

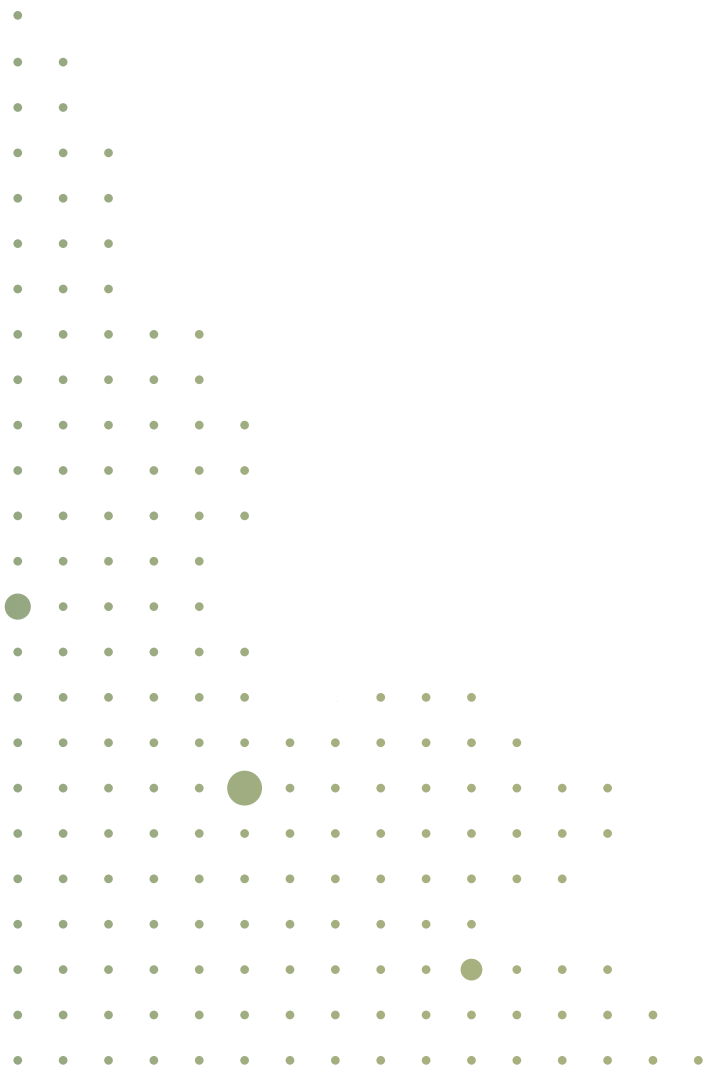


# Annual Report 2020

EP ENERGY TRADING, a.s.

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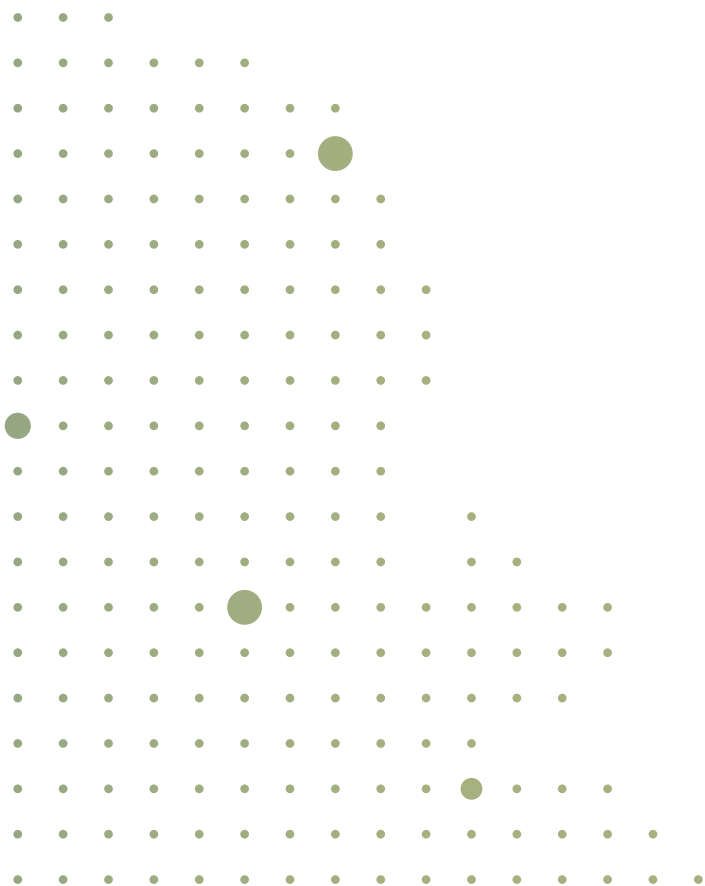
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# 1.

## 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 2020 and plans of the Company for 2021.

In 2020, we achieved the planned supply of electricity and natural gas to end customers despite the difficult pandemic situation caused by COVID-19. Specifically, we supplied 2.7 TWh of electricity and 2.0 TWh of natural gas.

The Company currently supplies energy to more than 67,200 supply points in the Czech Republic and Slovakia which is a year-on-year increase by more than 1,200 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.

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 2021



Ing. Petr Švec, MBA  
Chief Executive Officer  
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

Sole shareholder:	EP Energy, a.s.
Registered office:	Pařížská 130/26, Josefov, 110 00 Praha 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 2020

In the year ended 31 December 2020, EP ENERGY TRADING, a.s. reported sales exceeding CZK 11 billion. The profit before tax amounted to CZK 32.9 million.

### Principal business activities in 2020

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 2020 in technical units exceeded 2,728 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 2020, the company traded 6,974 GWh of electricity, including stock exchange trading.

#### Natural gas

In 2020, EP ENERGY TRADING, a.s. supplied 1,960 GWh of natural gas to end customers in the Czech Republic and traded 1,818 GWh of this commodity.

### Further development

For 2021, the principal task is to maintain current market positions in the sale of electricity and gas and 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) of the notes to the financial statements.

## Other requirements

During 2020, 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 2021



Ing. Petr Švec, MBA  
Member of the Board of Directors



Ing. Ladislav Sladký  
Member of the Board of Directors

## 4.

## Report On Related Party Transactions

Prepared pursuant to Act No. 90/2012 Coll., on Business Corporations and Cooperatives, for the reporting period from 1 January 2020 to 31 December 2020.

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 2020 to 31 December 2020, 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 2020 to 31 December 2020 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, 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 the reporting period from 1 January 2020 to 31 December 2020, the indirectly controlling entity was EP Investment SARL, having its registered office at avenue J.F. Kennedy 39, 1855, Luxembourg, identification number TIN: 20132465909.

