#20 PRE Group Annual Report

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This document is an unsigned English translation of the Czech Annual Report.
Only the Czech version of the Annual Report is legally binding.

PRE Group

Pražská energetika, a.s., (PRE) and its subsidiaries are a modern integrated energy corporate group, whose principal activities include electricity and gas sales and trading, electricity distribution, the generation of electricity from renewable sources and the provision of energy services.

PRE has a more than one-hundred-and-twenty-year long history of supplying electricity and developing the electricity system in Prague. It dates back to 1897, when the Electricity Works of the Royal Capital City of Prague (Elektrické podniky královského hlavního města Prahy) was founded. Today, with almost 817 thousand consumption points, the PRE Group is the third largest electricity supplier in the Czech Republic, operating a high quality and reliable distribution network. As part of its activities, it supports the use of state-of-the-art technological solutions and provides consultancy on the implementation of innovative technologies and achieving energy savings. Last year, it distributed 5.9 TWh of electricity on all voltage levels to end customers and generated 35.75 GWh of electricity from renewable sources.

In 2020, the PRE Group consisted of the parent company Pražská energetika, a.s., and its subsidiaries: PREdistribuce, a.s., PREměření, a.s., eYello CZ, k.s., KORMAK Praha a.s., PREservisní, s.r.o., PREzákaznická, a.s., and VOLTCOM, spol. s r.o.

The PRE Group also included the 100% subsidiaries of PREměření, a.s.: PRE FVE Světlík, s.r.o., SOLARINVEST – GREEN ENERGY, s.r.o., FRONTIER TECHNOLOGIES, s.r.o., WINDING WE NORTH a.s. (until 20 July 2020), its 100% subsidiary PRE VTE Částkov, s.r.o. (until 20 July 2020) and PRE VTE Částkov, s.r.o. (from 21 July 2020). The PRE Group also includes PREnetcom, a.s., a 100% subsidiary of PREdistribuce, a.s.

LICENCE OVERVIEW

Pražská energetika, a.s.

- Electricity trading licence from 17 January 2007, renewed until 16 January 2022
- Gas trading licence from 12 January 2011, renewed until 12 January 2026

PREdistribuce, a.s.

- Electricity distribution licence from 1 January 2006 for an indefinite period of time

PREměření, a.s.

- Electricity generation licence from 17 May 2010 to 17 May 2035
- Electricity distribution licence from 31 October 2016 for an indefinite period of time

PRE FVE Světlík, s.r.o.

- Electricity generation licence from 4 December 2009 to 4 December 2034

PRE VTE Částkov, s.r.o.

- Electricity generation licence from 3 July 2009 to 3 July 2034

eYello CZ, k.s.

- Electricity trading licence from 27 September 2012 to 26 September 2022
- Gas trading licence from 27 September 2012 to 26 September 2022

PRE GROUP COMPANIES

The complete scope of the business activities is stated in the company's Articles of Association and in the relevant registers.

Pražská energetika, a.s. (PRE)
Trading in electricity and gas, installation, repairs, inspection and testing of electrical equipment, production, trading and services not listed in Appendices No. 1–3 of the Trade Licensing Act
ID No.: 60193913
Prague 10, Na Hroudě 1492/4

PREdistribuce, a.s. (PREdi)
Electricity distribution in the capital of Prague and in Roztoky, planning the renovation and development of the distribution system, construction, operation, administration and maintenance of the distribution system equipment, execution of constructions, their alterations and demolitions
ID No.: 27376516
Prague 5, Svornosti 3199/19a

PREměření, a.s. (PREm)
Repairs, installation and readings of electricity metres in the PRE supply territory, electricity generation, energy services, authorisations for the aim of verification of legal measuring instruments, plumbing and heating
ID No.: 25677063
Prague 10, Na Hroudě 2149/19

eYello CZ, k.s. (eYello)
Trading in electricity and gas, production, trading and services not listed in Appendices No. 1–3 of the Trade Licensing Act
ID No.: 25054040
Prague 10, Kubánské náměstí 1391/11

KORMAK Praha a.s. (Kormak)
Design and execution of constructions of energy networks – transformer stations, line constructions of LV, MV and HV, design of constructions, production, installation and repairs of electrical machinery and devices and electronic and telecommunication equipment
ID No.: 48592307
Prague 10, náměstí Bratří Jandusů 34/34

PREservisní, s.r.o. (PREs)
Lease of real estate, flats and non-residential premises, production, installation and repairs of electrical machinery and devices and electronic and telecommunication equipment, execution of constructions, their alterations and demolitions, provision of safety and security services
ID No.: 02065801
Prague 10, Na Hroudě 1492/4

PREzákaznická, a.s. (PREzak)
Production, trading and services not listed in Appendices No. 1–3 of the Trade Licensing Act, lease of real estate, flats and non-residential premises
ID No.: 06532438
Prague 10, Na Hroudě 1492/4

VOLTCOM, spol. s r.o. (Voltcom)
Design of constructions, installations, repairs, inspections and testing of electrical equipment, production, installation and repairs of electrical machinery and devices and electronic and telecommunication equipment
ID No.: 44794274
Prague 6, Otevřená 1092/2

PREnetcom, a.s. (PREnetcom)
Production, installation and repairs of electrical machinery and devices and electronic and telecommunication equipment, design of constructions, their execution, alterations and demolitions, installations, repairs, inspections and testing of electrical equipment
ID No.: 06714366
Prague 10, Na Hroudě 1492/4

SOLARINVEST – GREEN ENERGY, s.r.o. (Solarinvest)
Installation, repairs, inspections and testing of electrical equipment, execution of constructions, their alterations and demolitions, installation, repairs and renovation of cooling systems and heat pumps, design of constructions
ID No.: 28923405
Prague 10, Na Hroudě 2149/19

#PREekoproud

Its PRE’s duty toward next generations to reduce its carbon footprint. For more than 5 years, it has showed its care for nature by providing green energy under the PREekoproud brand.


Teď se můžete přírodě podívat do očí
PREekoproud
Šetří životní prostředí, dodává elektřinu vyrobenou z obnovitelných zdrojů.
www.pre.cz/preekoproud
PRE EKOPROUD
FIRST CAMPAIGN IN 2016
Šetří to koruny. Stromů
Chraňte životní prostředí
Přejděte na PREekoproud vyráběný výhradně z obnovitelných zdrojů a za pár korun ročně ušetříte práci třeba 205 stromům.
SPOČÍTEJTE SI TO NA PRE.CZ/PREEKOPROUD
PRE EKOPROUD
CAMPAIGN 2019–2020
Žádná složitá gesta.
Přírodě pomůže, když jednoduše přejdete na PREekoproud. Ruku na to.
preekoproud.cz
PRE EKOPROUD
VISUAL MATERIALS 2021

FRONTIER TECHNOLOGIES, s.r.o. (Frontier)
Production, installation and repairs of electrical and telecommunication devices, installation, repairs, inspections and testing of electrical equipment, installation, repairs and renovation of cooling systems and heat pumps, plumbing, heating and design of constructions
ID No.: 27234835
Prague 10, Na Hroudě 2149/19

PRE FVE Světlík, s.r.o. (PRE FVE Světlík)
Electricity generation, production, trading and services not listed in Appendices No. 1–3 of the Trade Licensing Act
ID No.: 28080378
Prague 10, Na Hroudě 2149/19

WINDING WE NORTH a.s. (Winding) *
Production, trading and services not listed in Appendices No. 1–3 of the Trade Licensing Act
ID No.: 27831248
Prague 10, Na Hroudě 2149/19

PRE VTE Částkov, s.r.o. (PRE VTE Částkov) **
Electricity generation, trading and services not listed in Appendices No. 1–3 of the Trade Licensing Act, lease of real estate, flats and non-residential premises without the provision of other than basic services
ID No.: 27966216
Prague 10, Na Hroudě 2149/19

** WINDING WE NORTH a.s. was dissolved on 21 July 2020 as a result of a merger with PRE VTE Částkov, s.r.o.*

*** PRE VTE Částkov, s.r.o., was until 20 July 2020 a 100% subsidiary of WINDING WE NORTH a.s. As a result of the merger with WINDING WE NORTH a.s. it became a 100% subsidiary of PREměření, a.s., as of 21 July 2020.*

PRE corporate bodies

BOARD OF DIRECTORS AS OF 31. 12. 2020

Pavel Elis
Chairperson

Alexander Manfred Sloboda
Vice-chairperson

Marek Ženíšek
Vice-chairperson

Radim Kříž
Member

Markus Baumgärtner
Member

SUPERVISORY BOARD AS OF 31. 12. 2020

Jan Chabr
Chairperson

Colette Rückert-Hennen
Vice-chairperson since 25. 6. 2020

Franz Retzer
Member

Fabian Spalthoff
Member

Stefan Theo Webers
Member

Jörg Reichert
Member

Matej Šandor
Member

Michael Koch
Member

Bernhard Beck
Vice-chairperson until 24. 6. 2020

WORKS COUNCIL AS OF 31. 12. 2020

On 12 and 13 May 2020 members of the Works Council were elected for a further term of office. As of 15 May 2020 the new members-elect are:

Jan Pokorný
Chairperson

Alena Šafrová
Vice-chairperson

Miroslava Svobodová
Member

Karel Hempl
Member

Martin Votava
Member until 14. 5. 2020

In 2020, no members of the company bodies were subject to a conflict of interest or infringed prohibition of competition.

MANAGEMENT OF THE PRE GROUP COMPANIES AS OF 31. 12. 2020

Pražská energetika, a.s.
Pavel Elis
Chairperson of the Board of Directors and managing director

Alexander Manfred Sloboda
Vice-chairperson of the Board of Directors and sales director

PREdistribuce, a.s.
Milan Hampl
Chairperson of the Board of Directors and managing director

Petr Dražil
Vice-chairperson of the Board of Directors and director of the Regulated Assets division

PREměření, a.s.
Aleš Staněk
Chairperson of the Board of Directors and managing director

Rudolf Červenka
Vice-chairperson of the Board of Directors and director of the Energy Services division

eYello CZ, k.s.
Michal Kulig
Managing director

KORMAK Praha a.s.
Radek Matuszny
Chairperson of the Board of Directors and managing director

Tomáš Kocourek
Vice-chairperson of the Board of Directors and finance director

PREservisní, s.r.o.
Karel Urban
Authorised representative and managing director

Miloslav Nergl
Authorised representative and director of the Support Services division

PREzákaznická, a.s.
Roman Kronus
Chairperson of the Board of Directors and managing director

VOLTCOM, spol. s r.o.
Milan Válek
Chairperson of the Council of Authorised Representatives

Vladimír Křížek
Member of the Council of Authorised Representatives

Alois Kaláb
Member of the Council of Authorised Representatives

Jan Šrajer
Member of the Council of Authorised Representatives

PREnetcom, a.s.
Petr Dvořák
Chairperson of the Board of Directors and managing director

SOLARINVEST – GREEN ENERGY, s.r.o.
Aleš Hradecký
Authorised representative

Jakub Vančura
Authorised representative

FRONTIER TECHNOLOGIES, s.r.o.
Gabriel Lukáč
Authorised representative

Tomáš Kocourek
Authorised representative

Stanislav Šmejdíř (since 1. 3. 2020)
Authorised representative

PRE FVE Světlík, s.r.o.
Aleš Staněk
Authorised representative

PRE VTE Částkov, s.r.o.
Aleš Staněk
Authorised representative

WINDING WE NORTH a.s. (until 20. 7. 2020)
Roman Tupý
Member of the Board of Directors


PRE POINT
STATION WITH A WALLBOX
PREPOINT CHARGING POST
EV READY CHARGING LAMP

#PREmobilita

Operating more than 250 charging stations, PRE is the driving force for the development of the charging infrastructure for e-vehicles in Prague and elsewhere in the country.

Report of the Board of Directors on Business Activities

REPORT OF THE BOARD OF DIRECTORS ON BUSINESS ACTIVITIES AND ASSETS FOR 2020

For more than 120 years, Pražská energetika, a.s. (PRE), has been a stable partner in the energy sector. PRE and its subsidiaries form a prosperous corporate group, whose mission is to ensure the reliable supply, generation and sales of energy and related services in Prague as well as in the entire Czech Republic.

The principal shareholders of PRE are Pražská energetika Holding a.s., which is jointly controlled by the capital city of Prague and EnBW Energie Baden-Württemberg AG (EnBW), and EnBW. The support of its shareholders and mutual cooperation are among the pillars of PRE's success.

As the parent company, PRE leads the expanding PRE Group consisting of more than ten companies. In their activities, all of the companies follow strict ethical standards, which primarily include a responsible attitude towards society, the environment and their own employees. In its business activities, PRE proudly embraces the principles of sustainable development and through its activities, it strives to contribute to the improvement of the standards of living in the region it operates in. To ensure growth of the company's value, the corporate culture accents the constant improvement of internal efficiency, innovation, and the support of employee initiative and activities. The company founds its position on mutual trust with customers and partners, a proactive approach to business development and professionalism and attentiveness of all employees.

In 2020, both the Czech and global economies were severely hit by the pandemic involving the spread of a new type of coronavirus. The measures taken to prevent its spread triggered an extraordinarily profound recession, reducing the demand for energy in a notable manner.

PRE responded rapidly to the developments of the epidemiological and economic situations. A series of extraordinary measures were taken to avoid disruptions of electricity and gas supply, to ensure the safe and undisturbed operation of the critical infrastructure and distribution networks as well as to secure the provision of services to end-customers. Thanks to our timely action, the company managed to deliver on all of the commitments towards its customers, consumers and Prague citizens. The COVID-19 pandemic has accelerated digital transformation. Modern technologies shape and are expected to continue shaping the already transforming European energy sector and PRE plays a pro-active role in these processes.

Another major event in 2020 was the adoption of the Green Deal, the European Green Deal, which further emphasises the importance of climate objectives. The document seeks to promote their fulfilment by allocating a major portion of funds provided by the EU Member States (exceeding EUR 1.8 trillion) to this area, establishing that at least 30% of the funding must go to climate protection projects. Over the next seven years, the Czech Republic could receive more than EUR 50 billion from this budget.

The legal framework of the Czech energy sector did not undergo any major changes throughout 2020. The amendment to Act No. 458/2000 Coll., the Energy Act, proposed in July 2018, as well as the proposed amendments to Act No. 165/2012 Coll., on the Promoted Energy Sources, were still not adopted in 2020. Decree No. 359/2020 Coll., on Electricity Measurements, was published, and in December 2020 the government officially supported the intent of amending the current Energy Act.

During a major part of 2020, the Czech Republic was under a declared state of emergency. To tackle the epidemic, the government of the Czech Republic adopted a series of special crisis management measures under Act No. 240/2000 Coll., on Crisis Management, and the Ministry of Health of the Czech Republic as well as hygiene stations introduced other extraordinary measures pursuant to Act No. 258/2000 Coll., on Public Health Protection. These measures greatly restricted fundamental citizen rights, especially through the restricted right of free movement, the ban or restriction of operating retail sales and provision of services, the obligatory use of respiratory protective equipment in public places and the ban or restriction of organising mass-attendance events.

In 2020, the volume of generated electricity in the Czech Republic decreased by more than 6% and, accordingly, the overall electricity consumption fell to its lowest level in 5 years, decreasing by 3.5% year-on-year. The only exception to this trend was the household electricity consumption which moderately increased. Nevertheless, household consumption accounts only for approximately one fifth of the total and all the remaining consumption types shrunk notably. The most significant decrease was recorded on the medium voltage level electricity consumption, with the demand in this area falling to its lowest value in 11 years. The decrease in electricity supply in Prague was markedly above the nationwide average.

The decrease in electricity demand reflects the overall economic situation. Last year, the Czech economy declined to the lowest level in the history of the independent Czech Republic. According to preliminary forecasts, GDP decreased by 5.6% compared to 2019. The economic decline stemmed primarily from household consumption, investment expenditures and a decrease in external demand in the first half of the year. Public spending, on the other hand, increased. It should also be noted that not all economic sectors faced the same challenges. The decrease of gross value added had the severest impact on the trade, transport, hospitality and catering sectors. The industrial sector, constructions and the vast majority of services did not perform well, either.

In spite of all the adverse economic repercussions, the company's earnings before interest, tax, depreciation and amortisation (EBITDA) reached MCZK 4,738. Its profit or loss after tax for 2020 amounted to MCZK 2,505, decreasing only slightly year-on-year (- MCZK 130). PRE proved to be a resilient and very stable company, which is capable of offering certainty to its shareholders, suppliers and employees, even when navigating through such difficult times.

The total gross margin of the PRE Group in 2020 (MCZK 6,969) decreased in comparison to the same result in 2019 (MCZK 7,034), and the distribution gross margin also decreased by a significant 0.9% (- MCZK 102). The latter was due to a reduced volume of distributed electricity in the supplied territory, with the margin in this sector remaining close to its 2019 level (- MCZK 19). The margin of electricity generated from renewable sources increased (+ MCZK 19) thanks to a surge in its generation capacities following the acquisition of the Horní Částkov wind farm. The reduced electricity consumption induced by the epidemic primarily affected the distribution sector, leaving the sectors of sales and renewable energy generation largely or completely intact.

The COVID-19 pandemic had a major impact on the company's expenditures, and their internal structure in particular. The company invested a total of MCZK 27 in COVID-19-related direct unexpected costs, incurred in particular to pay for protective equipment, introduce additional occupational health and safety measures, buy IT equipment and secure telecommunication connections. The amount of loss allowance also increased significantly by MCZK 73 as a result of an expected worsened solvency of PRE customers. On the other hand, savings were reached in repair works (+ MCZK 30) and consultancy and marketing services (+ MCZK 31). At the same time, operational outcome decreased year-on-year due to the illicit usage of electricity (- MCZK 6). The increase in personnel costs is linked to the increase of the average number of employees especially in the divisions of IT, development and telecommunication. It can be also partly explained by the increase in pay under the collective agreement.

Capital expenditures amounted to MCZK 1,920 to implement investment projects, which roughly corresponds to the values from the previous years. The largest portion of investment was traditionally allocated to projects aimed at modernising the distribution network.

Equity attributable to the parent company shareholders increased year-on-year, amounting to MCZK 19,372 (+ MCZK 876). Its share of equity capital is around 60%, which represents a favourable context that will enable PRE to fulfil the growth plans and related investment projects in the long term. In 2020, the company's return on capital employed (ROCE) was 13.3%, which attests to its long-term excellent performance.

We faced a number of challenges in the segment of commodity sales. Our expectations of stable electricity prices on the wholesale market were not entirely fulfilled. The energy exchange was rocked for the fourth year in a row by turbulent changes, this year entailed by the COVID-19 global pandemic. The price of virtually every energy commodity saw a significant decrease. The spot price of electricity fell to EUR 20/MWh in April and May and the price of electricity future contracts for 2021 traded on the Prague Energy Exchange shrunk to EUR 38/MWh. The prices of futures stabilised over time, currently ranging from EUR 40 to 45/MWh. Since November 2020, wholesale prices for 2021 have grown, exceeding EUR 50/MWh at the end of the year. The growth was driven primarily by the increase in the price of emission allowances, whose quantity was once again limited in line with the EU decarbonisation policy. The growth of prices was also stimulated by first promising results of the COVID-19 vaccination programme. Gas prices for 2021 saw a similar decrease at the beginning of 2020, falling to EUR 12/MWh. This was due to both the pandemic and the relatively moderate winter weather. At the end of 2020, underlined by the growth in oil and electricity prices, gas prices returned to EUR 17/MWh.

In 2020, PRE procured both electricity and gas for its customers on futures and intraday markets in the Czech Republic and in Germany. Contrary to the Czech market, the German market offers great liquidity and hence enables the company to offer the lowest possible prices to its customers. The company's strategy is to procure a major portion of electricity from renewable sources in the Czech Republic. Aside from this, we also procure renewable electricity which is certified by the so-called Guarantees of Origin from production sites both in the Czech Republic and abroad.

In 2020, PRE provided a total of 5,616 GWh of electricity and 561 GWh of gas to its customers. It managed to increase the number of consumption points in the B2C segment, where it supplied electricity under both the PRE or Yello brands, bringing their total number to more than 728 thousand.

The 2020 pandemic accelerated the digital transformation of the company's sales channels. We are well aware of the growing importance that customers attribute to digitisation. We can point to several successful initiatives, such as our online customer portal or an entirely new product which allows our corporate customers to buy electricity online at current market prices. Significant progress was made in the area of the commercial web interface, online credit card payments, QR payments or ILQpay QR payments.

To save money and time, our customers can choose from a series of product packages. Efficient internal communication processes are an important prerequisite for producing a valuable product portfolio. Last year already, PRE offered to its household customers products combining electricity supply with value-added services. The "PRE PROUD PLUS" project, combining electricity supply with revisions of electrical equipment and consultancy services, was very successful. In the summer time, many customers were attracted by the "PRE PROUD KLIMA" product, combining electricity supply with consultancy services, installation and servicing of air-conditioning units.

Within our „PREmium" project, we focus on offering innovative products and services that appeal to our corporate and public sector customers. PREmium products promote energy efficiency, reduce energy performance, save costs and cut down on CO_2 emissions.

Electromobility constitutes a crucial topic with great potential for strong future development and growth. At PRE, we view electromobility as an important topic of infrastructure development that should include not only the deployment of charging infrastructure, but also the development of private charging systems connected to the consumption points of our end-customers, be it industrial sites, service providers, apartment buildings or individual residences. As the owner of one of the largest fleets of electric vehicles in the Czech Republic, PRE gathers experience with its operations and shares it with its partners. With the help of subsidy development programmes, PRE is building an extensive network of public charging stations across the whole Czech Republic as part of the backbone charging network project. In the same vein, we promote the development of electromobility in the capital city of Prague through the comprehensive project titled the Metropolitan charging network. In the electromobility sector, our aim is to offer to our customers a reliable and innovative partnership and to support their efforts for clean mobility. In 2020, we became an exclusive partner of SMATRICS, a leading operator of electric vehicle charging networks in Austria. This partnership allows us to boost our portfolio with proven cutting-edge technological solutions. In cooperation with EnBW, the PRE's network of charging stations is being connected with a robust charging infrastructure operated by EnBW in Germany. In this regard, PRE values its cooperation with the capital city of Prague consisting in connecting selected public lighting posts to the distribution network, which will allow to use the public lighting system also as charging infrastructure for electric vehicles.

