

**ANNUAL REPORT**

**FOR THE REPORTING PERIOD FROM  
1 JANUARY 2019 TO 31 DECEMBER 2019**

OF

**ALPIQ ENERGY SE**

with its registered address at Jungmannova 26/15, 110 00 Prague 1, business  
registration No. (IC): 284 77 090

prepared in compliance with Section 82 (2) of Act No. 90/2012 Coll., the Corporations Act and Section 21 (2) of Act  
563/1991 Coll., the Accounting Act.

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## 1. GENERAL PART

ALPIQ ENERGY SE ("the Company") is a European joint stock company having its registered address at Jungmannova 26/15, 110 00, Prague 1 Czech Republic, business registration No. (IC): 284 77 090, Tax ID: CZ 284 77 090, incorporated by an entry in the Public Register maintained with the Registration Court in Prague, File H81, on 20 October 2008. The Company is involved in electricity and gas trading and associated services. Alpiq Energy SE is a member of the Swiss energy group Alpiq (parent company of whole group is Alpiq Holding AG).

## 2. COMPANY PROFILE

Name:	ALPIQ ENERGY SE
Registered Address:	Jungmannova 26/15, 110 00 Prague 1
Business Registration Number:	284 77 090
Legal form:	European company (société européenne - SE)
Business:	production, trading and services not included in appendices 1 to 3 of the Trade Licensing Act gas trading (as of 1 April 2014)
Scope of activities:	electricity trading lease of real estate, apartments and non-residential premises.
Basic capital:	EUR 7,000,000 (CZK 172,655,000)
Statutory bodies of the Company:	as at 31 December 2019

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Board of Directors	
Chair:	Zdeněk Čihák
Member:	Jan Kožušník
Member:	Georgios Peponis

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Supervisory Board	
Member:	Markus Brokhof

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Procurators:	
Libuše Jeremiášová	Claudia Erni Eiholzer
Martin Hulena	Marie Adamová
Hana Lindovská	Tobias Meyer
Martin Šiška	Karel Ouška
Gergely Gonda	Tereza Jášková

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At least two members of the Board of Directors jointly (including the Board of Director's chairman and a member), or at least two procurators act and sign on the Company's behalf.

Sole Shareholder: Alpiq AG  
Olten, Bahnhofquai 12, zip code 4600  
the Swiss Confederation  
business registration No.: CHE-105.974.401

The following changes were made to the Public Register entry in the period from 1 January 2019 to 31 December 2019:

On 23 January 2019 based on the shareholder's decision Peter Dworak was recalled from the position of member of the Board of Directors of the Company and Jan Kožušník appointed as a member of the Board of Directors of the Company. These events were registered in the Public register on 2 February 2019.

On 20 June 2019 the procurator Cornelia Hauptli Baumgartner was deregistered from the Public register.

On 20 June 2019 the procurator Libuše Jeremiášová was registered in the Public register.

On 20 August 2019 based on the shareholder's decision Edgar Carsten Lehmann was recalled from the position of member of the Board of Directors of the Company and Georgios Peponis was appointed as a member of the Board of Directors of the Company. These events were registered in the Public register on 9 September 2019.

On 9 September 2019 the procurator Georgios Peponis was deregistered from the Public register.

Significant events from 1 January 2019 to 31 December 2019:

On 6 March 2019 the Company obtained the trading license for importing electricity into Lithuania from the non-EU countries.

On 7 March 2019 the Company deregistered the permanent establishment in Lithuania.

On 27 September 2017 the Company received a decision of the Romanian Tax Authority (ANAF) whereby it was assessed RON 792.7 million on VAT, income tax and accessories for the period from 2010 to 2014. The bank guarantee was issued to cover the assessment. The Company disagrees with the decision and has appealed the decision to the superior Tax Authority in 2017. The management of the Company is convinced that the decision of Romanian Tax Authority is unjustifiable and legally unsubstantiated. This opinion is supported also by analyses of tax and legal experts. The Company secured the required amount of tax assessment by a bank guarantee due in the event of a final and legally binding decision of the appellate bodies and courts. On 26 June 2018, the Company received the decision of ANAF appealing body with respect to its appeal. In the main proceedings, ANAF appealing body supported view of ANAF and dismissed the objection with regard to a part of an amount of RON 589 million as being without merit. The decision of the tax authority of the assessment in the amount of RON 204 million was annulled by the appellate body of ANAF and it ordered a reaudit. In one matter concerning an immaterial amount, ANAF ruled in favor of the Company. In December 2018, the Company filed the respective merit claim against the decision of ANAF appealing body, including full evidence and expert opinions. On 29 January 2019, the Supreme Court in Bucharest decided that tax authority's (ANAF) assessment of RON 589 million is not enforceable (suspended) until a court of first instance decision will be reached in the merit case started by the Company against ANAF. The endorsement of the Company's request means that the Company is not obliged to secure the tax assessment by the bank guarantee. The bank guarantee and pledged bank account, which was used as a guarantee for the bank guarantee, were rescinded on 14th February 2019 (resulting into the pledged cash being now freely at the disposal of the Company). On 16 September 2019 the Court of Appeal in Bucharest granted the request of the Company and suspended enforcement of the tax assessment until the final decision of the courts in the merit case opened by the Company against ANAF: The Company filed on 21 June 2019 a damage claim in the amount of RON 10.9 million against ANAF in relation to the tax assessment.

As at 31 December 2019 the Company operates foreign branches in Hungary, Romania, Switzerland and Poland.

### **3. REPORT ON THE COMPANY'S BUSINESS PERFORMANCE AND PROJECTED DEVELOPMENTS**

#### **Business performance**

In 2019 the Company introduced a new business strategy where primary trading intention of majority of contracts is a short-term price speculation and profit. Under the new business strategy, the Company significantly increased volume of financially settled contracts made on European power exchanges and partially also via financially settled deals with third parties (OTC contracts).

The Company changed its business strategy in gas trading and started operating this activity under the management of its parent company Alpiq AG. This resulted in increased activity in gas trading as well as in utilization of gas storages in the Czech Republic.

The new business strategies resulted in decrease of non-derivative deals as well as the return of trading license in Romania to the national regulator ANRE (i.e. the Company left this market).

The Company was active in the majority of markets and power exchanges of Central and Eastern Europe. The Company got newly registered as trader on the Bulgarian gas market. As a result of a decision issued by the Lithuanian energy regulatory authority the Company lost its gas trading license in the territory of Lithuania. The Company acquired an electricity import license in Lithuania allowing it to import electricity from Belarus. In terms of energy services the Company continued to expand providing services related to market portfolio access on forward, spot and balancing, portfolio management and hedging services on all main CESEE power and gas markets, management and off-taking of electricity and certificates from renewable producers mainly in Poland and Bulgaria or ancillary services in Hungary. Moreover, the Company offered wide range of individual products for end customers including tranche procurement and portfolio management.

Following the year 2018 when the Company incurred significant losses, the new business strategies and reorganization of trading activities and teams resulted in positive operating profit. The Company realized profit on operating activities in positive amount of CZK 213 million and the net result of CZK 107.6 million. Unfortunately, the result was negatively influenced by default of one Polish counterparty which resulted in creation of an allowance against receivables in the amount of CZK 127 million. The total creation of allowances against receivables was CZK 134 million.

In 2020 the Company plans to seek new electricity and gas trading and origination opportunities in the region of Central and East Europe and Baltic countries. The Company plans also to further develop its activities in the Ukraine and on Belarus borders and entering new energy exchanges and markets.

#### **Providing services**

Following the prior year spin off and sale of part of the business to Alpiq Services CZ s.r.o., the Company abandoned provision of supporting activities to Alpiq Group and focused in current year primarily on development of energy services for its business partners as described above.

#### **Other**

The Company's operational liquidity remained stable in 2019 due to profitable trading and was further significantly improved as a result of the decision on the suspension of the tax audit assessment in Romania, which allowed the Company to release CZK 3,344 million used originally to secure the issued bank guarantee (see Note 2).

Alpiq Group is heavily investing in automatization, robotization as well as into trading systems and is focusing on alignment of processes throughout the Alpiq Group to be more efficient. As a result, the Company plans to deeper integrate its trading activities within the systems used currently by Alpiq Group and continues to develop systems for market portfolio access services it provides to counterparties.

#### **4. RELATED PARTY REPORT**

The Report on Relations between the Controlling Person and Controlled Person and between the Controlled Person and other persons controlled by the same Controlling Person (the "Report on Relations") for the Reference Period is an integral part of this Annual Report as an Appendix.

#### **5. FINANCIAL STATEMENTS**

The annual financial statements for the reporting period from 1 January 2019 to 31 December 2019 are an integral part of this Annual Report as an Appendix and were audited by the audit firm Ernst & Young Audit, s.r.o.

#### **6. FOREIGN BRANCHES AS AT 31 DECEMBER 2019**

The Company has the following foreign branches:

ALPIQ ENERGY SE Magyarországi Fióktelepe  
1085 Budapest, Kálvin tér 12.  
Hungary

ALPIQ ENERGY SE SPÓŁKA EUROPEJSKA ODDZIAŁ W POLSCE  
00,609 Waszawa, ul. Armii Ludowej 26  
Poland

ALPIQ ENERGY SE PRAGA – SUCURSALA BUCURESTI  
Bucuresti, Sectorul 1, Str. Nicolae Caramfil 43  
Romania

ALPIQ ENERGY SE, Prag, Zweigniederlassung Niedergösgen  
Oltnerstrasse 63, 5013 Niedergösgen  
the Swiss Confederation

#### **7. INFORMATION ON CORPORATE ACTIVITIES PURSUANT TO SECTION 21(2) OF ACT 563/1991 COLL.**

The Company carried out no research & development activities in 2019.

In compliance with the valid legal requirements the Company pays permanent attention to environmental protection, particularly the waste management.

The Company strictly complies with the Labor Code. Trade unions are not active in the Company. The average number of employees was 47 as at 31 December 2019. Social expenses were withdrawn in accordance with the internal policy. The major employee benefits include meal allowances, contributions to language courses and leisure activities.

The Company does not own any own shares at the date of the annual report.

## 8. SUBSEQUENT EVENTS

On 13 January 2020 based on the shareholder's decision Markus Brokhof was recalled from the position of member of the Supervisory Board and Petter Torp appointed as a member of the Supervisory Board of the Company. These events were registered in the Public register on 11 February 2020.

On 10 February 2020 based on the extraordinary general meeting it was decided to increase the investment of the Company in its sister company Alpiq Energy Ukraine LLC by EUR 3 thousand (CZK 76 thousand).

On 11 February 2020 the procurators Claudia Erni Eiholzer, Tobias Meyer and Marie Adamová were deleted from Public register.

On 18 February the Company was granted permission to operate on wholesale gas market in Greece.

By the end of 2019, COVID-19 (coronavirus) reports appeared for the first time in China. In the first months of 2020, the virus spread worldwide and caused extensive economic damage. Although the management of the Company did not see a decline in profitability at the time of publication of these financial statements, the situation is constantly changing and therefore the future impact of this pandemic on the Company's activities cannot be predicted. The Company's management will continue to monitor its potential impact and take all possible steps to mitigate any adverse effects on the Company and its employees. The management of the Company considered the potential impact of COVID-19 on its activities and business, and concluded that the going concern assumption is not compromised

## 9. CONFIDENTIALITY

1. All information and matters, which are part of trade secrets of the Controlling Person, Controlled Person and other Related Parties, are deemed confidential including any and all information that any related party marks and designates as confidential. In addition, all business-related information that could by itself or in connection with other information or facts result in detriment to any related party is deemed confidential.

2. To avoid any detriment to the Controlled Person with regard to paragraph 1 of this article above, this report does not contain any other confidential information and facts.