### 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 2020, 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:

- EFET master agreement concluded with Stredoslovenská energetika, a.s. on 1 October 2007
- Master agreement concluded with Stredoslovenská energetika-Distribúcia, a.s. on 1 July 2007.
- 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.
- Master agreement on the supply and purchase of electricity with the transfer of responsibility for differences concluded with Plzeňská energetika a.s. on 15 December 2010.
- Loan contract with EP Energy, a.s. concluded on 15 November 2013.
- EFET master agreement (electricity) concluded with EP Commodities, a.s. on 1 December 2014.
- EFET master agreement (gas) concluded with EP Commodities, a.s. on 1 December 2014
- EFET master agreement concluded with Pražská teplárenská a.s. on 10 December 2013
- EFET master agreement concluded with EP Commodities, a.s. on 1 December 2014
- Master agreement on distribution concluded with SPP – distribúcia, a.s. on 6 October 2015
- Agreement on the supply of electricity – purchase of electricity for 2020 with POWERSUN a.s. concluded on 12 September 2019.
- Agreement on the supply of electricity – purchase of electricity for 2020 with VTE Pchery, s.r.o. concluded on 17 December 2019.
- Agreement on the supply of HV electricity for 2020 with VTE Pchery, s. r. o. concluded on 22 November 2019.
- Agreement on the supply of HV electricity for 2020 with POWERSUN a.s., concluded on 19 November 2019.
- Agreement on combined supplies of HV electricity for 2020 with MSEM, a.s., concluded on 12 December 2019.
- Agreement on combined supplies of gas (wholesale and medium size customers) for 2020 with MSEM, a.s., concluded on 12 December 2019.
- Agreement on combined supplies of HV electricity for 2020 with SOR Libchavy spol. s r.o., concluded on 1 October 2018.
- Agreement on combined supplies of HV electricity for 2020 with Plzeňská teplárenská, a.s., concluded on 29 October 2019.
- Agreement on combined supplies of gas (wholesale and medium size customers) for 2020 with Plzeňská teplárenská, a.s., concluded on 29 March 2019.
- Agreement on combined supplies of gas (wholesale and medium size customers) for 2020 with SOR Libchavy spol. s.r.o., concluded on 1 October 2018.
- Agreement on combined supplies of LV electricity with RPC, a.s. concluded on 3 October 2017, as amended by amendment no. 1 of 15 May 2020
- Agreement on combined supplies of LV electricity for 2018-2019 with EP Commodities, a.s. concluded on 30 November 2017.
- EFET master agreement (electricity) concluded with PT Concept, a.s. (Pražská teplárenská Trading, a.s.) on 15 April 2015.
- EFET master agreement (gas) concluded with PT Concept, a.s. (Pražská teplárenská Trading, a.s.) on 15 October 2012.
- 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.
- Agreement on maintained financial collateral with EP Commodities, a.s., concluded on 1 December 2017.
- Service agreement with EP Commodities, a.s. concluded on 2 January 2018.

- Agreement on the provision of professional assistance with EP Infrastructure, a.s., concluded on 2 January 2018.
- Agreement on the provision of professional assistance with EP Infrastructure, a.s., concluded on 1 October 2018.
- 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.
- Agreement on the transfer of guarantees of origin concluded with Plzeňská teplárenská, a. s. on 23 March 2020.

## 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

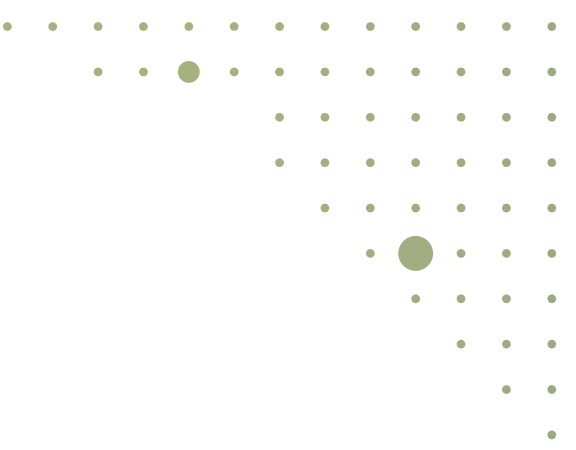
During the reporting period, no measures were adopted or made between the controlled entity and directly or indirectly controlling entities and entities controlled by the same controlling entity in addition to standard measures made by the controlled entity in relation to the controlling entity as a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

In 2020, 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
Plzeňská teplárenská a.s.	Sales of goods	24 715	0
	Costs of goods sold	0	675 108
	Other services	4 328	219
	Total	29 043	675 327
VTE Pchery, s.r.o.	Sales of goods	271	0
	Costs of goods sold	0	7 469
	Other services	0	15
	Total	271	7 484
United Energy, a.s.	Sales of goods	13 207	0
	Costs of goods sold	0	435 322
	Other services	2 683	192
	Total	15 890	435 514



Related party	Performance	Sales in CZK thousand	Costs in CZK thousand
POWERSUN a.s.	Sales of goods	60	0
	Costs of goods sold	0	4 115
	Other services	0	8
	Total	60	4 123
EP Energy, a.s.	Interest expense	0	11 558
	Fees for guarantees	0	1 251
	Interest income	3 978	0
	Other services	0	87
	Total	3 978	12 896
Elektrárny Opatovice, a.s.	Sales of goods	23 117	0
	Costs of goods sold	0	1 149 304
	Other services	0	714
	Total	23 117	1 150 018
Stredoslovenská energetika, a.s.	Sales of goods	523 267	0
	Costs of goods sold	0	38 353
	Total	523 267	38 353
EP Commodities, a.s.	Costs of goods sold	0	2 249 899
	Sales of goods	447 802	0
	Other services	1 585	22 611
	Interest expense	0	3 573
	Total	449 388	2 276 083
Slovenské elektrárne, a.s.	Costs of goods sold	0	6 665
	Sales of goods	67 793	0
	Total	67 793	6 665
SOR Libchavy	Costs of goods sold	0	0
	Sales of goods	13 565	0
	Total	13 565	0
SPP Storage s.r.o.	Costs of goods sold	0	0
	Sales of goods	3 046	0
	Total	3 046	0
LokoTrain s.r.o.	Costs of goods sold	0	0
	Sales of goods	29	0
	Total	29	0
MSEM a.s.	Costs of goods sold	0	0
	Sales of goods	2 631	0
	Total	2 631	0
Alternative Energy s.r.o.	Costs of goods sold	0	0
	Sales of goods	47	0
	Total	46	0
SSE Distribúcia, a.s.	Costs of goods sold	0	77 724
	Sales of goods	0	0
	Total	0	77 724
SPP Distribúcia a.s.	Costs of goods sold	0	29 100
	Total	0	29 100
SPP Distribúcia a.s.	Other services	0	676
	Total	0	676
SPP Distribúcia a.s.	Sales of goods	30	0
	Total	0	0

### 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

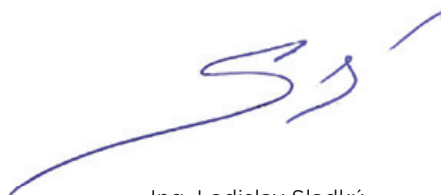
This report was prepared by EP ENERGY TRADING, a.s. and presented for review to the Supervisory Board and verification by the auditor. As the controlled entity has a statutory obligation to prepare the annual report, this report will be appended to the annual report.