Decarbonisation constitutes an important part of our corporate strategy. We feel that it is our responsibility towards future generations to reduce our carbon-emission footprint. That is why we promote a number of environmental actions and support the generation and sales of green energy within our increasingly popular environmental brand PREekoproud. We support energy communities and plan to expand the portfolio of our own generation capacities of renewable sources with the help of European funds and commercial support.

The subsidiary PREdi owns and operates the distribution system in Prague and Roztoky, ensuring a reliable and safe supply of electricity to all its end-customers. In line with its motto "We are the energy of this town", the PREdi's aim is to establish a modern urban energy infrastructure for all Prague citizens. It makes considerable investments in the development and digitisation of its distribution network in Prague and it also strives to build related telecommunication infrastructure. Through the so-called smartening of the network, we make sure that we will be able to face future challenges, including the expected growth of local generation units and the expansion of electromobility.

The field of electricity distribution is subject to price and quality regulation by the ERÚ. In mid-2020, the principles of price regulation for the fifth regulatory period between 2021–2025 were published. During this new regulatory period, the rentability of investment is expected to diminish in light of the planned decrease in the regulated parameter of the weighted average cost of capital (WACC) before tax to 6.54%. On the other hand, the planned adjustment of the regulatory asset base (RAB), which should be aligned to the residual value of the distribution assets by 2025, constitutes a positive change. Despite the unfavourable conditions of the last year, the company managed to implement all fundamental elements of its long-term plan of repairs and development of the distribution network. One of the key elements of the company's investment policy is strategic investment, which is made primarily in the construction and modernisation of 110/22 kV transformer stations and their systemic connection by 110 kV overhead and cable lines. The major strategic investment projects implemented in 2020 include the construction of a cable tunnel between the 110/22 kV Karlín transformer station and the Hlávka bridge and the cable tunnel Invalidovna I, the continued restoration of the 110/22 kV Pražačka transformer station, the launch of the construction of the 110/22 kV Slivenec transformer station, the construction of the 110 kV cable network between the 110/22 kV Malešice, 110/22 kV Zahradní Město and 110/22 kV Jih transformer stations. Based on its investment plan, the company also continued with the renovation of 22/0.4 kV switching and distribution stations and MV and LV cable lines.

At the end of 2020, almost 817 thousand consumption points were connected to the distribution system. The highest load of the distribution network amounting to 1,121 MW was recorded on 24 January 2020, prior to the outbreak of the COVID-19 pandemic.

When it comes to building modern networks, the importance of a robust telecommunication infrastructure cannot be overstated. To further develop smart grids, it is all-important to ensure the fast and safe transfer of data using optical data networks. PRE has developed a unique technology combining optical and energy cables which are currently being rolled out. This technology makes it possible to enhance, in cooperation with partners, the interconnectedness of data services provision and electricity supply. We believe in the meaningfulness of the currently installed telecommunication infrastructure, as in the future it will offer great potential for the provision of a number of services with high value-added within the smart home and smart city systems.

The sector of energy services developed at a different pace across individual products. The B2C product range enjoyed increasing popularity among our small and medium customers, housing cooperatives, apartment owners' associations, developers, etc. On the other hand, in light of the overall economic growth hindered by the pandemic, the demand for energy services by business customers and public sector actors temporarily slowed down.

PRE has since long ceased to be a mere electricity provider. The scope of our business activities has broadened significantly over the past ten years. Our portfolio encompasses sales of energy commodities, electricity and gas, the provision of data services, lighting solutions, decentralised generation units, consumption management and modern mobility. PRE forms an integral part of the energy sector which is bound to play a major role in the economic recovery. Our economy must become more environmentally conscious, oriented towards circular models and digitisation, while maintaining its competitiveness within the global market. A real transformation of our current economic model centred on sustainable development, climate neutrality and drawing on the objectives set forth in the European Green Deal is necessary and constitutes a remarkable opportunity. The future of the energy market will be also shaped by technological advances. Modern technologies, digital transformation and decentralisation bring notable changes to all segments of our activities.

The segment of smart customer-oriented infrastructure focuses on both the sales of energies and energy services. Thanks to its accelerated digitisation, we are able to optimise operative costs, design new products, offer efficient and comprehensive service packages and hence maintain a high level of customer loyalty. Despite the overall economic stagnation or even decline in the sales of commodities, our aim is to moderately increase our market share as well as our profits through selling innovative products combining commodities and related services.

The segment of urban infrastructure has also seen major changes brought about by the digital revolution. Regulated distribution services are linked to actions aimed at developing public infrastructure, where synergies can be reached thanks to the optimal use of existing capacities and skills. New technologies will enable us to efficiently use energy networks forming part of urban infrastructure, connect them to the public charging network, data networks and smart elements of urban infrastructure. Activities in this new strategic segment also include the design and construction of new smart buildings in Prague. The aim of these projects is to make optimal use of the land and real estate under our ownership and to install modern technologies that our portfolio has to offer to be able to respond to the increasing demands on our living spaces, working areas and sustainability.

We also plan to expand the segment of sustainable production infrastructure with the support of European funding from the Modernisation Fund. We continue preparing projects aimed at the construction of new renewable energy sources. In cooperation with our shareholders, we will be able to make efficient use of the best technologies accessible on the market at highly competitive prices.

PRE will continue its growth as an infrastructure-oriented company with strong ties to the Prague region. We want to be a modern and stable energy company and, more importantly, the first choice for our customers. Our ambition is to become an active co-creator of the future of the region of the capital city of Prague as a place of high-quality living standards and well-being. Thanks to our successful development projects, our next aim is to significantly increase the key indicator EBITDA to exceed CZK 5 billion by 2025.

2020 was not an easy year. We want to express our appreciation and gratitude to everyone who contributed to ensuring an undisturbed operation of our energy infrastructure and the safe supply of services to our customers and consumers. In time of the COVID-19 pandemic, we particularly valued your professionalism and commitment.

We want to thank our customers, employees, suppliers, partners and shareholders for their trust and cooperation during the uneasy year of 2020 and we look forward to its successful continuation.

In Prague, 23 April 2021

Signed by	Signed by
Pavel Elis Chairperson of the Board of Directors	**Alexander Sloboda** Vice-chairperson of the Board of Directors

Selected financial indicators for the PRE Group

SELECTED FINANCIAL INDICATORS FOR THE PRE GROUP

	Unit	2020	2019	Calculation formula
Total revenues	MCZK	21,909	21,890	Profit from generated and sold electricity and gas + Other operational profit
Sales margin	MCZK	6,969	7,034	Gross profit from the sale of commodities
Profit after tax	MCZK	2,548	2,851	
Equity proportion to total invested capital	%	59.8	58.2	Equity attributable to the parent company shareholders: Total assets x 100
Return on capital employed (ROCE)	%	13.3	15.4	ROCE = EBIT / (equity attributable to the parent company shareholders + long-term loans + deferred tax liability) x 100
Work productivity out of total revenue	TCZK / employee	13,681	14,133	(Profit from generated and sold electricity and gas + Profit from services + Investment contributions): average adjusted number of employees
EBIT	MCZK	3,270	3,636	Profit before tax + Loan expenses
EBITDA	MCZK	4,738	5,051	Profit before tax + Loan expenses + Depreciation/Amortisation
Net profit per share	CZK	659	737	Profit after tax / Registered capital x 1,000

OTHER INDICATORS

	Unit	2020	2019
Gross distributed electricity	GWh	5,864	6,296
Total purchase of electricity	GWh	5,616	5,936
Purchase of gas	GWh	561	469
Generation of electricity	GWh	36	29

Trading in electricity and gas

PRE ranks among the top traditional electricity and gas traders in the Czech Republic. It procures both commodities, especially in the Czech and German wholesale markets. Given its proportions and great liquidity, the German market in particular is considered to be one of the most important in Europe. Thanks to its activities in both markets, PRE ensures electricity and gas prices for its end customers at optimal prices. In its trading policy, it uses both standard trading instruments, such as brokerage platforms and EEX, along with direct contacts with its contractual parties.

PRE can rely on its strong network of stable and trusted contractual business partners and suppliers, including the majority of significant Czech and European players on the energy market in the Czech Republic and abroad. 2020 was a difficult and in many aspects an unusual year. In view of the current developments on the wholesale markets and the Brexit negotiations, PRE centred its attention on more frequent reviews of the financial situation of its contractual partners with a focus on the elimination of all potential credit risks.

Given PRE's responsible and modern approach, sustainable development and environmental protection has been put at the heart of its agenda. That is why PRE considers it important and indispensable to sustain its cooperation with local producers of energy from renewable sources in the Czech Republic through purchasing electricity directly from their production sites. PRE plays the leading role in purchasing electricity from biogas and hydroelectric power plants. It continues its long-term cooperation with Povodí Vltavy, s.p., which operates hydroelectric power plants on the Vltava river. Its portfolio of renewable sources of energy comprises photovoltaic power plants across the whole Czech Republic, including production sites owned by its subsidiary PREm. PRE has kept the total volume of purchased renewable energy at stable levels and aims to expand it gradually. As a result of its trustworthy approach towards the players on the renewable energy market, PRE enjoys an excellent reputation among producers. In view of the ever-growing demand for energy from renewable sources, PRE buys certificates of Guarantees of Origin for its customers to certify the production sites both in the Czech Republic and abroad according to the clients' needs.

PRE complies with all of the obligations of an electricity and gas market participant imposed by relevant Czech law and EU legislation. In particular, it abides by the REMIT regulation, the EMIR regulation, the MAR regulation, the MiFIR regulation, the CSMAD directive and the MiFID II directive.

SALES – B2B SEGMENT

The beginning of 2020 was particularly successful in terms of the number of newly made contracts. The decreased prices on the energy exchange in combination with the favourable exchange rate between the CZK and EUR ensured that the group managed to secure 70% of the planned volume of supplied electricity for 2021.

In March, the pandemic came as a complete shock. The subsequent lockdown measures brought the economy to a standstill, which affected B2B clients in almost every industry. Conventional customer services reoriented towards offering fast customised solutions (e.g., deferral of advance payments, extensions of invoice due dates), which would help them navigate through the chaotic and uncertain times. With the biggest clients, the primary focus was to develop a plan of work stoppages and subsequent restarts to minimise the losses in electricity and gas trading suffered by PRE.

Customers' inclination to procure electricity and gas in parts in multiple purchase steps has grown stronger. The volume of electricity procured this way accounted for 55% in 2020 and 56% for 2021. The volume of natural gas procured in parts grew from 22% in 2020 to 41% in 2021 in the whole B2B segment.

The trend for ever-stronger environmental consciousness has also continued to impose itself. In terms of the electricity and gas supplies, this translated into a higher demand for electricity from renewable sources, which is attested to customers by PRE in the form of Guarantees of Origin. The volume of supplied renewable energy increased by 17% year-on-year and the overall volume of green energy procured in 2020 represented 13% of the whole B2B segment supplies.

To improve customer comfort, the portfolio of services that can be dealt with using the internet portal Moje PRE has been extended. Customers' inclination to conclude multi-annual contracts with respect to price evolutions increased moderately year-on-year: the volume of supplies contracted for the period after 2020 increased from 35% to approximately 40%.

The supply of natural gas has seen remarkable growth: the number of new contracts signed for 2021 increased by approximately 40% year-on-year.

The total volume of electricity sold to customers in the B2B segment was 3,645 GWh and the total volume of natural gas sold was 288 GWh.

SALES – B2C SEGMENT

All activities within the B2C segment are designed to reflect the growing pressure from competitors. By the same token, PRE is obliged to respond to the risks entailed by the work of intermediaries. Door-to-door sales together with energy auctions constitute another important threat. Customers have also been increasingly interested in the so-called energy comparison websites. This already complex situation is made even more difficult by growing customer awareness linked to the rapid development of modern technologies facilitating access to information. Generational renewal of the Czech population also has an important role to play. 2020 was specific also in terms of the strengthened pressure of communication campaigns of PRE's traditional competitors, energy suppliers and energy comparison websites.

PRE must take all these factors into account as it develops specific activities to retain its existing customers, especially through individual consultations with end customers. The company also employs active strategies to build customer loyalty and satisfaction through offering new products and value-added services. In 2020, it launched a new product, PRE PROUD PLUS, which offers customers the possibility to monitor their domestic electric installations for no extra fee. The product is aimed primarily at customers who move to a new house or apartment and can thus use its potential to the fullest. PRE also launched a pilot project called PRE PROUD KLIMA, which provides the customers with the possibility to purchase air conditioning systems of supreme quality in exchange for a discounted supply of electricity.

In 2020, PRE established new commercial partnerships in the field of mediation of new energy supply contracts. Thanks to a significant contribution of its subsidiary eYello, the balance of the total number of B2C customers supplied with electricity was positive year-on-year. 2020 saw an important increase in the number of customers purchasing both electricity and natural gas. In the same vein, the number of customers purchasing the environmentally-directed product called PREekoproud saw a comparable increase. Despite the turbulent changes faced by the company in 2020, it managed to increase the number of customers subscribed to PREekoproud by 40% year-on-year.

As part of the company's continuous efforts to improve the quality of its services, a programme for measuring customer satisfaction with the PRE Customer Centre and the PRE Call Centre was launched in 2020.

Its aim is to build stronger customer relations, while enhancing the quality of existing procedures and processes.

SALES – eYello CZ, k.s.

In line with its strategy, eYello CZ, k.s., (eYello) focuses on the supply of electricity, gas and energy packages to households and small businesses. Under the Yello brand, it offers simple and clearly defined products at attractive prices, flexible communication and comfortable administration through the Moje Yello (My Yello) online portal. By doing so, it carries out its mission embodied in the slogan "Energy of Smart Change".

In 2020, the company supplied electricity and gas to more than 60 thousand customers. It responded swiftly, within the whole market and its internal processes, to the global situation which had repercussions on the wholesale market energy prices. Since 2012, eYello has been the third fastest-growing alternative energy supplier on the Czech market. In 2020, the company changed its brand from Yello Energy to Yello, launched its refurbished website and advertised these marketing changes in its spring and autumn communication campaigns. Thanks to this communication strategy, the company managed to maintain high levels of customer awareness. The decision to update the brand logo was inspired by the company's German counterpart, which had formerly changed its name from Yello Strom to Yello. The company managed to maintain not only its traditional growth of sales of both commodities, but also the quality of its brand. As a result, it sustained its traditional position among the top medium electricity and gas suppliers in the Czech Republic.

Strategy

The cornerstone of PRE's strategy is its mission to be a reliable partner in supplying, generating and selling energy and providing related services in Prague as well as the entire Czech Republic. As the operator of the distribution network, the PRE Group has been a guarantor of a reliable energy infrastructure in the capital for more than 120 years, playing a major role in the development of the entire region. Infrastructure is the focal point of PRE's strategy and a common denominator for all its development areas and newly launched activities.

The strategy continues to recognise three key areas, the development of which should contribute to the planned increase of EBITDA to more than CZK 5 billion by 2025; they include: smart customer infrastructure, city infrastructure, and sustainable energy generation infrastructure. In providing services to its customers, PRE also strives to reach the objective of becoming carbon neutral by 2035.

The strategic development area of smart customer infrastructure aims to provide high-quality services and draw up a trend-driven portfolio of products. In this respect, the company will continue to digitise its processes and introduce new sales channels. The sale of energy and energy services on the energy market seem to increasingly converge. That is why PRE plans to meet the needs of household customers by further extending its portfolio of combined products, enabling the joint supply of electricity and gas and provision of related value-added energy services, such as rooftop solar systems, air-conditioning systems, heating, lighting and electromobility solutions. All these services are designed to be accessible and affordable to all customers. Also, PRE expands its services for entrepreneurs and public sector actors in order to strengthen the comprehensive aspect of its energy services portfolio.

The second strategic development area, city infrastructure, mainly concerns the distribution of electricity in the capital city. The PRE Group will continue to focus on the optimisation of its operating processes and the "smartening" of the distribution system. In the long-term, this will translate into a widespread deployment of state-of-the-art smart grid technologies (smart grids) throughout the entire distribution network, such as smart transformer stations and electricity meters. The smartening of the distribution network will enable PRE to better tackle future challenges, such as the increase of decentralised electricity generation from rooftop photovoltaic panels and the growth of electromobility. The strategic development area of city infrastructure focuses on three main elements: charging stations for electric vehicles, optical networks and street lighting. The company views electromobility as an important sector of future energy and it will continue to develop an extensive network of charging stations thanks to funds allocated through the Operational Programme 'Transport'. By the end of 2022, PRE plans to bring into service 600 public charging stations, predominately in Prague, which will ensure the capital's smooth transition toward low-emission mobility. As for optical networks, PRE aims at developing the infrastructure for high-speed data connection. Optical cables provide the basis for safe and highly operational smart grids. In the meantime, the connection possibilities can be used for other purposes in parts with sufficient capacity. In cooperation with the city of Prague, the company also wants to become a more prominent player in the field of street lighting. PRE's activities in this strategic segment also include the design and construction of new smart buildings in Prague, whose aim is to make optimal use of lands and real estate in the PRE Group's ownership while implementing modern technologies that its portfolio of energy services has to offer.

PRE's third key strategic development area is sustainable infrastructure for the generation of electricity from renewable sources with a particular focus on solar and wind energy. Here, PRE will prudently grow its portfolio of renewable energy sources by mainly organic means, taking account of market developments and any changes to the support schemes for building new sites for generating energy from renewable sources. The PRE Group also plans to fulfil its acquisition strategy by making opportunistic real estate in its existing generation plants.

Through its strategic initiatives, the objective of PRE is to respond pro-actively to major energy trends, such as digitalisation, decentralisation and decarbonisation. In all of the above-mentioned areas, PRE can depend on its vast know-how and in-house implementation capacity as well as the availability of sufficient additional investment capital. In all its development activities, the company will at the same time draw upon its stable position on the market and its strong and trustworthy brand, which is synonymous with clear and lasting values among the customers and partners also in times of the ongoing COVID-19 pandemic.

#Philanthropy

Through supporting charitable projects and needy organisations PRE develops to a large extent its positive public image and reputation.


SPORT IS FOR EVERYONE
TRANSPORT FOR PUPILS
HOPE FOR THE YOUNGEST

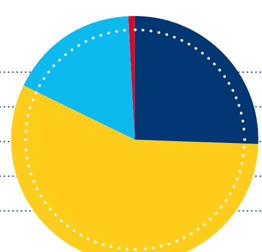
Human resources

HUMAN RESOURCES MANAGEMENT

All of the personnel administration and related services for the parent company and its subsidiaries are carried out by the Human Resources department and its specialised divisions. The management of the personnel administration and contractual and uniform wage calculations using the SAP HR module are key personnel activities. They are constantly improved so as to meet the applicable legislative requirements, while providing the company's internal customers-employees with all of the necessary information in a timely manner and optimal form using the frontier IT tools and technologies. Selected personnel administration processes were subjected to an extensive digitalisation in 2020.

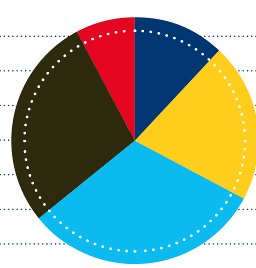
Thanks to the conclusion of a new collective agreement in late 2020 for the period of the upcoming three years (2021—2023), selected legally binding provisions of the employment law were updated, in particular in the field of remuneration, social and health care services. Together with a new collective agreement, by the end of 2020 all of the internal rules regulating the personnel administration were reviewed and updated, including all of the related forms and templates.

PRE GROUP EMPLOYEE QUALIFICATION STRUCTURE



University	25.71%
Secondary concluded by an exam (maturita)	56.57%
Secondary and secondary vocational	17.07%
Elementary school	0.65%

PRE GROUP EMPLOYEE AGE STRUCTURE



Under 20 years	0.07%
20-30 years	12.16%
30-40 years	20.73%
40-50 years	31.45%
50-60 years	28.00%
Over 60 years	7.59%

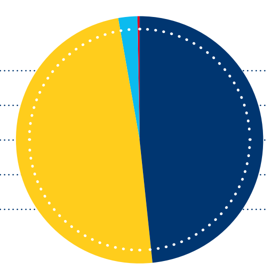
HEALTHCARE

The occupational health of employees is one of PRE's top priorities. All employees, including the employees of the subsidiaries, are provided with comprehensive healthcare beyond what is required by law, since all of them have access to free preventive healthcare programme, that meets the highest requirements for health promotion programme of premium quality.

Occupational healthcare is provided at PRE's premises by a medical professional from POLIKLINIKA AGEL Praha Italská, a healthcare facility operated by the contractual partner Dopravní zdravotnictví a.s. This includes regular, pre-employment, special and, in some cases, post-employment check-ups legally mandated to all employees. In connection with regular occupational health inspections at workplaces, the occupational health professional identifies, in cooperation with the Occupational Safety and Environmental Protection department, risk factors and, if necessary, proposes specific preventive measures to reduce the work-related accidents, diseases and stress burden.