In Prague on 31 March 2020



ALPIQ ENERGY SE  
Zdeněk Čihák  
Board of Directors Chairman



ALPIQ ENERGY SE  
Jan Kožušník  
Board of Directors member

# **ALPIQ ENERGY SE**

Financial Statements for the year ended 31 December 2019

(Translation of Financial Statements Originally Issued in Czech –  
See Note 3 to the Financial Statements)



## ALPIQ ENERGY SE as at 31 December 2019

Czech Statutory Financial Statement Forms (in thousands of Czech crowns)

## BALANCE SHEET - LONG FORM

		Current year			Prior year
		Gross	Allowances	Net	Net
<b>TOTAL ASSETS</b>		<b>17,157,918</b>	<b>(305,415)</b>	<b>16,852,503</b>	<b>19,812,103</b>
<b>A.</b>	<b>STOCK SUBSCRIPTION RECEIVABLE</b>				
<b>B.</b>	<b>FIXED ASSETS</b>	<b>25,191</b>	<b>(15,838)</b>	<b>9,353</b>	<b>3,355,212</b>
B. I.	<b>Intangible fixed assets</b>	<b>6,425</b>	<b>(5,618)</b>	<b>807</b>	<b>923</b>
B. I. 1.	Development				
2.	Valuable rights	6,425	(5,618)	807	923
1.	Software	6,425	(5,618)	807	923
2.	Other valuable rights				
3.	Goodwill				
4.	Other intangible fixed assets				
5.	Advances granted for intangible fixed assets and intangible fixed assets in progress				
1.	Advances granted for intangible fixed assets				
2.	Intangible fixed assets in progress				
B. II.	<b>Tangible fixed assets</b>	<b>11,679</b>	<b>(10,220)</b>	<b>1,459</b>	<b>1,391</b>
B. II. 1.	Land and structures	2,045	(1,762)	283	389
1.	Land				
2.	Structures	2,045	(1,762)	283	389
2.	Movable assets and sets of movable assets	9,634	(8,458)	1,176	1,002
3.	Gain or loss on revaluation of acquired property				
4.	Other tangible fixed assets				
1.	Perennial crops				
2.	Livestock				
3.	Miscellaneous tangible fixed assets				
5.	Advances granted for tangible fixed assets and tangible fixed assets in progress				
1.	Advances granted for tangible fixed assets				
2.	Tangible fixed assets in progress				
B. III.	<b>Long-term investments</b>	<b>7,087</b>	<b>0</b>	<b>7,087</b>	<b>3,352,898</b>
B. III. 1.	Interests – controlled or controlling entity				
2.	Loans and borrowings – controlled or controlling entity				
3.	Interests – significant influence				
4.	Loans and borrowings - significant influence				
5.	Other long-term securities and interests	7,087		7,087	7,087
6.	Loans and borrowings - other				
7.	Other long-term investments				3,345,811
1.	Miscellaneous long-term investments				3,345,811
2.	Advances granted for long-term investments				
<b>C.</b>	<b>CURRENT ASSETS</b>	<b>17,105,590</b>	<b>(289,577)</b>	<b>16,816,013</b>	<b>16,417,615</b>
C. I.	<b>Inventories</b>	<b>90,664</b>	<b>(15,492)</b>	<b>75,172</b>	<b>51,142</b>
C. I. 1.	Materials				
2.	Work in progress and semi-finished production				
3.	Finished products and goods	90,664	(15,492)	75,172	51,142
1.	Finished products				
2.	Goods	90,664	(15,492)	75,172	51,142
4.	Livestock				
5.	Advances granted for inventories				
C. II.	<b>Receivables</b>	<b>16,474,815</b>	<b>(274,085)</b>	<b>16,200,730</b>	<b>15,730,387</b>
C. II. 1.	<b>Long-term receivables</b>	<b>115,490</b>	<b>0</b>	<b>115,490</b>	<b>137,857</b>
1.	Trade receivables				
2.	Receivables – controlled or controlling entity				
3.	Receivables – significant influence				
4.	Deferred tax asset	56,059		56,059	74,001
5.	Other receivables	59,431		59,431	63,856
5.1.	Receivables from partners				
5.2.	Long-term advances granted	59,431		59,431	63,856
5.3.	Unbilled revenue				
5.4.	Miscellaneous receivables				

The accompanying income statement, cash flow statement, statement of changes in equity and notes are an integral part of the financial statements.

## ALPIQ ENERGY SE as at 31 December 2019

Czech Statutory Financial Statement Forms (in thousands of Czech crowns)

## BALANCE SHEET - LONG FORM

		Current year			Prior year
		Gross	Allowances	Net	Net
C. II. 2.	<b>Short-term receivables</b>	16,359,325	(274,085)	16,085,240	15,592,530
1.	Trade receivables	691,888	(256,823)	435,065	666,263
2.	Receivables – controlled or controlling entity	3,061,751		3,061,751	134,506
3.	Receivables – significant influence				
4.	Other receivables	12,605,686	(17,262)	12,588,424	14,791,761
4.1.	Receivables from partners				
4.2.	Social security and health insurance				
4.3.	Due from government - tax receivables	29,142	(121)	29,021	19,597
4.4.	Short-term advances granted	200,930		200,930	407,549
4.5.	Unbilled revenue	8,997,094		8,997,094	10,920,197
4.6.	Miscellaneous receivables	3,378,520	(17,141)	3,361,379	3,444,418
C. III.	<b>Short-term financial assets</b>	0	0	0	0
1.	Interests - controlled or controlling entity				
2.	Other short-term financial assets				
C. IV.	<b>Cash</b>	540,111	0	540,111	636,086
1.	Cash in hand	71		71	71
2.	Cash at bank	540,040		540,040	636,015
D. I.	<b>Prepaid expenses and accrued income</b>	27,137	0	27,137	39,276
D. I. 1.	Prepaid expenses	27,137		27,137	39,276
2.	Prepaid expenses (specific-purpose expenses)				
3.	Accrued income				

The accompanying income statement, cash flow statement, statement of changes in equity and notes are an integral part of the financial statements.

## ALPIQ ENERGY SE as at 31 December 2019

Czech Statutory Financial Statement Forms (in thousands of Czech crowns)

## BALANCE SHEET - LONG FORM

		Current year	Prior year
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b>16,852,503</b>	<b>19,812,103</b>
<b>A.</b>	<b>EQUITY</b>	<b>4,905,296</b>	<b>4,797,634</b>
A. I.	Basic capital	172,655	172,655
A. I. 1.	Registered capital	172,655	172,655
2.	Own ownership interests (-)		
3.	Changes in basic capital		
A. II.	<b>Share premium and revaluation reserve</b>	<b>0</b>	<b>0</b>
A. II. 1.	Share premium		
2.	Capital funds		
1.	Other capital funds		
2.	Gain or loss on revaluation of assets and liabilities (+/-)		
3.	Gain or loss on revaluation upon corporate transformation (+/-)		
4.	Differences arising on corporate transformation (+/-)		
5.	Differences arising between balance sheet date and transformation date (+/-)		
A. III.	<b>Reserves from profit</b>	<b>5,311,545</b>	<b>5,311,545</b>
A. III. 1.	Other reserves		
2.	Statutory and other reserves	5,311,545	5,311,545
		0	0
A. IV.	<b>Profit (loss) brought forward (+/-)</b>	<b>(686,566)</b>	<b>(185,215)</b>
IV. 1.	Retained earnings	(686,566)	(185,215)
2.	Other profit (loss) brought forward (+/-)		
A. V. 1.	<b>Profit (loss) for the year (+/-)</b>	<b>107,662</b>	<b>(601,351)</b>
A. VI. 2.	<b>Approved decision on advances for profit distribution (-)</b>	<b>0</b>	<b>0</b>
<b>B. + C.</b>	<b>PROVISIONS AND LIABILITIES</b>	<b>11,901,379</b>	<b>14,989,608</b>
B. I.	<b>Provisions</b>	<b>25,826</b>	<b>55,255</b>
B. I. 1.	Provision for pensions and similar obligations		
2.	Provision for corporate income tax		
3.	Provisions recognized under special legislation		
4.	Other provisions	25,826	55,255
C.	<b>Liabilities</b>	<b>11,875,553</b>	<b>14,934,351</b>
C. I.	<b>Long-term liabilities</b>	<b>367</b>	<b>526,414</b>
1.	Bonds payable		
1.	Convertible bonds		
2.	Other bonds		
2.	Amounts owed to credit institutions		
3.	Long-term advances received		
4.	Trade payables		
5.	Long-term notes payable		
6.	Liabilities – controlled or controlling entity		514,500
7.	Liabilities – significant influence		
8.	Deferred tax liability		
9.	Other liabilities	367	11,914
1.	Liabilities to partners		
2.	Unbilled deliveries		
3.	Miscellaneous liabilities	367	11,914
C. II.	<b>Current liabilities</b>	<b>11,875,186</b>	<b>14,407,937</b>
1.	Bonds payable		
1.	Convertible bonds		
2.	Other bonds		
2.	Amounts owed to credit institutions		
3.	Short-term advances received	164,150	179,169
4.	Trade payables	393,343	450,781
5.	Short-term notes payable		
6.	Liabilities – controlled or controlling entity		
7.	Liabilities – significant influence		
8.	Other liabilities	11,317,693	13,777,997
1.	Liabilities to partners		
2.	Short-term borrowings		
3.	Liabilities to employees	4,006	3,401
4.	Liabilities arising from social security and health insurance	2,376	1,458
5.	Due to government – taxes and subsidies	40,219	28,661
6.	Unbilled deliveries	8,714,996	10,452,917
7.	Miscellaneous liabilities	2,556,096	3,291,550
D. I.	<b>Accruals and deferred income</b>	<b>45,828</b>	<b>24,863</b>
D. I. 1.	Accruals		
2.	Deferred income	45,828	24,863

The accompanying income statement, cash flow statement, statement of changes in equity and notes are an integral part of the financial statements.

ALPIQ ENERGY SE for the year ended 31 December 2019  
Czech Statutory Financial Statement Forms (in thousands of Czech crowns)

INCOME STATEMENT - LONG FORM

		Current year	Prior year (restated)
I.	Revenue from sale of finished products and services	711,829	443,827
II.	Revenue from sale of goods	107,983,876	122,466,024
A.	<b>Production-related consumption</b>	<b>108,232,496</b>	<b>122,992,994</b>
A.1.	Cost of goods sold	106,818,957	121,747,418
A.2.	Consumption of material and energy	1,903	3,144
A.3.	Services	1,411,636	1,242,432
B.	Change in inventory produced internally (+/-)	0	0
C.	Own work capitalized (-)	0	0
D.	<b>Personnel expenses</b>	<b>104,528</b>	<b>182,877</b>
D.1.	Wages and salaries	83,971	145,248
D.2.	Social security and health insurance costs and other costs	20,557	37,629
D.2.1.	Social security and health insurance costs	18,115	32,125
D.2.2.	Other costs	2,442	5,504
E.	<b>Value adjustments in respect of operating activities</b>	<b>126,676</b>	<b>105,419</b>
E.1.	Value adjustments in respect of intangible and tangible fixed assets	1,369	3,911
E.1.1.	Value adjustments in respect of intangible and tangible fixed assets - permanent	1,369	3,911
E.1.2.	Value adjustments in respect of intangible and tangible fixed assets - temporary		
E.2.	Value adjustments in respect of inventory		
E.3.	Value adjustments in respect of receivables	125,307	101,508
III.	<b>Other operating income</b>	<b>4,949</b>	<b>96,749</b>
III.1.	Income from sale of fixed assets	1,064	4,591
III.2.	Income from sale of materials		
III.3.	Miscellaneous operating income	3,885	92,158
F.	<b>Other operating expenses</b>	<b>23,460</b>	<b>97,838</b>
F.1.	Net book value of fixed assets sold	530	445
F.2.	Net book value of materials sold		
F.3.	Taxes and charges relating to operations	43,955	37,939
F.4.	Provisions relating to operations and prepaid expenses (specific-purpose expenses)	(29,429)	47,024
F.5.	Miscellaneous operating expenses	8,404	12,430
*	<b>Profit or loss on operating activities (+/-)</b>	<b>213,494</b>	<b>(372,528)</b>
IV.	<b>Income from long-term investments - interests</b>	<b>0</b>	<b>0</b>
IV.1.	Income from interests in subsidiaries or parents		
IV.2.	Other income from interests		
G.	Cost of interests sold	0	0
V.	<b>Income from other long-term investments</b>	<b>1,979</b>	<b>0</b>
V.1.	Income from other long-term investments - subsidiaries or parents		
V.2.	Other income from other long-term investments	1,979	
H.	Expenses relating to other long-term investments	0	0
VI.	<b>Interest receivable and similar income</b>	<b>2,493</b>	<b>2,144</b>
VI.1.	Interest receivable and similar income - subsidiaries or parents		
VI.2.	Other interest receivable and similar income	2,493	2,144
I.	Value adjustments and provisions relating to financial activities	0	0
J.	<b>Interest payable and similar expenses</b>	<b>7,780</b>	<b>22,164</b>
J.1.	Interest payable and similar expenses - subsidiaries or parents	5,815	21,094
J.2.	Other interest payable and similar expenses	1,965	1,070
VII.	Other finance income	0	5,270
K.	Other finance cost	97,251	73,740
*	<b>Profit or loss on financial activities (+/-)</b>	<b>(100,559)</b>	<b>(88,490)</b>
**	<b>Profit or loss before taxation (+/-)</b>	<b>112,935</b>	<b>(461,018)</b>

The accompanying balance sheet, cash flow statement, statement of changes in equity and notes are an integral part of the financial statements.