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

In Prague on 31 March 2021



Ing. Petr Švec, MBA  
Member of the Board of Directors



Ing. Ladislav Sladký  
Member of the Board of Directors



# 5.

## Report Of The Supervisory Board On The Result Of Its Supervisory Activities

During 2020, 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 2020, 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.

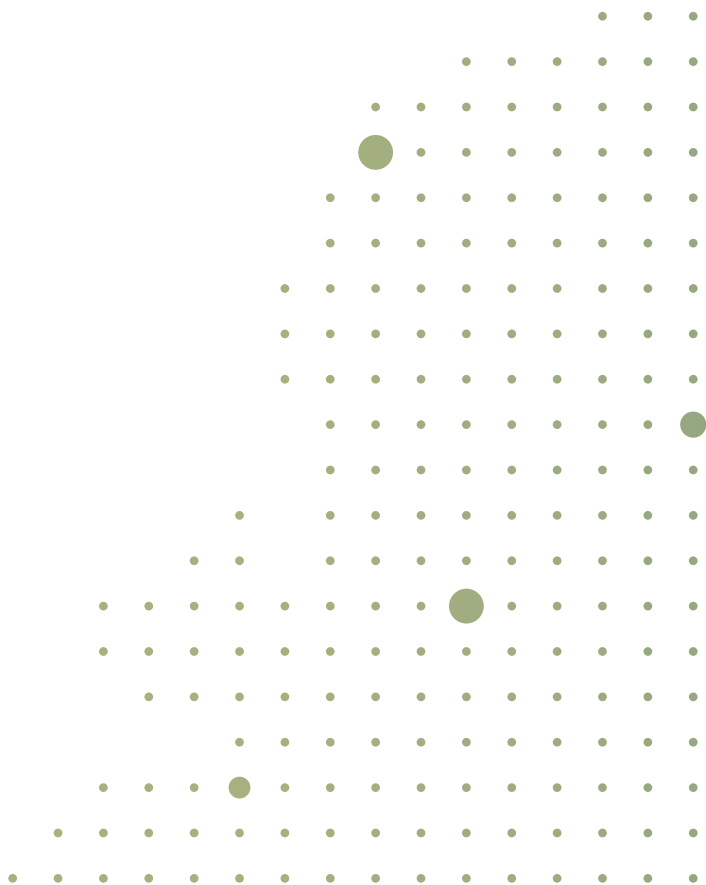
In the interest of the shareholder, it focused on, among other things, inspection of interim economic results, fulfilment of the business plan and resolutions of the annual general meeting. At the same time, it assisted the Board of Directors in implementing the Company's development strategy.

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 2021

Mgr. Michal Antonín  
Chairman of the Supervisory Board

# Financial guides



# 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 31.12.2020 (in CZK thousand)		Klimentská 1216/46 110 02 Praha 1			
		31.12.2020			31.12.2019
		Gross	Adjustment	Net	Net
	<b>TOTAL ASSETS</b>	<b>4 880 081</b>	<b>262 538</b>	<b>4 617 543</b>	<b>3 757 013</b>
<b>B.</b>	<b>Fixed assets</b>	<b>305 923</b>	<b>157 170</b>	<b>148 753</b>	<b>158 197</b>
<b>B.I.</b>	<b>Intangible fixed assets</b>	<b>106 284</b>	<b>77 778</b>	<b>28 506</b>	<b>25 332</b>
B.I.2.	Valuable rights	69 566	60 764	8 802	5 544
B.I.2.1.	Software	69 566	60 764	8 802	5 544
B.I.4.	Other intangible fixed assets	17 366	17 014	352	460
B.I.5.	Prepayments for intangible fixed assets and intangible fixed assets under construction	19 352		19 352	19 328
B.I.5.2.	Intangible fixed assets under construction	19 352		19 352	19 328
<b>B.II.</b>	<b>Tangible fixed assets</b>	<b>199 639</b>	<b>79 392</b>	<b>120 247</b>	<b>132 865</b>
B.II.1.	Land and structures	7 561	7 424	137	316
B.II.1.2.	Structures	7 561	7 424	137	316
B.II.2.	Tangible movable assets and sets of tangible movable assets	19 906	15 534	4 372	5 333
B.II.3.	Valuation difference on acquired assets	172 172	56 434	115 738	127 216
<b>C.</b>	<b>Current assets</b>	<b>4 443 034</b>	<b>105 368</b>	<b>4 337 666</b>	<b>3 485 886</b>
<b>C.II.</b>	<b>Receivables</b>	<b>4 377 771</b>	<b>105 368</b>	<b>4 272 403</b>	<b>3 456 793</b>
C.II.1.	Long-term receivables	136 844		136 844	137 181
C.II.1.4.	Deferred tax asset				50 600
C.II.1.5.	Receivables - other	136 844		136 844	86 581
C.II.1.5.2.	Long-term prepayments made	55 673		55 673	86 581
C.II.1.5.4.	Sundry receivables	81 171		81 171	
<b>C.II.2.</b>	<b>Short-term receivables</b>	<b>4 240 927</b>	<b>105 368</b>	<b>4 135 559</b>	<b>3 319 612</b>
C.II.2.1.	Trade receivables	1 041 886	105 368	936 518	959 705
C.II.2.2.	Receivables - controlled or controlling entity	909 457		909 457	376 931
C.II.2.4.	Receivables - other	2 289 584		2 289 584	1 982 976
C.II.2.4.3.	State - tax receivables				2 433
C.II.2.4.4.	Short-term prepayments made	824 354		824 354	973 890
C.II.2.4.5.	Estimated receivables	1 105 342		1 105 342	1 003 767
C.II.2.4.6.	Sundry receivables	359 888		359 888	2 886
<b>C.IV.</b>	<b>Cash</b>	<b>65 263</b>		<b>65 263</b>	<b>29 093</b>
C.IV.1.	Cash on hand	33		33	28
C.IV.2.	Cash at bank	65 230		65 230	29 065
<b>D.</b>	<b>Other assets</b>	<b>131 124</b>		<b>131 124</b>	<b>112 930</b>
D.1.	Deferred expenses	119 664		119 664	112 062
D.3.	Accrued income	11 460		11 460	868

