

2023

Annual Report

epet.

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1. OPENING STATEMENT OF THE CHIEF EXECUTIVE OFFICER

Ladies and Gentlemen,

Let me inform you about the business activities of EP ENERGY TRADING, a.s. in the past year ended 31 December 2023 and plans of the Company for 2024.

In 2023, we achieved the planned supply of electricity and natural gas to end customers despite the difficult situation on the energy market caused by the high volatility of prices. Specifically, we supplied 4.0 TWh of electricity and 2.5 TWh of natural gas.

The Company currently supplies energy to more than 99,300 supply points in the Czech Republic and Slovakia which is a year-on-year increase by more than 15,000 supply points.

Increasing the loyalty and satisfaction of our customers, business partners and our employees – this is the primary principle of our Company based on which we achieve good financial results in the long-term and increase the value of the Company.

As of 2023, Gazela Energy, a.s. also belongs to the epet group. As of 31 December 2023, Gazela Energy, a.s. supplied electricity and gas to almost 13,000 supply points.

EP ENERGY TRADING, a.s. sells its products under the epet brand. The strategy of the brand is customer-oriented and wishes for simplicity, efficiency, clarity and a human approach.

As in the prior year, we will continue to focus on strengthening our position in the segment of energy supply to households through new investment opportunities.

I would like to thank you all for the cooperation to date and I believe that you will continue to be satisfied with our services.

In Prague on 30 April 2024

Petr Švec



Chief Executive Officer of EP ENERGY TRADING, a.s.

2. SELECTED DATA ON THE COMPANY

Company:	EP ENERGY TRADING, a.s.
Registered office:	Klimentská 1216/46, Prague – Prague 1, 110 02
Corporate ID:	273 86 643
Tax ID:	CZ27386643
Recorded in:	Register of Companies maintained by the Municipal Court in Prague, File B, Insert 10233
Tel.:	+420 255 707 090
Fax:	+420 255 707 091
E-mail:	info@epet.cz
Website:	www.epet.cz
Customer line:	+420 255 707 099
Foreign branch:	EP ENERGY TRADING, a.s., organizačná zložka,
Registered office:	Pribinova 25, 811 09, Bratislava, Slovakia
Corporate ID:	366 82 071
Subsidiary:	Dobrá Energie, s. r. o.
Registered office:	Klimentská 1216/46, Prague – Prague 1, 110 00
Corporate ID:	242 40 834
Subsidiary:	Gazela Energy, a.s.
Registered office:	Klimentská 1216/46, Prague – Prague 1, 110 00
Corporate ID:	241 35 712
Sole shareholder:	EP Energy, a.s.
Registered office:	Pařížská 130/26, Josefov, 110 00 Prague 1
Corporate ID:	292 59 428

COMPANY PROFILE

EP ENERGY TRADING, a.s., joint stock company, is a reliable supplier of electricity and natural gas to households, companies and wholesale customers in the Czech Republic and Slovakia.

It offers a professional approach, fast and open dealings, good quality services and especially interesting and competitive prices to its customers. It is a respected alternative to all dominant energy suppliers.

Another business activity of the Company is trading with electricity and gas on the wholesale market.

The entity is part of the EP ENERGY group, a significant supplier of heat and the second largest electricity producer in the Czech Republic. Thanks to the economic strength of this owner who has its own energy sources, EP ENERGY TRADING, a.s. is a stable partner for its customers, offering one of the best price conditions on the market and the assurance of compliance with contractual obligations.

3. REPORT OF THE BOARD OF DIRECTORS ON THE COMPANY'S BUSINESS ACTIVITIES AND BALANCE OF ITS ASSETS

All listed data are prepared in line with the Czech Accounting Standards.

Economic results for 2023

In the year ended 31 December 2023, EP ENERGY TRADING, a.s. reported a turnover of CZK 36.5 billion. The profit before tax amounted to nearly CZK 480 million.

Principal business activities in 2023

The principal business activities include the sale of electricity and gas to end customers in the Czech Republic and in Slovakia and electricity and gas trading on the wholesale market.

Electricity

The total sales of electricity to end customers in the Czech Republic and Slovakia in 2023 in technical units reached 3,990 GWh. Supplies of electricity in Slovakia are provided through EP ENERGY TRADING, a.s., organizačná zložka.

EP ENERGY TRADING, a.s. has an exclusive position in the purchase and sale of electricity from the production sources of the group and electricity supply to end customers.

In 2023, the company traded 3,443 GWh of electricity, including stock exchange trading.

Natural gas

In 2023, EP ENERGY TRADING, a.s. supplied 2,469 GWh of natural gas to end customers in the Czech Republic and traded 648 GWh of this commodity.

Part of business abroad

The Company has a branch abroad, EP ENERGY TRADING, a.s., organizačná zložka with its registered office at Pribinova 25, 811 09 Bratislava, Corporate ID: 36 682 071, which was recorded in the Slovak Register of Companies on 3 October 2006. As of 31 December 2023, the managers of the branch were Ladislav Sladký and Petr Švec.

Further development

For 2024, the principal task is to maintain current market positions in the sale of electricity and gas increase the sale in the household segment. The Company will focus on maintaining its profitability in the energy supplies to end customers segments despite the current highly competitive conditions on the market and a prudent approach to the risk that the Company upholds.

EP ENERGY TRADING, a.s. will continue to strengthen relationships with its partners and develop business relations with new counterparties.

Internally, the Company will focus on optimizing processes and improving the quality of service to end customers.

Research and development activities

The Company does not focus on research and development activities.

Environmental protection and labour relations

The Company always behaves in an environmentally friendly manner when using consumer materials. Labour relations comply with the Labour code.

Information on objectives and methods of risk management

The Company is, among other things, exposed to currency and market risk in its standard business activities. The Company's management regularly monitors and assesses these risks, in cooperation with the risk management department. The objective of the Company's management is to decrease potential negative impacts of these risks, which is achieved with the use of currency and commodity derivatives. The Company uses hedge accounting; its principles are described in detail in Note 2e) the notes to the financial statements.

Other requirements

During 2023, the Company acquired no treasury shares. The information on the Company's branch is available in the notes to the financial statements.

Significant post balance sheet events

Significant post balance sheet events are presented in the notes to the financial statement that form part of this annual report.

In Prague on 30 April 2024



Petr Švec

Member of the Board of Directors



Ladislav Sladký

Member of the Board of Directors

4. REPORT ON RELATED PARTY TRANSACTIONS

pursuant to Act No. 90/2012 Coll., on Business Corporations and Cooperatives, for the reporting period from 1 January 2023 to 31 December 2023.

The Board of Directors of EP ENERGY TRADING, a.s., having its registered office at Klimentská 1216/46, 110 02, Prague 1, prepared this Report on Related Party Transactions between the controlled entity, directly and indirectly controlling entities and other entities controlled by the same controlling entity for the reporting period from 1 January 2023 to 31 December 2023, under Section 82 of Act No. 90/2012 Coll. on Business Corporations and Cooperatives, as amended.

The directly controlling entity in the reporting period from 1 January 2023 to 31 December 2023 was EP Energy, having its registered office at Pařížská 130/26, Josefov, 110 00 Prague 1.

The directly controlling entity EP Energy, a.s. held 16 shares of the controlled entity, representing 100% of the share capital and a corresponding share in voting rights in the reporting period.

I. Controlled entity

EP ENERGY TRADING, a.s., having its registered office at Klimentská 1216/46, Postal code 110 02, Prague 1, Corporate ID 273 86 643, recorded in the Register of Companies held by the Municipal Court in Prague, File B, Insert 10233 on 31 October 2005.

II. Controlling entity

a) directly controlling entities

EP Energy, a.s., having its registered office at Pařížská 130/26, Prague 1, 110 00, Corporate ID 292 59 428, recorded in the Register of Companies held by the Municipal Court in Prague, File B, Insert 21733, on 16 December 2010.

b) indirectly controlling entities

In period from 1 January 2023 to 31 December 2023, the indirectly controlling entity was EP Infrastructure, a.s., having its registered office at Pařížská 130/26, Josefov, 110 00 Prague 1, corporate ID 02413507, registered in the Register of Companies held at the Municipal Court in Prague, Section B, file 21608.

Energetický a průmyslový holding, a.s.

Registered office: Pařížská 130/26, Josefov, 110 00 Prague 1, Czech Republic

Corporate ID: 283 56 250

EP Corporate Group, a.s.