ALPIQ ENERGY SE for the year ended 31 December 2019  
Czech Statutory Financial Statement Forms (in thousands of Czech crowns)

INCOME STATEMENT - LONG FORM

		Current year	Prior year (restated)
L.	Income tax	5,273	40,333
L.1.	Income tax due	(12,669)	23,349
L.2.	Income tax deferred (+/-)	17,942	16,984
**	Profit or loss after taxation (+/-)	107,662	(501,351)
M.	Transfer of share of profit or loss to partners (+/-)	0	0
***	Profit or loss for the year (+/-)	107,662	(501,351)
*	Net turnover	108,705,126	123,014,014

The accompanying balance sheet, cash flow statement, statement of changes in equity and notes are an integral part of the financial statements.

ALPIQ ENERGY SE for the year ended 31 December 2019  
Czech Statutory Financial Statement Forms (in thousands of Czech crowns)

CASH FLOW STATEMENT

For the years ended 31 December 2018 and 2017

		Current year	Prior year
<i>Cash flows from operating activities</i>			
<b>Z.</b>	<b>Profit or loss on ordinary activities before taxation (+/-)</b>	<b>112,935</b>	<b>(461,018)</b>
A. 1.	Adjustments to reconcile profit or loss to net cash provided by or used in operating activities	(28,055)	366,797
A. 1. 1.	Depreciation and amortization of fixed assets and write-off of receivables	8,296	3,911
A. 1. 2.	Change in allowances	125,307	101,508
A. 1. 3.	Change in provisions	(29,429)	47,024
A. 1. 4.	Foreign exchange differences	53,469	732
A. 1. 5.	(Gain)/Loss on disposal of fixed assets	(534)	(4,146)
A. 1. 6.	Interest expense and interest income	5,287	20,020
A. 1. 7.	Other non-cash movements (e.g. revaluation at fair value to profit or loss, dividends received)	(190,451)	197,748
<b>A *</b>	<b>Net cash from operating activities before taxation, changes in working capital and extraordinary items</b>	<b>84,880</b>	<b>(94,221)</b>
A. 2.	Change in non-cash components of working capital	(29,171)	237,563
A. 2. 1.	Change in inventory	(24,030)	49,478
A. 2. 2.	Change in trade receivables	111,081	(4,355)
A. 2. 3.	Change in other receivables and in prepaid expenses and unbilled revenue	1,745,569	570,582
A. 2. 4.	Change in trade payables	(57,975)	(105,332)
A. 2. 5.	Change in other payables, and in accruals and deferred income	(1,803,816)	(272,810)
<b>A **</b>	<b>Net cash from operating activities before taxation, interest paid and extraordinary items</b>	<b>55,709</b>	<b>143,342</b>
A. 3. 1.	Interest paid	(7,780)	(22,164)
A. 4. 1.	Income Tax paid/ received	1,280	(34,904)
<b>A ***</b>	<b>Net cash provided by (used in) operating activities</b>	<b>49,209</b>	<b>86,274</b>
<i>Cash flows from investing activities</i>			
B. 1. 1.	Purchase of fixed assets	(1,851)	(14,488)
B. 2. 1.	Proceeds from sale of fixed assets	1,064	4,591
B. 3. 1.	Loans granted	(2,927,245)	(134,506)
B. 4. 1.	Interest received	2,493	2,144
B. 5. 1.	Cash restricted in use	3,345,811	1,100,291
<b>B ***</b>	<b>Net cash provided by (used in) investing activities</b>	<b>420,272</b>	<b>958,032</b>
<i>Cash flows from financing activities</i>			
C. 1.	Change in long-term liabilities, and long-term and short-term loans	(565,456)	(800,410)
C. 2. 1.	Effect of other changes in equity on cash		
C. 2. 2.	Profit shares paid		
C. 2. 3.	Effect of other changes in own capital on cash		
<b>C ***</b>	<b>Net cash provided by (used in) financing activities</b>	<b>(565,456)</b>	<b>(800,410)</b>
<b>F.</b>	<b>Net increase (decrease) in cash</b>	<b>(95,975)</b>	<b>243,896</b>
<b>P.</b>	<b>Cash and cash equivalents at beginning of year</b>	<b>636,086</b>	<b>392,190</b>
<b>R.</b>	<b>Cash and cash equivalents at end of year</b>	<b>540,111</b>	<b>636,086</b>

The accompanying balance sheet, income statement, statement of changes in equity and notes are an integral part of the financial statements.

## ALPIQ ENERGY SE

Financial Statements for the year ended 31 December 2019

### 1. DESCRIPTION OF THE COMPANY

ALPIQ ENERGY SE ("the Company") is a European joint stock company incorporated by an entry in the Public Register on 20 October 2008 in the Czech Republic. The Company's registered office is located at Jungmannova 26/15, Nové Město, 110 00 Prague 1, Czech Republic, and the business registration number (IČ) is 284 77 090. The Company is involved in electricity and gas trading and providing related services.

Members of the statutory bodies as at 31 December 2019 were as follows:

Board of Directors	
Chair:	Zdeněk Čihák
Member:	Jan Kožušník
Member:	Georgios Peponis

Supervisory Board	
Member:	Markus Brokhof

Procurators	
Libuše Jeremiášová	Claudia Erni Eiholzer
Martin Hulena	Marie Adamová
Hana Lindovská	Tobias Meyer
Martin Šiška	Karel Ouška
Gergely Gonda	Tereza Jášková

The parent company is Alpiq AG with its registered office at Bahnhofquai 12, Olten, the Swiss Confederation, holding a 100% interest in the Company's basic capital. The ultimate parent company is Alpiq Holding AG, the Swiss Confederation.

The Company is included in the consolidated group of the parent company.

At least two members of the Board of Directors jointly (including the Board of Directors' chairman and a member), or at least two procurators act and sign on the Company's behalf.

The following changes were made to the Public Register entry in the period from 1 January 2019 to 31 December 2019:

On 23 January 2019 based on the shareholder's decision Peter Dworak was recalled from the position member of the Board of Directors and Jan Kožušník appointed as a member of the Board of Directors. These events were registered in the Public register on 2 February 2019.

On 20 June 2019 the procurator Cornelia Hauptli Baumgartner was deregistered from the Public register.

On 20 June 2019 the procurator Libuše Jeremiášová was registered in the Public register.

## ALPIQ ENERGY SE

Financial Statements for the year ended 31 December 2019

On 20 August 2019 based on the shareholder's decision Edgar Carsten Lehrmann was recalled from the position member of the Board of Directors and Georgios Peponis appointed as a member of the Board of Directors. These events were registered in the Public register on 9 September 2019.

On 9 September 2019 the procurator Georgios Peponis was deregistered from the Public register.

Significant events from 1 January 2019 to 31 December 2019:

On 26 January 2019 the Company returned the trading license in Romania. The license was terminated with effective date of 20 February 2019 when it was approved by the Romanian Energy Regulator.

On 6 March 2019 the Company obtained the trading license for importing electricity into Lithuania from the non-EU countries.

On 7 March 2019 the Company deregistered the permanent establishment in Lithuania.

On 27 September 2017 the Company received a decision of the Romanian Tax Authority (ANAF) whereby it was assessed RON 792.7 million on VAT, income tax and accessories for the period from 2010 to 2014. The bank guarantee was issued to cover the assessment. The Company disagrees with the decision and has appealed the decision to the superior Tax Authority in 2017. The management of the Company is convinced that the decision of Romanian Tax Authority is unjustifiable and legally unsubstantiated. This opinion is supported also by analyses of tax and legal experts. The Company secured the required amount of tax assessment by a bank guarantee due in the event of a final and legally binding decision of the appellate bodies and courts. On 26 June 2018, the Company received the decision of ANAF appealing body with respect to its appeal. In the main proceedings, ANAF appealing body supported view of ANAF and dismissed the objection with regard to a part of an amount of RON 589 million as being without merit. The decision of the tax authority of the assessment in the amount of RON 204 million was annulled by the appellate body of ANAF and it ordered a reaudit. In one matter concerning an immaterial amount, ANAF ruled in favor of the Company. In December 2018, the Company filed the respective merit claim against the decision of ANAF appealing body, including full evidence and expert opinions. On 29 January 2019, the Supreme Court in Bucharest decided that tax authority's (ANAF) assessment of RON 589 million is not enforceable (suspended) until a court of first instance decision will be reached in the merit case started by the Company against ANAF. The endorsement of the Company's request means that the Company is not obliged to secure the tax assessment by the bank guarantee. The bank guarantee and pledged bank account, which was used as a guarantee for the bank guarantee, were rescinded on 14th February 2019 (resulting into the pledged cash being now freely at the disposal of the Company). On 16 September 2019 the Court of Appeal in Bucharest granted the request of the Company and suspended enforcement of the tax assessment until the final decision of the courts in the merit case opened by the Company against ANAF: The Company filed on 21 June 2019 a damage claim in the amount of RON 10.9 million against ANAF in relation to the tax assessment.

As at 31 December 2019 the Company operates foreign branches in Hungary, Romania, Switzerland and Poland.

## **2. CHANGES IN ACCOUNTING POLICIES, RECLASSIFICATION**

In 2019, also in connection with changes in the group portfolio, the Company introduced a new business strategy where primary trading intention of majority of contracts is short-term price speculation and profit. Significant majority of the deals is classified as derivatives, either physically delivered or financially settled except limited number of those which fulfill the own-use exemption and are not classified as derivatives.

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The accompanying balance sheet, income statement, cash flow statement and statement of changes in equity are an integral part of the financial statements.



## ALPIQ ENERGY SE

### Financial Statements for the year ended 31 December 2019

The own-use deals are all contracts with the intention to deliver physical commodity to end-customers for their own consumption, short-term deals up to two days, long-term physical supply contracts and sales and hedging of Alpiq Group own production. The number and volume of such deals decreased significantly compared to 2018.

Under the new business strategy, the Company significantly increased volume of financially settled commodity contracts made on European power exchanges and partially also via financially settled contracts with third parties (OTC contracts). These contracts are traded and optimized together with physically settled derivatives within common strategies and portfolios and are inseparable part of the main trading activity of the Company. From this reason and in order to continue to show operating results of the company in complete true and fair view, the result of trading with financially settled commodity contracts is reported in income statement in operating activities. In order to increase transparency and align the treatment with other financial derivatives, in 2019 the company changed accounting policy and reports results from financially settled commodity contracts in aggregated net value. Contracts classified as derivatives which are physically delivered continue to be reported in gross values corresponding to the invoiced energy deliveries.