		31.12.2020	31.12.2019
	<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>4 617 543</b>	<b>3 757 013</b>
<b>A.</b>	<b>Equity</b>	<b>1 171 527</b>	<b>506 444</b>
<b>A.I.</b>	<b>Share capital</b>	<b>16 000</b>	<b>16 000</b>
A.I.1.	Share capital	16 000	16 000
<b>A.II.</b>	<b>Share premium and capital funds</b>	<b>343 237</b>	<b>-297 280</b>
A.II.2.	Capital funds	343 237	-297 280
A.II.2.2.	Gains or losses from the revaluation of assets and liabilities (+/-)	333 952	-306 565
A.II.2.4.	Gains or losses from transformations of business corporations (+/-)	9 285	9 285
<b>A.III.</b>	<b>Funds from profit</b>	<b>300</b>	<b>300</b>
A.III.1.	Other reserve funds	300	300
<b>A.IV.</b>	<b>Retained earnings (+/-)</b>	<b>787 424</b>	<b>755 272</b>
A.IV.1.	Accumulated profits or losses brought forward (+/-)	787 424	755 272
<b>A.V.</b>	<b>Profit or loss for the current period (+/-)</b>	<b>24 566</b>	<b>32 152</b>
<b>B.+C.</b>	<b>Liabilities</b>	<b>3 428 529</b>	<b>3 228 801</b>
<b>B.</b>	<b>Reserves</b>	<b>21 252</b>	<b>22 791</b>
B.II.	Income tax reserve	242	
B.IV.	Other reserves	21 010	22 791
<b>C.</b>	<b>Payables</b>	<b>3 407 277</b>	<b>3 206 010</b>
<b>C.I.</b>	<b>Long-term payables</b>	<b>137 842</b>	<b>69 330</b>
C.I.3.	Long-term prepayments received	31 919	30 847
C.I.8.	Deferred tax liability	98 396	
C.I.9.	Payables - other	7 527	38 483
C.I.9.3.	Sundry payables	7 527	38 483
<b>C.II.</b>	<b>Short-term payables</b>	<b>3 269 436</b>	<b>3 136 680</b>
C.II.3.	Short-term prepayments received	941 307	905 569
C.II.4.	Trade payables	901 700	813 340
C.II.6.	Payables - controlled or controlling entity	608 593	190 853
C.II.8.	Other payables	817 836	1 226 918
C.II.8.3.	Payables to employees	5 091	6 304
C.II.8.4.	Social security and health insurance payables	2 858	2 746
C.II.8.5.	State - tax payables and subsidies	48 273	59 426
C.II.8.6.	Estimated payables	741 477	818 419
C.II.8.7.	Sundry payables	20 137	340 023
<b>D.</b>	<b>Other liabilities</b>	<b>17 487</b>	<b>21 768</b>
D.1.	Accrued expenses	17 487	21 768

**PROFIT AND LOSS ACCOUNT**  
structured by the nature of expense method

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

Year ended  
31.12.2020  
(in CZK thousand)

Klimentská 1216/46  
110 02 Praha 1

		Year ended 31.12.2020	Year ended 31.12.2019
I.	Sales of products and services	20 521	20 937
II.	Sales of goods	11 074 861	12 259 829
A.	Purchased consumables and services	11 199 097	12 202 527
A.1.	Costs of goods sold	10 939 197	12 026 529
A.2.	Consumed material and energy	2 986	3 554
A.3.	Services	256 914	172 444
D.	Staff costs	82 405	86 304
D.1.	Payroll costs	61 671	64 691
D.2.	Social security and health insurance costs and other charges	20 734	21 613
D.2.1.	Social security and health insurance costs	19 401	20 067
D.2.2.	Other charges	1 333	1 546
E.	Adjustments to values in operating activities	17 635	-157 965
E.1.	Adjustments to values of intangible and tangible fixed assets	18 099	18 129
E.1.1.	Adjustments to values of intangible and tangible fixed assets - permanent	18 099	18 129
E.3.	Adjustments to values of receivables	-464	-176 094
III.	Other operating income	1 326 055	1 038 393
III.3.	Sundry operating income	1 326 055	1 038 393
F.	Other operating expenses	1 315 008	1 214 374
F.3.	Taxes and charges	302	169
F.4.	Reserves relating to operating activities and complex deferred expenses		-3 847
F.5.	Sundry operating expenses	1 314 706	1 218 052
*	<b>Operating profit or loss (+/-)</b>	<b>-192 708</b>	<b>-26 081</b>
VI.	Interest income and similar income	4 081	2 773
VI.1.	Interest income and similar income - controlled or controlling entity	3 978	2 645
VI.2.	Other interest income and similar income	103	128
J.	Interest expenses and similar expenses	15 158	9 607
J.1.	Interest expenses and similar expenses - controlled or controlling entity	11 566	4 925
J.2.	Other interest expenses and similar expenses	3 592	4 682
VII.	Other financial income	1 608 006	547 242
K.	Other financial expenses	1 371 308	474 205
*	<b>Financial profit or loss (+/-)</b>	<b>225 621</b>	<b>66 203</b>
**	<b>Profit or loss before tax (+/-)</b>	<b>32 913</b>	<b>40 122</b>
L.	Income tax	8 347	7 970
L.1.	Due income tax	9 595	8 396
L.2.	Deferred income tax (+/-)	-1 248	-426
**	<b>Profit or loss net of tax (+/-)</b>	<b>24 566</b>	<b>32 152</b>
***	<b>Profit or loss for the current period (+/-)</b>	<b>24 566</b>	<b>32 152</b>
*	Net turnover for the current period	14 033 524	13 869 174

## CASH FLOW STATEMENT

for the year ended 31 December 2020

(in thousands of Czech crowns)

Translated from the Czech original

### Name and registered office of the Company

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

### Corporate ID:

273 86 643

	Current period	Prior period
P. Cash and cash equivalents, beginning of period	29 093	69 752
<b>Net operating cash flow</b>		
Z: Accounting profit (loss) from ordinary activities	32 913	40 122
A.1. Non-cash transactions	32 089	24 000
A.1.1. Depreciation and amortisation of fixed assets	6 621	6 651
A.1.2. Change in:	10 089	-168 301
A.1.2.1. Goodwill and valuation difference on acquired assets	11 478	11 478
A.1.2.2. Reserves and provisions	-1 389	-179 779
A.1.5. Interest expense and revenue accounted for	11 077	6 834
A.1.6. Other non-cash transactions	4 302	178 816
A*.Net operating cash flow before taxation and changes in working capital	65 002	64 122
A.2.Changes in working capital	112 606	-196 479
A.2.1. Change in receivables from operating activities, estimated receivables and deferrals	80 489	-733 261
A.2.2.Change in short-term liabilities from operating activities, estimated payables and accruals	32 117	536 782
A.**Net operating cash flow before taxation	177 608	-132 357
A.3.Interest paid excluding amounts capitalised	-15 158	-9 402
A.4.Interest received	4 081	2 135
A.5.Income tax paid on ordinary income and income tax relating to prior periods	-6 921	-22 883
A.***Net operating cash flow	159 610	-162 507
<b>Investing activities</b>		
B.1.Acquisition of fixed assets	-8 654	-6 270
B.1.1.Acquisition of tangible fixed assets	-1 206	-1 223
B.1.2.Acquisition of intangible fixed assets	-7 448	-5 047
B.3.Advances and loans to related parties	-532 526	165 284
B.***Net cash flow from investing activities	-541 180	159 014
<b>Financing activities</b>		
C.1.Change in long-term / short-term liabilities from financing	417 740	62 070
C.2.Impact of changes in equity on cash balance		-99 236
C.2.6.Dividends paid, including withholding tax paid and bonuses paid to board members		-99 236
C.***Net cash flow from financing activities	417 740	-37 166
F.Net increase or decrease in cash balance	36 170	-40 659
R.Cash and cash equivalents, end of period	65 263	29 093

## STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2020  
(in thousands of Czech crowns)  
Translated from the Czech original

Name and registered office of  
the Company

Corporate ID

273 86 646

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

	Registered capital	Revaluation of assets and liabilities	Gains or losses on corporate transformations	Other reserve funds	Retained profits or accumulated losses (+/-)	Profit (loss) for the current period	Total
Balance as at 1.1.2020	16 000	-306 565	9 285	300	755 272	32 152	506 444
Transfer of the profit (loss) of prior year period	--	--	--	--	32 152	-32 152	--
Change in fair value of hedging instruments	--	790 762	--	--	--	--	790 762
Effect of change in fair value of hedging instruments on deferred tax	--	-150 245	--	--	--	--	-150 245
Profit (loss) for the current period	--	--	--	--	24 566	24 566	24 566
Balance as at 31.12.2020	16 000	333 952	9 285	300	787 424	24 566	1 171 527

	Registered capital	Revaluation of assets and liabilities	Gains or losses on corporate transformations	Other reserve funds	Retained profits or accumulated losses (+/-)	Profit (loss) for the current period	Total
Balance as at 1.1.2019	16 000	488 424	9 285	300	781 509	72 999	1 368 517
Transfer of the profit (loss) of prior year period	--	--	--	--	72 999	-72 999	--
Profit shares	--	--	--	--	-99 236	--	-99 236
Change in fair value of hedging instruments	--	-981 468	--	--	--	--	-981 468
Effect of change in fair value of hedging instruments on deferred tax	--	186 479	--	--	--	--	186 479
Profit (loss) for the current period	--	--	--	--	--	32 152	32 152
Balance as at 31.12.2019	16 000	-306 565	9 285	300	755 272	32 152	506 444



# EP ENERGY TRADING, a.s.

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

Year ended 31 December 2020

(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 2020 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 2020*

#### *Members of the Board of Directors*

Miodrag Maksimović (Chairman)  
Petr Švec  
Ladislav Sladký

#### *Members of the Supervisory Board*

Michal Antonín (Chairman)  
Lenka 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 2020 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 2020

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

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### *Changes in the Register of Companies*

In 2020, 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 Miroslav Rozkoš and Mr Petr Švec were in charge of the branch as of 31 December 2020.

### *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 2020

(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 2020. Comparative information for 2019 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 2020.

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 40 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 40 thousand. Technical improvements to leased office premises are reported in 'Structures'. Leasehold improvements are depreciated over the lease term.

#### b) 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'.

##### Reserves

An income 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 is reduced by income tax prepayments, and the net receivable (if any) is recorded in 'State - tax receivables'.

# EP ENERGY TRADING, a.s.

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

Year ended 31 December 2020

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

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.

### c) 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.

### d) 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.

### e) 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.

#### 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 2020 as published by the EEX.

# EP ENERGY TRADING, a.s.

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

Year ended 31 December 2020

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

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.

f) Leased assets

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

g) 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.

h) 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.

i) 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.

j) Consolidation

Pursuant to Section 62 (2) of Regulation No. 500/2002 Coll., 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. These consolidated financial statements will be published in compliance with Section 62 (3c) of the Regulation implementing Section 21a of the Accounting Act.

### 3. Changes to accounting policies

In 2020, 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 2020

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

### 4. Fixed assets

#### a) Intangible fixed assets

2020	Other intangible assets	Software	Intangible assets under constr.	Total
<b>Acquisition cost</b>				
Balance at 31/12/2019	17 114	62 141	19 328	98 583
Additions	--	--	7 448	7 449
Disposals	--	--	--	--
Reclassification	--	7 424	-7 424	--
Balance at 31/12/2020	17 114	69 566	19 352	106 033
<b>Accumulated amortisation</b>				
Balance at 31/12/2019	16 654	56 597	--	73 251
Amortisation	108	4 167	--	4 275
Accumulated amortisation on disposals	--	--	--	--
Balance at 31/12/2020	16 762	60 764	--	77 526
<b>Net book value 31/12/2019</b>	<b>460</b>	<b>5 544</b>	<b>19 328</b>	<b>25 332</b>
<b>Net book value 31/12/2020</b>	<b>352</b>	<b>8 802</b>	<b>19 352</b>	<b>28 506</b>

2019	Other intangible assets	Software	Intangible assets under constr.	Total
<b>Acquisition cost</b>				
Balance at 31/12/2018	17 062	60 257	18 805	96 124
Additions	--	252	4 532	4 784
Disposals	--	-2 325	--	-2 325
Reclassification	52	3 957	-4 009	--
Balance at 31/12/2019	17 114	62 141	19 328	98 583
<b>Accumulated amortisation</b>				
Balance at 31/12/2018	16 558	53 527	--	70 085
Amortisation	96	5 395	--	5 491
Accumulated amortisation on disposals	--	-2 325	--	-2 325
Balance at 31/12/2019	16 654	56 597	--	73 251
<b>Net book value 31/12/2018</b>	<b>504</b>	<b>6 730</b>	<b>18 805</b>	<b>26 039</b>
<b>Net book value 31/12/2019</b>	<b>460</b>	<b>5 544</b>	<b>19 328</b>	<b>25 332</b>

# EP ENERGY TRADING, a.s.

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

Year ended 31 December 2020

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

## b) Tangible fixed assets

2020	Structures	Individual movable assets	Valuation difference on acquired assets	Tangible assets under constr.	Total
<b>Acquisition cost</b>					
Balance at 31/12/2019	7 561	18 700	172 172	--	198 433
Additions	--	1 206	--	--	1 206
Disposals	--	--	--	--	--
Reclassification	--	--	--	--	--
Balance at 31/12/2020	7 561	19 906	172 172	--	199 639
<b>Accumulated depreciation</b>					
Balance at 31/12/2019	7 245	13 367	44 956	--	65 568
Depreciation	179	2 167	11 478	--	13 824
Accumulated depreciation on disposals	--	--	--	--	--
Reclassification	--	--	--	--	--
Balance at 31/12/2020	7 424	15 534	56 434	--	79 392
<b>Net book value 31/12/2019</b>	<b>316</b>	<b>5 333</b>	<b>127 216</b>	<b>--</b>	<b>132 865</b>
<b>Net book value 31/12/2020</b>	<b>137</b>	<b>4 372</b>	<b>115 738</b>	<b>--</b>	<b>120 247</b>