Registered office: Pařížská 130/26, Josefov, 110 00 Prague 1, Czech Republic

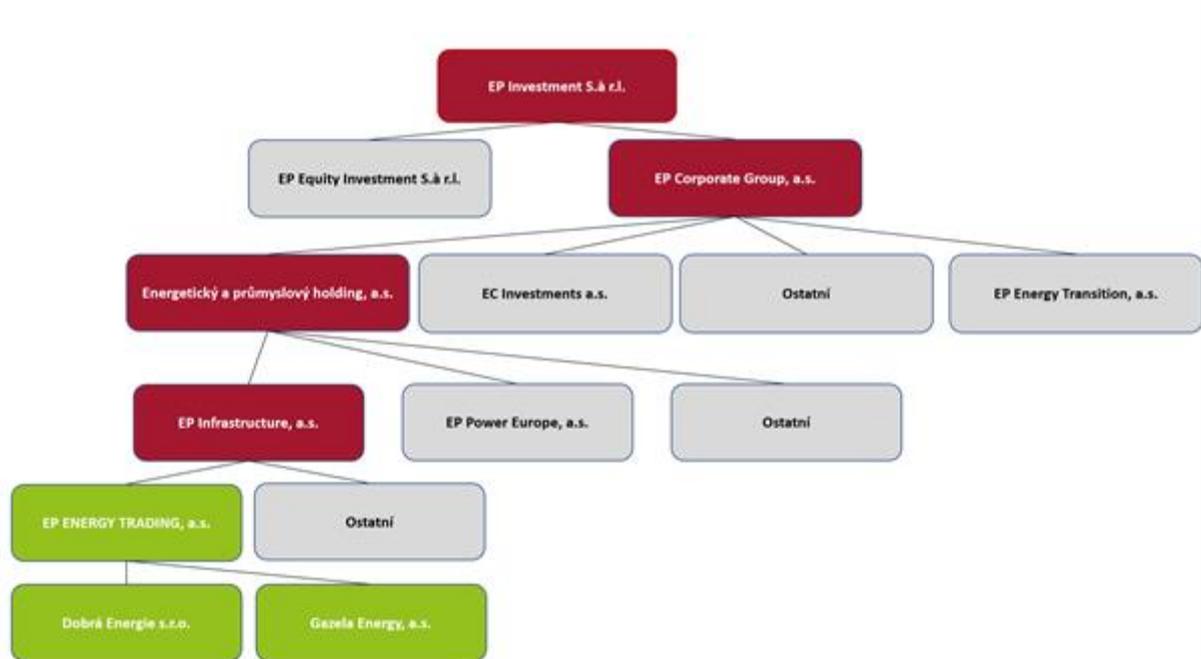
Corporate ID: 086 49 197

EP Investment S.a r.l.

Registered office: 2 Place de Paris, L – 2314, Luxembourg, the Grand Duchy of Luxembourg

Corporate ID: B 184488

c) structure of relations



III. Role of the controlled entity, manner and means of control

The role of the controlled entity in the group is trading with commodities on the wholesale market and supply of commodities to end customers. In this role, the controlled entity enters in business relations with related parties. All contractual relations with related parties were concluded under the arm's length principle, and the agreed performance corresponded to standard trade conditions. The decisive influence of the controlling entity is primarily exercised by the appointing and recalling of members of the statutory bodies and the supervisory body in line with the applicable legal regulations and Articles of Association of the controlled entity.

IV. Contracts concluded with related parties during the reporting period

During the reporting period ended 31 December 2023, the following contracts were effective between the controlled entity and directly or indirectly controlling entities and between the controlled entity and entities controlled by the same controlling entity:

- (1) EFET master agreement concluded with Stredoslovenská energetika, a.s. on 1 October 2007
- (2) Master agreement concluded with Stredoslovenská energetika-Distribúcia, a.s. on 1 July 2007
- (3) Master agreement on the supply and purchase of electricity with the transfer of responsibility for differences concluded with Elektrárny Opatovice, a.s. on 15 December 2010
- (4) EFET master agreement (electricity) concluded with EP Commodities, a.s. on 1 December 2014
- (5) EFET master agreement (gas) concluded with EP Commodities, a.s. on 1 December 2014
- (6) Master agreement on distribution concluded with SPP – distribúcia, a.s. on 6 October 2015
- (7) Master agreement on the supply and purchase of electricity with the transfer of responsibility for differences concluded with United Energy a.s. concluded on 31 December 2010
- (8) Agreement on maintained financial collateral with EP Commodities, a.s., concluded on 1 December 2017
- (9) Service agreement with EP Commodities, a.s. concluded on 2 January 2018.
- (10) Agreement on the provision of professional assistance with EP Infrastructure, a.s., concluded on 2 January 2018
- (11) Agreement on the provision of professional assistance with EP Infrastructure, a.s., concluded on 1 October 2018
- (12) Agreement on the provision of professional assistance with EP Investment Advisors, s.r.o. concluded on 4 January 2016, including the amendment of 2 January 2017
- (13) Agreement on combined supplies of retail gas with Plzeňská teplárenská, a.s. concluded on 22 December 2021
- (14) Loan contract with EP Energy, a.s. concluded on 21 May 2021
- (15) Agreement on the supply of natural gas with Dobrá Energie, s.r.o. concluded on 26 October 2021
- (16) Agreement on the supply of electricity with Dobrá Energie s.r.o. concluded on 2 August 2021
- (17) Agreement on the provision of services with Dobrá Energie s.r.o. concluded on 4 January 2022
- (18) Agreement on the supply of LV electricity for 2023 with RPC, a.s. concluded on 21 December 2022
- (19) Agreement on the supply of LV electricity for 2023 with Loko Train s.r.o. concluded on 21 September 2021
- (20) Agreement on the supply of retail gas for 2023 with Loko Train s.r.o. concluded on 21 September 2021
- (21) Closing sheet on combined supplies of LV electricity for 2023 with Plzeňská teplárenská, a.s, concluded on 24 November 2022
- (22) Agreement on the supply of electricity – purchase of electricity for 2023 with POWERSUN a.s. concluded on 22 December 2022
- (23) Agreement on the supply of electricity – purchase of electricity for 2023 with VTE Pchery, s.r.o. concluded on 2 December 2022
- (24) Agreement on the supply of HV electricity for 2023 with VTE Pchery, s. r. o. concluded on 29 December 2022

- (25) Agreement on the supply of HV electricity for 2023 with POWERSUN a.s., concluded on 22 December 2022
- (26) Agreement on combined supplies of HV electricity for 2023 with SOR Libchavy spol. s.r.o., concluded on 25 November 2022
- (27) Agreement on the supply of HV electricity for 2023 with Plzeňská teplárenská, a.s., concluded on 22 November 2022
- (28) Agreement on combined supplies of gas (wholesale and medium size customers) for 2022 – 2023 with Plzeňská teplárenská, a.s., concluded on 21 December 2021
- (29) Agreement on combined supplies of gas (wholesale and medium size customers) for 2023 with SOR Libchavy spol. s.r.o., concluded on 25 November 2022
- (30) Agreement on combined supplies of gas (wholesale and medium size customers) for 2023 – 2024 with United Energy, a.s., concluded on 21 December 2022
- (31) Agreement on combined supplies of HV electricity for 2022 – 2023 with SPP Storage, s.r.o., concluded on 16 November 2021
- (32) Agreement on supplies with AISE, s.r.o. concluded on 4 November 2019
- (33) Agreement on supplies with Severočeská teplárenská, a.s. concluded on 25 October 2022
- (34) Agreement on combined supplies of HV electricity for 2023 Střelničná reality s.r.o. concluded on 27 December 2022
- (35) Agreement on the supply of gas with eustream s.r.o. concluded on 5 May 2022
- (36) Agreement on combined supplies of electricity and distribution services with Alternative Energy s.r.o. concluded on 17 December 2021
- (37) Agreement on the novation and amendment of the agreement on providing services with International Recourse Invest AG a EP Commodities, a.s. concluded on 2 January 2018
- (38) Agreement on the novation and amendment of the EFET agreement (electricity and gas) with International Recourse Invest AG and EP Commodities, a.s. concluded on 1 December 2014
- (39) Agreement on providing services for 2023 with EP Commodities, a.s., concluded on 5 September 2023
- (40) Agreement on the novation and amendment of the agreement on providing services with EP Risk Management Services, a.s. and EP Commodities, a.s., concluded on 15 December 2023
- (41) Agreement on the supply of gas for 2023 with Dobrá energie, s.r.o., concluded on 21 December 2022
- (42) Agreement on the supply of electricity for 2023 with Dobrá energie, s.r.o., concluded on 21 December 2022
- (43) Amendment to the agreement on providing services with Dobrá energie, s.r.o., concluded on 20 December 2023
- (44) Agreement on the lease of business premises with Dobrá energie, s.r.o., concluded on 29 July 2021
- (45) Amendment to the agreement on the lease of business premises with Dobrá energie, s.r.o., concluded on 27 September 2023
- (46) Amendment to the agreement on providing services for 2023 with Gazela Energy, a.s., concluded on 7 June 2023
- (47) Agreement on the lease of business premises with Gazela Energy, a.s., concluded on 27 September 2023
- (48) Agreement on the supply of gas for 2023 with Gazela Energy, a.s., concluded on 20 December 2022
- (49) Agreement on the supply of electricity for 2023 with Gazela Energy, a.s., concluded on 19 December 2022

V. Other legal acts made in the interest of related parties

During the reporting period, no legal acts were made in favour of the directly or indirectly controlling entities or entities controlled by the same controlling entity in addition to standard legal acts made as part of the exercise of its rights as the shareholder of the controlled entity.

VI. Other measures made in the interest or at the initiative of related parties

During the reporting period, no measures were adopted or made between the controlled entity directly or indirectly controlling entities and entities controlled by the same controlling entity in addition to standard measures made by the controlled entity in relation to the controlling entity as a shareholder of the controlled entity.

In 2023, no acts were made relating to assets exceeding 10% of the equity of the controlled entity at the initiative or in the interest of the controlling entity.