The change in the accounting policy was performed in order to improve the informative value of the financial statements. To achieve the comparability of these balances with the respective balances for the preceding reporting period, the balances in the income statement for 2018 have been appropriately restated to reflect the gross/ net classification of financially settled contracts.

	Items as at 31/12/2018 (Restated balances)	Amount in thd. CZK	Items as at 31/12/2018 (Original balances)	Amount in thd. CZK
1.	II. Revenue from sale of goods	122,466,024	II. Revenue from sale of goods	140,750,358
2.	A.1. Cost of goods sold	121,747,418	A.1. Cost of goods sold	140,031,752

### 3. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

The accompanying financial statements were prepared in accordance with the Czech Act on Accounting and the related guidelines as applicable for 2018 and 2019.

The current and prior period information in the income statement and the cash flow statement contains balances for the period from 1 January 2019 to 31 December 2019 and from 1 January 2018 and 31 December 2018 respectively. The balance sheet includes the current and comparable period containing the balances as at 31 December 2019 and 31 December 2018 respectively.

All the information disclosed in the notes to the financial statements contains the balances as at 31 December 2019 and comparable period as at 31 December 2018.

#### **Explanation Added for Translation into English**

These financial statements are presented on the basis of accounting principles and standards generally accepted in the Czech Republic. Certain accounting practices applied by the Company that conform with generally accepted accounting principles and standards in the Czech Republic may not conform with generally accepted accounting principles in other countries.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Company in preparing the financial statements as at 31 December 2019 and the financial statements as at 31 December 2018 are as follows:

##### a) **Intangible Fixed Assets**

Intangible fixed assets are recorded at their acquisition cost and related expenses.

Intangible fixed assets with a cost exceeding CZK 60 thousand are amortized over their useful economic lives.

##### *Amortization*

Amortization is calculated based on the acquisition cost and the estimated useful life of the related asset. The useful economic lives are as follows:

	Years
Software	1 - 4

##### b) **Tangible Fixed Assets**

Tangible fixed assets with a cost exceeding CZK 10 thousand in the case of the acquisition of furniture and fixtures and computer and telecommunication technologies and CZK 40 thousand in other cases are recorded at their acquisition cost, which consists of purchase price, freight, customs duties and other related costs. Vehicles are deemed tangible fixed assets regardless of their acquisition cost.

The costs of technical improvements are capitalized. Repairs and maintenance expenses are expensed as incurred.

##### *Depreciation*

Depreciation is calculated based on the acquisition cost and the estimated useful life of the related asset. The useful economic lives are as follows:

	Years
Leasehold improvement (constructions)	over the lease term
Machinery and equipment	4 – 7
Vehicles	4
Furniture and fixtures	6

##### c) **Financial Assets**

Long-term financial assets consist of ownership interests in the Alpiq group companies. Miscellaneous long-term investments represented in 2018 the cash on bank account pledged by the issued bank guarantee (see note 1).

Interests are valued at their acquisition cost, which includes the purchase price and direct costs related to the acquisition.

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The accompanying balance sheet, income statement, cash flow statement and statement of changes in equity are an integral part of the financial statements.

## ALPIQ ENERGY SE

Financial Statements for the year ended 31 December 2019

Short-term financial assets consist of liquid valuables, cash in hand and at bank.

### d) Cash

Within the Alpiq group with a parent company Alpiq Holding AG, a system for utilization of idle money of individual group companies, i.e. cash-pooling, has been introduced. Cash deposited in, or used from, this system as at the balance sheet date is reported in 'Short-term receivables – controlled or controlling entity' or 'Current liabilities – controlled or controlling entity', as appropriate, in the accompanying balance sheet and the change in the deposited cash is reported in 'Loans granted' or 'Change in long-term liabilities, and long-term and short-term loans' in the accompanying cash flow statement.

### e) Inventory

#### "Color" Certificates

In order to meet its obligation to deliver certain volume of electricity from renewable sources to end customers in Poland the Company purchases the so-called "color" certificates. These certificates are traded at stock exchanges, classified as goods and re-measured at the balance sheet date taking into consideration all foreseeable risks and contingent losses related to the certificates and the liabilities that are known as at the financial statements preparation date. Also all types of impairment are taken into account. A temporary diminution in the value of the certificates is reflected via an allowance. The allowance amount depends on the price of "color" certificates at the Polish Energy Exchange and is determined as the difference between the acquisition cost and the current market value of the certificates. Purchased certificates are stated at actual cost being determined using the first-in, first-out ('FIFO') method.

#### Gas Storages

The purchased natural gas is valued by average spot price and is being determined using the first-in, first-out ('FIFO') method. Costs of purchased gas include acquisition-related costs such as variable injection fees.

### f) Receivables

Both long- and short-term receivables are carried at their realizable value after allowance for doubtful accounts. Additions to the allowance account are charged to income. Amounts resulting from the revaluation of financial and commodity derivatives at fair value are shown in other receivables.

### g) Derivatives

Derivatives are initially measured at cost. Derivatives are recorded in other short-term receivables or payables, as appropriate, in the accompanying balance sheet.

Derivatives are classified as derivatives held for trading or hedging derivatives. The latter are designated as either fair value hedges or cash flow hedges. In order to qualify for hedge accounting, the change in the fair value of a derivative or of its estimated cash flow must offset, in whole or in part, the change in the fair value or cash flow arising from the hedged item. In addition, there must be formal documentation of the hedging relationship at inception and the Company must prove that the hedging relationship is highly effective. In all other cases, derivatives are recognized as financial and held-for-trading.

Derivatives are revalued to fair value as at the balance sheet date. The Company recognizes fair values of derivatives to costs and revenues on netting principle. The net position of financial non-commodity derivatives is recognized either in Other finance cost or in Other finance income, as appropriate

## ALPIQ ENERGY SE

Financial Statements for the year ended 31 December 2019

in the income statement. Due to the Company's scope of business, changes in the fair value of commodity derivatives for purchase or sale of electricity, gas, coal, emission allowances and color certificates are reported net in income statement on position Revenue from sale of goods (see Note 17). Changes in the fair value of derivatives designated as fair value hedges are also recognized in income, together with the change in the fair value of the hedged item attributable to the risk being hedged. Changes in the fair value of derivatives designated as cash flow hedges are taken to equity and reflected in the balance sheet through gain or loss on revaluation of assets and liabilities. Any ineffective portion of the hedge is reported in financial cost and revenues, respectively.

Revenues from invoiced physical power, gas and coal supplies classified as commodity derivatives are part of revenues from the sale of goods. Costs billed with respect to these physically delivered derivatives are recognized as cost of the goods sold. Financially settled commodity derivatives are presented in aggregated net value and in case of profit they are part of the sale of goods and in case of loss they are part of cost of the goods sold (see Note 2).

### **h) Equity**

The basic capital of the Company is stated at the amount recorded in the Public Register maintained in the Municipal Court in Prague. Any increase or decrease in the basic capital made pursuant to the decision of the General Meeting which was not entered in the Commercial Register as at the financial statements date is recorded through changes in basic capital.

### **i) Provisions and Liabilities**

Long-term liabilities and current liabilities are carried at their nominal values. Amounts resulting from the revaluation of financial and commodity derivatives at fair value are shown in other payables.

### **j) Leases**

The Company records leased assets by expensing the lease payments and, for finance leases, capitalizing the residual value of the leased assets when the lease contract expires and the purchase option is exercised. Lease payments paid in advance are recorded as prepaid expenses and amortized over the lease term.

### **k) Foreign Currency Transactions**

Assets and liabilities whose acquisition or production costs were denominated in foreign currencies are translated into Czech crowns at the exchange rate prevailing at the transaction date. On the balance sheet date monetary items are adjusted to the exchange rates as published by the Czech National Bank as at 31 December.

Realized and unrealized exchange rate gains and losses were charged or credited, as appropriate, to income for the year.

### **l) Recognition of Revenues and Expenses**

Revenues and expenses are recognized on an accrual basis, that is, they are recognized in the periods in which the actual flow of the related goods or services occurs, regardless of when the related monetary flow arises.

Revenue from the sale of electricity and gas is recognized when electricity and gas are supplied, and it comprises billed amounts and the change in balance of supplied yet unbilled electricity and gas.

## ALPIQ ENERGY SE

Financial Statements for the year ended 31 December 2019

The change in the balance of unbilled electricity and gas is determined as at the financial statements' date based on an estimate, which is made on assumptions and information about projected consumption received from Energy Market Operator or consumption calculated using internal estimates and measuring. An actual amount of billed electricity and gas in the future may differ from the estimate.

Purchased and sold electricity and gas are reported as revenue from sale of goods and cost of goods sold, as appropriate, in the financial statements. Other costs related to electricity and gas trading (distribution services, purchased capacities, etc.) are reported as consumed services. Sold capacities are presented as revenue from sale of finished products and services.

Within its trading activity, the Company enters into standard contracts with other traders for the purchase and the sale of electricity, gas, coal, emission allowances and color certificates, both effected in the same quantity and at the same point in time. These contracts are classified as derivatives held for trading and are revalued with a corresponding entry in net profit or loss as at the balance sheet day (see Note 4g). The revaluation of unrealized contracts is part of the Company's trading activity and, accordingly, is reported in a net amount as revenue from sale of goods in the financial statements.

### **m) Income Tax**

The corporate income tax expense is calculated based on the statutory tax rate and book income before taxes, increased or decreased by the appropriate permanent and temporary differences (e.g. non-deductible provisions and allowances, entertainment expenses, differences between book and tax depreciation, etc.). In addition, the following items are taken into consideration: tax base decreasing items (donations), tax deductible items (tax loss) and income tax reliefs.

The deferred tax position reflects the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for corporate income tax purposes, taking into consideration the period of realization. The deferred tax asset is recognized only up to the amount of expected future utilization.

### **n) Electricity Exchange Trading**

The Company has entered into electricity futures, i.e. commodity contracts for future electricity supplies on European energy markets. The futures are acquired primarily to speculate on short-term prices. In case of variation margining the movements in futures prices, which are credited or debited, as appropriate, to the Company on a daily basis, are presented within Miscellaneous receivables (losses) and Miscellaneous liabilities (gains). Gains and losses arising from futures with physical delivery are recognized upon the supply of electricity. When the position is closed, any related gains or losses are recognized directly in profit and loss and are presented in aggregated net value. In case of profit they are part of the sale of goods and in case of loss they are part of cost of the goods sold (see point 2 and 4g).

### **o) Subsequent Events**

The impact of events that occurred between the balance sheet date and the date of the financial statements preparation is recognized in the financial statements provided these events provide additional evidence about conditions that existed at the date of the balance sheet.

If material events reflecting the facts occurring after the balance sheet date happened between the balance sheet date and the date of the financial statements preparation the consequences of these events are disclosed in the notes to the financial statements but not recognized in the financial statements.

**5. FIXED ASSETS****a) Intangible Fixed Assets (in CZK thousands)****COST**

	At beginning of year	Additions	Disposals	At end of year
Software	6,458	376	(409)	6,425
2019 Total	6,458	376	(409)	6,425
2018 Total	5,946	512	-	6,458

**ACCUMULATED AMORTIZATION**

	At beginning of year	Amortization during year	Disposals	At end of year	Net book value
Software	(5,535)	(492)	409	(5,618)	807
2019 Total	(5,535)	(492)	409	(5,618)	807
2018 Total	(4,949)	(586)	-	(5,535)	923

**b) Tangible Fixed Assets (in CZK thousands)****COST**

	At beginning of year	Additions	Disposals	Effect sale of business part	At end of year
Constructions	2,039	6	-	-	2,045
Machinery and equipment	12,467	998	(4,691)	-	8,774
Vehicles	-	471	(471)	-	-
Furniture and fixtures	860	-	-	-	860
2019 Total	15,366	1,475	(5,162)	-	11,679
2018 Total	40,596	394	(6,245)	(19,379)	15,366

## ALPIQ ENERGY SE

Financial Statements for the year ended 31 December 2019

### ACCUMULATED DEPRECIATION

	At beginning of year	Depreciation during year	Net book value	Disposals	Effect sale of business part	At end of year	Net book value
Constructions	(1,650)	(112)	-	-	-	(1,762)	283
Machinery and equipment	(11,465)	(765)	(59)	4,691	-	(7,598)	1,176
Vehicles	-	-	(471)	471	-	-	-
Furniture and fixtures	(860)	-	-	-	-	(860)	-
2019 Total	(13,975)	(877)	(530)	5,162	-	(10,220)	1,459
2018 Total	(26,889)	(3,325)	(445)	6,245	10,439	(13,975)	1,391

In 2018 the additions relate primarily to the replacement of hardware in Hungarian branch. During the year 2018 the Company transferred part of the fixed assets in net amount CZK 8,940 thousand within sale of part of business to Alpiq Services CZ s.r.o.