2019	Structures	Individual movable assets	Valuation difference on acquired assets	Tangible assets under constr.	Total
<b>Acquisition cost</b>					
Balance at 31/12/2018	7 349	14 364	172 172	333	194 218
Additions	212	4 035	--	--	4 247
Disposals	--	-32	--	--	-32
Reclassification	--	333	--	-333	--
Balance at 31/12/2019	7 561	18 700	172 172	--	198 433
<b>Accumulated depreciation</b>					
Balance at 31/12/2018	7 172	12 312	33 478	--	52 962
Depreciation	73	1 087	11 478	--	12 638
Accumulated depreciation on disposals	--	-32	--	--	-32
Reclassification	--	--	--	--	--
Balance at 31/12/2019	7 245	13 367	44 956	--	65 568
<b>Net book value 31/12/2018</b>	<b>177</b>	<b>2 052</b>	<b>138 694</b>	<b>333</b>	<b>141 256</b>
<b>Net book value 31/12/2019</b>	<b>316</b>	<b>5 333</b>	<b>127 216</b>	<b>--</b>	<b>132 865</b>

## 5. 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 2020 was CZK 1,576 thousand (2019 – CZK 1,766 thousand).

The Company also has an operating lease for office premises in Prague (till 31 July 2021) and Bratislava (for an indefinite period with a notice period of 12 months). The annual cost of this lease for 2020 was CZK 6,710 thousand (2019 – CZK 8,711 thousand).

# EP ENERGY TRADING, a.s.

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

Year ended 31 December 2020

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

### 6. 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:

	31/12/2019	31/12/2020
Tangible fixed assets	1 193	1 174
Total	1 193	1 174

### 7. Valuation difference on acquired assets

As a result of the merger, the Company reports the amount of CZK 172,172 thousand (2019 – 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 2020, depreciation totalled CZK 11,478 thousand (2019 – CZK 11,478 thousand).

### 8. Trade receivables and payables

- Short-term trade receivables total CZK 1,041,886 thousand (2019 – CZK 1,064,681 thousand), of which CZK 131,137 thousand (2019 – CZK 226,991 thousand) is overdue. A provision of CZK 105,368 thousand (2019 – CZK 104,976 thousand) was created as of 31 December 2020 for doubtful receivables.
- Short-term trade payables total CZK 901,700 thousand (2019 – CZK 813,340 thousand), of which CZK 28 thousand (2019 – CZK 14,783 thousand) is overdue.

# EP ENERGY TRADING, a.s.

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

Year ended 31 December 2020

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

### 9. Prepayments made

- a) Long-term prepayments total CZK 55,673 thousand (2019 – CZK 86,581 thousand), predominantly comprising a security deposit on gas trading provided to PPD of CZK 6,165 thousand (2019 – CZK 5,564 thousand), and a security deposit on electricity trading provided to OTE, a.s. of CZK 39,955 thousand (2019 – CZK 39,955 thousand).
- b) Short-term prepayments total CZK 824,354 thousand (2019 – CZK 973,890 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 500,438 thousand (2019 – CZK 428,801 thousand) and a prepayment to GasNet, s.r.o. of CZK 115,163 thousand (2019 – CZK 125,973 thousand) and to EG.D, a.s. of CZK 135,526 thousand (2019 – CZK 131,260 thousand). The Company also provided a prepayment to EP Commodities, a.s., see Note 26.

### 10. Estimated receivables

Estimated receivables of CZK 1,105,342 thousand (2019 – CZK 1,003,767 thousand) primarily comprise estimates for unbilled distribution and supply of electricity totalling CZK 756,633 thousand (2019 – CZK 630,921 thousand) and distribution and supply of natural gas totalling CZK 348,709 thousand (2019 – CZK 371,375 thousand).

### 11. Sundry receivables and payables – long-term and short-term

Sundry receivables of CZK 441,059 thousand (2019 – CZK 2,886 thousand) primarily comprise the revaluation of commodity derivatives to fair value as of 31 December 2020 of CZK 438,350 thousand (2019 – CZK 2,886 thousand); see Note 12.

Sundry payables of CZK 27,663 thousand (2019 – CZK 378,506 thousand) primarily comprise the revaluation of commodity derivatives to fair value as of 31 December 2020 of CZK 26,625 thousand (2019 – CZK 377,892 thousand); see Note 12.

### 12. 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	2020
		Fair value
Forwards (Commerzbank Aktiengesellschaft)	2021 – 2023	-16 985
Forwards (Komerční banka)	2021 – 2023	-436
Forwards (Raiffeisenbank)	2021 – 2023	-9 204
Total		-26 625

# EP ENERGY TRADING, a.s.

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

Year ended 31 December 2020

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

The fair value of derivatives totals CZK (26,625) thousand (2019 – CZK (56,766) thousand) of which CZK (19,100) thousand (2019 – CZK (40,061) thousand) is recorded in Sundry payables – short-term and CZK (7,526) thousand in Sundry payables – long term. Derivatives which meet the condition of an effective hedge amounting to CZK (26,625) thousand (2019 – CZK (56,766) 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	2021	623 476	3 747
Futures and forward contracts for sale of electricity	2021	-265 734	1 387
Futures and forward contracts for purchase of electricity	2022	82 789	578
Futures and forward contracts for sale of electricity	2022	-10 415	88
Futures and forward contracts for purchase of electricity	2023	12 403	131
Futures and forward contracts for sale of electricity	2023	-3 607	70
		438 912	

The fair value of CZK 562 thousand (2019: CZK 796 thousand) was settled using the daily settlement of contract value changes on the commodities exchange as of 31 December 2020.

The unsettled fair value of derivatives totalled CZK 438,350 thousand (2019: CZK (321,126) thousand), of which CZK 357,179 thousand (2019: CZK (299,408) thousand in Sundry payables – short-term) is recognised in Sundry receivables – short-term and CZK 81,171 thousand in Sundry receivables – long-term (2019: CZK 21,718 thousand in Sundry payables – 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 438,350 thousand (2019: CZK (321,710) thousand).

### c) Commodity derivatives – CO2 emission rights (EUA)

In 2019, 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	2021	-288 293	1 465
forward contracts for the sale of CO2 emission rights	2021	288 293	1 465
forward contracts for the purchase of CO2 emission rights	2022	-40 532	270
forward contracts for the sale of CO2 emission rights	2022	40 532	270

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

# EP ENERGY TRADING, a.s.

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

Year ended 31 December 2020

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

### 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 2020 and subsequent years which would not have been concluded for the purpose of purchase, sale or use of the commodity. In 2019, the fair value of forwards which have not been concluded for the purpose of purchase, sale or use of the commodity was CZK 0.