VII. Performance provided and received by the controlled entity

During the reporting period, the controlled entity provided the following performance with the following counter-performance to the directly or indirectly controlling entities and entities controlled by the same controlling entity (cash amounts rounded up to CZK thousand):

Related party	Performance	Sales in CZK thousand	Costs in CZK thousand.
Dobrá energie s.r.o.	Sales of goods	2 056 577	
	Costs of goods sold		
	Other services	5 308	
	Total	2 061 885	
VTE Pchery, s.r.o.	Sales of goods	488	
	Costs of goods sold		9 796
	Other services		
	Total	488	9 796
United Energy, a.s.	Sales of goods	1 440 378	
	Costs of goods sold		3 647 541
	Sales of emission allowances	1 561 609	
	Other services	7 085	4 828
	Total	3 009 072	3 652 369
POWERSUN a.s.	Sales of goods	97	
	Costs of goods sold		15 338
	Other services		
	Total	97	15 338
EP Energy, a.s.	Interest expense		
	Fees for guarantees		5 489
	Interest income	103 685	
	Other services		
	Total	103 685	5 489
Elektrárny Opatovice, a.s.	Sales of goods	2 391 028	
	Costs of goods sold		4 864 120
	Sales of emission allowances	2 321 480	
	Other services	39 931	714
	Total	2 752 439	4 864 834
Stredoslovenská energetika Holding, a.s.	Sales of goods		
	Costs of goods sold		186 902
	Total		186 902
Stredoslovenská distribučná, a.s.	Sales of goods		
	Costs of goods sold		87 351
	Total		87 351

Related party	Performance	Sales in CZK thousand	Costs in CZK thousand.
EP Commodities, a.s.	Sales of goods		
	Costs of goods sold		32 188
	Other services	1 178	
	Interest expense		
	Interest income		
	Total	1 178	32 188
Severočeská teplárenská, a.s.	Sales of goods	8 007	
	Costs of goods sold		
	Total	8 007	
SPP Storage s.r.o.	Sales of goods	4 070	
	Costs of goods sold		
	Total	4 070	
LokoTrains.r.o.	Sales of goods	94	
	Costs of goods sold		
	Total	94	
Alternative Energy s.r.o.	Sales of goods	109	
	Costs of goods sold		
	Total	109	
SPP Distribúcia a.s.	Costs of goods sold		33 579
	Total		33 579
EP Infrastructure, a.s.	Other services		1 202
	Interest expense		141 133
	Interest income	45 035	
	Fees		821
	Total	45 035	143 156
Plzeňská teplárenská, a.s.	Sales of goods	353 024	
	Costs of goods sold		1 828 816
	Sales of emission allowances	1 524 556	
	Other services	3 739	7 291
	Total	1 881 319	1 836 107
EP Commodities, AG	Sales of goods	2 570 123	
	Costs of goods sold		7 478 303
	Other services	28 441	20 101
	Total	2 598 564	7 498 404
AISE s.r.o.	Sales of goods	242	
	Costs of goods sold		
	Total	242	634
eustream, a.s.	Sales of goods	6 313	
	Costs of goods sold		
	Total	6 313	
Gazela Energy, a.s.	Sales of goods	355 809	
	Costs of goods sold		
	Other services	647	
	Total	356 456	

The Company paid dividends of CZK 500,000 thousand to the shareholder in 2023. In 2023, the Company received dividends from its subsidiary Dobrá Energie, s.r.o. in the amount of CZK 250,000 thousand.

VIII. Detriment to the controlled entity and manner of its compensation

The controlled entity incurred no detriment and gained no property advantage from the above concluded contracts, other legal acts, other measures and provided performance or received counter-performance.

IX. Assessment of benefits and disadvantages arising from relations between related parties, relating risks

The controlled entity has no benefits or advantage from the relations between related parties. Relations are based on an arm's length principle and mean no undue benefit or disadvantage for any of the parties. Relations are neutral when it comes to benefits and no risks arise to the controlled entity from the relations.

X. Information confidentiality

In the group, confidential information includes information and facts that are subject to trade secret of controlling entities, the controlled entity and other related parties and the information that was marked as confidential by any related party. In addition, it includes all information from trade transactions that could cause detriment to any of the related parties itself or in relation to other information or facts.

XI. Conclusion

This report was prepared by EP ENERGY TRADING, a.s. and presented for review to the Supervisory Board and verification by the auditor. As the controlled entity has a statutory obligation to prepare the annual report, this report will be appended to the annual report.

The annual report will be stored in the Collection of Deeds held by the Municipal Court in Prague.

In Prague on 29 March 2024

Petr Švec
Member of the Board of Directors

Ladislav Sladký
Member of the Board of Directors

5. REPORT OF THE SUPERVISORY BOARD ON THE RESULT OF ITS SUPERVISORY ACTIVITIES

During 2023, the Supervisory Board of EP ENERGY TRADING, a.s. carried out its tasks in line with the Act on Business Corporations and Cooperatives and the Company's Articles of Association.

In its meetings, it regularly monitored the results of the Company's financial management, the balance of its assets and reviewed the analyses of its financial management. It checked and verified the fulfilment of tasks assigned to the Board of Directors by the general meeting, or by the resolution of the sole shareholder acting in the capacity of the general meeting, as well as the compliance with the generally binding legal regulations and the Company's Articles of Association.

During 2023, the Supervisory Board observed the Company's Articles of Association and the generally binding legal regulations applicable to the activities of joint stock companies when exercising its right of supervision. In the reporting period, the Supervisory Board predominantly focused on its principal task, i.e., supervising the Board of Directors' performance of its duties, and subsequently reviewing the annual financial statements and the proposed profit distribution.

In the interest of the shareholder, it focused on, among other things, inspection of interim economic results, fulfilment of the business plan and resolutions of the annual general meeting. At the same time, it assisted the Board of Directors in implementing the Company's development strategy.

The Board of Directors provided all necessary underlying documents, information and explanations to the Supervisory Board. No deficiencies or breaches of the Articles of Association or applicable legal regulations were identified in the activities of the Board of Directors.

In Prague on 30 April 2024

Michal Antonín

Chairman of the Supervisory Board

6. FINANCIAL STATEMENTS IN ACCORDANCE WITH THE CZECH ACCOUNTING STANDARDS

BALANCE SHEET
full version

EP ENERGY TRADING, a.s.
Corporate ID 273 86 643

As of
31.12.2023
(in CZK thousand)

Klimentská 1216/46
110 02 Praha 1

		31.12.2023			31.12.2022
		Gross	Adjustment	Net	Net
	TOTAL ASSETS	10 808 031	329 427	10 478 604	16 315 629
B.	Fixed assets	922 575	209 870	712 705	696 054
<i>B.I.</i>	<i>Intangible fixed assets</i>	114 505	92 723	21 782	7 846
B.I.2.	<i>Valuable rights</i>	95 297	75 636	19 661	5 903
B.I.2.1.	Software	95 297	75 636	19 661	5 903
B.I.4.	Other intangible fixed assets	17 114	17 087	27	136
B.I.5.	<i>Prepayments for intangible fixed assets and intangible fixed assets under construction</i>	2 094		2 094	1 807
B.I.5.2.	Intangible fixed assets under construction	2 094		2 094	1 807
<i>B.II.</i>	<i>Tangible fixed assets</i>	213 198	117 147	96 051	94 972
B.II.1.	<i>Land and structures</i>	10 454	7 678	2 776	1 156
B.II.1.2.	Structures	10 454	7 678	2 776	1 156
B.II.2.	Tangible movable assets and sets of tangible movable assets	21 385	18 601	2 784	1 034
B.II.3.	Valuation difference on acquired assets	172 171	90 868	81 303	92 782
B.II.5.	<i>Prepayments for tangible fixed assets and tangible fixed assets under construction</i>	9 188		9 188	
B.II.5.2.	Tangible fixed assets under construction	9 188		9 188	
<i>B.III.</i>	<i>Non-current financial assets</i>	594 872		594 872	593 236
B.III.1.	Equity investments - controlled or controlling entity	594 872		594 872	593 236
C.	Current assets	9 805 730	119 557	9 686 173	15 619 575
<i>C.II.</i>	<i>Receivables</i>	9 739 467	119 557	9 619 910	15 528 060
C.II.1.	<i>Long-term receivables</i>	346 958		346 958	1 110 451
C.II.1.4.	Deferred tax asset	277 648		277 648	19 989
C.II.1.5.	<i>Receivables - other</i>	69 310		69 310	1 090 461
C.II.1.5.2.	Long-term prepayments made	66 738		66 738	1 090 461
C.II.1.5.4.	Sundry receivables	2 572		2 572	
<i>C.II.2.</i>	<i>Short-term receivables</i>	9 392 509	119 557	9 272 952	14 290 821
C.II.2.1.	Trade receivables	2 106 068	119 557	1 986 511	3 065 392
C.II.2.2.	Receivables - controlled or controlling entity	3 113 578		3 113 578	1 618 895
C.II.2.4.	<i>Receivables - other</i>	4 172 863		4 172 863	9 606 534
C.II.2.4.3.	State - tax receivables	133 333		133 333	
C.II.2.4.4.	Short-term prepayments made	1 597 308		1 597 308	7 181 570
C.II.2.4.5.	Estimated receivables	2 334 629		2 334 629	2 380 783
C.II.2.4.6.	Sundry receivables	107 593		107 593	44 181
<i>C.IV.</i>	<i>Cash</i>	66 263		66 263	91 515
C.IV.1.	Cash on hand	54		54	23
C.IV.2.	Cash at bank	66 209		66 209	91 492
D.	Other assets	79 726		79 726	126 789
D.1.	Deferred expenses	63 904		63 904	126 724
D.3.	Accrued income	15 822		15 822	65

