, we create a real and tangible benefit for our customers and consumers.

a European aspiration

The crucial role of renewable energies as a means to mitigate climate change is undisputed around the globe. While all European member states are increasing the capacity of their electricity generation from natural resources, an efficient integration of this electricity into the energy market has to be ensured. It is not enough to produce the electricity - it has to reach the consumer without harming the respective links in the energy value chain. This poses challenges to energy markets: The sun is a powerful energy source - but it doesn't always shine. Wind considerably contributes to electricity generation - but it doesn't always blow. EPEX SPOT has proven over the years that we are able to efficiently integrate renewables into our short-term markets, because the very nature of our markets caters to the needs of renewable energy production: short-term markets are flexible, trading takes place close to delivery and trading units are increasingly adapted to fine-tuning. We continuously develop our offer of flexible products and will keep on doing so. This makes EPEX SPOT more than a witness to the energy transition. We are a main driver in the process and therefore directly contribute to the achievement of climate goals.

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Why prices matter

A free and orderly market ensures the formation of a neutral price in a transparent, instant and fair manner. With its Day-Ahead auction, EPEX SPOT determines a reference price for electricity for each hour of each day, all-year round. Our prices are a strong signal for the relationship of demand and supply of electricity at any given time across Europe, and for the need of investments. Over the years prices have dropped and our traded volumes have grown, showing that the relationship of production and consumption has been optimised through the workings of the free market, and to the benefit of society. Thanks to Market Coupling initiatives, price signals serve an even higher purpose, since these coupling mechanisms are based on the reference prices emerging from liquid markets. Transactions on power exchanges are combined with the allocation of available cross-border capacity, which means that electrical current follows the price signal across borders: from a lower-priced area to a higher-priced area. This leads to a growing priceconvergence and less volatility across Europe.

Trust is good, control is better

Our market surveillance mechanisms cater to the society's need for confidence and guarantee a fair and orderly market. Market surveillance at EPEX SPOT is institutionalised and our methods have been building trust in the market since our inception. EPEX SPOT's Market Surveillance Office and the way it operates is unique in Europe. It is an independent exchange body that directly reports to the EPEX SPOT Management Board as well as to the Exchange Council. By monitoring all EPEX SPOT markets, it checks that the trading members comply with the EPEX SPOT Market Rules and the Code of Conduct at all times. It also plays a crucial role in interactions with regulatory authorities. The Market Surveillance Office works with specific market indicators, complemented by deeper investigations when applicable. The Office is entitled to request information from exchange members. If a breach of Market Rules is proven. EPEX SPOT is able to decide on a sanctioning procedure. In addition to monitoring and investigating what is happening on the market, Market Surveillance is taking a strong stance for prevention. Through workshops and a constant dialogue, members are accompanied in meeting requirements and encouraged to operate in compliance with the rules - to guarantee the integrity of all EPEX SPOT markets.



Supervisory Board



The Supervisory Board is one of EPEX SPOT's official governing institutions. Its members are outstanding actors in the European energy sector, appointed by our shareholders. The Board members elect the Management Board, approve the corporate strategy and budget and control the actions of the management. The Board reflects our increasing number of collaborations on a European and international scale.



THE MEMBERS

OF THE SUPERVISORY BOARD ARE:

Dr. Hans-Jürgen Brick,

Chief Commercial Officer at Amprion GmbH

Mr Ulf Heitmüller,

Chairman of the Executive Board of Verbundnetz Gas Aktiengesellschaft (VNG); Member of the Supervisory Board of EEX

Mr Thomas Karall,

Member of the Board of Austrian Power Grid AG (APG)

Dr. Jürgen Kroneberg (Chairman),

Lawyer and Chairman of the Supervisory Board of EEX

Mr Melchior Kroon,

Chief Executive Officer and Chairman of the Executive Board of TenneT Holding BV

Dr. Egbert Laege,

Chief Executive Officer of Powernext SA and Member of the Management Board of EEX

Mr Chris Peeters,

Chief Executive Officer of Elia Group

Mr Peter Reitz (Deputy Chairman),

Chief Executive Officer of EEX and European Commodity Clearing AG (ECC)

Mr Hans E. Schweickardt,

Chairman of the Supervisory Board of Polenergia Holding

Dr. Jörg Spicker,

Head Market and Member of the Executive Board of Swissgrid AG

Mr Jean Verseille,

Director European Áffairs of RTE and Chairman of the Board of Holding des gestionnaires de réseaux de transport d'électricité SAS (HGRT)

Mrs Iris Weidinger,

Chief Financial Officer of European Energy Exchange AG



Our Values Customer orientation & agility

Trustful teams

FINANCIAL REPORT



EPEX SPOT Group accounts as of 31/12/2016

Basis of preparation

On 4 May 2015, the company EPEX SPOT acquired 100% of APX Group. Given the size of APX Group, EPEX SPOT considered the presentation of a consolidated statement for the annual financial accounts as of 31 December 2016 as appropriate. Since EPEX SPOT is fully consolidated in the financial accounts of the Group EEX as of 31 December 2015, the company has no regulatory obligation to prepare any consolidated financial statements. Therefore, these statements have been prepared on a voluntary basis and for information purposes only. Moreover, they only refer to the year ending as of 31 December 2016. By way of simplification, the International Reporting Financial Standards (IFRS) as adopted by the European Union, as well as the EEX Group standards, have been applied to a limited extent and have not been audited.