## 13. Provisions

	Provisions for receivables	Total
Balance at 31/12/2019	104 976	104 976
Creation	6 956	6 956
Release/use	6 564	6 564
Balance at 31/12/2020	105 368	105 368

## 14. Deferred expenses

Deferred expenses of CZK 119,664 thousand (2019 – CZK 112,062 thousand) mainly represent deferred expenses on the acquisition of new points of supply.

## 15. Registered capital

The registered capital of CZK 16,000 thousand (2019 – CZK 16,000 thousand) consists of sixteen registered ordinary shares with a nominal value of CZK 1,000 thousand.

## 16. 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 2020.

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

Balance at 01/01/2020	-306 565
Change in fair value of currency hedging derivatives	30 140
Change in deferred tax relating to currency hedging derivatives	-5 727
Change in fair value of commodity hedging derivatives	760 622
Change in deferred tax relating to commodity hedging derivatives	-144 518
Balance at 31/12/2020	333 952

# EP ENERGY TRADING, a.s.

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

Year ended 31 December 2020

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

c) 'Revaluation of assets and liabilities' comprises:

Fair value of currency hedging derivatives	-26 625
Deferred tax relating to currency hedging derivatives	5 058
Fair value of commodity hedging derivatives	438 912
Deferred tax relating to commodity hedging derivatives	-83 393
Balance at 31/12/2020	<b>333 952</b>

## 17. Reserves

	Reserve for outstanding vacation days	Other reserves	Total
Balance at 31/12/2019	1 686	21 105	22 791
Creation	-	-	-
Release/use	-1 686	-95	-1 781
Balance at 31/12/2020	0	21 010	21 010

## 18. Prepayments received

- Short-term prepayments received consist of prepayments of CZK 941,307 thousand (2019 – CZK 905,569 thousand) received from end customers in connection with the sale of electricity and natural gas.
- Long-term prepayments received total CZK 31,919 thousand (2019 – CZK 30,847 thousand) and primarily include received security deposits.

## 19. Social security and health insurance liabilities

Social security and health insurance liabilities total CZK 2,858 thousand (2019 – CZK 2,746 thousand), of which CZK 1,826 thousand (2019 – CZK 1,830 thousand) relates to social security liabilities and CZK 1,083 thousand (2019 – CZK 916 thousand) to health insurance liabilities. None of these liabilities are overdue.

## 20. State – tax payables and subsidies

Tax payables amount to CZK 48,273 thousand (2019 – CZK 59,426 thousand), of which CZK 1,273 thousand (2019 – CZK 1,456 thousand) relates to income tax on employment, CZK 8,807 thousand to taxes on electricity and gas (2019 – CZK 7,900 thousand), and CZK 38,193 thousand (2019 – CZK 50,070 thousand) to value added tax and road tax.

## 21. Estimated payables

Estimated payables of CZK 741,477 thousand (2019 – CZK 818,419 thousand) primarily comprise estimates for unbilled electricity and gas distribution totalling CZK 705,969 thousand (2019 – CZK 695,848 thousand) and estimates for unbilled supplies of commodities.

# EP ENERGY TRADING, a.s.

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

Year ended 31 December 2020

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

### 22. Accrued expenses

Accrued expenses total CZK 17,487 thousand (2019 – CZK 21,768 thousand) and primarily comprise accrued supplies of natural gas.

### 23. 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	2020	7 922 117	96 462	507 113	8 525 692
	2019	8 239 465	459 975	1 209 877	9 909 317
Natural gas	2020	2 078 774	470 310	86	2 549 170
	2019	2 346 067	4 255	190	2 350 512
Services	2020	19 885	635	0	20 520
	2019	19 046	1 891	0	20 937
Total	2020	10 020 776	567 407	507 199	11 095 382
	2019	10 604 578	466 121	1 210 067	12 280 766

### 24. 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 1,303,520 thousand in 2020 and CZK 1,027,387 thousand in 2019.

Sundry operating expenses represent expenses associated with the buy-out of receivables from a factoring company; expenses amounted to CZK 1,303,520 thousand in 2020 and CZK 1,027,387 thousand in 2019, and write-offs of receivables amounted to CZK 5,498 thousand in 2020.

### 25. 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.

# EP ENERGY TRADING, a.s.

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

Year ended 31 December 2020

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

### 26. Related parties

#### a) Trade receivables and payables

The following related party balances are included in the trade receivables and payables described in Note 8 above:

	Receivables at		Payables at	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Pražská teplárenská a.s.	--	4 111	--	742
Plzeňská teplárenská, a.s.	3 608	2 420	84 971	54 682
VTE Pchery, s.r.o.	31	22	497	888
United Energy, a.s.	4 306	19 558	69 358	82 552
POWERSUN a.s.	9	8	50	99
EP Energy, a.s.	1 299	964	830	485
Elektrárny Opatovice, a.s.	5 472	9 247	172 619	109 362
Stredoslovenská energetika, a.s.	89 318	42 292	7 396	39 050
Stredoslovenská distribučná, a.s.	157	117	4 414	4 134
EP Infrastructure, a.s.	--	--	817	--
Slovenské elektrárne, a.s.	20 554	9 487	--	3 431
SOR Libchavy spol. s r.o.	1 523	1 493	96	115
SPP Storage s.r.o.	293	25	283	2
SPP Distribúcia, a.s.	6 526	5 119	2 806	2 693
MSEM, a.s.	136	34	60	62
EP Commodities, a.s.	195 095	56 813	327 476	280 141
Other companies in the group	758	5	9	23
Total	329 085	151 715	671 682	578 461

#### b) Cash pool

The Company reports cash on a group cash pool account kept by EP Energy, a.s. amounting to CZK 909,457 thousand (2019 – CZK 376,931 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 Energy a.s. of CZK 608,593 thousand (2019 – CZK 190,853 thousand); this cash pool is reported in 'Payables – controlled or controlling entity'.

#### c) Loans received

The Company did not recognise any loans received as of 31 December 2020 and 31 December 2019.

#### d) Prepayments made

In 2020, the Company provided a prepayment of CZK 131,289 thousand to EP Commodities (2019 – CZK 339,679 thousand).