		31.12.2023	31.12.2022
	TOTAL LIABILITIES & EQUITY	10 478 604	16 315 629
A.	Equity	466 619	1 506 124
A.I.	Share capital	16 000	16 000
A.I.1.	Share capital	16 000	16 000
A.II.	Share premium and capital funds	-1 075 107	-139 607
A.II.2.	Capital funds	-1 075 107	-139 607
A.II.2.2.	Gains or losses from the revaluation of assets and liabilities (+/-)	-1 084 392	-148 892
A.II.2.4.	Gains or losses from transformations of business corporations (+/-)	9 285	9 285
A.III.	Funds from profit	300	300
A.III.1.	Other reserve funds	300	300
A.IV.	Retained earnings (+/-)	1 129 432	882 574
A.IV.1.	Accumulated profits or losses brought forward (+/-)	1 129 432	882 574
A.V.	Profit or loss for the current period (+/-)	395 994	746 857
B.+C.	Liabilities	10 010 217	14 808 021
B.	Reserves	22 423	196 912
B.II.	Income tax reserve		174 392
B.IV.	Other reserves	22 423	22 520
C.	Payables	9 987 794	14 611 109
C.I.	Long-term payables	220 188	643 587
C.I.3.	Long-term prepayments received	16 957	25 039
C.I.6.	Payables - controlled or controlling entity	200 000	577 000
C.I.9.	Payables - other	3 231	41 548
C.I.9.3.	Sundry payables	3 231	41 548
C.II.	Short-term payables	9 767 606	13 967 521
C.II.3.	Short-term prepayments received	3 100 880	3 617 745
C.II.4.	Trade payables	2 480 183	2 522 185
C.II.6.	Payables - controlled or controlling entity	1 400 095	6 323 004
C.II.8.	Other payables	2 786 448	1 504 587
C.II.8.3.	Payables to employees	12 192	9 420
C.II.8.4.	Social security and health insurance payables	5 852	5 334
C.II.8.5.	State - tax payables and subsidies	214 690	350 531
C.II.8.6.	Estimated payables	1 162 887	947 327
C.II.8.7.	Sundry payables	1 390 827	191 975
D.	Other liabilities	1 768	1 484
D.1.	Accrued expenses	1 768	1 484

PROFIT AND LOSS ACCOUNT
structured by the nature of expense method

EP ENERGY TRADING, a.s.
Corporate ID 273 86 643

Year ended
31.12.2023
(in CZK thousand)

Klimentská 1216/46
110 02 Praha 1

		Year ended 31.12.2023	Year ended 31.12.2022
I.	Sales of products and services	87 776	429 717
II.	Sales of goods	31 127 632	33 630 703
A.	Purchased consumables and services	32 405 528	24 906 931
A.1.	Costs of goods sold	31 795 310	24 538 638
A.2.	Consumed material and energy	14 111	6 012
A.3.	Services	596 107	362 281
D.	Staff costs	141 481	139 348
D.1.	Payroll costs	106 016	105 975
D.2.	Social security and health insurance costs and other charges	35 465	33 373
D.2.1.	Social security and health insurance costs	32 708	31 094
D.2.2.	Other charges	2 757	2 279
E.	Adjustments to values in operating activities	36 031	18 726
E.1.	Adjustments to values of intangible and tangible fixed assets	17 462	18 272
E.1.1.	Adjustments to values of intangible and tangible fixed assets - permanent	17 462	18 272
E.3.	Adjustments to values of receivables	18 569	454
III.	Other operating income	2 718 535	1 722 761
III.3.	Sundry operating income	2 718 535	1 722 761
F.	Other operating expenses	1 462 128	1 748 574
F.3.	Taxes and charges	224	69
F.5.	Sundry operating expenses	1 461 904	1 748 505
*	Operating profit or loss (+/-)	-111 224	8 969 602
IV.	Income from non-current financial assets - equity investments	250 000	
IV.1.	Income from equity investments - controlled or controlling entity	250 000	
VI.	Interest income and similar income	149 466	187 361
VI.1.	Interest income and similar income - controlled or controlling entity	148 720	187 265
VI.2.	Other interest income and similar income	746	96
J.	Interest expenses and similar expenses	130 834	244 172
J.1.	Interest expenses and similar expenses - controlled or controlling entity	130 834	244 172
VII.	Other financial income	2 170 467	3 533 988
K.	Other financial expenses	1 848 521	11 518 537
*	Financial profit or loss (+/-)	590 578	-8 041 360
**	Profit or loss before tax (+/-)	479 354	928 242
L.	Income tax	83 360	181 385
L.1.	Due income tax	87 688	184 412
L.2.	Deferred income tax (+/-)	-4 328	-3 027
**	Profit or loss net of tax (+/-)	395 994	746 857
***	Profit or loss for the current period (+/-)	395 994	746 857
*	Net turnover for the current period	36 503 877	39 504 530

**STATEMENT OF
CHANGES IN EQUITY**

EP ENERGY TRADING, a.s.
Corporate ID 273 86 643

Year ended
31.12.2022
(in CZK thousand)

Klimentská 1216/46
110 02 Praha 1

	Share capital	Capital funds	Differences resulting from transformations of business corporations	Other reserve funds	Accumulated profits or losses brought forward	Profit or loss for the current period	TOTAL EQUITY
Balance at 31 December 2021	16 000	3 891 660	9 285	300	811 991	70 582	4 799 818
Distribution of profit or loss					70 582	-70 582	
Change in fair value of hedging instruments		-4 988 336					-4 988 336
Effects of change in fair value of hedging instruments on deferred tax		947 784					947 784
Rounding					1		
Profit or loss for the current period						746 857	746 857
Balance at 31 December 2022	16 000	-148 892	9 285	300	882 574	746 857	1 506 124
Distribution of profit or loss					746 857	-746 857	
Change in share capital		-1 188 832					-1 188 832
Effects of change in fair value of hedging instruments on deferred tax		253 331					253 331
Profit shares					-500 000		-500 000
Rounding		1			1		2
Profit or loss for the current period						395 994	395 994
Balance at 31 December 2023	16 000	-1 084 392	9 285	300	1 129 432	395 994	466 619

CASH FLOW STATEMENT

EP ENERGY TRADING, a.s.
Corporate ID 273 86 643

Year ended
31.12.2023
(in CZK thousand)

Klimentská 1216/46
110 02 Praha 1

		Year ended 31.12.2023	Year ended 31.12.2022
P.	Opening balance of cash and cash equivalents	91 515	64 984
	Opening balance of cash and cash equivalents after transformation		
Z.	Profit or loss before tax	479 354	928 242
A.1.	Adjustments for non-cash transactions	-232 225	77 444
A.1.1.	Depreciation of fixed assets	17 462	18 272
A.1.2.	Change in provisions and reserves	18 943	454
A.1.4.	Revenues from profit shares	-250 000	
A.1.5.	Interest expense and interest income	-18 632	56 811
A.1.6.	Adjustments for other non-cash transactions	2	1 907
A.*	Net operating cash flow before changes in working capital	247 129	1 005 686
A.2.	Change in working capital	7 172 884	-4 412 447
A.2.1.	Change in operating receivables and other assets	7 699 359	-8 432 399
A.2.2.	Change in operating payables and other liabilities	-526 475	4 019 952
A.**	Net cash flow from operations before tax	7 420 013	-3 406 761
A.3.	Interest paid	-130 833	-244 172
A.4.	Interest received	118 955	187 361
A.5.	Income tax paid from ordinary operations	-385 192	-20 608
A.6.	Received profit shares	250 000	
A.***	Net operating cash flows	7 272 943	-3 484 180
B.1.	Fixed assets expenditures	-34 115	-7 238
B.3.	Loans and borrowings to related parties	-1 464 171	-1 101 165
B.***	Net investment cash flows	-1 498 286	-1 108 403
	Cash flow from financial activities		
C.1.	Change in payables from financing	-5 299 909	4 619 114
C.2.	Impact of changes in equity	-500 000	
C.2.6.	Profit shares/dividends paid	-500 000	
C.***	Net financial cash flows	-5 799 909	4 619 114
F.	Net increase or decrease in cash and cash equivalents	-25 252	26 531
R.	Closing balance of cash and cash equivalents	66 263	91 515

EP ENERGY TRADING, a.s.

Notes to the Czech statutory financial statements (translated from the Czech original)

Year ended 31 December 2023

(All amounts are shown in thousands of Czech crowns "CZK '000")

1. Description and principal activities

Establishment and description of the Company

EP ENERGY TRADING, a.s. ("the Company") was registered upon the entry in the Register of Companies maintained by the Municipal Court in Prague, Section 10233, File B, on 31 October 2005 as United Energy Trading, a.s. The principal activities of the Company are electricity trading and the sale of electricity, natural gas and related services to end customers in the Czech Republic and Slovakia.

Ownership structure

The sole shareholder of the Company as of 31 December 2023 is:

EP Energy, a.s.
Pařížská 130/26
110 00 Prague 1
Czech Republic

Registered office

EP ENERGY TRADING, a.s.
Klimentská 1216/46
110 02 Prague 1
Czech Republic

Corporate ID

273 86 643

Members of the Board of Directors and Supervisory Board as of 31 December 2023

Members of the Board of Directors

Miodrag Maksimovič (Chairman)
Petr Švec
Ladislav Sladký

Members of the Supervisory Board

Michal Antonín (Chairman)
Lenka Bulínová Marečková
Marek Spurný

The consolidated financial statements of the widest group of entities to which the Company as a consolidated entity belongs are prepared by EP Investment S.à r.l., with its registered office at 39. Avenue John F. Kennedy, L-1855 Luxembourg.

The consolidated financial statements of the narrowest group of entities to which the Company as a consolidated entity belongs are not prepared by EP Energy, a.s. as the parent company; the financial statements of all group companies are part of the consolidated financial statements of EP Infrastructure, a.s., with its registered office at Pařížská 130/26, Josefov, 110 00 Prague 1. The consolidated financial statements for 2023 will be published in the Register of Companies.

EP ENERGY TRADING, a.s.

Notes to the Czech statutory financial statements (translated from the Czech original)

Year ended 31 December 2023

(All amounts are shown in thousands of Czech crowns "CZK '000")

Changes in the Register of Companies

In 2023, no changes were recorded in the Register of Companies.