Furthermore, the financial statements as of 31 December 2015 included the revenue and expenses related to the clearing activities of APX Group. However, according to the transfer agreement concluded in the first semester 2015, the rights to deploy the clearing services were acquired by the company European Commodity Clearing AG (ECC) on 4 May 2015.

Perimeter of consolidation

The consolidated financial statements of EPEX SPOT SE as of 31 December 2016 were prepared including the following statutory entities:

- EPEX SPOT SE 100% Fully consolidated
- EPEX SPOT CH AG 100% Fully consolidated
- BELPEX S.A. 100% Fully consolidated
- EPEX Netherlands B.V. 100% Fully consolidated
- APX Commodities Ltd. 100% Fully consolidated
- JV EPEX-SOOPS B.V. 60% Fully consolidated
- SEEPEX 25% Equity

Accounting information

In order to prepare the consolidated financial statements, EPEX SPOT SE relied on the statutory financial statements of the company as well as on the financial statements of its subsidiaries. They have been restated to ensure the consistency with the policies adopted by the group. This information has been reviewed by the auditor of each entity for the purpose of the EEX Group consolidation reporting.

The intercompany transactions, balances and unrealised gains/losses on transactions between group companies are eliminated.

As a result of the acquisition of the APX Group by the company EPEX SPOT SE, a Purchase Price Allocation (PPA) was performed by the EEX Group for its consolidation. EPEX SPOT SE included the result of this PPA, unchanged, for the preparation of its consolidated statements. However it should be noted that the preparation of a PPA at EPEX SPOT level would have resulted in different adjusted figures.

Balance sheet

	31/12/2016	31/12/2015
ASSETS		
FIXED ASSETS		
Goodwill	11 046	11 046
Intangible fixed assets	26 012	25 223
Property, plant and equipment	1 972	2 502
Deferred tax assets	969	1 575
Financial assets	68	0
TOTAL FIXED ASSETS	40 068	40 346
SHORT-TERM ASSETS		
Trade debtors and related accounts	18 585	139 149
Other receivables	5 771	28 143
Cash collaterals	0	277 640
Cash and cash equivalents	21 814	28 865
TOTAL SHORT-TERM ASSETS	46 171	473 797
TOTAL ASSETS	86 238	514 143

Stockholder's equity and liabilities

	31/12/2016	31/12/2015
CAPITAL AND RESERVES		
Capital	6 168	6 168
Premiums on shares issued, mergers, contributions	35 320	35 320
Other reserves	4 299	2 955
Profit for the financial year	16 733	20 459
Minority interest	71	71
TOTAL CAPITAL AND RESERVES	62 591	64 973
LONG-TERM LIABILITIES		
Provisions	396	0
Deferred tax liabilities	5 097	5 362
TOTAL LONG-TERM LIABILITIES	5 493	5 362
SHORT-TERM LIABILITIES		
Provisions	1679	1 0 4 9
Financial liabilities	0	25 601
Trade creditors and related accounts	8 0 0 8	129 899
Cash collaterals	0	277 641
Other liabilities	8 468	9 618
TOTAL SHORT-TERM LIABILITIES	18 155	443 808
TOTAL LIABILITY AND EQUITY	86 238	514 143



Comments to the balance sheet items

Goodwill

The goodwill results from the two following mergers:

- 1,544 KEUR as a result of the merger of EPS (the German spot markets) into EPEX SPOT on January 1, 2009.
- 9,502 KEUR as a result of the combination of the APX Group entities into EPEX SPOT subgroup consolidation (figures derived from the PPA performed at EEX level).

Intangible fixed assets

They mainly consist of:

• Intangible Purchase Price Allocation (PPA): This has been derived from the following allocation of intangible resulting from the acquisition of APX Group:

	REMAINING USEFUL LIFE (YEARS)	FAIR VALUE AS AT 31/12/2015	AMORTIZATION 2016	REMAINING BOOK VALUE AS AT 31/12/206
Customer relationship trading NL	20	12,975	671	12,303
Customer relationship trading UK	18	2,931	169	2,762
Customer relationship trading BE	21	5,039	248	4,792
TOTAL GOODWILL VALUE	-	20,945	1,088	19,857

• Other intangible assets: The net of those items amounts to 747 KEUR (2015: 3,022 KEUR). They are amortized according to the straight-line method over duration of 36 up to 60 months. They mainly relate to software and systems developed internally for the purpose of the day, ahead market coupling operations.