The total value of small tangible fixed assets which are not reflected in the accompanying balance sheet was CZK 2,752 thousand and CZK 3,063 thousand at acquisition cost as at 31 December 2019 and 31 December 2018, respectively.

#### c) Long-Term Financial Investments

Other long-term securities and interests in the total amount of CZK 7,087 thousand represent investments in related parties:

- 0.1% ownership interest in Alpiq RomEnergie S.r.l. at the value of CHF 106 thousand (CZK 1,865 thousand) acquired in 2010 for no consideration from Alpiq Central Europe Ltd (currently Alpiq AG)
- 6.53% ownership interest in Alpiq Turkey Enerji Toptan Satis Ltd at the value of TLR 517 thousand (CZK 5,082 thousand) acquired in 2011.
- 10% interest in the Atel Energy Romania S.r.l.'s basic capital at the value of RON 18 thousand (CZK 111 thousand).
- 1% interest in the basic capital of Alpiq Energy Ukraine acquired by the merger with Alpiq Lithuania as at 1 January 2014 at the value UAH 12 thousand (CZK 29 thousand).

Alpiq AG is the majority owner of all the companies.

Miscellaneous long-term investments in the amount of CZK 3,345,811 thousand as at 31 December 2018 represented financial resources on bank account pledged against the bank guarantee issued to Tax Authority in Romania in the dispute of tax assessment (see Note 1).

## 6. INVENTORY

The Company's inventory consists of the physical natural gas in gas storage and color certificates.

As at 31 December 2019 the value of gas in storage is CZK 68,556 thousand.

In order to meet its obligation to deliver certain volume of electricity from renewable sources to end customers in Poland the Company purchases the so-called "color" certificates. These certificates are traded at stock exchanges and are classified as goods in the accompanying balance sheet. Certificates have been written down to their estimated net realizable value by an allowance account. The allowance

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The accompanying balance sheet, income statement, cash flow statement and statement of changes in equity are an integral part of the financial statements.

## ALPIQ ENERGY SE

Financial Statements for the year ended 31 December 2019

was determined by management based on the price of the "color" certificates at the Polish Energy Exchange (see Note 8). As at 31 December 2019 and 31 December 2018 the gross value of certificates is CZK 22,108 thousand and CZK 66,634 thousand respectively.

### 7. RECEIVABLES

Allowances against outstanding receivables that are considered doubtful were charged to income (see Note 8). As at 31 December 2019 and 31 December 2018, the Company had no significant overdue receivables except for those against which an allowance was created.

As at 31 December 2019, long-term advance payments in the total gross amount of CZK 59,431 thousand comprise mainly advances for deliveries of electricity and color certificates from local producers in Poland of CZK 740 thousand and advance deposits to cover potential liabilities arising from the Company's activities performed on the electricity market of CZK 6,600 thousand towards OTE, a.s. (electricity market operator), CZK 34,304 thousand towards OKTE, a.s. and CZK 17,787 thousand towards SEPS, a.s. As at 31 December 2018, long-term advance payments in the total gross amount of CZK 63,856 thousand comprise mainly advances for deliveries of electricity and color certificates from local producers in Poland of CZK 22,258 thousand and advance deposits to cover potential liabilities arising from the Company's activities performed on the electricity market of CZK 6,600 thousand towards OTE, a.s. (electricity market operator), CZK 30,870 thousand towards OKTE, a.s. and CZK 3,858 thousand towards SEPS, a.s.

The Company has been participating in the cash-pool system with the ultimate parent company Alpiq Holding AG; the system is administrated by Deutsche Bank AG. Cash provided by the Company within the cash-pooling bears interest of monthly average market rate Eonia (minimal interest rate is 0%), cash used by the Company within the cash-pooling bears interest of Eonia + 1.42%. As at 31 December 2019 and 31 December 2018, the Company had a receivable towards its parent company in the amount of CZK 3,061,751 thousand and CZK 134,506 thousand respectively, resulting from positive balance of the cash provided within the cash-pooling that is reflected in current assets in the balance sheet caption Receivables – controlled or controlling entity.

The total gross value of short-term advance payments made was CZK 200,930 thousand and CZK 419,165 thousand as at 31 December 2019 and 31 December 2018, respectively. Balances as at 31 December 2019 and 31 December 2018 comprise, in particular, advance payments for electricity deliveries and color certificates to local producers in Poland for the 2020 and 2019 periods, respectively and advances for cover future power exchange contracts, transmission and other, particularly power-related fees.

As at 31 December 2019 and 31 December 2018, the Company reports in short-term tax receivables from the government in gross amounts as follows: value added tax receivable of CZK 1,483 thousand and CZK 12,180 thousand, respectively, corporate income tax receivable of CZK 23,294 thousand and CZK 6,955 thousand, respectively and other taxes of CZK 4,365 thousand and CZK 871 thousand, respectively.

Unbilled revenue represents, in particular, unbilled supplies of electricity and gas, and cross border transmission capacities.

As at 31 December 2019 and 31 December 2018, other receivables comprise, in particular, positive fair values of outstanding derivatives in the amount of CZK 2,902,451 thousand and CZK 3,366,282 thousand, respectively (see Note 13) and positive margins received from open deals on power exchanges of CZK 454,200 thousand and CZK 13,055 thousand. As at 31 December 2019 and 31 December 2018 other receivables also include receivables from related parties (see Note 19) and others.



**8. ALLOWANCES**

Allowances reflect a temporary diminution in value of assets (see Notes 6 and 7).

Changes in the allowance accounts (in CZK thousands):

Allowances against:	Balance as at 31/ 12/ 2017	Decrease	Increase	Balance as at 31/ 12/ 2018	Decrease	Increase	Balance as at 31/ 12/ 2019
Receivables – legal	3,698	(97)	-	3,601	(146)	-	3,455
Receivables and other receivables – tax non-deductible	43,572	(4,974)	106,579	145,177	(8,478)	133,931	270,630
Goods – tax non-deductible	15,492	-	-	15,492	-	-	15,492
<b>Total</b>	<b>62,762</b>	<b>(5,071)</b>	<b>106,579</b>	<b>164,270</b>	<b>(8,624)</b>	<b>133,931</b>	<b>289,577</b>

Legal allowances are created in compliance with the Act on Provisions and are tax deductible.

Legal allowance of CZK 3,455 thousand as at 31 December 2019 and CZK 3,601 thousand as at 31 December 2018 is attributable to creation of 100% allowance against trade receivable which the Company created in 2015 due to opening the insolvency proceedings at the Company's debtor. The decrease of the allowance is attributable to the FX revaluation as of 31 December 2018 and 2019.

A decrease in tax non-deductible allowance is attributable, in particular, to reversal of the allowance of CZK 287 thousand against excise tax receivable redeemed against the tax liability in current year and to the reversal of allowances of CZK 7,288 thousand against trade receivables due to completed insolvency proceedings. The rest of the decrease of allowances related to receivables in foreign currencies is attributable to the FX revaluation as of 31 December 2019.

An overall increase of tax non-deductible allowance against receivables and advanced payments in the amount of CZK 133,931 thousand in 2019 and in the amount of CZK 106,579 thousand in 2018 is attributable to overdue trade receivables and miscellaneous receivables. The allowances against receivables were negatively influenced by insolvency proceedings of several counterparties.

As at 31 December 2019, an allowance against trade and other receivables totaled CZK 273,964 thousand and against tax receivables CZK 121 thousand.

In addition, the Company creates an allowance against Goods - "color" certificates. The allowance amount depends on the price of "color" certificates at the Polish Energy Exchange and is determined as the difference between the acquisition cost and the current value of the certificates stated at the Polish Energy Exchange as at 31 December 2019 and 31 December 2018, respectively.

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Financial Statements for the year ended 31 December 2019

**9. STATEMENT OF CHANGES IN EQUITY**

The movements in the capital accounts during the reporting period were as follows (in CZK thousands):

	Balance as at 31/ 12/ 2017	Transfer of profit	Loss	Balance as at 31/ 12/ 2018	Transfer of loss	Profit	Balance as at 31/ 12/ 2019
Basic capital	172,655	-	-	172,655	-	-	172,655
Other capital funds	5,311,545	-	-	5,311,545	-	-	5,311,545
Retained earnings	-	-	-	-	-	-	-
Accumulated loss	(282,153)	96,938	-	(185,215)	(501,351)	-	(686,566)
Current year profit/ loss	96,938	(96,938)	(501,351)	(501,351)	501,351	107,662	107,662
<b>Total</b>	<b>5,298,985</b>	<b>-</b>	<b>(501,351)</b>	<b>4,797,634</b>	<b>-</b>	<b>107,662</b>	<b>4,905,296</b>

The basic capital of the Company consists of 700 pcs of shares in certified form with a nominal value of CZK 246,650 (EUR 10,000). Total balance of basic capital is CZK 172,655,000 (EUR 7,000,000).

The Company's profit for the year ended 31 December 2017 was CZK 96,938 thousand. Pursuant to the sole shareholder's decision dated 10 April 2018 the profit was used to cover accumulated losses.

The Company's loss for the year ended 31 December 2018 was CZK 501,351 thousand. Pursuant to the sole shareholder's decision dated 25 June 2019 the loss was transferred fully to accumulated losses.

The Company proposes to transfer the result for the year ended 31 December 2019 (profit of CZK 107,662 thousand) to cover partially the accumulated losses.

The Company did not distribute any dividends in 2019 .

**10. PROVISIONS**

The movements in the provision accounts were as follows (in CZK thousands):

Provisions	Balance as at 31/ 12/ 2017	Additions	Deductions	Balance as at 31/ 12/ 2018	Additions	Deductions	Balance as at 31/ 12/ 2019
Loss making contracts	-	43,578	-	43,578	18,412	(43,578)	18,412
Fee to support renewable sources	4,611	9,908	(4,611)	9,908	5,684	(9,908)	5,684
Other	3,620	12	(1,863)	1,769	-	(39)	1,730
<b>Total</b>	<b>8,231</b>	<b>53,498</b>	<b>(6,474)</b>	<b>55,255</b>	<b>24,096</b>	<b>(53,525)</b>	<b>25,826</b>

In the 2019 reporting period, the Company created a provision for potential loss-making contracts in the amount by CZK 18,412 thousand. The provision was created for potential losses on electricity supplies in 2020. The provision created in previous year relating to loss making contracts on electricity supplies in 2019 was fully released.

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For the purposes of the provision amount determination, an open position of portfolio of electricity contracts was valued using the CZK/EUR foreign exchange rates as published by the Czech National Bank and the of electricity futures rates applicable as at 31 December 2019. The final CZK/EUR exchange rate and the price of electricity, at which the open positions of electricity portfolio will be closed, may significantly differ from the rates and prices used for the provision determination. Due to a possible fluctuation of foreign exchange rates and electricity prices copying the developments in global markets, the net profit or loss from contracts for electricity supplies covered by the provision may significantly differ from the net profit or loss anticipated as at 31 December 2019.