Foreign branch or any part of the business abroad

The Company has a branch abroad, EP ENERGY TRADING, a.s., organizačná zložka, with its registered office at Pribinova 25, 811 09 Bratislava, ID: 36 682 071, which was recorded in the Slovak Register of Companies on 3 October 2006. Mr Ladislav Sladký and Mr Petr Švec were in charge of the branch as of 31 December 2023.

Organisational structure

The Company is organised into six divisions – Sales, Business Development, Sales Dispatch, Portfolio Management and Energy Communication, Finance and Trading in Electricity, which report to the Managing Director.

EP ENERGY TRADING, a.s.

Notes to the Czech statutory financial statements (translated from the Czech original)

Year ended 31 December 2023

(All amounts are shown in thousands of Czech crowns “CZK ‘000”)

2. Significant accounting policies applied by the Company

These financial statements have been prepared in compliance with Act No. 563/1991 Coll., on Accounting, as amended, (the “Act on Accounting”) and Regulation of the Czech Ministry of Finance No. 500/2002 Coll., implementing certain provisions of the Act on Accounting, for business entities using double-entry bookkeeping, as amended for 2023. Comparative information for 2022 is provided in accordance with the structure and designation of balance sheet and profit and loss account items specified by the Regulation as amended for 2023.

The financial statements have been prepared on a going concern basis.

a) Tangible and intangible fixed assets

Tangible and intangible fixed assets are stated at cost. Tangible fixed assets costing less than CZK 80 thousand and intangible fixed assets costing less than CZK 60 thousand are not recognised in the balance sheet and are charged to expenses in the year that they are acquired.

Assets are depreciated/amortised using the following methods over the following periods:

Assets	Method	Period
Incorporation expenses	Straight-line	5 years
PC equipment	Straight-line	4 years
Valuation difference	Straight-line	15 years

In the profit and loss account, depreciation/amortisation is presented in ‘Adjustments to values of intangible and tangible fixed assets – permanent’.

Technical improvements increase the cost of fixed assets if the related expenses exceed CZK 80 thousand. Technical improvements to leased office premises are reported in ‘Structures’. Leasehold improvements are depreciated over the lease term.

b) Non-current financial assets

Non-current financial assets include equity investments in controlled entities.

Non-current financial assets are carried at the acquisition cost. The cost includes the direct costs of acquisition, such as fees and commissions paid to brokers, advisors and stock exchanges.

Equity investments are stated at the acquisition cost as of the balance sheet date, and in the event of a temporary decrease in the recoverable amount of an investment, a provision is established.

c) Creation of provisions and reserves

Receivables

The Company creates provisions for doubtful receivables based on an analysis of the credit status of customers and the ageing structure of receivables.

In the profit and loss account, the creation and release of provisions is presented in ‘Adjustments to values of receivables’.

EP ENERGY TRADING, a.s.

Notes to the Czech statutory financial statements (translated from the Czech original)

Year ended 31 December 2023

(All amounts are shown in thousands of Czech crowns "CZK '000")

Reserves

An income tax reserve and windfall tax reserve is created as the financial statements are prepared before the tax liability is determined. In the subsequent reporting period, the Company releases this reserve and records the actual tax liability determined.

In the balance sheet, the income tax reserve and windfall tax reserve is reduced by income tax and windfall tax prepayments, and the net receivable (if any) is recorded in 'State - tax receivables'.

A reserve for outstanding vacation days is created as of the balance sheet date, based on an analysis of outstanding vacation days in the reporting period and average payroll expenses, including social security and health insurance expenses per employee.

d) Foreign currency translation

The Company applies the Czech National Bank's official rate to foreign currency transactions. During the year, foreign exchange gains and losses are recognised when realised and unrealised exchange gains and losses are recognised at monthly closing dates.

At the balance sheet date, foreign currency monetary assets and liabilities are translated at the prevailing Czech National Bank's official rates. Unrealised foreign exchange gains and losses are recognised in profit or loss.

e) Factoring

The Company accounts for the sale of receivables to a factoring company through profit or loss, i.e. accounts for other operating revenues and expenses arising from the sale of receivables to a factoring company, as the risks and benefits associated with the ownership of receivables are transferred to the factoring company.

f) Derivatives

Currency derivatives

Effective from 1 January 2013, the Company uses hedging derivatives (currency forwards and swaps) to mitigate foreign exchange risks relating to payments in foreign currencies. Hedging derivatives are recognised at fair value. Hedging fully complies with the Company's risk management strategy. All forward and swap transactions are documented, and their effectiveness is assessed regularly.

As of the balance sheet date, the realised part of financial derivatives was recognised in the profit and loss account and the unrealised part as 'Revaluation of assets and liabilities' in equity, considering the deferred tax effect.

EP ENERGY TRADING, a.s.

Notes to the Czech statutory financial statements (translated from the Czech original)

Year ended 31 December 2023

(All amounts are shown in thousands of Czech crowns "CZK '000")

Commodity derivatives

Futures and forwards that have been concluded for the purpose of purchase, sale or use of a commodity, i.e. electricity, gas and emission rights, and that are expected to be settled by delivery of the commodity do not meet the definition of a derivative and therefore are not remeasured at fair value.

Commodity contracts, i.e. futures and forwards, that are not expected to be settled by the delivery of the commodity are considered to be derivatives and are remeasured at fair value.

As of the balance sheet date, commodity derivatives held for trading concluded at the EEX, same as derivatives traded with third parties, are revalued at fair market value, taking as a basis the closing prices on 31 December 2023 as published by the EEX.

On 1 January 2013, the Company began to apply hedge accounting to account for selected commodity derivatives traded on the EEX and commodity forwards with financial settlement in accordance with the internal risk management policy. Hedge accounting is applied in accordance with Czech Accounting Standard No. 110 "Derivatives". As of the balance sheet date, hedging instruments are reported at fair value and gains (losses) on the effective change in their fair values are recognised in 'Revaluation of assets and liabilities' in equity, after considering the deferred tax effect.

g) Leased assets

Lease payments are expensed on a straight-line basis over the lease term.

h) Income tax

Income tax for the period comprises current tax and the change in deferred tax.

Current tax comprises an estimate of tax payable calculated based on the taxable income, using the tax rate valid as of the first day of the reporting period, and any additionally assessed tax and refunds for previous periods.

Deferred tax is provided on all temporary differences between the carrying and tax value of assets and liabilities, and other temporary differences (tax losses carried forward, if any), multiplied by the tax rate expected to be valid for the period in which the tax asset/liability will be utilised.

A deferred tax asset is recognised only if it is probable that it will be utilised in future reporting periods.

Deferred tax in respect of items that are recorded directly in equity is also recorded in equity.

EP ENERGY TRADING, a.s.

Notes to the Czech statutory financial statements (translated from the Czech original)

Year ended 31 December 2023

(All amounts are shown in thousands of Czech crowns "CZK '000")

i) Windfall tax

The windfall tax was introduced from 2023 as a 60% surcharge applied to excess profits of companies in certain areas of production and trade. Excess profits are defined as the difference between the tax base in a given year and the average of the tax bases over the last 4 years plus 20%.

The windfall tax for a given period consists of the tax payable.

Tax payable comprises an estimate of tax calculated on the tax base using the tax rate applicable on the first day of the accounting period.

j) Compensations

In 2023, in connection with Government Regulation No. 5/2023, the Company accepted the compensations provided for the supply of electricity and gas for losses at set prices due to the capping of electricity and gas prices.

The income from the received compensations is recognised as Other operating income. The receivable for compensations billed but not paid is recorded in Sundry receivables. The resulting balance on the basis of the final settlement of the compensations is recognised in Estimated receivables.

k) Clearing estimates

The Company makes monthly clearing estimates, which represent the financially valued difference between the estimated consumption of customers and the actual consumption delivered to the supply points.

l) Classification of liabilities

Any long-term liabilities, bank loans and overdrafts that are due within one year of the balance sheet date are classified as short-term.

m) Accounting records of the foreign branch

The accounts of the foreign branch (organisational unit) are maintained separately in EUR in Slovakia. Each day, individual journal entries are translated at the Czech National Bank's official rates and imported to the accounts of the Czech entity. At the balance sheet date, assets and liabilities denominated in EUR are translated at the prevailing Czech National Bank's official rates. Foreign exchange differences arising from the translation of the balance sheet and profit and loss account as of the balance sheet date are recognised in the profit and loss account.

n) Consolidation

Pursuant to Section 22aa of Act No. 563/1991 Coll., on Accounting, the financial statements of the Company and other entities subject to consolidation are included in the consolidated financial statements prepared by EP Infrastructure, a.s., with its registered office at Pařížská 130/26, Josefov, 110 00 Prague 1; therefore, the Company does not prepare the consolidated financial statements. The consolidated financial statements of EP Infrastructure a.s. will be published in compliance with Section 22aa (2c) and under Section 21a of Act No. 563/1991 Coll., on Accounting.

EP ENERGY TRADING, a.s.

Notes to the Czech statutory financial statements (translated from the Czech original)

Year ended 31 December 2023

(All amounts are shown in thousands of Czech crowns “CZK ‘000”)

3. Changes to accounting policies

In 2023, the Company made no changes to its accounting policies.

EP ENERGY TRADING, a.s.