	REMAINING USEFUL LIFE (YEARS)	FAIR VALUE AS AT 31/12/2015	AMORTIZATION 2016	REMAINING BOOK VALUE AS AT 31/12/206
Trademark APX	5	470	108	361
Trademark Belpex	5	96	22	74
Order_Backlog	2	208	156	52
Exchange License	infinite	114	0	114
APX_Software P235 Remit	5	119	27	91
APX_Software OTC Give up	2	247	18	229
APX_Software Twin DC	5	1,638	328	1,310
TOTAL GOODWILL VALUE	-	2,892	659	2,233

• Assets under construction: this position amounts to 3,177 KEUR (2015: 1,977 KEUR) and mainly contains investments for market coupling projects on Intraday Crossborder.

Tangible fixed assets

As of 31 December 2016, they mainly relate to hardware system for 5,836 KEUR in gross value (1,481 KEUR in net), facilities equipment for 1,786 KEUR in gross value (365 KEUR in net) and office materials and furniture for 362 KEUR in gross value (125 KEUR in net).

Deferred tax assets

They mainly resulted from temporary tax differences as well as differences on accounting standard between local GAAP and IFRS.

Trade debtors and related accounts

This item amounting to 18,585 KEUR decreased compared to the previous year (2015: 139,149 KEUR) as a result of the transferred of the clearing activities to ECC AG (cf. trade payables).

Other assets

This position (5,624 KEUR) represents mainly receivables to affiliated companies for 2,806 KEUR, prepaid expenses for 821 KEUR and VAT receivables for an amount of 279 KEUR (2013: 1,843 KEUR).

Cash collateral

Collateral in cash is no longer accounted for as the clearing activities and corresponding assets transfer was terminated in March 2016.

Cash and cash equivalent

The total cash position of EUR 21.8 million is freely available to the group.

Capital and reserves

No change in share capital. The legal reserve amounts to 617 KEUR and therefore complies with the minimum mandatory requirement corresponding to 10% of the share capital.

Deferred tax liabilities

This item refers to the temporary tax differences corresponding to the Purchase Price Allocation (PPA).

Provisions

This item contains several risk provisions for different purposes, the individual amounts of which are deemed to be immaterial.

Trade creditors and related accounts

This item amounting to 8,008 KEUR decreased compared to the previous year (2015: 129,899 KEUR) as a result of the transferred of the clearing activities to ECC AG.

Other liabilities

This item contains mainly tax and social debts.

Income statement

IN THOUSAND EURO	31/12/2016	31/12/2015		
OPERATING INCOME				
Sales revenue	75 494	72 763		
Other income	2 874	380		
OPERATING INCOME	78 368	73 143		
OPERATING CHARGE				
Other operating expenses	-29 217	-22 366		
Employee benefits costs	-20 419	-17 375		
Fixed assets: Appropriations to depreciation	-2 976	-2 965		
OPERATING CHARGES	-52 612	-42 706		
OPERATING PROFIT OR LOSS	25 757	30 437		

IN THOUSAND EURO	31/12/2016	31/12/2015
FINANCIAL INCOME		
Financial income	363	823
Financial expenses	-380	-303
FINANCIAL PROFIT OR LOSS	-17	520
Extraordinary incomes	0	0
Extraordinary charges	0	0
EXTRAORDINARY PROFIT OR LOSS	0	0
Equity result	-54	-124
Income tax	-8 953	-10 374
PROFIT OR LOSS	16 733	20 459

Comments to the items of the income statement



Sales revenues

Sale revenues increased by 4% compared to the prior year mainly as a result of the full year integration of APX trading activities (last year only 8 months). Overall, it is composed as follows:

IN KEUR	31/12/2016	31/12/2015	VARIANCE	VARIANCE IN %
Variable fees	50 936	49 155	1 781	4%
Service providing income	9 012	6 761	2 251	33%
Annual and technical membership fees	15 133	16 367	-1 234	-8%
Entrance fees	413	481	-68	-14%
SALES REVENUES	75 494	72 764	2 730	4%

Other income:

Other income is mostly cost recharge to the benefit of other group entities (service level agreement recharges).

Employee benefits costs:

This item (20,419 KEUR) increased as a result of the full year integration of APX employees related costs (last year 8 months) and a general growth on EPEX SPOT SE wages and related contribution costs (2015: 17,374 KEUR).

Other operating expenses:

This post mainly contains services of external providers and external consultant fees. It increased from 22,366 KEUR in 2015 to 29,217 KEUR in 2016, resulting from the additional contribution of APX activities on a full-year basis.

Depreciation and amortization

This mainly relates to the amortisation of 2,099 KEUR in intangible assets —and 876 KEUR in tangible assets.

Financial income

This item mainly represents interest earned on collateral accounts and bank deposits, less interest charges on bank facilities and overdraft.

Income tax expenses

This items amounts to 8,953 KEUR (2015: 10,374 KEUR) and contains the corporate income tax and the surtax applied to the profit of EPEX Group. Thereof the average income tax rate on the group profit amounts to 34%. The impact of the deferred taxable items is a charge of 482 KEUR.

Training programs

EPEX SPOT offers a wide range of training programs available to members and non-members alike. Our E-learning modules are designed to transmit knowledge in an innovative and interactive way, and by using a variety of digital tools. Learn more about the functioning of European power markets and energy trading by entering a course that fits your needs – whether you are a trader or an energy professional.

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