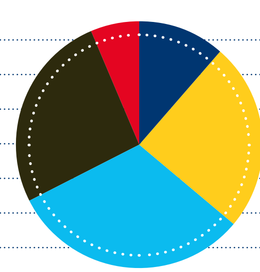
PRE provides other supplementary healthcare services and preventive programmes, which are deemed important for the wellbeing of all its employees. This includes vaccination

Pražská energetika, a.s. EMPLOYEE QUALIFICATION STRUCTURE



University	48.52%
Secondary concluded by an exam (maturita)	48.97%
Secondary and secondary vocational	2.28%
Elementary school	0.23%

Pražská energetika, a.s. EMPLOYEE AGE STRUCTURE



Under 20 years	0.00%
20–30 years	11.39%
30–40 years	24.83%
40–50 years	31.44%
50–60 years	26.19%
Over 60 years	6.15%

against seasonal diseases, tick-borne encephalitis and hepatitis A for selected employees who might be at risk of contagion in relation to the performance of their work duties. All employees have access to other free-of-charge preventive healthcare programmes, most notably premium dental prevention and care, breast cancer screening, thyroid screening and preventive urological screening programmes for men and women alike. Managers of the PRE Group are also provided with a preventive healthcare programme at the Na Homolce Hospital and Pavel Kolář's Centre for Musculoskeletal Medicine.

At the beginning of 2020, the very first Day of Health was organised for all the employees of the PRE Group. The event sought to promote prevention with a series of expert lectures and screening services for interested employees using machines InBody 270 and Max Pulse. The participants received not only comprehensive results of the evaluations of their health condition, but also a set of recommendations to implement in their lives.

SOCIAL POLICY

Key principles of the social policy and its strategy attest to a long-standing tradition and commitment of PRE as an employer to constantly improve the economic situation and living standards of its employees. The social policy programme is enshrined in the collective agreement which conforms to the immediate and long-term needs for a social care programme that will respond to the current trends of high-quality, transparent and pro-active social policy. The employer's commitment to constantly improving its social care programmes attests to PRE's consideration for all of its employees.

The social care programme is set forth in one of the chapters of the collective agreement and divided into two major areas – blanket and optional employee benefits. Blanket employee benefits can be used by employees in accordance with the principles laid down in the collective agreement. These include meal allowances, legally mandated occupational healthcare and additional preventive healthcare programmes, provision of interest-free social and housing loans, the payment of bonuses to mark personal and work-related anniversaries, the payment of bonuses related to the termination of employment through retirement (old-age pension, disability pension or early pension), the organisation of summer and winter camps for the children of the PRE Group employees as well as the organisation of cultural and sporting events for employees.

Optional benefits can be used by employees for specifically determined purposes via their personal accounts within the system of optional employment benefits. These benefits are selected by each employee according to their preferences. To access these benefits, employees must draw specific points allocated to their personal employee account (PREkorun system). These points can be used to cover additional healthcare and preventive programmes beyond the scope of blanket benefits, sporting activities, family holidays, insurance, payment of electricity and gas bills or other products and services provided by the employer. The rules governing the benefits schemes including the specifications of the blanket and optional systems are detailed in the employer's internal regulations.

TRAINING

The training and development of the PRE Group employees are a cornerstone of the company's HR policy aiming to maintain and expand the required personnel qualifications, skills and competences in all fields. To meet this end, the company organises professional training, courses, seminars, workshops, open courses and group development programmes for employees and managers of all levels.

This policy is coordinated by the parent company and the employer fully supports all of the training and development activities. The objective of the policy is to match the personnel structure and employees at various planned job positions with the specific qualification requirements. To reach the individual development objectives that are defined every year in the Training and Development Plan of the PRE Group, the employer uses all available tools and methods of adult training and education.

The employees can thus constantly acquire new qualifications, skills and competences, and maintain and expand existing skillsets. As a result, these policies clearly inspire their motivation, integrity and loyalty toward the employer. They are well aware of the fact that these qualifications strengthen their position within the Group, while improving the professional level and competitiveness of the PRE Group across all sectors of its activity.

Due to the measures taken to halt the spread of the COVID-19, the PRE Group was forced to opt for a different form of training than had been customary in the past years. It moved from on-site to online training, primarily using the Microsoft Teams platform and other tools when necessary. Nonetheless, some of the planned training sessions, courses, workshops and conferences could not be organised online. Drawing on the newly acquired experience with e-learning platforms, e-training will be further used in the future, since the online environment has been understood and accepted as an equivalent form of provision of training opportunities.

Despite the unfavourable situation, the PRE Group managed to sustain its cooperation with selected vocational schools of secondary and tertiary education. The group plans to continue offering the cooperating students and pupils of selected secondary schools the best possible conditions for student internships as well as short-term and long-term work placements within the PRE Group's workplaces. The PRE Group will continue to engage in its activities aimed at cooperating with vocational training facilities and interconnecting the theoretical knowledge with practical skills through, amongst others, actively participating in school fora, sending its specialists and HR representatives to attend the open days of vocational schools, providing consultancy of final works of students of technical secondary schools, vocational schools and higher education facilities as well as commenting on the Bachelor's and Master's theses of university students. Thanks to this, many graduates managed to find a job not only within the PRE Group companies, but to successfully enter the job market at large.

Environmental protection and OHS

Environmental protection constitutes an integral part of the PRE Group's business activities. Bearing in mind the possible impact of its actions, the group regards the environmental protection inextricably linked to energy efficiency and the occupational health of its employees as well as third parties. The PRE Group policy on environmental protection, safety and energy efficiency has been the mainstay of its action, defining specific commitments to meet the environmental protection and occupational health and safety goals.

The PRE Group companies use environmental management systems according to CSN (Czech Standardisation Norm) EN ISO 50001:2019 and CSN EN ISO 14001:2016, with some of them having their systems certified according to these standards.

In 2020, the PRE Group companies centred their environmental protection policies on the following areas:
- the generation of electricity from renewable sources;
- a pro-active promotion of electromobility through the development of its own fleet of electric cars, the implementation of electromobility to its customers, in cities and villages;
- The monitoring of its own carbon footprint and the implementation of programmes aimed at its reduction, including programmes aimed at minimising the carbon footprint of its customers; and,
- the implementation of environmentally friendly and energy efficient technologies.

In terms of the occupational health and safety of their employees, the PRE Group companies have been taking preventive measures in order to minimise adverse health effects of their work activity. As a result, programmes aimed at the promotion of a good health condition of the PRE Group companies' employees were successfully implemented. In this respect, 2020 saw the successful implementation of the following projects:
- selected PRE Group companies participated in and retained the award within the competition Healthy Workplace, level 3 (Podnik podporující zdraví 3. stupně);
- selected PRE Group companies participated in and retained the award within the competition Safety Enterprise (Bezpečný podnik);
- technologies aimed at increasing the occupational safety of employees, including the prevention of exposure to hazardous substances were implemented; and,
- feedback and preventive measures to respond to emergencies were collected.

In 2020, all of the above-mentioned programmes were significantly impacted by the measures against the spread of COVID-19. To minimise the effects of the pandemic on the health of employees and business operations, the PRE Group secured and repeatedly allocated personal protective equipment and disinfectants, put in place monitoring and tracing schemes at workplaces and established a communication strategy vis-à-vis local public health authorities. Furthermore, the group arranged free RT-PCR tests for its employees and established and implemented financial programmes and organisational measures to curb the social impact of self-isolation on employees.

Public relations

The PRE Group's public relations policy aims to establish and maintain a good reputation as a trustworthy trader of electricity and gas, a reliable distributor of electricity, an important provider of energy services and a socially-responsible partner actively engaged in promoting sustainable development of the Prague region.

PHILANTROPY

The group is committed to constantly enhancing the quality of its services and actively participating in making Prague a pleasant and high-quality place to live. This strategy goes hand in hand with supporting socially beneficial projects and organisations. The PRE Group strives to help mainly in the region where it operates due to its urban character and close ties to the capital and its surroundings. That is why these activities contribute to creating the group's good public reputation and renown.

The donor and sponsorship activities run by the parent company, i.e., Pražská energetika, a.s., on behalf of the entire PRE Group emphasise the support of charities and projects in the fields of healthcare, social services, education, culture, environmental protection and sports. Even though preference is generally given to applications from the region of the capital, in line with its social responsibility commitments PRE is open to participate in wider nationwide charity projects. On principle, all applications for donations with discriminatory content and contrary to accepted principles of morality are rejected. The group does not make donations to political parties, affiliated organisations, public servants or candidates for public service.

Decisions on donations are made by the group's Board of Directors. All requests for donations are first collected and pre-selected by the Public Relations division responsible for forwarding selected requests for further discussion and approval.

For a decade now, the group has been successfully closely cooperating with The Charter 77 Foundation, within which the group established Fond PRE. The aim is to use financial resources to help address the healthcare and social needs of individuals with disabilities and support organisations working with them. The cooperation with the Charter 77 Foundation provides a certain guarantee and increases the efficiency of the donor activities, as its staff cooperate closely with doctors and other professionals, have perfect knowledge of the needs of people with disabilities and can see specific real-life stories behind every application. As such, the Charter 77 Foundation provides a guarantee that PRE's financial support really gets to those who need it the most at the time. Every year, PRE contributes CZK 3 million to the endowment fund, which is distributed among individual applicants. The Charter 77 Foundation concludes deeds of donation with the recipients. In 2020, the maximum possible financial contribution for one project was approximately CZK 200 thousand.

In 2020, the total amount of donations made by PRE was more than CZK 8.2 million. The total of 37 organisations received direct funds and 73 more donations were made using Fond PRE established within the Charter 77 Foundation. The average contribution to a project from Fond PRE in 2020 was approximately CZK 32 thousand.

Who received donations this year? PRE traditionally cooperates with the General University Hospital in Prague (Všeobecná fakultní nemocnice v Praze), the Gynaecology and Obstetrics Clinic of the Královské Vinohrady University Hospital (Gynekologicko-porodnická klinika FNKV) and the Thomayer University Hospital (Fakultní Thomayerova nemocnice). In the social sector it cooperates with Our Child Foundation (Nadace Naše dítě), Jedlička Institute Foundation (Nadace Jedličkova ústavu), the Linka bezpečí helpline, Drop of Hope Endowment Fund (Nadační fond Kapka naděje), Association for the Protection of Endangered Children (Sdružení na ochranu ohrožených dětí), Association of the SOS Children's Villages, the public benefit corporation Pink Crocodile, the Zajíček na koni association, Centre LOCIKA and the Šance project, HEWER or Art Against Cancer (Uměním proti rakovině) associations. PRE also supports people with disabilities, for example through Wheelchair Club Petýrkova, Czech Boccia Federation, Quiet World (Tichý svět), Deaf With Hope (Neslyšící s nadějí) and Union of the Blind and Visually Impaired. The group offered non-negligeable help to organisations which encountered difficulties in relation to the COVID-19 pandemic, such as the Retirement home in Prague's Michle or the Bulovka University Hospital.

MEMBERSHIP IN ORGANISATIONS AND ASSOCIATIONS

The most notable organisations the PRE Group companies belong to include: Czech Association of Energy Sector Employers (ČSZE), Association of Energy Sector Managers (AEM), Czech Power Engineering Society (ČENES), Czech Association of Regulated Power Supply Companies (ČSRES), Czech Scientific and Technical Society (ČSVTS), ČK CIRED, Czech Company Lawyers Association z.s. (Unie podnikových právníků ČR), Czech-German Chamber of Commerce and Industry, American Chamber of Commerce in the Czech Republic, French-Czech Chamber of Commerce, Nordic Chamber of Commerce in the Czech Republic, Czech Institute of Internal Auditors (Český institut interních auditorů), Chamber of Commerce of the Capital City of Prague (Hospodářská komora hlavního města Prahy), EDSO for Smart Grids (Association of EU distribution network operators), Solar Association (Solární asociace), Association of Electronic Commerce (APEK), Association of High Voltage Test Facilities (Asociace zkušeben vysokého napětí, z.s.), Friends of the National Technical Museum in Prague (Klub přátel Národního technického muzea v Praze), Association of the Electric Vehicle Industry (ASEP), Association of Independent Energy Suppliers (ANDE), Czech Institute of Information Security Managers (ČIMIB), IT Service Management Forum (itSMF Czech Republic), Regional Internet Registry (RIPE NCC), Czech Association of IT Managers (CACIO), Facility Management in the Czech Republic (IMFA CZ) and Czech Parking Association, z.s.p.o. (ČPA).

SUBSIDY SCHEMES

The PRE Group participates in nationwide development projects, especially in the fields of e-mobility and electricity network management. It draws state subsidies in compliance with the conditions of the following programmes:

- PRE's Backbone network – Project No. CZ.04.2.40/0.0/0.0/18_030/0000213 in MS2014+.
  This project is funded by the European Structural and Investment Funds of the Ministry of Transport of the Czech Republic within the Operational programme "Transport 2014–2020". Its objective is to enhance the development of a backbone network of charging stations. The project was launched on 1 October 2018, the subsidy was formally approved on 13 June 2019 and the project is due to expire on 31 December 2021.
  In order to be eligible for the financial assistance, a network of 125 charging stations must be constructed in 50 identified areas in the Czech Republic. As of the balance sheet date, the first 22 charging stations had been installed and more are expected to follow throughout 2021.

- PRE's Metropolitan network – Project No. CZ.04.2.40/0.0/0.0/16_030/0000226 in MS2014+.
  This project is also funded by the European Structural and Investment Funds of the Ministry of Transport of the Czech Republic within the Operational programme "Transport 2014–2020". Its objective is to enhance the further development of charging stations in the capital city of Prague. The project was launched in February 2019 and will promote the development of the quality and density of the charging station infrastructure. The subsidy was attributed on 27 June 2019 and the project is due to expire on 31 December 2021.
  In order to be eligible for the financial assistance, a network of 112 charging stations must be constructed during the project's duration. As of the balance sheet date, 50 charging stations have already been put into operation and the remaining ones are being prepared.

- Metropolitan network II – Project No. CZ.04.2.40/0.0/0.0/19_030/0000466 in MS2014+.
  This project is equally funded by the European Structural and Investment Funds of the Ministry of Transport within the Operational programme "Transport 2014–2020" with the aim of enhancing the network of standard charging stations in Prague while creating sufficient capacity of charging stations for the so-called residential charging scheme in the capital. As part of the project, a total of 329 charging stations will be constructed in different parts of the capital city of Prague. The project was launched in June 2020 and is due to expire on 31 March 2023.

- Providing usability of flexibility aggregation including demand-side management for power system regulation purposes – No. TK02010049 in the Central Registry of Projects.
  This project is provided by the Technology Agency of the Czech Republic as part of the THÉTA programme. It was launched in August 2019 and is due to expire in December 2022.

- Enhancement of the region's resistance to the risk of blackouts using new technologies and crisis management procedures – No. VI2019202214 in the Central Registry of Projects.
  The project is provided by the Ministry of the Interior of the Czech Republic under the Security Research Programme of the Czech Republic realised in 2015–2022 (BV III/1 – VS). It was inaugurated on 1 July 2019 and is due to expire on 30 June 2022.

- Pilot project of "using the spare capacity" of large battery systems for support services (Eflex) – No. TK03020118 in the Central Registry of Projects.
  PREdi participates in this subsidised project, but does not draw any state support. The project is provided by the Technology Agency of the Czech Republic within its THÉTA Programme aimed at supporting applied research, experimental development and innovation. The project was launched on 1 July 2020 and is due to expire on 30 June 2023.

- Employment support programme Antivirus
  Since March 2020, PRE, PREdi, PREm, PREs, PREzak and eYello have been participating in the Antivirus Programme providing compensation to the employers whose employees are under mandatory quarantine or whose business activities have been partially or completely restricted as a result of the government restrictive measures. The PRE Group companies drew funds in two regimes of the same programme:
  regime A: state subsidy scheme aimed at salary compensations for employees under quarantine and other costs incurred in relation to impediment to work on the employee's part under Section 208 of the Labour Code. Its amount is 80% of the salary costs including social security and healthcare premiums, up to a maximum of CZK 39,000 per employee per month.
  regime B: state subsidy scheme aimed at salary compensations for employees in relation to impediment to work on the employer's part under Section 209 of the Labour Code. Its amount is 60% of the salary costs including social security and healthcare premiums, up to a maximum of CZK 29,000 per employee per month.
  Some of the PRE Group companies applied for support under the Compensation Agreement signed by the Parties specifically for the purposes of the Antivirus Programme and under the Application for Compensation under the Antivirus Programme (pursuant to Section 120 of Act No. 435/2004 Coll.). Each of the documents were signed separately by each of the companies. As of 31 December 2020, the PRE Group companies have received a total of CZK 4,835,237 as part of this state support scheme.

LHOTKA SOLAR STATION
HORNÍ ČÁSTKOV WIND FARM
SVĚTLÍK SOLAR STATION

#Renewable energy

The PRE Group has operated renewable sources of energy since 2010. It has been incessantly developing their technologies, expanding their output and increasing their number.

Risk management system in the PRE Group

Risk management is one of the key tools for the management of the PRE Group companies, aimed at supporting them in fulfilling their vision and strategy. The primary objective of the risk management system is to eliminate or minimise the negative impacts of both internal and external risks on the PRE Group companies and maximise the benefits resulting from these risks for the PRE Group.

The risk management system encompasses a series of rules, procedures and organisational structures aimed at identifying, assessing, monitoring and managing the major risks posed to the PRE Group. The risk management system also ensures timely warning. Special attention is paid to the risks that could have the biggest impact and therefore present the biggest threat. All risks are recorded in a list of risks for the company.

The monitored risks are assessed in terms of their potential impact and likelihood using three scenarios of possible development. Additional methods and indicators are used to quantify financial and market risks, such as value at risk, sensitivity analysis, etc. Binding limits are set and regularly monitored for selected indicators.

Risks are divided into four main categories: strategic, operational, financial and compliance risks. Strategic risks are connected to technology developments as well as climate change, environmental protection and societal changes. Operational risks relate to the company's business activities, to infrastructure and human impact as well as to the changes in legislation and regulatory parameters that can have a profound effect particularly on the companies' regulated activities. Financial risks are connected with financial management and the company's financing and also include issues with late payments from customers or other business partners (credit risks) as well as risks posed by unfavourable market price changes in energy commodities and exchange rates. Compliance risks relate to non-compliance and violation of legislation.

Risk management outputs are regularly evaluated by the Risk Management Committee. This body regularly debates risk management reports, proposes measures to manage the monitored risks and identifies new risks the company is exposed to. The committee approves methodologies and other risk management documents, sets limits for all of the high-risk areas and business activities and assesses the overall possible impact of risks on the PRE Group economic results.

The risk management system and its methodology are based on the methods and procedures of the EnBW corporate group. The monitored risks are reported at regular intervals using a unified structure stipulated by the risk management standards of the EnBW corporate group.

Internal audit, compliance, ombudsperson

INTERNAL AUDIT

The main task of the PRE Group internal audit is to reassure the management and corporate bodies that the company's internal control and management systems work correctly and that significant risks are managed in compliance with set rules and best practices.

Internal audit activities are exercised by the Internal Control System division. Internal audits are conducted in cooperation with PricewaterhouseCoopers Audit, s.r.o.

When planning internal audits, attention is paid to selected key processes across the entire PRE Group. The risk level of individual processes, the extent to which a particular field has already been audited and suggestions from the PRE Group companies' management are taken into consideration. Each plan is drawn up for a three-year period and adopted by the PRE Board of Directors and it also includes subsequent audits. If the situation so requires, audits based on a request from the management are conducted, too.

The findings relate to the design of processes, with a particular emphasis on their efficiency and on the strengthening of control mechanisms, to the reduction of business risks as well as to compliance. The conclusions of audit enquiries are reported to the managements of the companies and the PRE Board of Directors. Twice per year, the Board of Directors approves an internal audit report on the activity of the division. The reports comprise all objective findings as well recommended measures. The implementation of corrective measures is monitored through the Audit Tracker web application and evaluated by the risk manager of the PRE Group.

The internal audit team audits the environmental management system according to CSN EN ISO 14001, CSN EN ISO 50001, the internal audits according to CSN EN ISO 9001 and internal audits of occupational health and safety management system Safe Enterprise (Bezpečný podnik).

COMPLIANCE

The PRE company as well as all of the PRE Group companies abide by a set corporate policy – the Unified Compliance Management System (Compliance).

In 2020, work on the Compliance Management System (CMS) for all of the PRE Group companies continued. The system started to be implemented according to a set schedule to ensure that all actions are taken to the highest possible degree of compliance with the applicable legislation. The need to implement CMS within the companies was identified in particular with respect to the General Prosecutor's Office opinion on Act No. 418/2011 Coll., on Criminal Liability of Legal Persons, amended in 2020, specific activities of law enforcement authorities as well as constant monitoring and timely response to legislative changes, trends and developments.

PRE's day to day operations and business activities were profoundly influenced by extraordinary measures taken by the Czech government to halt the spread of COVID-19. These measures were accordingly adopted by the companies when organising internal discussions, training and meetings of corporate bodies, including the General Meeting. The company put in place new procedures in line with the new legislation, reflecting the company's obligation to take preventive measures to protect its business activities, health and life of its employees, customers and society.

Compliance training constitutes an efficient tool to implement CMS. In 2020, The Employee DEN (short for Drobný Exkurz Normami, or Brief Introduction to Standards) and Safe IT Use (Bezpečné používání IT) were organised as in-person seminars as part of the adaptation process of newly-hired employees. In the second half of 2020, the seminars had to be organised via short videos shared with the participants via the internal training application eDoceo. The same application was used to verify that all employees familiarised themselves with the new internal Personal Data Protection standard. Compliance training is designed to cover current needs of targeted employee groups. Seminars are always accompanied with written files available to all employees on the company's intranet Compliance section. In case of potential compliance incidents, these customised training seminars serve as one form of preventive measures.