Notes to the Czech statutory financial statements (translated from the Czech original)

Year ended 31 December 2023

(All amounts are shown in thousands of Czech crowns "CZK '000")

4. Fixed assets

a) Intangible fixed assets

2023	Other intangible assets	Software	Intangible assets under constr.	Total
Acquisition cost				
Balance at 31/12/2022	17 114	76 595	1 807	95
Additions	--	18 702	18 989	37 691
Disposals	--	--	18 702	18 702
Reclassification	--	--	--	--
Balance at 31/12/2023	17 114	95 297	2 094	114 505
Accumulated amortisation				
Balance at 31/12/2022	16 978	70 692	--	87 670
Amortisation	108	4 944	--	5 052
Accumulated amortisation on disposals	--	--	--	--
Balance at 31/12/2023	17 087	75 636	--	92 723
Net book value 31/12/2022	136	5 903	1 807	7 846
Net book value 31/12/2023	27	19 661	2 094	21 782

2022	Other intangible assets	Software	Intangible assets under constr.	Total
Acquisition cost				
Balance at 31/12/2021	17 114	72 784	19 414	109 3
Additions	--	3 811	5 531	9 342
Disposals	--	--	3 811	3 811
Reclassification	--	--	19 327	19 327
Balance at 31/12/2022	17 114	76 595	1 807	95 516
Accumulated amortisation				
Balance at 31/12/2021	16 870	65 888	--	82 758
Amortisation	108	4 805	--	4 913
Accumulated amortisation on disposals	--	--	--	--
Balance at 31/12/2022	16 978	70 692	--	87 670
Net book value 31/12/2021	244	6 896	19 414	26 554
Net book value 31/12/2022	136	5 903	1 807	7 846

EP ENERGY TRADING, a.s.

Notes to the Czech statutory financial statements (translated from the Czech original)

Year ended 31 December 2023

(All amounts are shown in thousands of Czech crowns "CZK '000")

b) Tangible fixed assets

2023	Structures	Individual movable assets	Valuation difference on acquired assets	Tangible assets under constr.	Total
Acquisition cost					
Balance at 31/12/2022	8 717	20 457	172 172	--	201 346
Additions	1 737	2 565	--	9 188	13 490
Disposals	--	1 637	--	--	1 637
Reclassification	--	--	--	--	--
Balance at 31/12/2023	10 454	21 385	172 172	9 188	213 199
Accumulated depreciation					
Balance at 31/12/2022	7 561	19 423	79 390	--	106 374
Depreciation	116	543	11 478	--	12 137
Accumulated depreciation on disposals	--	1 365	--	--	1 365
Reclassification	--	--	--	--	--
Balance at 31/12/2023	7 677	18 601	90 868	--	117 146
Net book value 31/12/2022	1 156	1 034	92 782	--	94 972
Net book value 31/12/2023	2 776	2 784	81 303	9 188	96 052

2022	Structures	Individual movable assets	Valuation difference on acquired assets	Tangible assets under constr.	Total
Acquisition cost					
Balance at 31/12/2021	7 561	19 906	172 172	--	199 639
Additions	1 156	551	--	--	1 707
Disposals	--	--	--	--	--
Reclassification	--	--	--	--	--
Balance at 31/12/2022	8 717	20 457	172 172	--	201 346
Accumulated depreciation					
Balance at 31/12/2021	7 561	17 541	67 912	--	93 014
Depreciation	--	1 882	11 478	--	13 360
Accumulated depreciation on disposals	--	--	--	--	--
Reclassification	--	--	--	--	--
Balance at 31/12/2022	8 717	19 423	79 390	--	107 530
Net book value 31/12/2021	--	2 365	104 260	--	106 625
Net book value 31/12/2022	1 156	1 034	92 782	--	94 972

EP ENERGY TRADING, a.s.

Notes to the Czech statutory financial statements (translated from the Czech original)

Year ended 31 December 2023

(All amounts are shown in thousands of Czech crowns "CZK '000")

5. Financial assets

a) Non-current financial assets

Additions to non-current financial assets in 2023 include the payment of the purchase price in the amount of CZK 1,636 for the acquisition of 100% of equity investments in Gazela Energy s.r.o.

	Equity investment	Number of shares	Nominal value of shares in CZK	Acquisition cost	Share in equity (value established under the equity method of accounting)
Dobrá Energie s.r.o.	100%	776	9 000	593 236	100%
Gazela Energy, a.s.	100%	200	10 000	1 636	100%

As of 31 December 2023, the registered capital of Dobrá energie s.r.o. amounts to CZK 9,000 thousand (2022 – CZK 9,000 thousand), equity as of 31 December 2023 amounted to CZK 378,674 thousand (2022 – CZK 566,561 thousand), and the profit for 2023 amounted to CZK 62,112 thousand (2022 – CZK 471,295 thousand).

On 1 June 2023, EP ENERGY TRADING, a.s. acquired a 100% equity investment in Gazela Energy, a.s. The acquisition cost was CZK 1,636 thousand. The company's registered office is at Klimentská 1216/46, Nové Město, 110 00 Prague 1.

The share capital of Gazela Energy, a.s. amounted to CZK 2,000 thousand as of 31 December 2023 (2022 – CZK 2,000 thousand), equity amounted to CZK 690 thousand as of 31 December 2023 (2022 – CZK 79,317 thousand), and the loss for 2023 amounted to CZK 1,319 thousand (2022 – a profit of CZK 77,307 thousand).

In 2023, the Company recorded income from non-current financial assets arising from received profit shares from Dobrá Energie s.r.o. of CZK 250,000 thousand.

6. Leased assets

The Company has an operating lease for company cars for a period of 36 months from the contract date. The annual cost of this lease for 2023 was CZK 1,879 thousand (2022 – CZK 1,974 thousand).

The Company also has an operating lease for office premises in Prague (till 31 July 2026) and Bratislava (for an indefinite period with a notice period of 12 months). The annual cost of this lease for 2023 was CZK 9,210 thousand (2022 – CZK 7,357 thousand).

7. Off-balance sheet tangible and intangible fixed assets

In accordance with the accounting policy described in Note 2(a) above, the Company expensed a part of tangible and intangible fixed assets to the profit and loss account in the year that they were acquired. The carrying amount of these tangible and intangible fixed assets charged to expenses in the current year was as follows:

	31/12/2023	31/12/2022
Tangible fixed assets	10 251	2 388
Total	10 251	2 388

EP ENERGY TRADING, a.s.

Notes to the Czech statutory financial statements (translated from the Czech original)

Year ended 31 December 2023

(All amounts are shown in thousands of Czech crowns "CZK '000")

8. Valuation difference on acquired assets

As a result of the merger, the Company reports the gross amount of CZK 172,172 thousand (2022 – CZK 172,172 thousand) as a valuation difference on acquired assets. The price was determined based on an external expert's appraisal as of the valuation date (31 December 2014). The valuation difference is depreciated for accounting purposes over a period of 15 years; for 2023, depreciation totalled CZK 11,478 thousand (2022 – CZK 11,478 thousand).

9. Trade receivables and payables

- a) Short-term trade receivables total CZK 2,106,068 thousand (2022 – CZK 3,165,909 thousand), of which CZK 223,722 thousand (2022 – CZK 198,508 thousand) is overdue. A provision of CZK 119,557 thousand (2022 – CZK 100,517 thousand) was created as of 31 December 2023 for doubtful receivables.
- b) Short-term trade payables total CZK 2,480,183 thousand (2022 – CZK 2,522,185 thousand), of which CZK 29,109 thousand (2022 – CZK 35,157 thousand) is overdue.

10. State – tax receivables

The Company records a tax receivable of CZK 133,333 thousand (2022 – CZK 0 thousand) arising from income tax prepayments made in the amount of CZK 63,660 thousand and windfall tax of CZK 138,036 thousand less the income tax reserve of CZK 39,398 thousand and windfall tax reserve of CZK 28,965 thousand.

11. Prepayments made

- a) Long-term prepayments total CZK 66,738 thousand (2022 – CZK 1,090,461 thousand), predominantly comprising a security deposit on gas trading provided to PPD of CZK 14,471 thousand (2022 – CZK 17,051 thousand), a security deposit on electricity trading provided to OTE, a.s. of CZK 40,005 thousand (2022 – CZK 40,005 thousand), and a security deposit to GasNet s.r.o. of CZK 4,000 thousand.
- b) Short-term prepayments total CZK 1,597,308 thousand (2022 – CZK 7,181,570 thousand) and primarily comprise prepayments for the distribution of electricity and natural gas. The remaining balance of short-term prepayments primarily includes a prepayment to ČEZ Distribuce, a. s. of CZK 411,012 thousand (2022 – CZK 411,012 thousand) and a prepayment to GasNet, s.r.o. of CZK 103,372 thousand (2022 – CZK 103,372 thousand) and to EG.D, a.s. of CZK 120,119 thousand (2022 – CZK 120,119 thousand).

12. Estimated receivables

Estimated receivables of CZK 2,334,629 thousand (2022 – CZK 2,380,783 thousand) comprise estimates for unbilled distribution and supply of electricity totalling CZK 1,502,101 thousand (2022 – CZK 1,527,265 thousand) and distribution and supply of natural gas totalling CZK 740,106 thousand (2022 – CZK 853,517 thousand) and an estimate for compensations of CZK 92,422 thousand.

EP ENERGY TRADING, a.s.

Notes to the Czech statutory financial statements (translated from the Czech original)

Year ended 31 December 2023

(All amounts are shown in thousands of Czech crowns "CZK '000")

13. Sundry receivables and payables – long-term and short-term

Sundry short-term receivables of CZK 107,593 thousand (2022 – CZK 44,181 thousand) primarily comprise the receivable arising from interest and the cashpool benefit of CZK 31,384 thousand (2022 – CZK 43,709 thousand) and the expected payment for compensations from OTE for November 2023 of CZK 78,220 thousand.

Sundry short-term payables of CZK 1,391,033 thousand (2022 – CZK 191,975 thousand) primarily comprise the revaluation of commodity derivatives to fair value as of 31 December 2023 of CZK 1,336 thousand (2022 – 189,838 thousand); see Note 14.