In addition, the Company recorded a provision for the fee to support renewable sources in Poland that the Company is obliged to pay from electricity volumes delivered to end customers. The obligation is met either by the payment of the fee determined by the government for the respective period or the purchase and following redemption of the rights to certificates confirming energy produced from renewable sources. The provision balance was CZK 5,684 thousand and CZK 9,908 thousand as at 31 December 2019 and 31 December 2018, respectively.

### 11. LONG-TERM LIABILITIES

On 5 December 2017 the Company obtained a long-term loan from parent company Alpiq AG in the amount of EUR 20,000 thousand. The loan was due on 30 November 2024 the latest. As at 31 December 2018 the value of the loan was CZK 514,500 thousand and was reflected in long-term liabilities in the balance sheet caption Liabilities – controlled or controlling entity. On 30 April 2019 the Company prematurely repaid the loan in full.

Long-term miscellaneous liabilities as at 31 December 2019 and 31 December 2018 contain settlement of positions with energy counterparty in the amount of CZK 367 thousand and CZK 11,914 thousand respectively, and with due date longer than 1 year (see also Note 12).

### 12. CURRENT LIABILITIES

As at 31 December 2019 and 2018 the Company had no significant overdue current liabilities.

As at 31 December 2019 and 31 December 2018, the Company had liabilities of CZK 2,376 thousand and CZK 1,458 thousand, respectively owing to social security and health insurance premiums payable next year in January.

Unbilled deliveries represent, in particular, unbilled supplies of electricity and related services.

As at 31 December 2019 and 31 December 2018, miscellaneous liabilities comprise, in particular, negative fair values of outstanding derivatives in the amount of CZK 2,539,604 thousand and CZK 3,193,886 thousand, respectively (see Note 13). Miscellaneous liabilities as at 31 December 2019 and 31 December 2018 contain also settlement of positions with energy counterparty in the total amount of CZK 16,492 thousand and CZK 97,664 thousand respectively and payable within one year.

Payables to related parties (see Note 19).

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**13. DERIVATIVES**

In the course of its business, the Company concludes contracts for derivatives, which do not qualify as hedging instruments and are classified as held for trading. As at 31 December 2019 and 31 December 2018, the derivatives were revalued at fair value, with the positive and negative fair values of derivatives being included in other receivables and other payables, respectively.

The following table summarizes face values and positive or negative fair values of outstanding derivatives held for trading as at 31 December 2019 and 31 December 2018:

(in CZK thousands)	31/ 12/ 2019			31/ 12/ 2018		
	Contractual/ Face value	Positive	Fair value Negative	Contractual/ Face value	Positive	Fair value Negative
Commodity derivatives	33,347,915	2,899,773	2,537,220	29,104,330	3,358,012	3,189,139
Currency forwards	460,745	2,678	2,384	2,490,523	8,270	4,747
<b>Total</b>	<b>33,808,660</b>	<b>2,902,451</b>	<b>2,539,604</b>	<b>31,594,853</b>	<b>3,366,282</b>	<b>3,193,886</b>

**14. INCOME TAXES**

	2019 in CZK thousands	2018 in CZK thousands
Profit / (Loss) before taxes	112,935	(461,018)
Difference between book and tax depreciation	1,527	3,325
Non-deductible expenses		
Creation / (release) of provisions and allowances	95,878	148,629
Other (e.g. entertainment expenses, donations, estimated bonuses, fines and penalties)	59,329	2,052
Revenues related to prior tax period	29,168	26,048
Expenses related to prior tax period	-	-
Non-deductible expenses incurred in prior tax period and deductible in current period	(36,781)	(100,872)
<b>Taxable income</b>	<b>262,056</b>	<b>(381,836)</b>
Tax loss carryforward utilized	(262,056)	-
Current income tax rate, %	19	19
<b>Tax</b>	<b>-</b>	<b>-</b>
Current tax abroad	(12,669)	23,269
Tax paid on dividends received in the Czech Republic	-	80
<b>Current tax expense</b>	<b>(12,669)</b>	<b>23,349</b>

The corporate income tax payable on ordinary activities for 2019 comprises mainly the tax payable in the Hungarian branch in the amount of CZK 8,540 thousand and tax refund claim in the Polish branch in the amount of CZK (21,166) thousand caused by corrective tax returns related to prior years.

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The Company can carry forward tax losses generated in prior years for up to five years. As at 31 December 2019 the Company recorded tax losses of CZK 1,766,860 thousand generated in the Czech Republic in the years 2016 through 2018 that may be used in the years 2020 through 2023 and also by tax losses of CZK 13,522 thousand generated in Poland in the year 2019 that may be used in the years from 2020 through 2024.

The Company quantified deferred taxes as follows (in CZK thousand):

Deferred tax items	31/ 12/ 2019		31/ 12/ 2018	
	Deferred tax asset	Deferred tax liability	Deferred tax asset	Deferred tax liability
Difference between net book value of fixed assets for accounting and tax purposes	388	-	1 170	
Allowances	54,363	-	30,527	
Provisions	4,907	-	10,498	
Tax loss carryforward	338,273	-	412,486	
Estimated items (untaken vacation and bonuses and other temporary differences)	43,707	(39,696)	99,005	(91,362)
<b>Total</b>	<b>441,638</b>	<b>(39,696)</b>	<b>553,686</b>	<b>(91,362)</b>
<b>Net</b>	<b>401,942</b>		<b>462,324</b>	

As at 31 December 2019 the Company recorded a deferred tax asset at an amount of CZK 13,396 thousand on temporary differences in the Polish branch and a deferred tax asset of CZK 42,663 thousand as a result of the future utilization of tax losses in the Czech Republic.

As at 31 December 2019 and 31 December 2018, the Company did not record a deferred tax asset of CZK 345,883 thousand and CZK 388,323 thousand, respectively on the basis that its recovery was uncertain. As at 31 December 2019 the deferred tax liability in the amount of CZK 39,696 thousand arose in Poland and was fully offset with the deferred tax asset.

## 15. LEASES

The Company leases fixed assets, which are not recorded on the balance sheet (see Note 4j).

Assets which are being used by the Company under finance leases (i.e. the assets are transferred to the Company when the lease term expires) as at 31 December 2019 consist of the following (in CZK thousands):

Description	Terms/ Conditions	Total lease	Payments made as at 31/ 12/ 2019	Remaining payments as at 31/ 12/ 2019	
				Due within one year	Due over one year
Infiniti Q70	35	967	847	120	-
Volvo VT60	59	689	386	91	212
Lexus IS 300	47	939	506	150	283

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### 16. COMMITMENTS AND CONTINGENCIES

The following bank guarantees and guarantees of the parent company were issued to the benefit of the Company's business partners (in CZK thousands):

	31/ 12/ 2019	31/ 12/ 2018
Guarantees issued in the Alpiq Holding Group	3,536,270	3,501,061
Bank guarantees	1,261,588	5,801,274

In 2018 the bank guarantees included also the bank guarantee in the amount of CZK 3,246,931 thousand issued to Tax Authority in Romania in the dispute of tax assessment. This bank guarantee was rescinded in 2019 (see point 1).

### 17. REVENUES

The breakdown of revenues from ordinary activities is as follows (in CZK thousands):

	01/ 01/ 2019 – 31/ 12/ 2019		01/ 01/ 2018 – 31/ 12/ 2018	
	Domestic	Foreign	Domestic	Foreign
Sale of electricity and gas	1,889,845	11,460,896	3,821,326	24,271,188
Commodity derivatives physically delivered	15,943,668	78,676,355	21,189,875	72,928,423
Commodity derivatives financial (net)	1,099	395,554	138,283	256,926
Change in fair value of derivatives relating to electricity, gas, coal, color certificates and CO2 certificates trading	1,347,531	(1,155,431)	(212,029)	23,171
Other	-	136,188	1,761	490,927
<b>Total revenues</b>	<b>19,182,143</b>	<b>89,513,562</b>	<b>24,939,216</b>	<b>97,970,635</b>

Revenues from power and gas supplies classified as commodity derivatives are part of revenues from the sale of electricity and gas. They amounted CZK 95,016,676 thousand as at 31 December 2019. Costs billed with respect to these derivatives are recognized as cost of the goods sold. They amounted to CZK 94,551,573 thousand in 2019.

Summary of revenues and costs on commodity derivative trading (in CZK thousands):

	01/ 01/ 2019 – 31/ 12/ 2019		01/ 01/ 2018 – 31/ 12/ 2018	
	Domestic	Foreign	Domestic	Foreign
Revenues	15,944,767	79,071,909	21,328,158	73,185,349
Costs	(16,215,885)	(78,335,688)	(20,325,634)	(74,216,370)
<b>Total margin</b>	<b>(271,118)</b>	<b>736,221</b>	<b>1,002,524</b>	<b>(1,031,021)</b>

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**18. PERSONNEL AND RELATED EXPENSES**

The breakdown of personnel expenses is as follows (in CZK thousands):

	01/ 01/ 2019 – 31/ 12/ 2019	01/ 01/ 2018 – 31/ 12/ 2018
Average number of employees	47	98
Wages and salaries	83,971	145,248
Social security and health insurance	18,115	32,125
Social cost	2,442	5,504
<b>Total personnel expenses</b>	<b>104,528</b>	<b>182,877</b>

Wages and salaries for 2019 include also wages and salaries paid not only to employees in the Czech Republic but also in the Company's branches in Hungary and Poland.

**19. RELATED PARTY INFORMATION**

The members of statutory and supervisory bodies, directors and executive officers were granted no loans, guarantees, advances or other benefits in the reporting period from 1 January 2019 to 31 December 2019 and they do not hold any shares of the Company. The Company sells electricity and gas and provides services to related parties in the ordinary course of business. Sales were CZK 44,018,193 thousand in the reporting period from 1 January 2019 to 31 December 2019.

Short-term receivables from related parties as at 31 December were as follows (in CZK thousands):

Related party	31/ 12/ 2019	31/ 12/ 2018
Alpiq AG	3,901,870	4,902,231
Alpiq Holding AG	3,064,417	142,776
Alpiq Energija Skopje DOOEL	49,356	135,666
Alpiq RomIndustries S.R.L.	13	113,074
Alpiq Energia Bulgaria Ltd.	-	986
Alpiq Energija (RS) d.o.o.	-	309
Alpiq Energy Albania SH.P.K.	751	862
Alpiq Energy Ukraine LLC	4	1,883
Alpiq Turkey Enerji Toptan Satis Ltd.	4,429	1,965
Alpiq Energija BH d.o.o.	103,789	153,004
Teplárna Kladno s.r.o.**	-	14,098
Alpiq Retail CZ s.r.o.	3,487	-
Alpiq Csepel Kft.	-	8,917
Po Prostu Energia SA	5,465	1,245
PPC Bulgaria AD*	28,675	63,447
EDF Trading Limited**	-	171,190
<b>Total</b>	<b>7,162,256</b>	<b>5,711,653</b>

\*Alpiq Group owns 15% share

\*\*Entities belonging to EDF Group that included also significant shareholder of Alpiq Group the entity EDF Alpes Investissements Sàrl;

\*\*\* Former Alpiq Generation (CZ) s.r.o. and ceased to be related party since 1.9.2019

## ALPIQ ENERGY SE

### Financial Statements for the year ended 31 December 2019

As at 31 December 2019 and 31 December 2018, short-term receivables from related parties included trade receivables from sales of electricity and gas, unbilled revenue representing unbilled supplies of electricity, gas other receivables comprising positive values of currency and commodity derivatives and receivables from providing services and loans to sister companies.

As at 31 December 2019 the company had a receivable towards its parent company in the amount of CZK 3,061,751 thousand resulting from positive balance of the cash provided within the cash-pooling and is reflected in current assets in the balance sheet caption Receivables – controlled or controlling entity. The interest expense recorded in the current period relating to the cash-pooling was CZK 187 thousand.

The Company purchases electricity and gas, receives services from related parties in the ordinary course of business, pays interest expense for using loans and fees for guarantees provided. Purchases were CZK 48,598,107 thousand in the period from 1 January 2019 to 31 December 2019.