Relevant internal compliance standards are regarded as a sufficient regulatory framework for compliance risk management. The company also shares with its employees brief and simple guidelines with instructions on how to behave in certain situations. These guidelines are accessible to all employees on the company's intranet and also serve as a basis for training seminars within individual divisions and are completed with practical tips presented during work meetings. The cornerstones of the compliance programme are included in a summarising document called "Ten Commandments on Compliance". This year, a structured leaflet on GDPR called "Eleven Commandments on GDRP" and its more-detailed version "GDPR – Q&A" were presented to all employees.

Based on external experience and best practices, the company updated its strategy of verification of business partners and in its latest version of its set of rules on compliance, it included two new documents: an obligatory form verifying the business partners' commitment to integrity as well as a description of its Code of Ethics governing the cooperation with the PRE suppliers. The latter is included in the contracts made between PRE and its contractors and is published on the company's website.

No compliance incident that would have had an impact on the company's business activities was reported in 2020.

In 2020, the PRE Group continued its long-term work of improving the protection of personal data and data in general in all of its companies. In cooperation with specialised divisions, specific personal data protection measures were designed and discussed for concrete projects. A new set of rules "Rules on installation and operation of camera systems" entered into force, laying down detailed rules on installation and operation of camera systems, defining the competence, authority and responsibility of individual divisions as well as setting down rules and measures on the protection of personal data processed via video surveillance systems. All of the above attests to the Group's commitment to pursuing its efforts to monitor and improve its personal data protection processes.

DATA PROTECTION OFFICER

One of the most important tasks entrusted to the data protection officer (DPO) is to supervise practices in the field of processing and protection of personal data in order to ensure that the company's activities are in compliance with the GDPR and other rules governing personal data protection.

Documents related to individual acts of processing personal data serve as a basis for the supervision exercises by the DPO. They primarily include records of processing activities that are kept and continuously updated by the DPO.

Furthermore, the DPO supervises the process of responding to requests by customers and other natural persons related to the application of their rights in accordance with the GDPR. 2020 saw a significant increase in the number of such requests compared to the average over the previous two years before the GDPR became effective.

Regular consultations and training, arranged or co-organised by the DPO, are effective tools for raising awareness within the company on the topic of personal data processing and protection.

The DPO cooperates with the National Data Protection Authority and, when necessary, acts as its focal point.

OMBUDSPERSON

The mission of the PRE Group's ombudsperson is to seek and find mutually satisfactory solutions for the issues raised by customers while respecting each customer's individuality as well as the company's conditions.

In 2020, the PRE Group's ombudsperson was consulted by a total of 121 customers. The number of issues raised by customers increased by 15% year-on-year. This is clear proof that customers appreciate the existence of this position within the PRE Group and actively seek its services.

The majority of issues raised by customers to the attention of the ombudsperson regard contractual arrangements, invoicing and claims. In many cases, customers contact the ombudsperson in matters that could been resolved using standard methods. Customarily, such issues are evaluated and then referred to the competent divisions or individual companies in accordance with standard work processes.

As in previous years, the share of illegitimate complaints is noticeably higher than legitimate concerns (approximately four times). Appreciation emails and expressions of gratitude sent by customers constitute encouraging feedback.

Subsidiaries

PREdistribuce, a.s.

PREdistribuce, a.s., (PREdi) owns and operates the distribution system in the capital city of Prague, in Roztoky and in Žalov covering an area of 505 km². It has been carrying out its operations in accordance with the Energy Act in the public interest since 1 January 2006, when it obtained electricity distribution licence No.120504769 from the Energy Regulatory Office (ERÚ) for an indefinite period of time.

It was founded in 2005 in connection with the process of unbundling, which aimed at separating the distribution of electricity from trading in electricity and at ensuring that an electricity distribution licence is held by a separate company. As of 1 January 2006, PREdi became the owner of the technical equipment and some of the immovable assets used for electricity distribution in the supply territory.

Its key mission is to provide a reliable and safe supply of electric energy to all its customers as well as to continue planning the renovation and development of the distribution system. Other key processes include the managements, maintenance and repairs of the equipment of the distribution network, including the resolution of failures, connection of new customers, buildings and structural units.

The distribution system consists of 110 kV, 22 kV and 0.4 kV overhead lines and cable lines, 110/22 kV transformer stations and 22/0.4 kV distribution transformer stations. Its operations are overseen and managed by the Energy dispatcher control station. The continuity of electricity supply was not affected by any major supply failure in 2020. Throughout the year, PREdi ensured the high-quality maintenance of the distribution network respecting the standards and requirements set forth in the Rules of preventive maintenance.

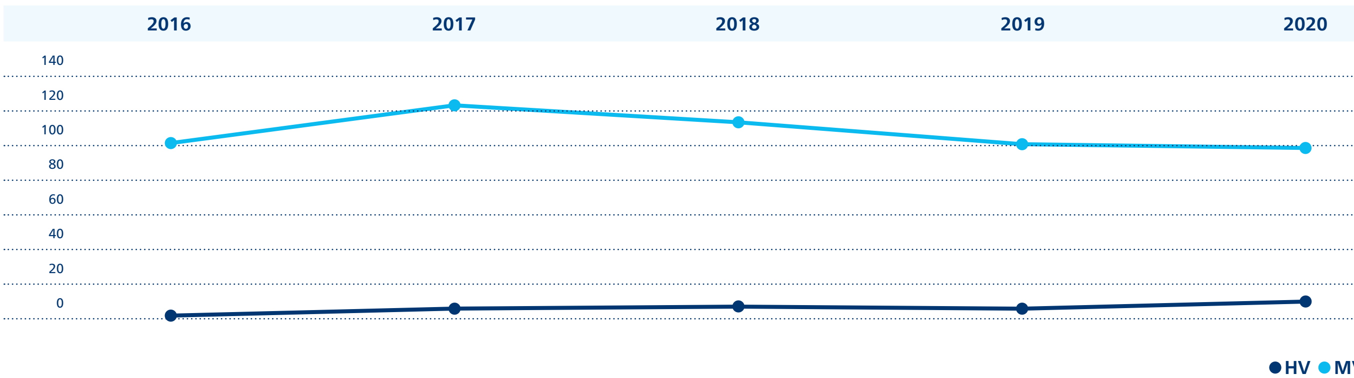
The company continuously monitors and evaluates all indicators of the quality and reliability of electricity distribution as well as the quality of related services. With regard to all customers connected to the distribution system, in 2020 the quality standards of electricity supply were met in accordance with the SAIDI/SAIFI reliability indicators and the quality standards of related services complied with ERÚ Decree No. 540/2005 Coll., as amended.

At the end of 2020, almost 817 thousand consumption points were connected to the distribution network, which represents a 0.9% increase year-on-year. The highest peak load of the distribution system was recorded on 24 January 2020 amounting to 1,121 MW, which is by 3.5% fewer than in the last year. Throughout 2020, PREdi distributed a total of

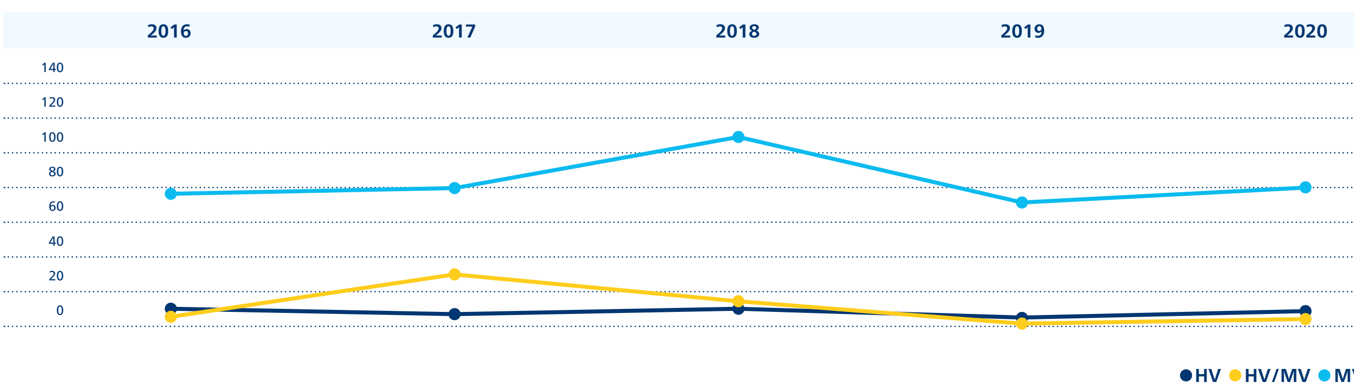
SELECTED NETWORK INDICATORS

	Unit	2020	2019	2018	2017	2016
Maximum network load	MW	1,121	1,162	1,187	1,196	1,172
Total length of electricity networks	km	12,422	12,372	12,276	12,104	12,054
of which: HV	km	220	221	221	214	207
MV	km	3,906	3,899	3,881	3,864	3,872
LV	km	8,296	8,252	8,174	8,026	7,975
Number of HV/MV transformer stations	pieces	26	25	25	23	22
of which: owned by PREdi	pieces	25	24	24	22	21
owned by other entities	pieces	1	1	1	1	1
Number of MV/LV transformer stations	pieces	3,237	3,221	3,214	3,218	3,229
Total number of MV/MV stations and MV/LV stations	pieces	4,934	4,906	4,876	4,863	4,858

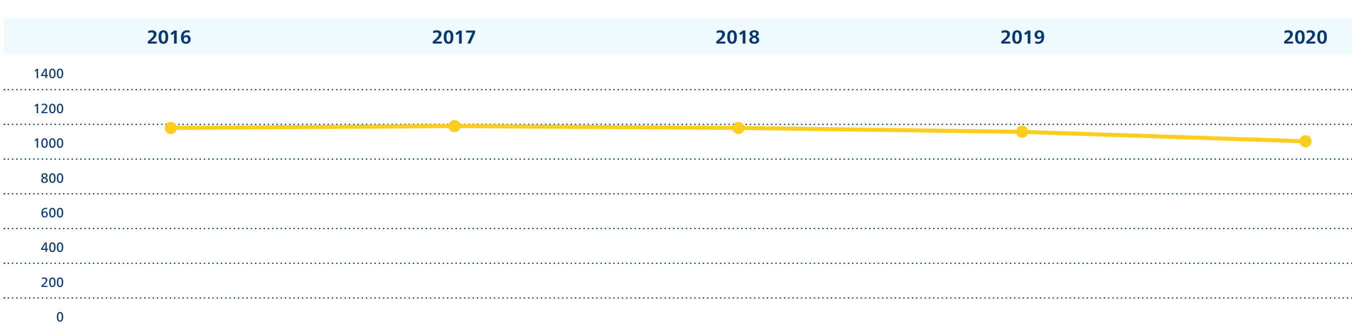
Number of HV and MV failures



Average length of electricity supply disruption on HV, HV/MV and MV equipment (min.)



Maximum network load (MW)



5,864 GWh of energy on all voltage levels, which represents a 6.9% decrease year-on-year. The decrease in the load of the network and in the volume of distributed electricity is due mainly to the effects of the COVID-19 pandemic. All output and energy demands of both the existing and new customers and development projects in the licensed territory were met.

In order to provide a highly reliable and safe energy network, every year PREdi draws up medium-term, long-term and year-long investment plans based on the results of analyses examining the technological state of the network, new trends and regulatory requirements, the transmission capacity and reliability of its networks, the actual physical lifetime of individual network components as well as the possibilities of their efficient maintenance. PREdi also takes into account the expected increase in the demand from households, developers and other business entities for new connections, which has been steadily on the rise. At the same time, it addresses the need to increase the output based on the consumption from the already existing connection points. In 2020, PREdi invested CZK 1,729.5 million (including capitalisation) in the distribution network. The major strategic construction projects implemented in 2020 include the continued construction of the cable tunnel between the 110/22 kV Karlín transformer station and the Hlávka bridge, the construction of the cable tunnel Invalidovna I, the continued restoration of the 110/22 kV Pražačka transformer station, the launch of the construction of the Slivenec transformer station, the construction of the 110 kV cable network between the Malešice, Zahradní Město and Jih transformer stations, the construction of the Zahradní Město wholesale transformer station as well as the rearrangement and dismantling of 110 kV overhead lines between the Sever and Východ transformer stations in Prague 9.

PREdi must respond to emerging trends in the energy sector dictated by new EU regulations, especially its Winter Package “Clean Energy for all Europeans”, approved by the European Parliament and the Council of the EU in 2019. The European Council set the goal to increase the share of consumed energy from renewable sources by 2030 to at least 32% across the whole EU. In view of the steadily growing demand for an uninterrupted and high-quality energy supply, as well as the increasing presence of new technologies in the energy sector, such as electromobility, AMM or electro-accumulation, PREdi commits itself to timely preparing its distribution network to absorb these new trends.

Smartening of the distribution network and the development of a smart infrastructure is carried out in line with the National action plan for smart grids adopted by the Czech government in 2019. PREdi has been focusing primarily on smartening its MV/LV distribution transformer stations and developing optical infrastructure through implementing a number of pilot projects and, in the long-term, the widespread deployment of cutting-edge smart grids technologies. As part of smartening its network, in 2020 PREdi constructed dozens of 22/0.4 kV smart distribution transformer stations, which constitutes a step further toward achieving customer satisfaction while ensuring a safe and reliable electricity supply.

In the development of smart grids, PREdi is assisted by its 100% subsidiary PREnetcom, which can rely on its vast know-how in the construction, operation and use of optical data networks. PREnetcom assists PREdi in drawing up a strategy for development and coordination of the construction and maintenance of its optical infrastructure. It focuses primarily on the operation and use of metallic and especially optical communication cables that are installed together with the distribution system to achieve the monitoring, management and operation control of smart grids. The aim of optical networks is to develop the infrastructure for high-speed internet connections.

Close cooperation with the transmission system operator, ČEPS, a.s., is considered to be an important part of PREdi’s strategy, ensuring an adequate input for the development of its supplied territory as well as the high reliability of the electricity supply to end-customers. The network’s reliability will be further enhanced when the new nodal point for the 400/110 kV system is built at the existing 110/22 kV Sever transformer station. It is expected to be put into operation in 2025.

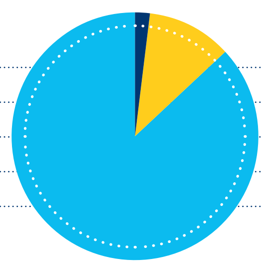
PREdi ensures the high level of the electricity supply’s reliability while ensuring its networks’ safety on all voltage levels and respecting the environmental aspects. The company naturally also supports the occupational health and safety as well as the development and training of all its employees.

PREměření, a.s.

PREměření, a.s., (PREm) is one of the first PRE subsidiaries. It was established in 1998 as Cejchovna elektroměrů Praha, a.s., created on the foundations of a former PRE metering station. In 2005, it changed its name to PREměření, a.s. Since 1 January 2008, the company has taken over all activities of company ODEM, a.s., (specialised in readings of metering equipment) as well as selected activities linked to the installations and purchase of metering equipment from PREdi. In the following years, its activities extended to the provision of services linked to the purchase, installation, testing and reading of metering equipment not only for its subsidiary PREdi, but also for external customers Pražská plynárenská Distribuce, a.s., Pražská teplárenská, a.s., and Veolia Energie Praha, a.s.

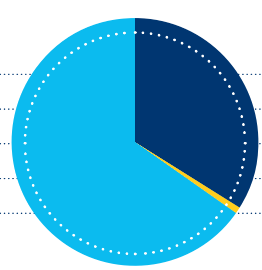
In 2010, the company obtained an electricity generation licence and built its own park of photovoltaic power plants in Prague. Simultaneously, it pursued acquisitions of new projects to expand its portfolio of renewable energy sources across

NUMBER OF ELECTRICITY METER INSTALLATIONS CARRIED OUT IN 2020



Customer requests	2 thous.
New consumption	11 thous.
Verification	86 thous.
Total	**99 thous.**

NUMBER OF METER READINGS IN 2020



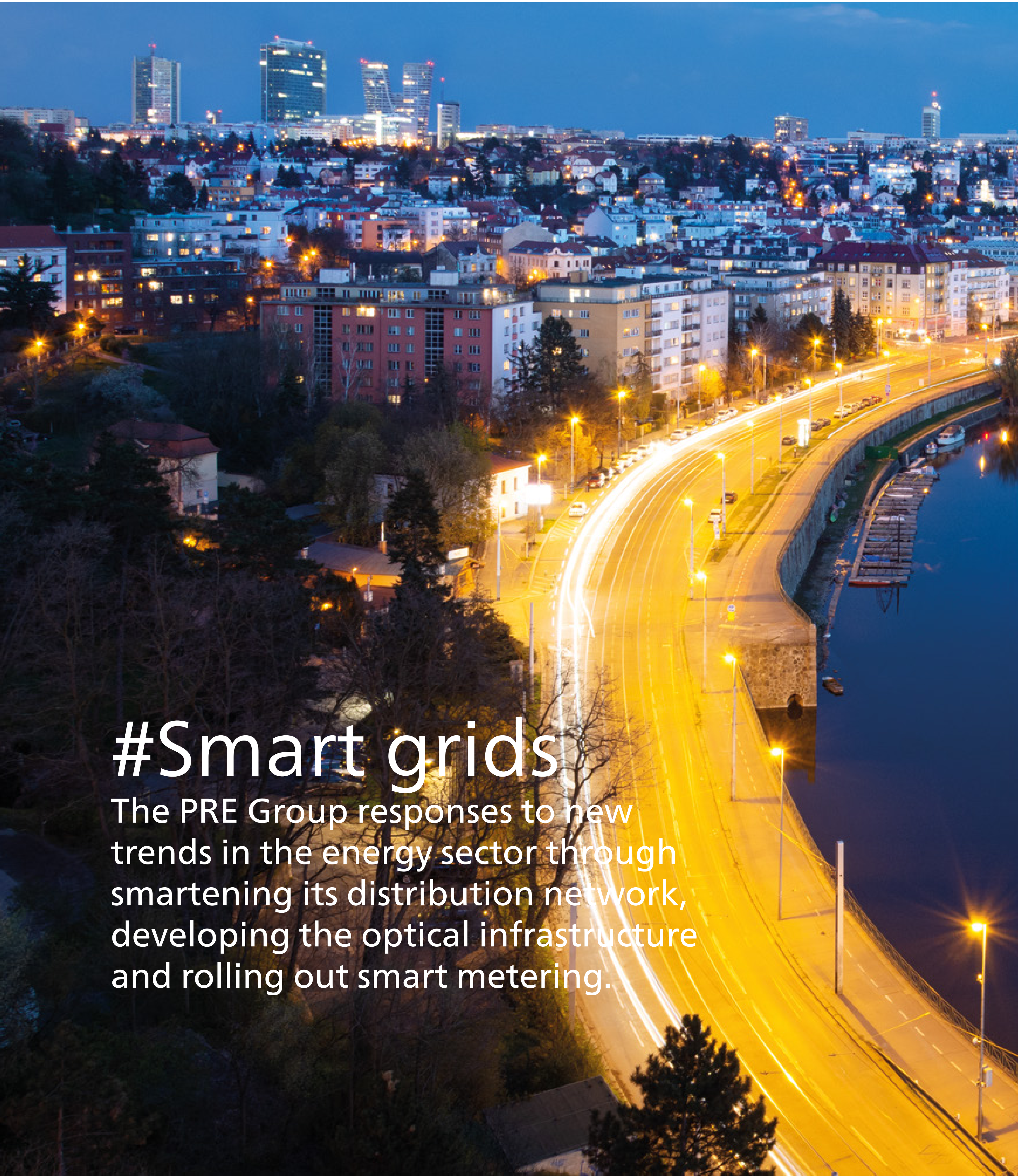
Gas	419 thous.
Heat	9 thous.
Electricity	803 thous.
Total	**1,231 thous.**

the whole country. Currently, its portfolio of power plants accounts for the total installed capacity of nearly 30 MW. In 2020, their total capacity of generated energy amounted to 36 GWh, which was translated into sales profits of more than CZK 440 million.

Since 2012, the company has been also active in the external market with energy services. Initially, its activities included mostly minor repairs at consumption points, thermal imagery and other services related to the supply of electricity. Gradually, its portfolio of services grew wider, and now offers a wide array of energy services including energy audits, lighting and heating solutions, rental of metering equipment, electro installation and inspection, installation and servicing of photovoltaic power plants, construction and inspection of transformer stations, comprehensive decentralised energy supply solutions (gas boiler rooms, cogeneration units, etc.) and a broad range of electromobility services, including the sales of electric bikes. Despite the unanticipated situation in 2020, the total volume of sales of energy services exceeded CZK 75 million.

RENEWABLE SOURCES OF ENERGY OPERATED BY PREm

Renewable sources of energy	construction / start of operations	acquisitions	installed capacity
Photovoltaic power plant Jinonice	2010		0.173 MWp
Photovoltaic power plant Lhotka	2010		0.060 MWp
Photovoltaic power plant Pražačka (I-III)	2010		0.138 MWp
Photovoltaic power plant Hrouda	2010		0.028 MWp
Photovoltaic power plant Sever	2010		0.204 MWp
Photovoltaic power plant Kondrac	2009	11/2011	1.109 MWp
Photovoltaic power plant Hořovice	2010	12/2011	1.087 MWp
Photovoltaic power plant Pozorka	2010	2/2013	3.998 MWp
Photovoltaic power plant Ořechovská	2009	12/2013	3.168 MWp
Photovoltaic power plant Rajhradská	2009	12/2013	3.168 MWp
Photovoltaic power plant Dačice	2009/2010	12/2014	4.848 MWp
Photovoltaic power plant Mikulov	2009	12/2014	0.941 MWp
Photovoltaic power plant Pozořice	2010	4/2015	4.596 MWp
Photovoltaic power plant Holešovice	2018		0.007 MWp
In total photovoltaic power plants PREm			**23.525 MWp**
Photovoltaic power plant Světlík	2009/2010	11/2017	2.154 MWp
In total photovoltaic power plants			**25.679 MWp**
Wind farm Částkov I	2009	12/2019	2.000 MW
Wind farm Částkov II	2009	12/2019	2.000 mw
In total photovoltaic wind farms			**4.000 MW**
In total renewable sources of energy			**29.679 MW**



#Smart grids

The PRE Group responses to new trends in the energy sector through smartening its distribution network, developing the optical infrastructure and rolling out smart metering.