Sundry long-term payables of CZK 3,025 thousand (2022 – CZK 41,548 thousand) primarily comprise the revaluation of commodity derivatives to fair value as of 31 December 2023 of CZK 3,025 thousand (2022 – CZK 41,548); see Note 14.

14. Derivatives

a) Currency hedging derivatives

As of the balance sheet date, the Company held the following derivatives for cash flow hedging purposes:

Forward exchange contracts	Due date	2023 Fair value
Forwards (Commerzbank Aktiengesellschaft)	2023 – 2025	-23 189
Forwards (Komerční banka)	2023 – 2025	-23 857
Forwards (Raiffeisenbank)	2023 – 2025	14 522
Forwards (EP Energy)	2023 – 2025	-4 039
Total		-36 563

The fair value of derivatives totals CZK (36,563) thousand (2022 – CZK (180,758) thousand) of which CZK (48,060) thousand (2022 – CZK (139,210) thousand) is recorded in Sundry payables – short-term and CZK 11,950 thousand (2022 – CZK 0 thousand) in Sundry receivables – short-term. The amount of CZK (3,025) thousand is recorded in Sundry payables – long-term (2022 – CZK (41,548) thousand) and CZK 2,572 thousand is recorded in Sundry receivables – long-term (2022 – CZK 0). Derivatives which meet the condition of an effective hedge amounting to CZK (36,563) thousand (2022 – CZK (180,758) thousand) were charged to equity.

b) Commodity hedging derivatives and derivatives held for trading – electricity

As of the balance sheet date, the Company held the following forward contracts for trading with electricity:

Forward exchange contracts	Sales for	Fair value (in CZK)	Commodity volume (GWh)
Futures and forward contracts for purchase of electricity	2024	-2 199 789	2 325
Futures and forward contracts for sale of electricity	2024	1 069 832	1 007
Futures and forward contracts for purchase of electricity	2025	-220 546	216
Futures and forward contracts for sale of electricity	2025	44 979	67
Futures and forward contracts for purchase of electricity	2026	-30 561	61
Futures and forward contracts for sale of electricity	2026	0	0
		-1 336 085	

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The unsettled fair value of derivatives totalled CZK (1,336,085) thousand (2022: CZK (3,059) thousand), of which CZK (1,129,957) thousand (2022 – CZK (475,546) thousand) is recorded in Sundry payables – short-term and CZK (206,128) thousand is recorded in Sundry payables – long-term (2022 – CZK 472,488 thousand recorded in Sundry receivables – long-term).

The Company records certain contracts traded on the OTC market as hedging derivatives. The fair value of hedging derivatives charged to equity totals CZK (1,336,085) thousand (2022: CZK (3,059) thousand).

c) Commodity derivatives – CO2 emission rights (EUA)

In 2020, the Company started to trade in CO2 emission rights (EUA) with a physical supply for "Sources" (power plants within the EPH group). As of the balance sheet date, the Company held the following forward contracts for trading with emission rights:

Forward exchange contracts	Sale for	Fair value (in CZK)	Commodity volume (in lots)
forward contracts for the purchase of CO2 emission rights	2024	-177 563	1 127 000
forward contracts for the sale of CO2 emission rights	2024	177 563	1 127 000
forward contracts for the purchase of CO2 emission rights	2025	-20 209	179
forward contracts for the sale of CO2 emission rights	2025	20 209	179

The net value of these contracts was CZK 0 as of the balance sheet date.

d) Commodity hedging derivatives and derivatives held for trading – gas

The Company has not concluded any forward contracts for the purchase and sale of gas for 2024 and subsequent years which would not have been concluded for the purpose of purchase, sale or use of the commodity. In 2023, the fair value of forwards which have not been concluded for the purpose of purchase, sale or use of the commodity was CZK 0.

15. Provisions

	Provisions for receivables	Total
Balance at 31/12/2022	100 517	100 517
Creation	20 367	20 367
Release/use	1 327	1 327
Balance at 31/12/2023	119 557	119 557

16. Deferred expenses

Deferred expenses of CZK 63,904 thousand (2022 – CZK 126,724 thousand) mainly represent deferred expenses on the acquisition of new points of supply.

17. Share capital

The share capital of CZK 16,000 thousand (2022 – CZK 16,000 thousand) consists of sixteen registered ordinary shares with a nominal value of CZK 1,000 thousand.

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(All amounts are shown in thousands of Czech crowns "CZK '000")

18. Equity

a) Distribution of profit/loss

As of the date of preparation of the financial statements, the Company's management had not decided on the manner of distribution of the profit for 2023.

b) Movements in the 'Revaluation of assets and liabilities' account:

Balance at 01/01/2023	-148 892
Change in fair value of currency hedging derivatives	144 194
Change in deferred tax relating to currency hedging derivatives	-26 666
Change in fair value of commodity hedging derivatives	-1 333 026
Change in deferred tax relating to commodity hedging derivatives	279 997
Balance at 31/12/2023	-1 084 392

c) valuation of assets and liabilities' comprises:

Fair value of currency hedging derivatives	36 563
Deferred tax relating to currency hedging derivatives	-7 678
Fair value of commodity hedging derivatives	1 283 978
Deferred tax relating to commodity hedging derivatives	-228 471
Balance at 31/12/2023	-1 084 392

d) The Company paid out dividends of CZK 500,000 thousand in 2023 (2022: CZK 0 thousand).

19. Reserves

	Reserve for outstanding vacation days	Other reserves	Total
Balance at 31/12/2022	1 671	20 849	22 520
Creation	1 458	116	1 574
Release/use	-1 671	--	-1 671
Balance at 31/12/2023	1 458	20 965	22 423

20. Prepayments received

a) Short-term prepayments received consist of prepayments of CZK 3,100,880 thousand (2022 – CZK 3,617,745 thousand) received from end customers in connection with the sale of electricity and natural gas.

b) Long-term prepayments received total CZK 16,957 thousand (2022 – CZK 25,039 thousand) and primarily include received security deposits.

21. Social security and health insurance liabilities

Social security and health insurance liabilities total CZK 5,852 thousand (2022 – CZK 5,334 thousand), of which CZK 3,602 thousand (2022 – CZK 3,401 thousand) relates to social security liabilities and CZK 2,250 thousand (2022 – CZK 1,932 thousand) to health insurance liabilities. None of these liabilities are overdue.

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22. State – tax payables and subsidies

Tax payables amount to CZK 214,690 thousand (2022 – CZK 350,531 thousand), of which CZK 2,861 thousand (2022 – CZK 2,461 thousand) relates to income tax on employment and CZK 12,891 thousand to taxes on electricity and gas (2022 – CZK 12,505 thousand) and CZK 198,938 thousand to VAT (2022 – CZK 335,566 thousand).

23. Estimated payables

Estimated payables of CZK 1,162,887 thousand (2022 – CZK 947,327 thousand) primarily comprise estimates for unbilled electricity and gas distribution totalling CZK 758,080 thousand (2022 – CZK 761,209 thousand), a clearing estimate of CZK 171,535 thousand (2022 – CZK 3,529 thousand) and estimates for overhead costs.

24. Accrued expenses

Accrued expenses total CZK 1,768 thousand (2022 – CZK 1,484 thousand) and primarily comprise accrued supplies of natural gas.

25. Sales information

The Company supplies two types of commodities to end customers – electricity and natural gas – and provides related services. Revenues in the table below are sorted by countries in which customers have their registered offices. Sales of these commodities and services were as follows:

		Domestic sales	European Union	Outside EU	Total
Electricity	2022	24 950 077	123 603	609 667	25 683 347
	2023	22 687 200	35 054	2 272 927	24 995 181
Natural gas	2022	7 936 788	7 652	2 915	7 947 355
	2023	5 808 231	27 025	297 196	6 132 452
Services	2022	429 534	34	150	429 718
	2023	59 303	33	28 441	87 776
Total	2022	33 316 399	131 289	612 732	34 060 420
	2023	28 554 734	62 112	2 598 564	31 215 410

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26. Sundry operating income and expenses

Sundry operating income mainly includes income from the sale of receivables to a factoring company; receivables sold amounted to CZK 1,440,043 thousand in 2023 and CZK 1,708,053 thousand in 2022 and OTE compensations of CZK 1,251,254 thousand.

Sundry operating expenses represent expenses associated with the buy-out of receivables from a factoring company; expenses amounted to CZK 1,440,043 thousand in 2023 and CZK 1,708,053 thousand in 2022, and write-offs of receivables amounted to CZK 2,669 thousand in 2023.

27. Other financial income and expenses

Other financial income and expenses primarily comprise realised and unrealised gains and losses from currency and commodity trading derivatives and foreign exchange gains and losses.

28. Related parties

a) Trade receivables and payables

The following related party balances are included in the trade receivables and payables described in Note 9 above:

	Receivables at		Payables at	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Plzeňská teplárenská, a.s.	13 373	62 674	177 449	1 649 424
VTE Pchery, s.r.o.	42	315	--	2 313
United Energy, a.s.	64 199	92 088	334 054	398 963
POWERSUN a.s.	10	--	--	--
EP Energy, a.s.	3 141 501	1 650 200	201 534	578 263
Elektrárny Opatovice, a.s.	163 316	217 493	437 924	524 242
Stredoslovenská energetika, a.s.	--	1 128	16 359	573
Stredoslovenská distribučná, a.s.	--	--	6 616	4 629
Dobrá energie, s.r.o.	279 171	83 115	--	--
Gazela Energy, a.s.	29 834	--	--	--
EP Infrastructure, a.s.	2 740	11 641	1 428 538	6 396 407
Severočeská teplárenská a.s.	--	599	--	--
SOR Libchavy spol. s r.o.	--	--	--	--
SPP Storage s.r.o.	405	662	6	477
SPP Distribúcia, a.s.	7 022	6 676	4 436	3 630
MSEM, a.s.	--	--	--	--
EP Commodities, a.s.	618	188 122	32 188	997 391
EP Commodities AG	1 134 452	7 520 700	897 142	72 067
Other companies in the group	299	222	304	1 374
Total	4 836 984	9 835 635	3 536 549	10 629 753

b) Cash pool

The Company reports cash on a group cash pool account kept by EP Energy, a.s. amounting to CZK 3,113,578 thousand (2022 – CZK 1,618,896 thousand). This cash pool is reported in 'Receivables – controlled or controlling entity'. The Company has borrowed cash from the group cash pool account maintained by EP Infrastructure a.s. of CZK 1,400,095 thousand (2022 – CZK 6,323,004 thousand); this cash pool is reported in 'Payables – controlled or controlling entity'.