Short-term payables to related parties as at 31 December were as follows (in CZK thousands):

Related party	31/ 12/ 2019	31/ 12/ 2018
Alpiq AG	4,884,941	4,781,825
Alpiq Holding AG	2,374	4,302
Alpiq Generation (CZ) s.r.o.**	-	72,766
Alpiq Services CZ s.r.o.	32,880	-
Alpiq Energija Skopje DOOEL	15,902	61,985
Alpiq Energia Bulgaria Ltd.	18,512	2,154
Atel Energija BH d.o.o.	156,579	108,586
Alpiq Energija (RS) d.o.o.	-	1,458
Alpiq RomIndustries S.R.L.	-	42,695
Alpiq Energy Albania SH.P.K.	921	2,264
Alpiq Turkey Enerji Toptan Satis Ltd.	-	4,261
Po Prostu Energia SA	496	195
EDF Trading Limited*	-	540,807
<b>Total</b>	<b>5,112,605</b>	<b>5,623,298</b>

\*Entities belonging to EDF Group that included also significant shareholder of Alpiq Group the entity EDF Alpes Investissements Sàrl

\*\* Former Alpiq Generation (CZ) s.r.o. and ceased to be related party since 1.9.2019

In 2019, short-term payables to related parties included trade payables from sales of electricity, gas and emission allowances; unbilled deliveries representing unbilled supplies of electricity, gas and emission allowances, other liabilities comprising negative values of currency and commodity derivatives, liabilities from received support services (SLAs) and guarantee fees.

On 5 December 2017 the Company obtained a long-term loan from parent company Alpiq AG in the amount of EUR 20,000 thousand. As at 31 December 2018 the value of the loan was CZK 514,500 thousand and was reflected in long-term liabilities in the balance sheet caption Liabilities – controlled or controlling entity. On 30 April 2019 the Company repaid the loan in full. The interest expense recorded in the current period relating to the loan was CZK 5,628 thousand.



## **20. SIGNIFICANT ITEMS OF INCOME STATEMENT**

The costs for services comprise, in particular, transmission fees and other costs related to power transmission. These costs amounted to CZK 1,027,197 thousand in 2019. The remainder is attributable to IT services in the amount of CZK 97,705 thousand and other services in the amount of CZK 286,734 thousand.

In the reporting period, taxes and fees totaled CZK 43,955 thousand of which the largest portion is attributable to concession and license fees in the amount of CZK 41,977 thousand. Other taxes and fees amount to CZK 1,978 thousand.

In 2019, other operating expenses in the total amount of CZK 8,403 thousand represent mainly expenses related to write-off of the receivable from the company ENG SERVICES TRADE d.o.o. and insurance costs.

Other operating revenues in the total amount of CZK 3,885 thousand consist mainly of revenues from re-invoicing of rent and issuing of contractual penalties.

Other income from other long-term investments consist of dividend of CZK 1,979 thousand (RON 365 thousand) received from Atel Energy Romania S.r.l. in which the Company has a 10% share.

Other financial income and expense include mainly exchange rate gains and losses, guarantee fees and gains and losses on financial non-commodity derivative transactions that are recognized net (see Note 4).

Statutory auditor's fee is disclosed in the Consolidated annual report of the group.

## **21. SUBSEQUENT EVENTS**

On 13 January 2020 based on the shareholder's decision Markus Brokhof was recalled from the position member of the Supervisory board and Petter Torp appointed as a member of the Supervisory board. These events were registered in the Public register on 11 February 2020.

On 10 February 2020 based on the extraordinary general meeting it was decided to increase the investment in company Alpiq Energy Ukraine by EUR 3 thousand (CZK 76 thousand).

On 11 February 2020 the procurators Claudia Erni Eiholzer, Tobias Meyer and Marie Adamová were deleted from Public register.

On 18 February 2020 the Company obtained registration for gas trading in Greece.

By the end of 2019, COVID-19 (coronavirus) reports appeared for the first time in China. In the first months of 2020, the virus spread worldwide and caused extensive economic damage. Although the management of the Company did not see a decline in profitability at the time of publication of these financial statements, the situation is constantly changing and therefore the future impact of this pandemic on the Company's activities cannot be predicted. The Company's management will continue to monitor its potential impact and take all possible steps to mitigate any adverse effects on the Company and its employees. The management of the Company considered the potential impact of COVID-19 on its activities and business, and concluded that the going concern assumption is not compromised. Accordingly, the financial statements for the year ended 31 December 2019 were prepared on the assumption that the Company would be able to continue as a going concern.



ALPIQ ENERGY SE

Financial Statements for the year ended 31 December 2019

**22. STATEMENT OF CASH FLOWS**

The cash flow statement was prepared under the indirect method.

**23. STATEMENT OF CHANGES IN EQUITY (SEE NOTE 9 OF FOOTNOTES)**

Prepared on:	Signature of accounting unit's statutory body:
31 March 2020	 Jan Kožušník
	 Zdeněk Čihák

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The accompanying balance sheet, income statement, cash flow statement and statement of changes in equity are an integral part of the financial statements.

## **Report on relations between the controlling person and the controlled person and between the controlled person and other persons controlled by the same controlling person for the period from 1 January 2019 to 31 December 2019**

This report on relations between the controlling person and the controlled person and between the controlled person and other persons controlled by the same controlling person (hereinafter the "Report on Relations") was prepared by ALPIQ ENERGY SE (a European company), with its registered office located at Jungmannova 26/15, 110 00 Prague 1, Company Identification No. (IČO) 284 77 090, registered in the Public Register maintained in Prague under file No. H81 (hereinafter the "Company" or the "Controlled Person") pursuant to Section 82 of Act No. 90/2012 Coll., on Business Corporations (hereinafter the "Business Corporations Act") for the period from 1 January 2019 to 31 December 2019 (hereinafter the "Accounting Period"). In preparing this Report on Relations, the Company's statutory body used the understanding and information available to the members of the statutory body as at the date of preparation of this Report. This Report on Relations constitutes an inseparable part of the Company's Annual Report for the period from 1 January 2019 to 31 December 2019.

### **1. Structure of relations between related parties**

Throughout the Accounting period, the Company was a member of the Alpiq Group. The Company's shareholder holding with a 100% interest is Alpiq AG (the "Controlling Person"). The ultimate parent company is Alpiq Holding AG, established under the laws of the Swiss Confederation, with the seat in Lausanne, Chemin de Mornex 10, CH 1003, Switzerland, recorded in commercial register of Canton Vaud under identification number CH-400-3923145-9 (hereinafter „Alpiq Holding AG“). Alpiq Holding AG is the sole shareholder of Alpiq AG and indirectly controls the Company.

#### **1.1. Brief description of the Controlled Person and the Controlling Person:**

##### **Controlled Person**

Business name: ALPIQ ENERGY SE  
Registered office: Jungmannova 26/15, 110 00 Prague 1  
Identification No.: 284 77 090  
Legal form: European company

##### **Controlling Person**

Business name: Alpiq AG  
Registered office: Olten, Bahnhofquai 12, post code 4600, the Swiss Confederation  
Identification No.: CH-105.974.401  
Legal form: joint-stock company  
The company was established under the laws of the Swiss Confederation.

##### **Indirectly controlling Person (ultimate parent company of Alpiq group):**

Business name: Alpiq Holding AG  
Registered office: Lausanne, Chemin de Mornex 10, post code 1003, the Swiss Confederation  
Identification No.: CH-400.3.923.145-9  
Legal form: joint-stock company  
The company was established under the laws of the Swiss Confederation.

## **1.2. Companies controlled by the same Controlling Person in the Accounting Period and having also the contractual obligations with the Company**

Alpiq Energija Bulgaria EOOD, established and existing under the laws of Bulgaria, with its registered office located at Pozitamo Sqr 2, 1303 Sofia, Bulgaria (hereinafter „Alpiq Energija Bulgaria EOOD“), with Alpiq AG being the sole shareholder;

Alpiq Energija RS doo Beograd, established and existing under the laws of Serbia, with its registered office located at Bulevar Zorana Djindjica 64, 11070 Beograd, Serbia (hereinafter „Alpiq Energija RS doo Beograd“), with Alpiq AG being the sole shareholder;

Alpiq Energija BH d.o.o., established and existing under the laws of Bosnia and Herzegovina, with its registered office located at Street Kaptol 5/2, 71000 Sarajevo, Bosnia and Herzegovina (hereinafter „Alpiq Energija BH d.o.o.“), with Alpiq AG being the sole shareholder;

Alpiq Energy Albania SHPK, established and existing under the laws of Albania, with its registered office located at str. Deshmoret E4 Shkurtit, Sky Tower BLDG 3/4, 1031 Tirana, Albania (hereinafter „Alpiq Energy Albania SHPK“), with Alpiq AG being the sole shareholder;

Alpiq Energy Ukraine LLC, established and existing under the laws of Ukraine, with its registered office located at 25-B, P. Sagaydachnogo str., 04070 Kiev, Ukraine (hereinafter „Alpiq Energy Ukraine LLC“), with Alpiq AG being the majority shareholder (99%) and Alpiq Energy SE holding the remaining 1% interest;

Teplárna Kladno s.r.o. (Alpiq Generation (CZ) s.r.o.), established and existing under the laws of the Czech Republic, with its registered office located at Dubská 257, 27203 Kladno – Dubí, the Czech Republic (hereinafter „Teplárna Kladno s.r.o.“), with Alpiq AG being the sole shareholder till 31 August 2019;

ALPIQ TURKEY ENERJI TOPTAN SATIŞ LTD. ŞTİ., established and existing under the laws of Turkey, with its registered office located at Valikonağı Cad. No. 70, Ayaz Aptartmani Kat. 4/11, 343 65 Teşvikiye - Şişli İstanbul, Turkey (hereinafter „ALPIQ TURKEY ENERJI TOPTAN SATIŞ LTD. ŞTİ.“), with Alpiq AG being the majority shareholder (93.47%) and Alpiq Energy SE holding the remaining 6.53% interest;

Alpiq Energija Skopje d.o.o.e., established and existing under the laws of Macedonia, with its registered office located at Albert Ajnštajn 4/1, 1000 Skopje, Macedonia (hereinafter „Alpiq Energija Skopje d.o.o.e.“), with Alpiq AG being the sole owner;

PO PROSTU ENERGIA SA, established and existing under the laws of Poland, with its registered seat office located at Ul. Aleja Armij Ludowej 26, Warsaw, Poland, with Alpiq AG being the sole owner.

Alpiq Services CZ s.r.o. established and existing under the laws of the Czech Republic, with its registered seat office located at Jungmannova 26/15, Nové Město, 110 00 Prague, with Alpiq AG being the sole owner.

Alpiq Retail CZ s.r.o. established and existing under the laws of the Czech Republic, with its registered seat office located at Jungmannova 26/15, Nové Město, 110 00 Prague, with Alpiq AG being the sole owner.

The Controlled Person with brief description provided in Article 1.1. is acquainted with the Controlling Person with brief description also provided in Article 1.1. and other persons controlled by the same Controlling Person. To the best knowledge of the statutory representatives the list of entities belonging to Alpiq Group (entities controlled directly or indirectly by Alpiq Holding AG) is enlisted on pages 137-139 of the Alpiq Holding AG's annual report available on this link: [https://www.alpiq.com/fileadmin/user\\_upload/documents/publications/annual\\_report/alpiq\\_annual\\_report\\_2019\\_en.pdf](https://www.alpiq.com/fileadmin/user_upload/documents/publications/annual_report/alpiq_annual_report_2019_en.pdf).

## **2. The Company's role in the relationships between the Company and other persons controlled by the same Controlling Person (hereinafter the "Related Parties")**

The Company trades with an electricity, natural gas, emission allowances, certificates of origin of electricity from renewable resources, other commodity derivatives and financial derivatives linked to energy commodities. The Company's activities are in line with its business strategy comprise purchases and sales of the above commodities to Related Parties stipulated in Article 1.2 and to the Controlling Person stipulated in Article 1.1.