100TH SMART STATION

OPTICAL CABLE END CAPS

SMART ELECTRICITY METERS

eYello CZ, k.s.

eYello CZ, k.s., (eYello) is the legal successor of PREleas, a.s., which was established in 1996. Since 1 May 2014, it has been a limited partnership company (with PRE being the general partner with 90% and PREm the limited partner with 10%). Since 2012, it has been operating as an electricity supplier, and since 2013 as a gas supplier to its end customers all over the Czech Republic.

The company, operating under the Yello brand, has a long-term reputation as one of the most dynamically developing electricity and gas suppliers in the Czech Republic. It constantly improves PRE's successful product portfolio, drawing on the experience of Yello Strom GmbH (an EnBW subsidiary). Since 1999, the latter has been offering electricity supply under the Yello brand on the German market, where it ranks among one of the most successful alternative energy suppliers.

KORMAK Praha a.s.

KORMAK Praha a.s. (Kormak) has been operating in the Czech market since 1995. Since its foundation, it has been offering a comprehensive portfolio of energy services, which, in 2016, led it to become a member of the PRE Group as a 100% subsidiary of PRE. The acquisition gave it a new impetus to further expand its activities. Today, Kormak provides a complete range of engineering, design and construction services in the field of LV, MV and HV cable infrastructure and 22/0.4 kV transformer stations, but it also carries out inspections and maintenance of LV and MV equipment and provides non-stop emergency services. Its activities also include the installation of MV terminations and connectors in the PREdi network, renovation of 110/22 kV transformers and rental and servicing of transformer stations. It also ensures the maintenance and construction of street lighting and, within the PRE Group, it contributes to smart city projects by constructing optical networks, smartening transformer stations and, to a large extent, it also provides the services of design and construction of charging infrastructure for electric vehicles.

PREservisní, s.r.o.

PREservisní, s.r.o., (PREs) is a 100% subsidiary of PRE, and since the beginning of its operations on 1 January 2019, it has been providing selected services to the remaining PRE Group companies. Its activities most notably include centralised material purchasing, services related to the administration of real estate, including development and maintenance, operations, maintenance and renovation of the Group's fleet of vehicles, including car rentals. PREs also provides technical monitoring on behalf of the investor for projects led by PREdi or PRE as well as diagnostics of cable networks.

In 2020, major investment construction projects were completed under the guidance of PREs, such as laying the 110 kV cables between the Malešice distribution station and the Zahradní Město-Jih converter transformer, the replacement of technological equipment of the 110/22 kV Pražačka transformer station as well as the launch of the construction of a new distribution station in the area of Prague-Slivenec. The construction of charging posts within the subsidy scheme of e-mobility continued throughout the year across the Czech Republic, requiring an increase in the number of PREs employees and prompting internal organisational changes.

PREs owns a complex of buildings in Uhříněves, which has been under complete reconstruction during 2020 to fit the needs of the PRE Group company Kormak leasing the property.

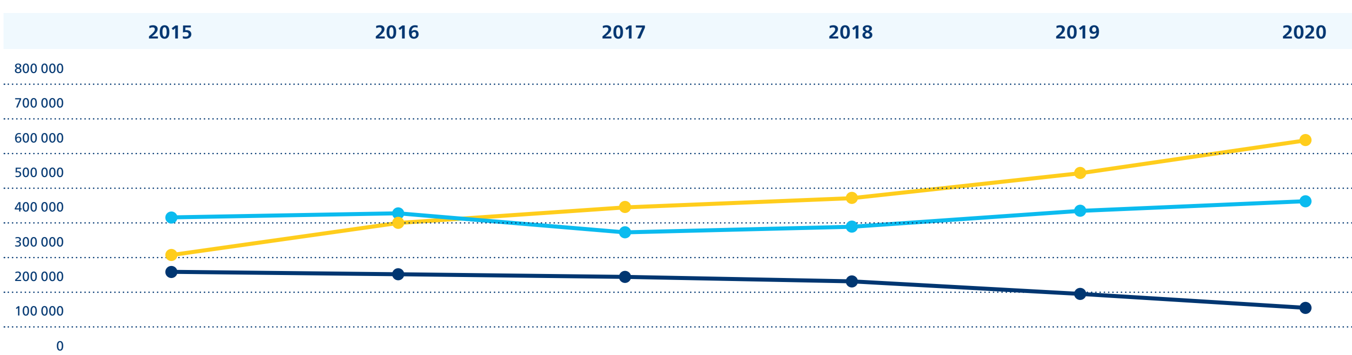
Thanks to PREs services, the PRE Group continues to achieve higher efficiency of its internal processes, capitalises its investments and reduces its administrative burden and other related costs.

PREzákaznická, a.s.

PREzákaznická, a.s., (PREzak), a 100% subsidiary of PRE, was established on 1 November 2017. PREzak is in charge of all main customer service channels (the PRE Customer Centre and the PRE Call Centre) as well as the provision of customer support services on behalf of PRE, PREdi, PREm and eYello.

The main goal of PREzak is to provide high quality customer services. In 2020, the company focused its digitisation activities on the development of automated features of its communication channels with customers. Namely, it enhanced the functionalities of the internet portal Moje PRE and extended its interactive voice response technology (IVR), which is now capable of automatically sending out the confirmation of living costs to customers. In the segment of its personal customer services, PREzak successfully implemented the project of electronic signature of documents distributed by customer centres that are then automatically sent out to customers' inboxes. The company is expected to start preparing for an increased interest of customers in e-mobility and related servicing of charging posts.

● Number of visits at the PRE Customer Centres ● Number of interactions with the PRE Call Centre ● Total number of unique daily accesses to the Moje PRE portal



VOLTCOM, spol. s r.o.

VOLTCOM, spol. s r.o., (Voltcom) has been a member of the PRE Group since 30 April 2019 as a 100% subsidiary of PRE.

In 2020, thanks to its close cooperation with PREdi and PREs it multiplied its volume of contracts to the PRE Group, since the synergies obtained through its acquisition started to yield encouraging results. The PRE Group acquired a highly competent partner, skilled not only in the field of "cables and transformer stations", but also with solid experience in services necessary to ensure the smooth operation of the distribution network. These services include specialised construction works of repairs and the renovation of distribution stations as well as highly specialised ironmongery works linked to the construction of cable tunnels. The high level of expertise in Voltcom is maintained primarily thanks to the fact that a number of its employees are established as members of the Czech Chamber of Chartered Engineers and Technicians Engaged in Construction (ČKAIT) in several mutually interwoven fields.

Following its entry into the PRE Group, the company has continued to focus on the provision of energy services targeted primarily at new customers with their own wholesale transformer stations in the distribution network of PREdi. It also carries out regular and emergency servicing. It successfully extends its projects of design activities for the companies of E.ON, a.s., and ČEZdistribuce, a.s.

Outside of the PRE Group, despite the unfavourable situation in the Czech Republic, Voltcom managed to carry out 32% of the total volume of contracts, amounting to CZK 61.4 million.

In 2021, Voltcom will take part in the rollout of MV and HV cable infrastructure as well as the construction of smart transformer stations for the PRE Group. It expects to extend its cooperation with external customers, ranging from services to individual industrial customers to design activities for the distribution companies E.ON, a.s., and ČEZdistribuce, a.s.

PREnetcom, a.s.

PREnetcom, a.s., (PREnetcom) was founded in November 2017 as a 100% subsidiary of PREdi and started operating on 1 January 2018. Its main task is to fulfil the long-term strategic goals of PREdi – i.e., to implement smart grids by designing and constructing communication infrastructure to connect individual components of the distribution network, which will ensure safe transfer of network data and enable remote control of the distribution network. In the future, it is also likely to rollout smart metering of the distribution network. Another task of the company consists in exploring the possibility of using the spare capacity of the created communication network for commercial purposes, such as smart city and smart home features as well as wholesaling to third parties.

In 2020, PREnetcom took part in the construction and administration of data infrastructure and the preparation of strategic steps needed to promote the digitalisation of the distribution network. These activities were also undertaken in relation to the legal requirement to roll out smart meters. The company then continued implementing pilot projects for potential commercial use of the temporarily spare capacity of the communication infrastructure. It successfully implemented its first pilot project in Prague's Chodov area with family houses, which involved the provision of end user services through wholesale business partners. Further work was done in the preparation of the biggest pilot project intended for the area of high-rise blocks located in Chodov. PREnetcom also launched the implementation of other pilot projects in Skalka II area, Nusle and Vinohrady in Prague.

It also became the very first PRE Group company to start the construction of household infrastructure for AMM and commercial purposes. One of the first successful acquisition projects involved a number of houses in Skalka II area where, before the end of the year, optical household infrastructure was implemented and electric meters were installed in the majority of the units.

The company's next ambition is to carry out the implementation of passive optical network, using the expertise of its team of seasoned experts. It already successfully finished its first pilot project of passive optical infrastructure and by the end of 2020 it carried out the majority of its external network.

SOLARINVEST – GREEN ENERGY, s.r.o.

SOLARINVEST – GREEN ENERGY, s.r.o., (Solarinvest) has been a member of the PRE Group since 2018 as a 100% subsidiary of PREm. It provides the services of installing photovoltaic power plants, supplying battery accumulation systems and installing heat pumps and air conditioning systems for households and industrial sites.

Despite the adverse market situation, the company sustained its continuous growth in 2020 and its yearly turnover exceeded CZK 100 million for the first time in its history. These outstanding results are mainly due to the company's capacity to offer to its B2B customers a comprehensive portfolio of consultancy services on the economic and technical considerations of their products, legislative framework and subsidy schemes. The reliable and stable image of the PRE brand as well as competitive prices made also a significant contribution.

In 2020, Solarinvest focused on the digitalisation and optimisation of its internal processes to be able to keep up with the expected accelerated development of renewable sources of energy in the years to come. In coherence with this trend, the company expects to expand its storage capacities, the size of its production sites as well as the number of its employees.

FRONTIER TECHNOLOGIES, s.r.o.

FRONTIER TECHNOLOGIES, s.r.o., (Frontier) has been a member of the PRE Group since 2018 as a 100% subsidiary of PREm. It specialises in the development, design and implementation of smart and energy efficient indoor and outdoor lighting systems. The company uses products by leading world suppliers of lighting and related technologies as well as products it develops and produces itself in the Czech Republic. The company's major customers include leading Czech industrial enterprises and suppliers for both public and private sector EPC projects. As a result, Frontier's lighting solutions often feature in energy efficient and smart buildings. The company also provides lighting systems for public buildings and sites, schools, swimming pools, airports, sports venues and street lighting. Since 2020, Frontier has joined the PRE Group's strategy to expand its comprehensive portfolio of energy services. To this end, it cooperates not only with all the PRE Group companies, but also with its network of external partners.

PRE FVE Světlík, s.r.o.

PRE FVE Světlík, s.r.o., has been since November 2017 a PREm 100% subsidiary with no employees. It is a photovoltaic power plant located in the vicinity of Český Krumlov. Unlike basic stationary solar systems, this power plant uses tracking photovoltaic panels. Its total installed capacity is 2.154 MWp. In 2020, the power plant generated approximately 3 GWh of electricity, which translated into the total yearly sales of approximately CZK 52 million.

PRE VTE Částkov, s.r.o.

PRE VTE Částkov, s.r.o., is a 100% subsidiary owned by PREm with no employees. It became part of the PRE Group in December 2019. It is a wind farm located in the vicinity of Sokolov and comprises two separate wind turbines of 2 MW each, which brings its total installed capacity to 4 MW. In 2020, the power plant generated approximately 8 GWh of electricity, which translated into the total of approximately CZK 24 million in sales per year.

Structure of shareholders

SHAREHOLDERS

All shareholders have access to important information about the company either directly on the company's website (www.pre.cz) or upon request from the Shareholder Administration department (the Strategic Development and Relations with Shareholders section).

Thanks to its online availability, shareholders have virtually immediate access to information about important changes in the company.

Throughout the year, there were no significant changes to the structure of shareholders.

MAIN PRE SHAREHOLDERS (%)

As of 31.12.	2020	2019	2018	2017	2016	2015
Pražská energetika Holding a.s.	58.05	58.05	58.05	58.05	58.05	58.05
EnBW Energie Baden-Württemberg AG	41.4	41.4	41.4	41.4	41.4	41.4
Other entities	0.55	0.55	0.55	0.55	0.55	0.55

STRUCTURE OF PRE SHAREHOLDERS (%)

As of 31.12.		2020		2019		2018		2017
	Number of shareholders	Nominal value (TCZK)	Number of shareholders	Nominal value (TCZK)	Number of shareholders	Nominal value (TCZK)	Number of shareholders	Nominal value (TCZK)
Domestic shareholders	5,386	2,266,190	5,405	2,266,190	5,435	2,266,193	5,458	2,266,193
Foreign shareholders	13	1,603,253	13	1,603,253	13	1,603,250	13	1,603,250
Shareholders total	5,399	3,869,443	5,418	3,869,443	5,448	3,869,443	5,471	3,869,443
Natural persons	5,380	20,030	5,399	20,032	5,429	20,035	5,452	20,038
Legal persons	19	3,849,413	19	3,849,411	19	3,849,408	19	3,849,405

Information from the General Meeting

The Annual General Meeting of Pražská energetika, a.s., held on 25 June 2020, approved:

- the Report of the Board of Directors on Business Activities and Assets for 2019, as presented by the company's Board of Directors;
- the consolidated financial statements for 2019, as presented by the company's Board of Directors;
- the separate financial statements for 2019, as presented by the company's Board of Directors;
- the proposal for the distribution of 2019 profit, including determination of the amount of profit shares (dividends) and directors' fees for 2019 and their method of payment;
- the contract on the performance of the duties of the newly elected member of the Supervisory Board, including remuneration;
- the contract on the performance of the duties of the newly elected member of the Works Council Board, including the services provided;
- the presented proposal for the total amount of donations in 2021;

elected as of 25 June 2020 Colette Rückert-Hennen to become a new member of the Supervisory Board; and,

was presented with the Supervisory Board Report on Activities including the statement on the Report on Relations.

Information required by law

Information about facts which occurred after the balance sheet day and are significant for the fulfilment of the purpose of the present report
No such facts have occurred.

Information about the projected development of the accounting unit's activities
The information is presented in the chapters "Report of the Board of Directors on Business Activities" and "Strategy".

Information about activities in research and development
The company does not systematically conduct activities in these fields.

Information about acquisition of own shares or own interests
The company did not acquire its own shares.

Information about whether the accounting unit has an organisation unit abroad
The company has no branch and no organisational unit abroad.

Information about activities in the field of environmental protection and labour law relations
The information is presented in the chapters "Environmental protection and OHS" and "Human resources".

Information about risk management objectives and methods in the company
The information is presented in the chapter "Risk management system in the PRE Group".

Information about price, credit, liquidity and cash flow risks the accounting unit is exposed to
The information is presented in the financial statements.

Information about interruption of business
The company did not interrupt its business during the year.

Supervisory Board Report on Activities

In accordance with the Articles of Association, the Supervisory Board consists of eight members elected by the General Meeting of the company. As a supervisory body, it oversees the performance of the company's business activities in compliance with the law and the Articles of Association. The Supervisory Board also elects and removes members of the Board of Directors and approves contracts on the performance of the duties of the Board of Directors members, their remuneration and other benefits.

In accordance with the Articles of Association, all of the meetings of the Supervisory Board in 2020 were attended by the members of the Works Council elected by the company's employees. The meetings were also attended by the chairperson and the vice-chairperson of the Board of Directors.

In 2020, due to the extraordinary measures taken to tackle the epidemic, some of the meetings were organised in accordance with Section 19 (1) of Act No. 191/2020 Coll. ("Lex Covid") via online videoconferences.

The Supervisory Board continuously monitored the activities of the company and the key decisions of the Board of Directors. The Board of Directors regularly informed the Supervisory Board about the current developments in the company, its economic results, financial situation and compliance. To this end, the Board of Directors submitted written materials and its members commented on them when the materials were debated by the Supervisory Board.

In 2020, the Supervisory Board, amongst others:

- oversaw the developments in the company's operational activities, particularly in sales, turnover, receivables and liabilities;
- assessed the fulfilment of the top management's objectives for 2019;
- debated and reviewed the Report on Relations for 2019 and did not identify any irregularities with regard to the requirements of the Act on Business Corporations, including the review of whether any damages were incurred and settled in accordance with Sections 71 and 72; the Supervisory Board considers that all the facts stated in the Report on Relations are in line with the actual reality;
- debated the 2019 Annual Report;
- debated and reviewed the consolidated and separate financial statements for 2019 including the auditor's reports; the Supervisory Board concluded that the financial report presents a true and fair view of the financial and economic situation of the Group as well as the results of its business activities;
- debated the Report of the Board of Directors on Business Activities and Assets for 2019;
- debated and reviewed the proposal for the distribution of 2019 profit, including determination of the amount of profit shares (dividends) and directors' fees for 2019 and the method of payment, and recommended it for adoption by the General Meeting;

- debated the materials to be debated at the General Meeting in 2020;
- elected Colette Rückert-Hennen vice-chairperson of the Supervisory Board as of 25 June 2020;
- appointed Fabian Spalthoff a substitute member of the Supervisory Board as of 3 November 2020 until the date of the General Meeting;
- adopted the Principles of Collective Bargaining;
- adopted the intended transfer of certain activities to PREzákaznická, a.s.;
- debated the plan of audits;
- approved the economic plan for 2021 and took account of the draft plan for 2022–2023;
- approved the 2020 update of the PRE Group strategy for 2021–2025; and,
- approved the top management's objectives for 2021.

The Supervisory Board declares that the company's economic results in 2020 were excellent and expresses its thanks for them to the members of the Board of Directors as well as the company's employees.

In Prague, 9 March 2021

Signed by

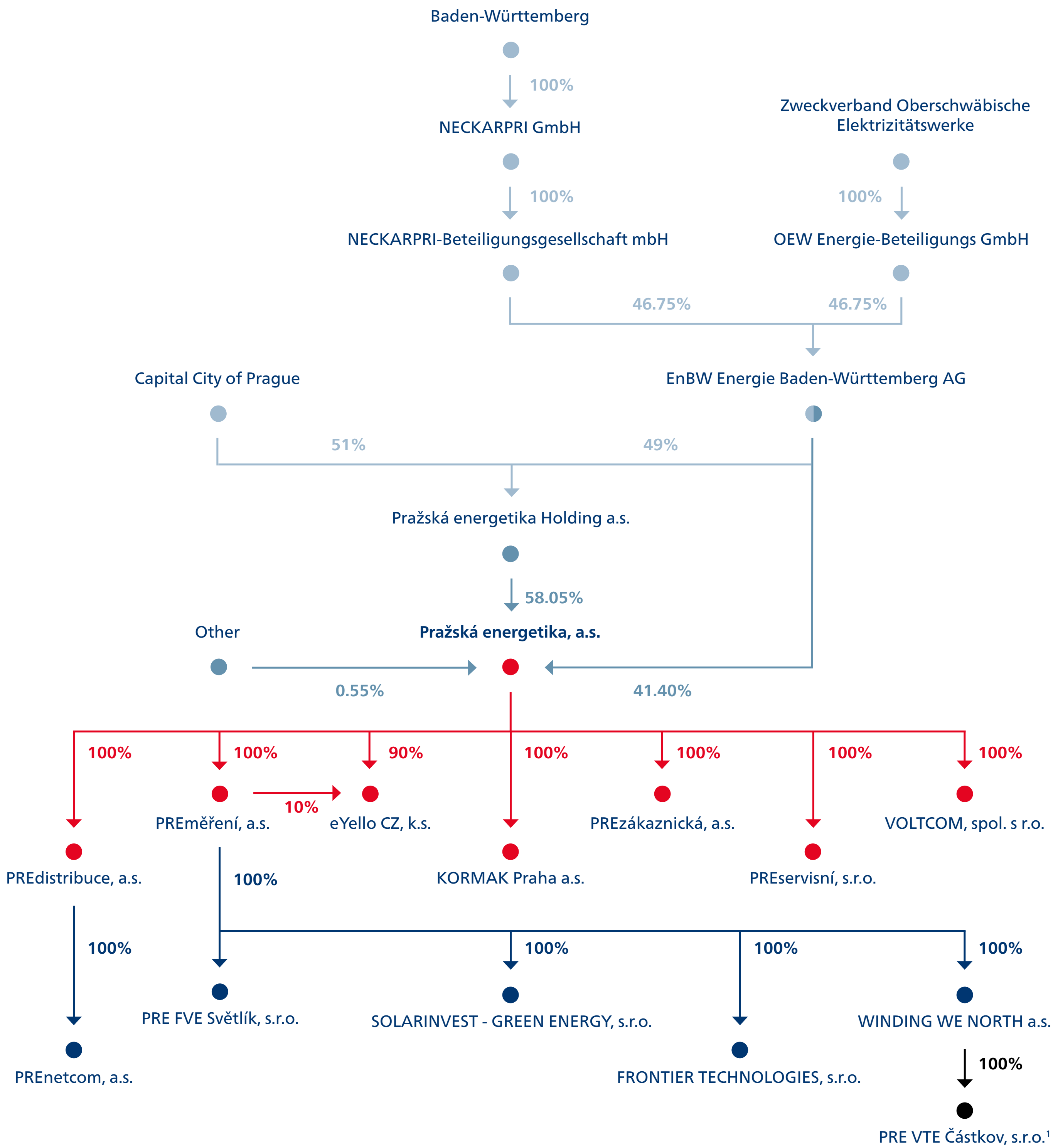
Jan Chabr
Chairperson of the Supervisory Board


RECONSTRUCTED LIGHTING
INNOVATIONS FOR TOWNS
LIGHTS FOR SPORT AREAS

#PREmium

PRE offers to its corporate and public sector clients the so-called PREmium products and services which enhance energy efficiency and support energy savings.