# EP ENERGY TRADING, a.s.

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

Year ended 31 December 2020

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

## 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	
	2020	2019	2020	2019
Pražská teplárenská a.s.	--	49 220	--	16 667
Plzeňská teplárenská, a.s.	29 043	19 282	675 327	541 048
VTE Pchery, s.r.o.	271	188	7 484	9 872
United Energy, a.s.	15 890	204 176	435 514	729 630
POWERSUN a.s.	60	48	4 123	4 652
EP Infrastructure, a.s.	--	--	676	--
EP Energy, a.s.	3 978	2 645	12 896	6 344
Elektrárny Opatovice, a.s.	23 117	119 634	1 150 018	1 255 851
Stredoslovenská energetika a.s.	523 267	428 524	38 353	389 959
Stredoslovenská distribučná, a.s.	--	--	77 724	81 033
SPP Storage s.r.o.	3 046	2 400	--	--
SOR Libchavy spol. s r.o.	13 565	13 765	--	--
MSEM, a.s.	2 631	2 742	--	--
SPP - distribúcia, a.s.	--	43	29 100	21 034
Slovenské elektrárne, a.s.	67 793	24 181	6 665	52 113
EP Commodities, a.s.	449 388	723 209	2 276 083	1 768 818
Other companies in the group	105	77	--	--
<b>Total</b>	<b>1 132 154</b>	<b>1 590 134</b>	<b>4 713 963</b>	<b>4 877 021</b>

## 27. Employees and executives

Average number of employees and executives and personnel expenses for 2020:

2020	Number	Wages and salaries	Social security and health insurance expenses	Other expenses
Employees and executives	73	55 484	17 912	1 333
Board of Directors	3	6 142	1 474	--
Supervisory Board	3	45	15	--
<b>Total</b>	<b>79</b>	<b>61 671</b>	<b>19 401</b>	<b>1 333</b>

# EP ENERGY TRADING, a.s.

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

Year ended 31 December 2020

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

Average number of employees and executives and personnel expenses for 2019:

2019	Number	Wages and salaries	Social security and health insurance expenses	Other expenses
Employees and executives	78	56 114	18 019	1 546
Board of Directors	3	8 532	2 033	--
Supervisory Board	3	45	15	--
Total	84	64 691	20 067	1 546

In 2020 and 2019, 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.

### 28. 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.

### 29. Income tax

#### a) Current tax

Current income tax comprises the tax estimate for 2020 of CZK 2,907 thousand (2019 – CZK 8,646 thousand), and an adjustment to tax of CZK 0 thousand (2019 – CZK (250) thousand) relating to prior periods.

An income tax reserve of CZK 2,907 thousand (2019 – CZK 8,646 thousand) was reduced by corporate income tax prepayments of CZK 2,665 thousand (2019 – CZK 11,079 thousand) and the net receivable of CZK 242 thousand was reported in 'Income tax reserve' (2019 – the net payable of CZK 2,433 thousand was reported in 'State – tax receivables').

#### b) Deferred tax

	Assets		Liabilities		Net	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Tangible and intangible fixed assets	731	730	--	--	731	730
Hedging commodity derivatives	--	61 125	-83 393	--	-83 393	61 125
Deferred tax from valuation difference	--	--	-21 626	-23 808	-21 627	-23 808
Hedging FX derivatives	5 059	10 785	--	--	5 059	10 785
Adjustments to receivables and other temporary differences	834	1 768	--	--	834	1 768
Deferred tax asset/(liability)	6 624	74 408	105 020	-23 808	-98 396	50 600

In accordance with the accounting policies described in Note 2(g), a tax rate of 19% was used to calculate deferred tax (2019 – 19%).

# EP ENERGY TRADING, a.s.

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

Year ended 31 December 2020

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

A change in deferred tax of CZK 148,996 thousand (2019 – CZK 186,905 thousand) consists of deferred tax from hedging derivatives charged directly to equity of CZK 150,245 thousand (2019 – CZK 186,479 thousand), and a change in deferred tax recognised in profit/loss of CZK (1,249) thousand (2019 – CZK 426 thousand).

### 30. Contingent liabilities and off-balance sheet commitments

The Company has concluded the following bank guarantees in favour of its suppliers as of 31 December 2020:

Bank	Currency	EUR '000	CZK '000
COMMERZBANK Aktiengesellschaft	CZK	--	55 000
EP Energy, a.s.	EUR	8 000	--

The Company has concluded the following bank guarantees in favour of its suppliers as of 31 December 2019:

Bank	Currency	EUR '000	CZK '000
COMMERZBANK Aktiengesellschaft	CZK	--	75 000
EP Energy, a.s.	EUR	8 000	--

As of 31 December 2020, the book value of pledged receivables and pledged bank accounts was zero.

The Company is limited in terms of disposing of the bank account kept with UniCredit Bank Czech Republic and Slovakia of CZK 4,126 thousand. Disposing of these funds has to be approved by the bank. The bank is obliged to abide by the requirements of the energy exchange while the disposing of the account is independent of the Company.

### 31. 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	
	2020	2019
Cash	65 263	29 093
Marketable securities	--	--
Cash and cash equivalents	65 263	29 093

'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.

# EP ENERGY TRADING, a.s.

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

Year ended 31 December 2020

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

### 32. Material subsequent event

There are no uncertainties arising for the Company from the events related to COVID-19 that would cast material doubt on the Company's ability to continue as a going concern.

In accordance with the disclosure requirements, the Company carefully considered its specific circumstances and risk factors when analysing the impact that the global COVID-19 pandemic may have on its financial statements. Based on the assessment, no material impacts on the 2020 financial statements were identified. In particular, the Company focused on the following areas:

- In the context of the impact of the pandemic, the methodology for making assumptions and estimates did not change from that applied in previous financial statements. Any changes are described in the paragraphs above and have a different (for example, legislative) reason.
- In assessing the impact of the pandemic, no grounds for impairment of non-financial assets were identified and therefore the Company believes that the financial statements fully reflect the recoverable or net realisable value of the asset.
- Similarly, the valuation of assets at fair value or the identification of provisions and the classification of financial assets fully reflected market data at the valuation date under current market conditions. The Company assessed the ability of debtors to meet their obligations. The Company also critically considered whether its business operations were affected by supply and demand disruptions and did not identify any material impacts that would have to be reflected in the valuation of financial assets.
- The Company did not receive any state aid.
- The Company did not eliminate any items from operating profit or introduce any new alternative performance measures in relation to COVID-19.

While there is uncertainty regarding future events, the Company's management will continue to critically monitor and evaluate the impacts on an ongoing basis and take or adjust appropriate actions as necessary to be able to eliminate or successfully address and mitigate to the maximum extent possible any financial and non-financial impacts that may arise.

The Company's management has considered the potential impacts of COVID-19 on its operations and business and concluded that they do not have a material impact on the going concern assumption. Accordingly, the financial statements as of 31 December 2020 have been prepared on the assumption that the Company will be able to continue as a going concern.

Prepared on:

30 April 2021



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 of 31 December 2020, 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 2020, 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 Matter

The financial statements of EP ENERGY TRADING, a.s. for the year ended 31 December 2019 were audited by another auditor who expressed an unmodified opinion on those statements on 29 May 2020.

#### 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.

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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 2021

Audit firm:

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



Statutory auditor:

Ladislav Šauer  
registration no. 2261