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c) Loans received

The Company recognises a loan received of CZK 200,000 thousand as of 31 December 2023 (2022 – CZK 577,000 thousand).

d) Prepayments made

In 2023, the Company provided a prepayment of CZK 905,260 thousand to EP Commodities (2022 – CZK 7,504,902 thousand).

e) Transactions with related parties

All material transactions with related parties were carried out based on the arm's length principle.

	Revenue for year		Expenses for year	
	2023	2022	2023	2022
Plzeňská teplárenská, a.s.	1 881 319	464 754	1 836 107	2 120 710
VTE Pchery, s.r.o.	488	1 086	9 796	13 297
United Energy, a.s.	3 009 072	612 495	3 652 369	3 400 702
POWERSUN a.s.	97	151	15 338	11 639
EP Infrastructure, a.s.	45 035	11 641	143 156	73 949
EP Energy, a.s.	103 874	175 401	5 489	220 371
Elektrárny Opatovice, a.s.	4 752 439	1 005 497	4 864 834	4 471 387
Stredoslovenská energetika a.s.	--	13 507	186 902	9 735
Stredoslovenská distribučná, a.s.	--	--	87 351	77 752
SPP Storage s.r.o.	4 070	4 803	--	--
Severočeská teplárenská a.s.	8 007	6 735	--	--
SOR Libchavy spol. s r.o.	--	--	--	--
MSEM, a.s.	--	--	--	--
SPP - distribúcia, a.s.	--	--	33 579	29 934
Dobrá energie, s.r.o.	2 061 884	834 891	--	--
Gazela Energy, a. s.	356 456	--	--	--
EP Commodities, a.s.	1 178	1 604 362	32 188	4 613 462
EP Commodities,AG	3 036 594	15 648	12 914 406	57 097
Other companies in the group	6 759	3 185	634	--
Total	15 267 084	4 754 156	23 782 150	15 100 035

- f) In 2023, the Company paid out dividends of CZK 500,000 thousand (2022 – CZK 0 thousand) and received dividends of CZK 250,000 thousand from its subsidiary Dobrá energie (2022 – CZK 0 thousand).

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(All amounts are shown in thousands of Czech crowns "CZK '000")

29. Employees and executives

Average number of employees and executives and personnel expenses for 2023:

2023	Number	Wages and salaries	Social security and health insurance expenses	Other expenses
Employees and executives	102	91 336	28 975	2 757
Board of Directors	3	14 632	3 717	--
Supervisory Board	3	48	16	--
Total	108	106 016	32 708	2 757

Average number of employees and executives and personnel expenses for 2022:

2022	Number	Wages and salaries	Social security and health insurance expenses	Other expenses
Employees and executives	99	91 321	27 386	2 279
Board of Directors	3	14 606	3 692	--
Supervisory Board	3	48	16	--
Total	105	105 975	31 094	2 279

In 2023 and 2022, members of management, supervisory and administrative bodies received no advances, deposits, loans, guarantees or other benefits, nor do they hold any shares/equity investments in the Company.

30. Fees payable to statutory auditors

This information is presented in the notes to the consolidated financial statements of EP Infrastructure, a.s. in which the Company is included.

31. Income tax

a) Current tax

Current income tax comprises the income tax estimate for 2023 of CZK 49,619 thousand (2022 – CZK 184,412 thousand), including an adjustment to tax of CZK 9,104 thousand (2022 – CZK (1,698) thousand) relating to prior periods and a windfall tax estimate for 2023 of CZK 28,965 thousand.

An income tax reserve of CZK 39,399 thousand (2022 – CZK 185,444 thousand) was reduced by corporate income tax prepayments of CZK 63,660 thousand (2022 – CZK 11,052 thousand) and the resulting receivable of CZK 24,261 thousand was reported in State – tax receivables.

A windfall tax reserve of CZK 28,965 thousand was reduced by windfall tax prepayments of CZK 138,036 thousand and the resulting receivable of CZK 109,071 thousand was reported in State – tax receivables.

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(All amounts are shown in thousands of Czech crowns "CZK '000")

b) Deferred tax

	Assets		Liabilities		Net	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Tangible and intangible fixed assets	874	761	--	--	113	761
Hedging commodity derivatives	280 578	581	--	--	279 997	-927 312
Deferred tax from valuation difference	--	--	-17 049	-17 265	216	-19 446
Hedging FX derivatives	7 678	34 344	--	--	-26 666	-20 472
Adjustments to receivables and other temporary differences	5 566	1 568	--	--	3 998	1 568
Deferred tax asset/(liability)	294 696	37 254	-17 049	-17 265	257 658	-964 901

In accordance with the accounting policies described in Note 2(h), a tax rate of 21% was used to calculate deferred tax (2022 – 19%).

A change in deferred tax of CZK 257,658 thousand (2022 – CZK 969,559 thousand) consists of deferred tax from hedging derivatives charged directly to equity of CZK 253,331 thousand (2022 – CZK 967,230 thousand), and a change in deferred tax recognised in profit/loss of CZK (4,328) thousand (2022 – CZK (3,027) thousand).

32. Contingent liabilities and off-balance sheet commitments

The Company has concluded the following bank guarantees in favour of its suppliers as of 31 December 2023:

Bank	Currency	EUR '000	CZK '000
COMMERZBANK Aktiengesellschaft	CZK	--	111 000
EP Energy, a.s.	EUR	8 000	--
EP Infrastructure, a.s.	CZK	--	120 000
Komerční banka	CZK	--	820 000

The Company has concluded the following bank guarantees in favour of its suppliers as of 31 December 2022:

Bank	Currency	EUR '000	CZK '000
COMMERZBANK Aktiengesellschaft	CZK	--	361 000
EP Energy, a.s.	EUR	8 000	--
EP Infrastructure, a.s.	CZK	--	120 000
Komerční banka	CZK	--	550 000

As of 31 December 2022, the book value of pledged receivables and pledged bank accounts was zero.

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33. Cash flow statement

For the purposes of the cash flow statement, cash and cash equivalents are defined to include cash in hand, cash in transit, cash at bank and other financial assets whose valuation can be reliably determined and that can be readily converted to cash. Cash and cash equivalents as of the year-end are as follows:

	Balance at	
	2023	2022
Cash	66 263	91 515
Marketable securities	--	--
Cash and cash equivalents	66 263	91 515

'Other non-cash transactions' position of the cash flow statement includes the change in fair value of commodity hedging derivatives settled using the margin bank account and write-offs of receivables.

34. Material subsequent event

As of the balance sheet date, management is not aware of any material subsequent events that would affect the financial statements for the year ended 31 December 2023.

Prepared on 30 April 2024

Petr Švec
Member of the Board of Directors

Ladislav Sladký
Member of the Board of Directors

7. AUDITOR'S REPORT TO THE COMPANY'S SHAREHOLDER

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of EP ENERGY TRADING, a.s.

Having its registered office at: Klimentská 1216/46, 110 02 Praha – Praha 1

Opinion

We have audited the accompanying financial statements of EP ENERGY TRADING, a.s. (hereinafter also the "Company") prepared on the basis of accounting regulations applicable in the Czech Republic, which comprise the balance sheet as at 31 December 2023, and the profit and loss account, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of EP ENERGY TRADING, a.s. as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with accounting regulations applicable in the Czech Republic.

Basis for Opinion

We conducted our audit in accordance with the Act on Auditors and Auditing Standards of the Chamber of Auditors of the Czech Republic, which are International Standards on Auditing (ISAs), as amended by the related application guidelines. Our responsibilities under this law and regulation are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information in the Annual Report

In compliance with Section 2(b) of the Act on Auditors, the other information comprises the information included in the Annual Report other than the financial statements and auditor's report thereon. The Board of Directors is responsible for the other information.

Our opinion on the financial statements does not cover the other information. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. In addition, we assess whether the other information has been prepared, in all material respects, in accordance with applicable law or regulation, in particular, whether the other information complies with law or regulation in terms of formal requirements and procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with these requirements could influence judgments made on the basis of the other information.

Based on the procedures performed, to the extent we are able to assess it, we report that:

- The other information describing the facts that are also presented in the financial statements is, in all material respects, consistent with the financial statements; and
- The other information is prepared in compliance with applicable law or regulation.

In addition, our responsibility is to report, based on the knowledge and understanding of the Company obtained in the audit, on whether the other information contains any material misstatement of fact. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement of fact.

Responsibilities of the Company's Board of Directors and Supervisory Board for the Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with accounting regulations applicable in the Czech Republic and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Supervisory Board is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the above law or regulation, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

In Prague on 30 April 2024

Audit firm:

Deloitte Audit s.r.o.
registration no. 079



Statutory auditor:

Ladislav Šauer
registration no. 2261