Report on Relations



[1] A 100% subsidiary of PREm since 21 July 2020 – merger with WINDING WE NORTH a.s.

REPORT ON RELATIONS OF PRAŽSKÁ ENERGETIKA, A.S., FOR 2020

(“Report on Relations”) drawn up in accordance with Section 82 of Act No. 90/2012 Coll., on Business Corporations and Cooperatives (“Business Corporations Act”) for the accounting period of 1.1.2020 to 31.12.2020. The relations are described in a manner respecting the provisions of Section 504 of Act No. 89/2012 Coll., the Civil Code, concerning trade secrets, and by analogy with the provisions of Section 359 of the Business Corporations Act concerning restrictions of information provision.

1. STRUCTURE OF THE RELATIONS BETWEEN THE CONTROLLED ENTITY AND THE CONTROLLING ENTITY, THE ROLE OF THE CONTROLLED ENTITY AND THE MANNER AND MEANS OF CONTROL

I. Structure of the relations

Controlling entities:
Pražská energetika Holding a.s., registered office Na Hroudě 1492, 100 05 Prague 10, ID No.: 26428059, registered in the Commercial Register maintained at the Municipal Court in Prague, file ref. B 7020 (“**PREH**”)

EnBW Energie Baden-Württemberg AG, registered office Durlacher Allee 93, 76131 Karlsruhe, Federal Republic of Germany, registered in the Commercial Register maintained at the District Court in Mannheim, file ref. 107956 (“**EnBW**”), which is at the same time the managing entity in accordance with Section 79 (1) of the Business Corporations Act

Controlled/managed entity:
Pražská energetika, a.s., registered office Na Hroudě 1492, 100 05 Prague 10, ID No.: 60193913, registered in the Commercial Register maintained at the Municipal Court in Prague, file ref. B 2405 (“**PRE**”)

The chart of the PRE Group structure is shown on the previous page.

II. Role of PRE; method and means of control

PRE provides stable, environmentally friendly and efficient electricity supply in the capital Prague and contributes to the development and improvement of energy infrastructure.
The main activities of PRE and the PRE Group companies include trading in electricity and gas in the Czech Republic, electricity distribution and its generation from renewable sources and complementary energy services.

PREH is jointly controlled by the Capital City of Prague (with a 51% share) and EnBW (with a 49% share). PREH holds PRE shares amounting to 58.05% of the PRE registered capital.

EnBW holds PRE shares amounting to 41.40 % of the PRE registered capital. In compliance with Section 79 of the Business Corporations Act, PRE is a part of the EnBW corporate group and as such operates on the Czech energy market. EnBW controls and manages PRE through its representatives on the Board of Directors and the Supervisory Board.

Pursuant to the shareholder contracts, the controlling companies, PREH and EnBW, exercise their control on the level of PRE and the control involves primarily PRE activities. The unified management does not apply to the activities of PRE’s subsidiaries, which are managed only by PRE as their majority partner. The management of the subsidiaries falls under the sole remit of PRE’s Board of Directors.

2. OVERVIEW OF THE ACTIONS CARRIED OUT DURING THE LAST ACCOUNTING PERIOD ON THE INSTIGATION OR IN THE INTEREST OF THE CONTROLLING ENTITY OR ITS CONTROLLED ENTITIES IF SUCH ACTIONS CONCERNED PROPERTY EXCEEDING 10% OF THE CONTROLLED ENTITY’S EQUITY AS IDENTIFIED IN THE LAST FINANCIAL STATEMENTS

In 2020, no actions concerning assets exceeding 10% of PRE’s equity were carried out on the instigation or in the interest of the controlling entity or its controlled entities.

3. OVERVIEW OF MUTUAL CONTRACTS BETWEEN THE CONTROLLED ENTITY AND THE CONTROLLING ENTITY AND BETWEEN THE CONTROLLED ENTITIES

The overview of mutual contracts between the controlled entities has been prepared based on a list of contracts provided to PRE by the controlling entities.

I. Contracts concluded by PRE with PREH

Contract on the provision of services – in effect from 1 January 2018 to 31 December 2021

Contract on personal data processing – in effect from 1 January 2018 for an indefinite period of time

Contract on the provision of short-term loan No. 1/2018 – in effect from 1 August 2018 until the expiry of notice on 18 December 2020

Contract on the provision of IT services – in effect from 8 November 2018 for an indefinite period of time

II. Contracts concluded by PRE with EnBW and with the entities controlled by EnBW

Convention on corporate cooperation with EnBW (IT security services) No. G3400/2024 – in effect from 28 April 2011 for an indefinite period of time

I&C security policy with EnBW (access to IS) No. G3400/2032 – in effect from 1 September 2011 for an indefinite period of time

General contract with EnBW (access to data and data processing in IDM) No. G3400/2068 – in effect from 28 November 2011 for an indefinite period of time & sub-contract to RS with EnBW (technical contract) No. G3400/2107 – in effect from 26 October 2012 for an indefinite period of time, as amended

Contract with EnBw on the handling of matters – health insurance and social security contributions and the calculation of prepayments of natural person income tax from wage-earning income and all emoluments – in effect from 1 August 2012 for an indefinite period of time

Licence contract with Yello Strom GmbH – in effect from 5 November 2012 to 5 November 2020

Contract on the provision of market access through IMC with EnBW Trading GmbH No. G4400/2012/003 (in effect from 1 May 2014 EnBW) – in effect from 20 December 2012 for an indefinite period of time

Contract on the provision of market access through OTE with EnBW Trading GmbH No. G4400/2013/0002 (as of 1 May 2014 EnBW) – in effect from 25 April 2013 for an indefinite period of time

Contract on the creation of supply consortium with PREdi and EnBW Regional AG (as of 1 February 2014 Netze BW GmbH) – in effect from 23 August 2013 until the execution of the possible public contract

Contract on the execution of the contract on the creation of supply consortium with PREdi and EnBW Regional AG (as of 1 February 2014 Netze BW GmbH) – in effect from 23 August 2013 until the execution of the possible public contract, as amended

Contract on the provision of market access through EMIR with EnBW Trading GmbH (as of 1 May 2014 EnBW) – in effect from 23 April 2014 for an indefinite period of time

EFET Electricity contract with EnBW Trading GmbH (as of 1 May 2014 EnBW) – in effect from 20 January 2005 for an indefinite period of time

EFET Gas contract with GasVersorgung Süddeutschland GmbH – in effect from 13 September 2013 for an indefinite period of time

EFET Gas contract with EnBW – in effect from 1 January 2015 for an indefinite period of time

EFET Gas contract with VNG Energie Czech – in effect from 1 April 2018 for an indefinite period of time

Sublease contract with EnBW for EnBW organisational – in effect from 12 January 2016 until the coming into effect of the lease contract

Preliminary agreement on the general contract on the provision of operation, maintenance and controlling services – in effect from 8 August 2018 until the coming into effect of the contract on the provision of services between PRE and EnBW

III. Contracts concluded by PRE with its subsidiaries

i) Contracts between PRE and PREdi

Contract on the provision of services No. PS20000019/014 – in effect from 1 January 2019 to 31 December 2022

Contract on electricity supply to cover losses in the distribution system and for the own needs of the distribution system operator No. P200006/14 – in effect from 1 January 2006 for an indefinite period of time

Contract on the provision of short-term loans No. P200006/22 – in effect from 30 November 2005 for an indefinite period of time

Licence contract No. PS20000011/029 – in effect from 3 January 2011 for an indefinite period of time

Lease contract No. NO21106/015 – in effect from 2 January 2006 for an indefinite period of time, as amended

Contract on the provision of services No. NO21106/001 – in effect from 30 December 2005 for an indefinite period of time, as amended

Lease contract No. NO21109/006 – in effect from 1 April 2009 for an indefinite period of time
11 contracts on the establishment of easement to place PREdi's distribution system equipment in PRE's immovable assets, concluded for an indefinite period of time
Contract on the establishment of easement No. VV/G33/04457/08 – in effect from 31 March 2008 to 2 April 2048
Lease contract No. NO21111/011 – in effect from 1 April 2011 for an indefinite period of time
Contract on the provision of services No. PS20000013/033 – in effect from 25 October 2013 for an indefinite period of time
Contract on long-term loan No. PS20000014/021 – in effect from 18 June 2014 to 18 June 2026
Contract on long-term loan No. PS20000014/030 – in effect from 26 November 2014 to 28 November 2026
Contract on long-term loan No. PS20000015/021 – in effect from 29 June 2015 to 29 June 2027
Contract on join gas supply services No. PS21001015/015 – in effect from 1 November 2014 for an indefinite period of time
Contract on the lease of non-residential premises for business No. NV/S21/1633025 – in effect from 1 March 2016 for an indefinite period of time
Contract on the lease of non-residential premises for business No. NV/S21/1633226 – in effect from 1 March 2016 for an indefinite period of time, as amended
Contract on the lease of non-residential premises for business No. NV/S21/1633022 – in effect from 1 March 2016 for an indefinite period of time, as amended
Contract on the lease of non-residential premises for business No. S21/1633026 – in effect from 1 March 2016 for an indefinite period of time, as amended
Contract on the lease of non-residential premises for business No. S21/1633021 – in effect from 1 March 2016 for an indefinite period of time
Contract on the lease of non-residential premises for business No. NV/S21/1633024 – in effect from 1 March 2016 for an indefinite period of time, as amended
Contract on the lease of non-residential premises for business No. NV/S21/1633027 – in effect from 1 March 2016 for an indefinite period of time, as amended
Contract on the lease garage parking spaces No. NV/S21/1634181 – in effect from 1 April 2016 for an indefinite period of time
General contract on electricity distribution to consumption points of the electricity trader's No. PS20000011/011 – in effect from 1 January 2011 for an indefinite period of time
Contract on the provision of short-term loans No. PS20000017/009 – in effect from 17 February 2017 for an indefinite period of time
Contract on the execution of construction alterations No. PS20000017/046 – in effect from 18 May 2017 for an indefinite period of time
Contract on the cooperation on the construction of charging stations No. PS21001018/036 – in effect from 14 June 2018 to 31 December 2028
27 contracts on the lease of a part of an immovable
Contract on the sale of electricity in PREpoint charging stations No. 191600180 – in effect from 20 February 2019
Purchase contract on immovable assets No. KV/G33/14631/2052088 – in effect from 9 December 2020

ii) Contracts between PRE and PREm

Contract on the lease of a part of an immovable asset No. C00441/10 – in effect from 1 October 2010 to 31 December 2035, as amended
Contract on the lease of a part of an immovable asset No. C00453/10 – in effect from 1 November 2010 to 31 December 2035, as amended
Lease contract No. G3530/NO/01/2015/32289 (M5000/NV/2016/33018) – in effect from 1 March 2016 for an indefinite period of time, as amended
Lease contract No. G3530/NO/03/2016/32451 (M5000/NV/2016/33228) – in effect from 1 March 2016 for an indefinite period of time, as amended
Lease contract No. G3530/NO/05/2016/33671 (M5000/NV/2016/34134) – in effect from 1 April 2016 for an indefinite period of time, as amended
Lease contract No. G3530/NO/05/2016/33808 (M5000/NV/2016/34760) – in effect from 1 April 2016 for an indefinite period of time, as amended
Contract on the provision of short-term loans No. C00186/05 (G3160/PREM-KRDUV/2005/02) – in effect from 30 November 2005 for an indefinite period of time, as amended
Contract on telephone equipment use and the re-charging of costs of telephone lines use No. 1226 (C00240/06) – in effect from 1 August 2006 for an indefinite period of time
Contract on the provision of services No. M6100/O/2019/0079 (P/Pm/19)
Contract on the provision of services No. M5000/O/2019/0004 (Pm/P/19)
Contract on the take-over of rights and obligations arising from the forwarding contract dated 30 June 2000 No. P4212005/5 (C00311/08) – in effect from 1 January 2008 for an indefinite period of time
General contract on storage heaters installation No. C00384/09 – in effect from 3 September 2009 for an indefinite period of time, as amended

Contract on personal data processing No. C00426/10 – in effect from 22 June 2010 for an indefinite period of time

Licence contract on using trademark No. C00470/11 – in effect from 3 January 2011 for an indefinite period of time

Contract on joint electricity supply services – type MO No. SoSSE/6254022 (C00503/11) – in effect from 14 June 2011 for an indefinite period of time, as amended

Contract on joint electricity supply services – type MO No. SoSSE/6250517 (C00504/11) – in effect from 14 June 2011 for an indefinite period of time, as amended

Contract on joint electricity supply services – type MO No. SoSSE/6282725 (C00505/11) – in effect from 14 June 2011 for an indefinite period of time, as amended

Contract on joint electricity supply services - type MO No. SoSSE/6279473 (C00506/11) – in effect from 14 June 2011 for an indefinite period of time, as amended

Contract on joint electricity supply services - type MO No. SoSSE/6283505 (C00507/11) – in effect from 14 June 2011 for an indefinite period of time, as amended

Contract on joint electricity supply services - type MO No. SoSSE/6207319 (C00508/11) – in effect from 14 June 2011 for an indefinite period of time, as amended

Contract on joint electricity supply services - type MO No. SoSSE/6253998 (C00509/11) – in effect from 14 June 2011 for an indefinite period of time, as amended

Contract on the provision of distribution system services with the electricity trader No. 1/2016 (M6100/E/2017/0007) – in effect from 31 October 2016 for an indefinite period of time

Mandate contract No. C00542/11 (G4630/2011/0005) – in effect from 5 December 2011 for an indefinite period of time, as amended

Contract on electricity supply from promoted sources No. C00605/12 – in effect from 1 January 2013 for an indefinite period of time, as amended

General contract for work No. M6100/0002 (G4100/2016/0001) – in effect from 21 January 2016 for an indefinite period of time, as amended

Servicing contract No. G3530/S/10/2016/03 (M6100/SE/2016/0020) – in effect from 1 March 2016 for an indefinite period of time, as amended

Contract on long-term loan No. 1/2014 (C00806/14, G1020/PREM-VSU1/2014/05) – in effect from 28 February 2014 to 28 February 2022

Contract on long-term loan No. 2/2014 (C00807/14, G1020/PREM-VSU2/2014/06) – in effect from 28 February 2014 to 28 February 2023

Contract on long-term loan No. 3/2014 (C00808/14, G1020/PREM-VSU3/2014/07) – in effect from 28 February 2014 to 29 February 2024

Contract on long-term loan No. 4/2014 (C00809/14, G1020/PREM-VSU4/2014/08) – in effect from 28 February 2014 to 29 February 2024

Contract on long-term loan No. 5/2014 (M5000/O/2015/2015, G1020/PREM-VSU5/2014/09) – in effect from 8 December 2014 to 31 December 2021

Contract on long-term loan No. 1/2015 (G1020/PREM-RAJ/2015/07, M5000/O/2015/0010) – in effect from 27 October 2015 to 29 October 2023

Contract on long-term loan No. 2/2015 (G1020/PREM-RAJ/2015/08, M5000/O/2015/0011) – in effect from 27 October 2015 to 29 October 2023

Contract on long-term loan No. 1/2014 (M5000/DAC/2015/0015, G1020/BLACKUVER/2014/01) – in effect from 8 December 2014 to 18 December 2024

Contract on long-term loan No. 1/2015 (G1020/Dačice/2015/04, M5000/DAC/2015/0013) – in effect from 27 October 2015 to 29 October 2024

Contract on long-term loan No. 1/2015 (G1020/Mikulov/2015/05, M5000/MIK/2015/0014) – in effect from 27 October 2015 to 29 October 2024

Contract on long-term loan No. 1/2015 (G1020/Pozořice/2015/06, M5000/POZ/2015/0012) – in effect from 27 October 2015 to 29 October 2024

Contract on long-term loan No. 1/2017 (M5000/O/2017/0003) – in effect from 22 December 2017 to 22 December 2027

Contract on operational cash transfer No. G1020/POKLAD_PREM/2017/1 (M5000/O2017/0001) – in effect from 17 February 2017 for an indefinite period of time

Contract on the provision of physical unidirectional cash pooling No. C00188/05 (ZBA/2005/36) – in effect from 1 December 2005 for an indefinite period of time, as amended

Contract on the supply of electricity from the Pozořice photovoltaic power plant renewable source No. M6100/E/2019/0144 – in effect from 1 January 2020 to 31 December 2020

Contract on the supply of electricity from the Pozořice photovoltaic power plant renewable source No. M6100/E/2019/0145 – in effect from 1 January 2020 to 31 December 2020

Contract on the supply of electricity from the Syrovice photovoltaic power plant renewable source No. M6100/E/2019/0146 – in effect from 1 January 2020 to 31 December 2020

Contract on the supply of electricity from the Syrovice photovoltaic power plant renewable source No. M6100/E/2019/0143 – in effect from 1 January 2020 to 31 December 2020

Supply contract No. M6100/E/2020/0073 – in effect from 1 January 2020 for an indefinite period of time

Contract on mutual exchange of services in connection with magazine PREfórum No. M6100/O/2020/0159 (G1030/O/2020/290) – in effect from 23 November 2020 to 15 March 2021

Lease contract on the lease of movable assets (electric bike, 2 pieces) No. M6100/N/2018/0139 – in effect from 1 June 2018 to 31 December 2022, as amended

Contract on the supply of electricity from the Holešovice renewable source No. M6100/E/2017/0179 – in effect from 15 November 2018 for an indefinite period of time

Contract on project documents for a public charging station in Šebele car wash centre No. M6100/P/2019/0152, dated 16 September 2019 to 31 July 2020

Contract on project documents for a public charging station in Prime Office Building, Pankrác, No. M6100/P/2019/0153, in effect from 16 September 2019 to 31 July 2020

Contract on project documents for a public charging station in Voctářová, No. M6100/P/2019/0154, in effect from 16 September 2019 to 31 July 2020

Contract on project documents for a public charging station in Corso Court Thámová, No. M6100/P/2019/0155, in effect from 16 September 2019 to 31 July 2020

Contract on project documents for a public charging station in Alza Holešovice, No. M6100/P/2019/0156, in effect from 16 September 2019 to 31 July 2020

Contract on the installation of a charging station on Otopašská street No. M6100/P/2019/0050 – in effect from 19 March 2019 to 30 November 2020, as amended

Contract on joint electricity supply services "Dvouletky" No. M6100/E/2018/0106 – in effect from 28 June 2018 for an indefinite period of time

Contract on mutual exchange of services in connection with magazine PREfórum No. M6100/O/2019/0183 (G1030/O/2019/314) – in effect from 15 October 2019 to 31 March 2020

Contract on the conclusion of a future contract on the establishment of easement No. M5000/O/2020/0002 (G3539/71/2020/10/010) – in effect from 12 May 2020 for an indefinite period of time

Contract for work No. M5300/P/2020/0021 (V4030/PRE/I/01/2020/035) – in effect from 20 May 2020 to 31 July 2020

Contract for work No. M6100/P2020/0059 (V4030/PRE/I/01/2020/021) – in effect from 30 March 2020 to 31 October 2020

Contract for work No. V4030/PREs/01/2020/022 - in effect from 9 April 2020 to 30 June 2020

Contract for work M6100/P2020/0061 (V4030/PRE/I/01/2020/002) – in effect from 13 January 2020 to 28 February 2020

Contract for work M6100/P2020/0062 (V4030/PRE/I/01/2020/001) – in effect from 13 January 2020 to 28 February 2020

Contract for work No. M6100/P2020/0074 (V4030/PRE/I/01/2020/042) – in effect from 5 June 2020 to 31 July 2021, as amended

Contract for work No. M6100/P2020/0155 (V4030/PRE/I/01/2020/052) – in effect from 29 July 2020 to 30 November 2020

Contract for work No. M6100/P2020/0162 (V4030/PRE/I/01/2020/053) – in effect from 29 July 2020 to 30 November 2020

Contract for work No. M6100/P2020/0164 (V4030/PRE/I/01/2020/074) – in effect from 6 October 2020 to 30 November 2020

General purchase contract No. V4000/PRE/2019/031 – in effect from 11 October 2019 to 11 October 2023 (for 4 years from the date of its conclusion)

Contract for work M6100/P2020/0060 (V4030/PRE/I/01/2020/020) – in effect from 9 April 2020

Contract on cash pooling ZBA/2019/13 (M5000/0/2020/0003) – in effect from 13 February 2020 for an indefinite period of time

Contract for work No. M6100/P2020/0141 (V4030/PRE/I/01/2019/049) – in effect from 4 September 2019 to 31 January 2020

5 contracts on electricity supply from renewable source – in effect from 1 January 2020 to 31 December 2020

34 orders on work on electric equipment

iii) Contracts between PRE and eYello

Sub-licence contract No. G4009/2012/004 – in effect from 19 December 2012 to 5 November 2020, as amended

Sub-licence contract No. G4009/2019/001 – in effect from 16 January 2019 for an indefinite period of time

General contract for work No. PG3530/06/NS2128/00199 – in effect from 31 May 2013 to 31 March 2021, as amended

Contract on the provision of short-term loans No. G3160/EYELLO-KR U/2005/03 – in effect from 30 November 2005 for an indefinite period of time, as amended

General contract on electricity supply No. G4100/2014/0043 – in effect from 1 January 2014 for an indefinite period of time, as amended

Contract on gas supply – in effect from 1 October 2015 for an indefinite period of time, as amended

Contract on marketing costs allocation No. G4000/2014 (C00203/0010) – in effect from 1 July 2014 for an indefinite period of time, as amended