In addition, the Company bought supporting services in various fields (accounting, reporting, risk management, controlling, portfolio management, scheduling, administrative support, invoicing, payments, IT, etc.) from Alpiq Services CZ s.r.o. and Alpiq AG and had a significant position in determining the business strategies in some Related Parties.

The Company is the ultimate Controlled Person controlled by Alpiq AG; no other legal entities are indirectly controlled or managed through the Company.

## **3. Method and means of control**

The Company is subject to single management by Alpiq AG and indirectly by Alpiq Holding AG (parent company of Alpiq Group) with which the Company forms a concern pursuant to Section 79 of the Business Corporations Act. Single management is particularly exercised through regular meetings of the Company's statutory body members with Alpiq AG management and the methodologies and guidelines issued by Alpiq AG (Alpiq Holding AG) that are reflected in the Company's internal rules and regulations.

Alpiq AG also asserts the interests of the concern by exercising the rights of the sole shareholder exercising the powers of the General Meeting, particularly by electing and recalling members of the Company's bodies and approving their remuneration. As a result of its control, Alpiq AG is able, to a certain extent, to change the Company's Code of Rules. In addition, under Code of Rules, certain explicitly stipulated legal actions that do not constitute regular day-to-day business management require prior consent of the sole shareholder exercising the powers of the General Meeting.

**4. Overview of actions taken in the past accounting period at the initiative or in the interest of the Controlling Person or the entities controlled by the Controlling Person, where such actions concerned assets exceeding 10% of the Company's equity**

In the Accounting Period, the following actions were taken at the initiative or in the interest of the directly or indirectly controlling person, i.e. Alpiq AG or Alpiq Holding AG, or in the interest of persons controlled by the Controlling Person, that concerned the Company's assets exceeding 10% of equity (determined from the last annual financial statements, i.e. the Financial Statements for 2018):

Counterparty	Type of action	Value in CZK
Alpiq AG	Sale of electricity	38,365,022,573
Alpiq AG	Purchase of electricity	39,485,465,744
Alpiq AG	Sale of gas	3,654,362,812
Alpiq AG	Purchase of gas	6,336,577,357
Teplárna Kladno s.r.o.	Purchase of electricity	968,601,489
Alpiq Energija BH d.o.o	Purchase of electricity	1,545,853,886
Alpiq Energija Skopje d.o.o.e.	Sale of electricity	670,734,216
Alpiq Energija Skopje d.o.o.e.	Purchase of electricity	532,453,005

## 5. Overview of contracts and agreements between Related Parties

The following contracts and agreements between the Controlled Person and the Controlling Person and/or other Related Parties were effective in the Accounting Period:

1. Consulting agreement on electricity trading concluded with related party Alpiq Energy Hellas A.E. on 30 April 2009 with effect from 1 April 2009 for an indefinite period of time;
2. Cash-pooling agreement with Alpiq Holding Ltd. The agreement is effective from 5 March 2012 for an indefinite period of time;
3. Framework contract (EFET) on gas purchase and supply concluded with controlling person Alpiq AG, with effect from 1 October 2014 for an indefinite period of time (part of the contract is the amendment from 26 September 2016 on trading with emission allowances CO<sub>2</sub>);
4. Framework contract (EFET) on power purchase and supply concluded with legal predecessor of controlling person Alpiq AG, with effect from 1 January 2010 for an indefinite period of time;
5. Framework contract (EFET) on power purchase and supply concluded with related party Alpiq RomIndustries S.R.L., with effect from 1 November 2013 for an indefinite period of time;
6. Framework contract (EFET) on gas purchase and supply concluded with related party Alpiq RomIndustries S.R.L., with effect from 20 May 2016 for an indefinite period of time;
7. Framework contract (EFET) on power purchase and supply concluded with related party Alpiq Turkey Enerji Toptan Satis Ltd., with effect from 31 January 2012 for an indefinite period of time;
8. Framework contract (EFET) on power purchase and supply concluded with related party Alpiq Enerjia Bulgaria EOOD, with effect from 29 January 2010 for an indefinite period of time;
9. Framework contract (EFET) on power purchase and supply concluded with related party Alpiq Energija BH d.o.o., with effect from 29 January 2010 for an indefinite period of time;
10. Framework contract (EFET) on power purchase and supply concluded with related party Alpiq Energija RS d.o.o., with effect from 29 January 2010 for an indefinite period of time;
11. Framework contract (EFET) on power purchase and supply concluded with related party Alpiq Energy Hellas S.A., with effect from 1 March 2014 for an indefinite period of time;
12. Framework contract (EFET) on power purchase and supply concluded with related party Alpiq Energija Skopje d.o.o.e., with effect from 5 October 2010 for an indefinite period of time;
13. Agreements between related parties on strategic services and local services in Alpiq Energija RS d.o.o., Alpiq Energija BH d.o.o., Alpiq Energy Albania SH.P.K. and Alpiq Energija Skopje d.o.o.e.. Agreements are effective from 1 January 2012 for an indefinite period of time;
14. IT service agreement concluded with the controlling person, Alpiq AG. The agreement is effective from 1 January 2016 for an indefinite period of time;
15. Service agreement on consulting and other services connected with access to the Bulgarian electricity market concluded on 18 October 2013 with related party Alpiq Enerjia Bulgaria EOOD for an indefinite period of time from 1 January 2013;
16. Loan agreement with related party Alpiq Energy Albania SH.P.K. concluded on 2 November 2011 with effect from 30 June 2010 for an indefinite period of time;
17. Loan agreement with related party Alpiq Energy Ukraine LLC concluded on 5 November 2012 with effect from 15 May 2013 for an indefinite period of time;
18. Hedging frame contract (ISDA) concluded on 24 August 2014 with ultimate parent company of whole group, Alpiq Holding AG, for an indefinite period of time from 1 September 2014;
19. Framework contract (EFET) on power purchase and supply concluded with related party Teplárna Kladno s.r.o., with effect from 25 January 2016 for an indefinite period of time;
20. Service agreement on consulting and other services connected with access to particular electricity and gas markets, portfolio management and optimization and support to new markets and projects concluded on 3 January 2017 with related party Alpiq AG for indefinite period of time;

21. Hedging frame contract (ISDA) concluded on 10 May 2016 with parent company Alpiq AG, for an indefinite period of time;
22. Guarantee line agreement with indirectly controlling related party Alpiq Holding AG from 10 March 2017 for an indefinite period of time;
23. Agreement for providing of office premises with related party PO PROSTU ENERGIA SA from 31 October 2016 for a period from 1 November 2016 to 31 May 2018 that was replaced by agreement from 13 February 2018 for a period from 20 December 2017 to 31 December 2018 that was replaced by agreement from 11 December 2018 for a period from 8 October 2018 to 30 June 2019 that was replaced by agreement from 25 July 2019 for a period from 16 July 2019 to 31 May 2021;
24. Agreement for providing of balancing services with related party PO PROSTU ENERGIA SA dated 25 July 2017;
25. Agreement on provision of intercompany loan with controlling related party Alpiq AG from 5 December 2017 effective from 5 December 2017 to 30 November 2024;
26. Framework contract (EFET) on power purchase and supply concluded with related party PO PROSTU ENERGIA SA, with effect from 11 May 2018 for an indefinite period of time;
27. Reporting obligation agreement on EU "EMIR" concluded on 14 September 2018 with related party Teplárna Kladno s.r.o.;
28. Framework contract (EFET) on gas purchase and supply concluded with related party PO PROSTU ENERGIA SA, with effect from 5 March 2019 for an indefinite period of time;
29. Consulting agreement on finance services, management services, back-office, middle-office, risk management, scheduling, IT and office management with the related party Alpiq Services CZ s.r.o. concluded on 14 November 2018 for the period from 1 June 2018 for an indefinite period of time;
30. Service agreement on energy services connected with intraday trading support with related party Alpiq Energia Bulgaria EOOD concluded on 30 May 2019 for the period from 1 June 2019 for an indefinite period of time.
31. Framework contract (EFET) on power purchase and supply concluded with related party Alpiq Retail CZ s.r.o., with effect from 22 July 2019 for an indefinite period of time;
32. Framework contract (EFET) on gas purchase and supply concluded with related party Alpiq Retail CZ s.r.o., with effect from 22 July 2019 for an indefinite period of time;
33. Hedging frame contract (ISDA) concluded on 27 August 2019 with related party Alpiq Retail CZ s.r.o., for an indefinite period of time;
34. Reporting obligation agreement on EU "EMIR" concluded on 27 August 2019 with related party Alpiq Retail CZ s.r.o.;
35. License agreement on software platform ARTIS with controlling person Alpiq AG concluded on 17 December 2019;
36. Contractual commitment for operating gas trading with controlling person Alpiq AG with effectivity in year 2019.

## **6. Overview of issued guarantees to the benefit of Related Parties' business partners**

1. Guarantee agreement on operating leasing on behalf of related party Alpiq Retail CZ s.r.o. to company LeasePlan Česká Republika, s.r.o. concluded on 19 July 2019



**7. Assessment of damage or detriment suffered, if any, and its settlement and evaluation of advantages or disadvantages and risks, if any, resulting from the relations between the Related Parties.**

a. Assessment of damage or detriment suffered as a result of the relations between Related Parties

The statutory body of the Company, taking into account the circumstances and conditions under which the actions between the related parties in the accounting period were realized (conditions common in the ordinary course of business), concluded that the Company did not suffer any damage due to the influence. For that reason, the statutory body does not provide its comment either on settlement of damages, or on manner and time of such settlement, in the related party report.

b. Evaluation of advantages and disadvantages resulting from the relations between Related Parties

The Company's statutory body further declares that the Company's advantages as member of the concern, Alpiq Group, prevail, including, in particular, the Company's financial stability resulting from cash-pooling and diversification of risk thanks to the opportunity to operate, via the concern, in various Central and Eastern European markets. The Company can moreover use concern brand and logo Alpiq.

c. Evaluation of risks involved in the relations between Related Parties


The Company did not identify any material risks resulting from the relations between Related Parties.

**8. Lack of information necessary for the preparation of the Report on Relations**

The Company declares that Alpiq Group comprises more than one hundred related parties incorporated and existing under the laws of various world countries. Pursuant to Section 82(3) of the Business Corporations Act, the Controlled Person declares that given the circumstances and acting with due care, the dominant entity was requested to provide information on the complete structure of relations between related parties, including the ownership interests therein of the dominant entity or indirectly controlling person or other related parties. Information containing the list of Alpiq Group entities is included in section 1.2. The statutory body of the Company declares that as at the date of this report it is not aware of any other entities controlled directly or indirectly by Alpiq AG or Alpiq Holding AG.

This Report on Relations was prepared by the Controlled Person's statutory body as at 31 March 2020.

In Prague, on 31 March 2020

  
.....  
ALPIQ ENERGY SE  
Zdeněk Čihák  
Chairman of the Board of Directors

  
.....  
ALPIQ ENERGY SE  
Jan Kožušník  
Member of the Board of Directors

(Translation of a report originally issued in Czech - see Note 3 to the financial statements.)

## INDEPENDENT AUDITOR'S REPORT

To the Shareholder of ALPIQ ENERGY SE:

### *Opinion*

We have audited the accompanying financial statements of ALPIQ ENERGY SE (the Company) prepared in accordance with accounting principles generally accepted in the Czech Republic, which comprise the balance sheet as at 31 December 2019, and the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information. For details of the Company, see Note 1 to the financial statements.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with accounting principles generally accepted 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 clauses. 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 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. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement.

#### *Responsibilities of the Company's Board of Directors for the Financial Statements*

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted 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.

#### *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 above regulations 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.

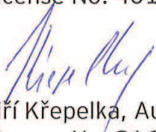
As part of an audit in accordance with the above law or regulation, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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 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.

Ernst & Young Audit, s.r.o.  
License No. 401



Jiří Křepelka, Auditor  
License No. 2163

31 March 2020  
Prague, Czech Republic