Contract on the provision of services No. P/Y/19, Contract on personal data processing – in effect from 1 January 2019 to 31 December 2022

Contract on operational cash transfer No. G3160/POKLADYELLO/2017/03 – in effect from 17 February 2017 for an indefinite period of time

Contract on the administration of the software service ILQpay – in effect from 4 April 2019 for an indefinite period of time

iv) Contracts between PRE and KORMAK

Contract on data security and protection and on general rules of mutual cooperation – in effect from 11 April 2016 for an indefinite period of time

Contract on the provision of short-term loans – in effect from 22 April 2016 for an indefinite period of time, as amended

Contract on the provision of services No. P/K/19, Contract on personal data processing – in effect from 1 January 2019 to 31 December 2022

Contract on the transfer of rights to use licences No. G3400/4930 – in effect from 7 October 2019 for an indefinite period of time

Contract on the assignment of licence contract to SW ABRA – in effect from 1 May 2019 for an indefinite period of time

Contract on the assignment of licence contract to SW MISYS – in effect from 22 August 2019 for an indefinite period of time

Contract on the assignment of licence contract to SW Daisy Bizon – in effect from 29 August 2019 for an indefinite period of time

84 contracts/orders for planning and construction work

v) Contracts between PRE and PREs

Contract on the provision of services No. P/Ps/19, Contract on the provision of services Ps/P/19, Contract on personal data processing – in effect from 1 January 2019 to 31 December 2022, as amended

Contract on the provision of short-term loans No. G3160/KORN-KRD U/2016/02 – in effect from 22 April 2016 for an indefinite period of time

Contract on long-term loan No. 1/2016 – in effect from 20 July 2016 for a definite period of time, till 29 July 2026

Contract on long-term loan No. 1/2017 – in effect from 30 March 2017 for a definite period of time, till 10 April 2027

Contract on join gas supply services No. 30005831 – in effect from 20 September 2016 for an indefinite period of time

Contract on join gas supply services No. 30005832 – in effect from 20 September 2016 for an indefinite period of time

Contract on join gas supply services No. 30008435 – in effect from 28 August 2017 for an indefinite period of time

Contract on the lease of office HR 4 No. V4020/NO/05/2019/43960 – in effect from 1 January 2019 for an indefinite period of time, as amended

Contract on the lease of building A Novovysočanská No. V4020/NV/03/2019/43672 – in effect from 1 January 2019 for an indefinite period of time

Contract on the lease of office HR19 No. G3530/NO/01/2018/43304 – in effect from 1 January 2019 for an indefinite period of time

Lease contract for Holešovice-doprava No. G3530/NO/03/2018/43305 – in effect from 1 January 2019 for an indefinite period of time

Contract on the lease of a garage PREservisní, No. G3530/NO/05/2018/43303 – in effect from 1 January 2019 for an indefinite period of time

Contract on the lease of offices Svornost, No. G3530/NO/07/2018/43326 – in effect from 1 January 2019 for an indefinite period of time

Contract on operational cash transfer No. G3160/POKLAD_SERV/2019/01 – in effect from 2 January 2019 for an indefinite period of time

Contract on the use of vehicles No. V4000/PRESERV/2019/034 – in effect from 1 January 2019 to 31 December 2022

vi) Contracts between PRE and PREzak

Contract on the provision of services No. P/Pz/19, Contract on the provision of services Pz/P/19, Contract on personal data processing – in effect from 1 January 2019 to 31 December 2022

Lease contract No. PRE G3530/NO/05/2017/39928 – in effect from 1 January 2018 for an indefinite period of time

Lease contract No. G3530/NO/00/2017/39637 – in effect from 1 January 2018 for an indefinite period of time

Lease contract No. G3530/NO/01/2017/39628 – in effect from 1 January 2018 for an indefinite period of time, as amended
Lease contract No. G3530/NO/05/2018/40194 – in effect from 1 January 2018 for an indefinite period of time, as amended
Lease contract No. G3530/NO/07/2018/40197 – in effect from 1 January 2018 for an indefinite period of time
Sub-lease contract No. G3530/NO/03/2018/40198 – in effect from 1 January 2018 for an indefinite period of time, as amended
Sub-lease contract No. G3530/NO/03/2018/40199 – in effect from 1 January 2018 for an indefinite period of time, as amended
Sub-lease contract No. G3530/NO/03/2018/40883 – in effect from 1 March 2018 for an indefinite period of time, as amended
Sub-lease contract No. G3530/NO/06/2018/40214 – in effect from 1 January 2018 to 31 March 2021, as amended
Sub-lease contract No. G3530/NO/06/2018/40215 – in effect from 1 January 2018 to 31 March 2021, as amended
Sub-lease contract No. G3530/NO/06/2018/40216 – in effect from 1 January 2018 to 31 March 2021.
Sub-lease contract No. G3530/NV/09/2019/46631 – in effect from 1 September 2019 for an indefinite period of time
Sub-lease contract No. G3530/NO/06/2019/46343 – in effect from 1 September 2019 for an indefinite period of time
Contract on operational cash transfer – in effect from 30 January 2018 for an indefinite period of time
Contract on the provision of short-term loans – in effect from 18 December 2017.

vii) Contracts between PRE and Voltcom

Lease contract and sub-lease contract of a part of real estate No. 560/15 – in effect from 28 December 2006 for an indefinite period of time
Contract on telephone equipment use and the re-charging of costs of telephone lines use No. 1501 – in effect from 21 April 2008 for an indefinite period of time, as amended
Contract on data security and protection and on general rules of mutual cooperation – in effect from 1 June 2017 for an indefinite period of time
Contract for work of a fast-charging station No. V4030/PRE/01/2019/080 – in effect from 25 November 2019 to 30 January 2020, as amended
Contract for work No. V4030/PREs/01/2020/046 – in effect from 17 June 2020 to 30 August 2020

IV. Contracts concluded by PRE with the other PRE Group companies

i) Contracts between PRE and PRE FVE Světlík

Contract on loan – in effect from 30 November 2017 to 28 November 2027
Contract on electricity supply No. SVE/2017/0013 – in effect from 31 May 2018 for an indefinite period of time

ii) Contracts between PRE and PREnetcom

Lease contract No. G3530/NO/05/2017/40195 – in effect from 1 January 2018 for an indefinite period of time, as amended
Contract on the provision of short-term loans No. PS/N90/2049034 – in effect from 6 February 2018 for an indefinite period of time
Contract on the assignment of contract to CETIN No. PS/N90/1946183 – in effect from 1 July 2019 for an indefinite period of time
Contract on the assignment of contract to TELCO No. PS/N90/1946188 – in effect from 1 July 2019 for an indefinite period of time
Contract on the assignment of contract to T-Mobile No. PS/N90/1946202 – in effect from 1 June 2019 for an indefinite period of time
Contract on the provision of services No. PS/N90/1944030 and No. P/Pn/19 – in effect from 1 January 2019 to 31 December 2022
Contract No. ZBA/2005/36 on the provision of physical unidirectional cash pooling, as amended – in effect from 1 December 2005 to 12 February 2020
Contract on joint gas supply services No. PS/N90/2049269 – in effect from 20 March 2020 for an indefinite period of time
Contract for work No. PS/N90/2049785 – in effect from 26 June 2020 to 31 July 2020
Contract on the assignment of contract – in effect from 1 March 2019 for an indefinite period of time
3 contract assignment agreements – in effect from 1 July 2019 for an indefinite period of time
4 contract assignment agreements – in effect from 1 January 2019 for an indefinite period of time

iii) Contracts between PRE and Solarinvest

Contract on short-term loans No. G3160/SIGE_KR_UV2//2019/03 – in effect from 1 April 2019 for an indefinite period of time

Contract on long-term loan 1/2018 No. G3160/SIGE_VSU1/2018/01 – in effect from 21 May 2018 to 31 January 2025

Contract on intragroup loan No. G3160/SIGE_VSU1/2019/02 – in effect from 23 April 2019 to 2 May 2023

Contract on long-term loan 2/2019 No. G3160/SIGE_VSU2/2019/05 – in effect from 30 July 2019 to 31 July 2023

Contract on long-term loan 3/2020 No. G3160/VSU3/2020/09 – in effect from 11 September 2020 to 15 August 2028

iv) Contracts between PRE, PREdi and PREnetcom

General contract on the provision of services between PRE, PREdi and PREnetcom No. PS20000019/010 – in effect from 1 January 2019 to 31 December 2048

v) Contracts between PRE and Frontier

Contract on the provision of counselling services No. G3220/2019/048 – in effect from 20 September 2019 for an indefinite period of time

Contract on personal data processing No. G3220/2019/049 – in effect from 19 September 2019 for an indefinite period of time

Contract on short-term loans No. G3160/FT_KRD_UV/2019/04 – in effect from 1 April 2019 for an indefinite period of time

Contract on the provision of physical unidirectional cash pooling No. ZBA/2019/02 – in effect from 20 March 2019 for an indefinite period of time

Contract on cooperation on the provision of energy services – in effect from 1 March 2020 to 31 December 2021, as amended

Contract on the provision of expert services in the area of protection of personal data No. G 10100/2020/003 – in effect from 1 August 2020 for an indefinite period of time

Contract on the provision of expert services in the area of the management system implementation No. G10100/2020/004 – in effect from 1 August 2020 for an indefinite period of time

Contract for work to refurbish lighting of offices in building E on Svornosti 19, No. V4030/PRE/I/01/2020/069 – in effect from 21 September 2020 to 15 November 2020

Contract for work – refurbishing the lighting system in the Edison hall, ground floor of building B on Na Hroudě 1492/4, No. V4030/PRE/I/01/2020/109 – in effect since 30 November 2020 to 28 February 2021

Contract for work – supply of lights for the refurbishing of the lighting system of the shared areas on Na Hroudě 19, No. V4030/PRE/I/01/2020/095 – in effect since 6 November 2020 to 31 December 2020

Agreement on power of attorney (energy services) – in effect from 5 June 2020 to 31 December 2020

Purchase contract "Polygon" – in effect from 10 December 2019 to 17 February 2020

vi) Contracts between PRE and PRE VTE Částkov

General contract on the provision of short-term loans No. G3160/CAST_KRDUV/2020/08 – in effect from 14 July 2020 for an indefinite period of time

V. Contracts between PRE subsidiaries

i) Contracts between PREdi and PREm

Contract on the provision of services No. PS20000019/006, M5000/O/2019/0001 – in effect from 18 December 2018 to 31 December 2022

Contract on the supply of defunct metering equipment No. S252007/003, C00261/06 – in effect from 30 December 2006 for an indefinite period of time

Contract on the supply of used metering equipment No. S252007/004, C00260/06 – in effect from 30 December 2006 for an indefinite period of time

Contract for work No. P20006/19, C00203/06 – in effect from 1 March 2006 for an indefinite period of time, as amended

Contract on the lease of land No. N21110/016, C00418/10 – in effect from 1 April 2010 to 31 December 2030

Contract on the lease of land No. NO21110/004, C00438/10 – in effect from 1 September 2010 to 31 December 2030

Contract on the lease of land No. N21110/039, C00436/10 – in effect from 1 October 2010 to 31 December 2035, as amended

Contract on the lease of a part of real estate No. NO21110/005, C00439/10 – in effect from 1 October 2010 to 31 December 2035, as amended

Contract on the supply of metering equipment No. KV/S25/1843480, M5400/RS/2018/0005 – in effect from 1 January 2019 to 31 December 2022

10 contracts on the cooperation on performing work on unmeasured parts of electricity consumption equipment

Contract on the lease of a part of real estate No. PS20000013/038, C00627/13 – in effect from 1 March 2013 for the time of the effect of the above-listed contracts

Contract on the provision of distribution system services from MV and HV with the operator of local distribution system No. 80003131 (M6100/E/2016/0126) – in effect from 15 November 2016 for an indefinite period of time

Contract on the establishment of easement No. VV/G33/12987/1841915 – in effect from 9 April 2018 for an indefinite period of time

2 contracts on the purchase of movable assets (electric bike)

6 orders on the installation of separator machines

Contract for work to construct the 110/22 kV Karlov transformer station – renovation of a parking lot No. IS/S24/2050544 – in effect since 20 July 2020, as amended

ii) Contracts between PREdi and eYello

General contract on electricity distribution to consumption points of the electricity trader's customers No. SOD/10390 – in effect from 16 November 2012 for an indefinite period of time

iii) Contracts between PREdi and PREzak

Contract on the provision of services No. PS20000019/013, Pz/Pd/19, Contract on the provision of services – in effect from 1 January 2019 to 31 December 2022

iv) Contracts between PREdi and Kormak

Contract on work – provision of expert services in the network of PREdistribuce, a.s., No. PS23000117/002 – in effect from 1 February 2017 for an indefinite period of time

Contract of mandate to contract No. PS23000117/002 – in effect from 1 December 2017 for an indefinite period of time

Contract for work – graphic and drawing documentation No. PS21002012/004 – in effect from 15 February 2012 for an indefinite period of time

Contract on personal data processing No. PS27200018/010 – in effect from 6 January 2009 for an indefinite period of time

Contract on data protection (execution) No. PS27200019/011 – in effect from 7 October 2019 for an indefinite period of time

Contract on the cooperation on performing work on unmeasured parts of electricity consumption equipment – in effect from 29 February 2016 to 2023, or until the cooperating partner's certificate expires

Lease contract – supply contract No. NV/S24/1946371 – in effect from 11 July 2019 to 16 September 2022

General contract on the provision of services No. PS20000019/012 – in effect from 1 January 2019 to 31 December 2022

Contract on the provision of dispatcher control services and handling No. PS23330220/011 – in effect from 1 January 2020 to 31 December 2020

1 contract for work on the provision of design and engineering services for the repairs of distribution system equipment

2 contracts for work on carrying out repairs of distribution network

97 contracts for work on the provision of design and engineering services for the construction of distribution system equipment

116 contracts for work on carrying out construction of distribution system equipment

v) Contracts between PREdi and PREs

Contract on the provision of services No. PS20000019/015 – in effect from 1 January 2019 to 31 December 2022

vi) Contracts between PREdi and Voltcom

General contract on work and contract on the provision of services No. PS20000019/046 – in effect from 1 May 2019 to 31 December 2023
Contract on personal data processing No. PS27200019/2019/012 – in effect from 16 December 2019 for an indefinite period of time
Contract on the cooperation on performing work on unmeasured parts of electricity consumption equipment No. PS27200019/013 – in effect from 17 December 2019 to 20 November 2024, or until the cooperating partner's certificate expires
Contract on the provision of maps No. PS21002011/005 – in effect from 21 December 2010 for an indefinite period of time
Contract for work – earthing measurements No. PS23320119/009 – in effect from 2 January 2019 to 31 December 2020
Contract on work – provision of design and engineering services No. 99/S24/PR/1946936 – in effect from 25 October 2019 to 30 March 2020 for a relocation project for HV
Contract for work No. PO/S21/2050990 – repairs of the placing and anchoring of 110 kV cables of the entire Jih cable tunnel – in effect from 23 September 2020 to 15 December 2020
Contract for work No. PO/S21/2049186 – repairs of communications structure of the 110/22 kV Smíchov transformer station – in effect from 9 April 2020 to 30 April 2020
Contract for work No. PO/S21/2048450 – repairs of earthing of distribution equipment – in effect from 24 February 2020 to 31 December 2020, as amended
Contract for work No. PO/S21/2048410 – repairs of earthing of a 110/22 kV transformer station – in effect from 24 February 2020 to 30 September 2020, as amended
Contract for work No. PS23320120/001 – inspection of 1 kV cables within the Rules of preventive maintenance – in effect from 2 January 2020 to 31 December 2020
Contract for work No. PS23320120/008 – corrective repairs of electronical and locking structures of 22/0.4 kV distribution transformer stations, transmission stations and 110/22 kV transformer stations – in effect from 2 January 2020 to 31 December 2020
Long-term contract on the provision of dispatcher control services and handling No. PS23330220/001 – in effect from 1 January 2020 to 31 December 2020
5 contracts for work on the provision of design and engineering services for the construction of distribution system equipment
24 contracts for work on carrying out repairs of distribution network
124 contracts for work on the provision of design and engineering services for the construction of distribution system equipment
77 contracts for work on carrying out construction of distribution system equipment

vii) Contracts between Kormak and PREs

3 contracts on the lease of non-residential premises for business
Contract on the provision of services No. V3000/PRESERV/2019/011 – in effect from 1 January 2019 to 31 December 2022
Contract for work No. V4030/PREs/01/2019/071 – in effect from 10 October 2019 to 31 January 2020
Contract for work No. V4030/PREs/01/2019/072 – in effect from 10 October 2019 to 31 January 2020
Contract for work No. V4030/PREs/01/2020/076 – in effect from 1 October 2020 to 28 February 2021.
Contract for work No. V4030/PREs/01/2020/077 – in effect from 6 October 2020 to 15 November 2020

viii) Contracts between Kormak and PREm

General contract on work on the provision of servicing of transformer station No. C00517/11 – in effect from 22 September 2011 for an indefinite period of time
Contract on stand-by for charging stations No. M6100/P/2017/0094 – in effect from 1 August 2017 for an indefinite period of time
3 orders of the installation of charging stations
Annual order No. OP20200036 – certification of measuring instruments

ix) Contracts between Voltcom and PREm

1 annual contract/order on measuring transformer stations and electricity meters

x) Contracts between PREzak and eYello

Contract on the provision of services No. Pz/Y/19, Contract on personal data processing – in effect from 1 January 2019 to 31 December 2022

xi) Contracts between PREzak and PREs

Contract on the provision of services No. Ps/Pz/19, Contract on personal data processing – in effect from 1 January 2019 to 31 December 2022

xii) Contracts between PREs and PREm

Contract on the provision of services No. V3000/PRESERV/2019/007, Ps/Pm/19, Contract on personal data processing – in effect from 1 January 2019 to 31 December 2022

Contract for work No. V4030/PREs/01/2020/040 – in effect from 4 June 2020 to 31 July 2020

Contract for work No. V4030/PREs/01/2020/072 – in effect from 14 September 2020 to 30 September 2020

Contract for work No. V4030/PREs/01/2020/049 – in effect from 7 July 2020 to 31 December 2020

Contract for work No. V4030/PREs/01/2020/108 – in effect from 1 December 2020 to 30 September 2021

xiii) Contracts between PREzak and PREm

Contract on the provision of services No. Pz/Pm/19 (M5000/O/2019/0006), Contract on personal data processing – in effect from 1 January 2019 to 31 December 2022

xiv) Contracts between PREzak and PREdi

Contract on the provision of services No. Pz/Pd/19, Contract on personal data processing – in effect from 1. January 2019 to 31 December 2022

xv) Contracts between PREs and eYello

Contract on the provision of services No. Ps/Y/19 (V3000/PRESERV/2019/010), Contract on personal data processing – in effect from 1 January 2019 to 31 December 2022

VI. Contracts between PRE subsidiaries and their subsidiaries

i) Contracts between PREm and PRE FVE Světlík

Contract on the provision of services – servicing of photovoltaic power plants No. M6100/O/2019/0015 – in effect from 1 January 2019 to 31 December 2022

Order in order to repair meters No. OV/2020/0001, dated 27 November 2020

ii) Contracts between PREdi and PREnetcom

Contract on the assignment of contract No. PS20000019/021 – in effect from 1 February 2019 (contract for work No. 8237/98 – service from 28 July 1998, as amended)

Contract for work No. PS20000019/028 – in effect from 24 April 2019 to 30 June 2022, as amended

Contract on personal data processing No. PS20000019/051 – in effect from 24 April 2019 to 31 December 2022

Lease contract No. NO/S21/1943803 – in effect from 1 January 2019 for an indefinite period of time

Contract on work - provision of design and engineering services No. IP/S24/2050928 – Optical network, Nusle pilot project – in effect from 10 September 2020 to 30 September 2020

Contract on work No. IS/S24/2051815 – Optical network, Nusle pilot project – in effect from 11 November 2020 to 15 August 2021

iii) Contracts between PREm and Solarinvest

General purchase contract No. M6100/RS/2018/0060 – in effect from 28 May 2018 for an indefinite period of time, as amended

Servicing contract No. M6100/SE/2018/0062 – in effect from 1 June 2018 for an indefinite period of time

Agency contract No. M6100/O/2018/0113 – in effect from 23 July 2018 for an indefinite period of time

Contract on personal data processing No. M6100/O/2016/0090 – in effect from 1 September 2016 for an indefinite period of time

Contract on personal data processing No. M6100/O/2018/0114 – in effect from 23 July 2018 for an indefinite period of time

Contract on material purchasing No. M6100/RS/2016/0055 – in effect from 14 July 2016 for an indefinite period of time

Contract on the sale of batteries No. M6100/K/2017/0130 – in effect from 3 November 2017 for an indefinite period of time

Contract on the execution of the construction of photovoltaic power plants M6100/RS/2016/0088 – in effect from 1 September 2016 for an indefinite period of time

Contract on the servicing of the Hořovice, Hrouda and Jinonice photovoltaic power plants No. M6100/SE/2018/0062 – in effect from 1 June 2018 for an indefinite period of time

Contract on the completion of the Chudek photovoltaic power plant No. M6100/DOD/OBJ/2018/0137 – in effect from 15 August 2018 for an indefinite period of time

Contract on the construction of the Nad Mokřinou photovoltaic power plant No. M6100/DOD/OBJ/2018/0160 – in effect from 14 September 2018

Contract on the construction of the Horní Počernice photovoltaic power plant No. M6100/DOD/OBJ/2018/0180 – in effect from 31 October 2018

Contract on the construction of the Za Dvorem photovoltaic power plant No. M6100/DOD/OBJ/2018/0196 – in effect from 5 November 2018

Contract for work No. M6100/2020 – in effect from 29 June 2020 to 15 July 2020

Contract for work No. M6100/2020 – in effect from 15 September 2020 to 29 September 2020

iv) Contracts between PREm and PRE VTE Částkov

Contract on the provision of services No. M5000/O/2020/0001 – in effect from 1 January 2020 to 31 December 2022

6 orders for the maintenance of the wind farm

4. REVIEW OF WHETHER THE CONTROLLED ENTITY INCURRED DAMAGE AND A REVIEW OF ITS SETTLEMENT

Neither PRE nor its controlled entities have incurred any damage from the relations with the controlling entities or the entities controlled by any of the controlling entities or from the above-mentioned contractual relationships. Transactions arising from the above-mentioned contractual relationships are agreed in prices usual for the given contract type at the place and time; no preferential treatment is provided to one party or the other.

5. ADVANTAGES AND DISADVANTAGES ARISING FROM THE RELATIONS BETWEEN THE CONTROLLED ENTITY AND THE CONTROLLING ENTITY AND BETWEEN THE CONTROLLED ENTITY AND THE ENTITIES CONTROLLED BY THE CONTROLLING ENTITY, AND THE RISKS THAT ARISE FROM THEM; INFORMATION ON THE POTENTIAL SETTLEMENT OF DAMAGE INFORMATION ON THE POSSIBLE SETTLEMENT OF DAMAGE.

PRE has not incurred any damage or faced any risks beyond the degree usual in business relations between independent entities resulting from the relations with the controlling entities or the entities controlled by any of the controlling entities, or from the above-mentioned contracts.

The cooperation between PRE and the controlling entities and their controlled entities brings considerable advantages to PRE thanks to the acquired know-how and numerous synergies, which PRE can also achieve. In particular, PRE has access to the knowledge and experience of the EnBW corporate group, as well as to the technology used and the advantages it brings. There are no disadvantages arising for PRE from cooperation within the corporate group.

The Board of Directors, as the statutory body of PREdi, declares that the data contained in this Report on Relations are correct and complete and that the procedure of drawing up the Report on Relations according to Section 82 et seq. of the Business Corporations Act made full use of all the information and data which the statutory body has at its disposal and which it has ascertained acting with due diligence.

In Prague, 11 February 2021

Signed by	Signed by
Pavel Elis	**Alexander Sloboda**
Chairperson of the Board of Directors	Vice-chairperson of the Board of Directors

APPENDIX NO. 1 TO THE REPORT ON RELATIONS OF PRE FOR 2020

Controlled and connected entities of EnBW (as of 31. 12. 2020)

SALES

Fully consolidated companies

BroadNet Deutschland GmbH, Köln/Germany
ED GrünSelect GmbH, Rheinfelden/Germany
ESD Energie Service Deutschland GmbH, Offenburg/Germany
EnBW Energy Factory GmbH, Stuttgart/Germany (formerly Watt Synergia GmbH, Frankfurt am Main/Germany)
EnBW Mainfrankenpark GmbH, Dettelbach/Germany
EnBW Telekommunikation GmbH, Karlsruhe/Germany (formerly EnBW Omega Zweiundfünfzigste Verwaltungsgesellschaft mbH, Karlsruhe/Germany)
EnBW Urbane Infrastruktur GmbH, Karlsruhe/Germany (formerly. EnBW Omega Dreiundneunzigste Verwaltungsgesellschaft mbH, Karlsruhe/Germany)
EnBW Vertriebsbeteiligungen GmbH, Stuttgart/Germany
G.EN. Gaz Energia Sp. z o.o., Tarnowo Podgórne/Poland
GasVersorgung SüdGermany GmbH, Stuttgart/Germany
Gasversorgung Unterland GmbH, Heilbronn/Germany
Gemeinschaftsheizkraftwerk Fortuna GmbH, Düsseldorf/Germany (formerly energieNRW GmbH, Düsseldorf/Germany)
HEV Hohenloher Energie Versorgung GmbH, Ilshofen/Germany
Interconnector GmbH, Karlsruhe/Germany
NaturEnergie+ Germany GmbH, Mühlacker/Germany
PREservisní, s.r.o., Prague/Czech Republic (formerly KORMAK nemovitosti s.r.o., Prague/Czech Republic)
PREzákaznická, a.s., Prague/Czech Republic
Plusnet GmbH, Cologne/Germany
Plusnet Infrastruktur GmbH & Co. KG, Cologne/Germany
RBS wave GmbH, Stuttgart/Germany
SENEC GmbH, Leipzig/Germany (formerly Deutsche Energieversorgung GmbH, Leipzig/Germany)
Sales & Solutions GmbH, Stuttgart/Germany
VNG-Erdgascommerz GmbH, Leipzig/Germany
VOLTCOM, spol. s r.o., Prague/Czech Republic
Ventelo GmbH, Cologne/Germany
Yello Strom GmbH, Cologne/Germany
ZEAG Immobilien GmbH & Co. KG, Heilbronn/Germany
bmp greengas GmbH, München/Germany
eYello CZ, k. s., Prague/Czech Republic
goldgas GmbH - Ö, Vienna/Austria
goldgas GmbH, Eschborn/Germany
WTT CampusONE GmbH, Ludwigsburg/Germany
Erdgas Südwest GmbH, Karlsruhe/Germany
NetCom BW GmbH, Ellwangen/Germany
LIV-T GmbH, München/Germany
Messerschmid Energiesysteme GmbH, Bonndorf/Germany

TRITEC AG, Aarberg/Switzerland

SMATRICS mobility+ GmbH, Vienna/Austria

winsun AG, Steg-Hohtenn/Switzerland

Pražská energetika, a.s., Prague/Czech Republic

Related but unconsolidated companies

010052 Telecom GmbH, Cologne/Germany

10088 Telecom GmbH, Cologne/Germany

010090 GmbH, Cologne/Germany

01012 Telecom GmbH, Cologne/Germany

01052 Communication GmbH, Cologne/Germany

01098 Telecom GmbH, Cologne/Germany

Broadnet Services GmbH, Cologne/Germany

F&Q Netzbetriebs GmbH & Co. KG, Cologne/Germany

NatürlichEnergie Swiss NES GmbH, Laufenburg/Switzerland

Plusnet Verwaltungs GmbH, Cologne/Germany

Q-DSL home GmbH, Cologne/Germany

Q-Süd Immobilien Verwaltungs GmbH, Heilbronn/Germany (formerly EnBW Omega 111. Verwaltungsgesellschaft mbH, Karlsruhe/Germany)

SENEC Cloud s.r.l., Rome/Italy

SENEC Italia s.r.l., Rome/Italy

T & Q Netzbetriebs GmbH & Co. KG, Cologne/Germany

VNG ViertelEnergie GmbH, Leipzig/Germany

VNG-Erdgastankstellen GmbH, Leipzig/Germany

Yello Solar GmbH, Karlsruhe/Germany

ZEAG Immobilien Verwaltungsgesellschaft mbH, Heilbronn/Germany

mobility + Beteiligungs GmbH, Karlsruhe/Germany (formerly EnBW Omega 112. Verwaltungsgesellschaft mbH, Karlsruhe/Germany)

EnBW mobility+ AG & Co. KG, Karlsruhe/Germany

BEN Fleet Services GmbH, Karlsruhe/Germany

twist mobility GmbH, Stuttgart/Germany

fonial GmbH, Cologne/Germany

Senec Australia PTY Ltd., Sorrento/Australia (formerly Thinking Beyond Pty Ltd, Mount Claremount/Australia)

Energieversum GmbH & Co. KG, Gütersloh/Germany

Stromvertrieb Backnang Verwaltungs GmbH, Backnang/Germany

grünES GmbH, Esslingen am Neckar/Germany

Energie- und Medienversorgung Sandhofer Straße Verwaltungs GmbH i.L., Mannheim/Germany

Energie- und Medienversorgung Sandhofer Straße GmbH & Co. KG i.L., Mannheim/Germany

Companies consolidated at equity

MITGAS Mitteldeutsche Gasversorgung GmbH/Germany

Joint ventures

- effizienzcloud GmbH, Leipzig / Germany
- AutenSys GmbH, Karlsruhe / Germany
- backnangstrom GmbH & Co. KG, Backnang / Germany (formerly Stromvertrieb Backnang GmbH & Co. KG, Backnang / Germany)
- CleverShuttle Düsseldorf GmbH, Düsseldorf / Germany
- Regionah Energie GmbH, Munderkingen / Germany
- my-e-car GmbH, Lörrach / Germany
- Einhorn Energie GmbH & Co. KG, Giengen an der Brenz / Germany
- Einhorn Energie Verwaltungsgesellschaft mbH, Giengen an der Brenz / Germany
- Stadtwerke Freiberg a.N. GmbH, Freiberg am Neckar / Germany
- iQ-Gesellschaft für integrierte Quartierslösungen mbH, Ravensburg / Germany
- Gasversorgung Pforzheim Land GmbH, Pforzheim / Germany
- Sautter PE GmbH, Ellhofen / Germany
- Silphienergie GmbH, Ostrach / Germany (formerly Biomethangas Hahnennest GmbH, Ostrach / Germany)
- caplog-x GmbH, Leipzig / Germany
- Visp Infra AG, Visp / Switzerland
- Tender365 GmbH, Leipzig / Germany
- IDR Infrastrukturdienste Raron AG, Raron / Switzerland
- espot GmbH, Stuttgart / Germany
- Tempus s.r.l., Torri di Quartesolo / Italy
- Korbacher Energiezentrum GmbH & Co. KG, Korbach / Germany
- Gemeinschaft für Energieeffizienz GmbH, Düsseldorf / Germany
- BSH GmbH & Co. KG, Bad Königshofen i. Grabfeld / Germany
- Energieagentur Heilbronn GmbH, Heilbronn / Germany
- Stadt- und Überlandwerke GmbH Luckau-Lübbenau, Luckau / Germany
- EDSR Energiedienste Staldenried AG, Staldenried / Switzerland

NETWORKS

Fully consolidated companies

- ED Netze GmbH, Rheinfelden / Germany
- EVGA Grundstücks- und Gebäudemanagement GmbH & Co. KG, Obrigheim / Germany
- EnBW Kommunale Beteiligungen GmbH, Stuttgart / Germany
- EnBW Netze BW Beteiligungsgesellschaft mbH, Stuttgart / Germany (formerly EnBW Omega Siebzigste Verwaltungsgesellschaft mbH, Stuttgart / Germany)
- EnBW REG Beteiligungsgesellschaft mbH, Stuttgart / Germany
- FRONTIER TECHNOLOGIES, s. r. o., Prague / Czech Republic
- Gas-Union Transport GmbH, Frankfurt am Main / Germany
- KORMAK Praha a. s., Prague / Czech Republic
- NHF Netzgesellschaft Heilbronn-Franken mbH, Heilbronn / Germany
- NHL Netzgesellschaft Heilbronner Land GmbH & Co. KG, Heilbronn/Germany
- NWS Grundstücksmanagement GmbH & Co. KG, Obrigheim / Germany
- NWS REG Beteiligungsgesellschaft mbH, Stuttgart / Germany

Netze BW Wasser GmbH, Stuttgart / Germany
Netze Regional GmbH, Stuttgart / Germany (formerly Netze BW Omega 1 GmbH, Stuttgart / Germany)
Netze-Gesellschaft Südwest mbH, Karlsruhe / Germany
Netzgesellschaft Düsseldorf mbH, Düsseldorf / Germany
Netzgesellschaft Ostwürttemberg DonauRies GmbH, Ellwangen Jagst / Germany
ONTRAS Gastransport GmbH, Leipzig / Germany
PREdistribuce, a. s., Prague / Czech Republic
PREměření, a. s., Prague / Czech Republic
PREnetcom, a. s., Prague / Czech Republic
Q-Süd Gewerbe GmbH & Co. KG, Heilbronn / Germany
Q-Süd Wohnen GmbH & Co. KG, Heilbronn / Germany
TransnetBW GmbH, Stuttgart / Germany
TransnetBW SuedLink GmbH & Co. KG, Stuttgart / Germany (formerly Konverter Ultranet GmbH & Co. KG, Stuttgart / Germany)
ZEAG Engineering GmbH, Heilbronn / Germany (formerly Technologie Service Heilbronn GmbH, Heilbronn / Germany)
terranets bw GmbH, Stuttgart / Germany
EnBW Ostwürttemberg DonauRies AG, Ellwangen / Germany
ZEAG Energie AG, Heilbronn / Germany
Netze BW GmbH, Stuttgart / Germany
Stadtwerke Düsseldorf AG, Düsseldorf / Germany
Stromnetzgesellschaft Heilbronn GmbH & Co. KG, Heilbronn / Germany
Neckar Netze GmbH & Co. KG, Esslingen am Neckar / Germany

Related but unconsolidated companies

Elektrizitätswerk Aach GmbH, Aach / Germany
Energieversorgung Gaildorf OHG der EnBW Kommunale Beteiligungen GmbH und NWS REG Beteiligungsgesellschaft mbH, Gaildorf / Germany
Energieversorgung Raum Friedrichshafen Verwaltungsgesellschaft mbH, Stuttgart / Germany
Energieversorgung Rheinfelden/Grenzach-Wyhlen Verwaltungs GmbH, Rheinfelden / Germany
GDMcom GmbH, Leipzig / Germany (formerly GDMcom Gesellschaft für Dokumentation und Telekommunikation mbH, Leipzig / Germany)
GEOMAGIC GmbH, Leipzig / Germany
MoviaTec GmbH, Leipzig / Germany
NHL Verwaltungs-GmbH, Heilbronn / Germany
Neckar Netze Verwaltungsgesellschaft mbH, Esslingen am Neckar / Germany
OSG ONTRAS Servicegesellschaft mbH, Leipzig / Germany
Transnet BW SuedLink Verwaltungsgesellschaft mbH, Stuttgart / Germany (formerly Konverter Ultranet Verwaltungsgesellschaft mbH, Stuttgart / Germany)
Wärmegesellschaft Heilbronn GmbH, Heilbronn / Germany
INFRACON Infrastruktur Service GmbH & Co. KG, Leipzig / Germany
Rieger GmbH & Co. KG, Lichtenstein, Kreis Reutlingen / Germany
Rieger Beteiligungs-GmbH, Lichtenstein, Kreis Reutlingen / Germany
Elektrizitätswerk Weißenhorn AG, Weißenhorn / Germany
Netze Pforzheim-Region GmbH & Co. KG, Pforzheim / Germany
Gasnetzgesellschaft Laupheim GmbH & Co. KG, Laupheim / Germany
Gasnetzgesellschaft Laupheim Verwaltungs GmbH, Laupheim / Germany
Netzgesellschaft Elz-Neckar GmbH & Co. KG, Obrigheim / Germany

Netzgesellschaft Elz-Neckar Verwaltungs GmbH, Obrigheim / Germany

Stromnetzgesellschaft Albershausen GmbH & Co. KG, Albershausen / Germany

Stromnetzgesellschaft Albershausen Verwaltungs GmbH, Albershausen / Germany

Stromnetzgesellschaft Heilbronn Verwaltungs-GmbH, Heilbronn / Germany

Stromnetzgesellschaft Laupheim GmbH & Co. KG, Laupheim / Germany

Stromnetzgesellschaft Laupheim Verwaltungs GmbH, Laupheim / Germany

Netze Krauchenwies Verwaltungs-GmbH, Krauchenwies / Germany (formerly EnBW Omega 117. Verwaltungsgesellschaft mbH, Karlsruhe / Germany)

Companies consolidated at equity

Stadtwerke Esslingen am Neckar GmbH & Co. KG, Esslingen am Neckar / Germany

Pražská energetika Holding a. s., Prague / Czech Republic

GasLINE Telekommunikationsnetzgesellschaft deutscher Gasversorgungsunternehmen mbH & Co. Kommanditgesellschaft, Straelen / Germany

Zweckverband Landeswasserversorgung, Stuttgart / Germany

Heilbronner Versorgungs GmbH, Heilbronn / Germany

Stuttgart Netze GmbH, Stuttgart / Germany

FairEnergie GmbH, Reutlingen / Germany

Stadtwerke Hilden GmbH, Hilden / Germany

Energieversorgung Rheinfelden/Grenzach-Wyhlen GmbH & Co. KG, Rheinfelden Baden / Germany

Zweckverband Bodensee-Wasserversorgung, Stuttgart / Germany

Stadtwerke Karlsruhe GmbH, Karlsruhe / Germany

Joint ventures

Netzgesellschaft Sontheim GmbH & Co. KG, Sontheim an der Brenz / Germany

Netzgesellschaft Sontheim Verwaltungsgesellschaft mbH, Sontheim an der Brenz / Germany

Netzgesellschaft Steinheim GmbH & Co. KG, Steinheim am Albuch / Germany

Netzgesellschaft Steinheim Verwaltungsgesellschaft mbH, Steinheim am Albuch / Germany

Stromnetz Herrenberg Verwaltungsgesellschaft mbH, Herrenberg / Germany

Stromnetzgesellschaft Herrenberg mbH & Co. KG, Herrenberg / Germany

Stadtwerke Sinsheim Versorgungs GmbH & Co. KG, Sinsheim / Germany

Stadtwerke Sinsheim Verwaltungs GmbH, Sinsheim / Germany

Stromnetz Langenau GmbH & Co. KG, Langenau / Germany

Stromnetz Langenau Verwaltungs-GmbH, Langenau / Germany

Fränkische Wasser Service GmbH, Crailsheim / Germany

Netze Krauchenwies GmbH & Co. KG, Krauchenwies / Germany

Niederrheinisch-Bergisches Gemeinschaftswasserwerk GmbH, Düsseldorf / Germany

Ostalbwasser Ost GmbH, Ellwangen / Germany

Ostalbwasser Service GmbH, Aalen / Germany

Ostalbwasser West GmbH, Schwäbisch Gmünd / Germany

Stadtwerke Schramberg GmbH & Co. KG, Schramberg / Germany

Stadtwerke Schramberg Verwaltungsgesellschaft mbH, Schramberg / Germany

Stromnetzgesellschaft Hechingen GmbH & Co. KG, Hechingen / Germany

Stromnetzgesellschaft Hechingen Verwaltungs GmbH, Hechingen / Germany

Wasserübernahme Neuss-Wahlscheid GmbH, Neuss / Germany
e.wa riss GmbH & Co. KG, Biberach / Germany
e.wa riss Verwaltungsgesellschaft mbH, Biberach / Germany
regioaqua Gesellschaft für Wasser und Abwasser mbH, Rheinfelden / Germany
Stadtwerke Emmendingen GmbH, Emmendingen / Germany
Stromnetz Blaubeuren GmbH, Blaubeuren / Germany
Stadtwerke Esslingen-Verwaltungsgesellschaft mbH, Esslingen am Neckar / Germany
Energie Sachsenheim GmbH & Co. KG, Sachsenheim / Germany
Energie Sachsenheim Verwaltungs-GmbH, Sachsenheim / Germany
Gemeindewerke Bodanrück GmbH & Co. KG, Allensbach / Germany
Gemeindewerke Bodanrück Verwaltungs-GmbH, Allensbach / Germany
LEO Energie GmbH & Co. KG, Leonberg / Germany
Netzgesellschaft Marbach GmbH & Co. KG, Marbach am Neckar / Germany
Rems-Murr Telekommunikation GmbH, Waiblingen / Germany
Stadtwerke Backnang GmbH, Backnang / Germany
Stadtwerke Bad Wildbad GmbH & Co. KG, Bad Wildbad / Germany
Stadtwerke Bad Wildbad Verwaltungs-GmbH, Bad Wildbad / Germany
Stadtwerke Eppingen GmbH & Co. KG, Eppingen / Germany
Energie Calw GmbH, Calw / Germany
Stadtwerke Münsingen GmbH, Münsingen / Germany
Stadtwerke Böblingen GmbH & Co. KG, Böblingen / Germany
Stadtwerke Böblingen Verwaltungs GmbH, Böblingen / Germany
Energieversorgung Südbaar GmbH & Co. KG, Blumberg / Germany
SUEnergie GmbH & Co. KG, Süßen / Germany
SUEnergie Verwaltungs GmbH, Süßen / Germany
Stadtwerke Weinheim GmbH, Weinheim / Germany
Energieversorgung Rottenburg am Neckar GmbH, Rottenburg am Neckar / Germany
EVG Grächen AG, Grächen / Switzerland
EVN Energieversorgung Nikolai AG, St. Niklaus / Switzerland
EVR Energieversorgung Raron AG, Raron / Switzerland
EVWR Energiedienste Visp - Westlich Raron AG, Visp / Switzerland
VED Visp Energie Dienste AG, Visp / Switzerland
Valgrid SA, Sion / Switzerland
Seeallianz GmbH & Co. KG, Markdorf / Germany
Taubernetze GmbH & Co. KG, Tauberbischofsheim / Germany
Taubernetze Verwaltungs-GmbH, Tauberbischofsheim / Germany
ErmstalEnergie Dettingen an der Erms GmbH & Co. KG, Dettingen an der Erms / Germany
Versorgungsbetriebe Dettingen an der Erms Verwaltungs-GmbH, Dettingen an der Erms / Germany
eneREGIO GmbH, Muggensturm / Germany
Regionalnetze Linzgau GmbH, Pfullendorf / Germany
Elektrizitätswerk Mittelbaden AG & Co. KG, Lahr / Germany
Elektrizitätswerk Mittelbaden Verwaltungsaktiengesellschaft, Lahr / Germany
Stadtwerke Bad Herrenalb GmbH, Bad Herrenalb / Germany
Energie- und Wasserversorgung Bruchsal GmbH, Bruchsal / Germany

Stadtwerke Bad Säckingen GmbH, Bad Säckingen / Germany
tktVivaxGmbH, Backnang / Germany (formerly tkt teleconsult Kommunikationstechnik GmbH, Backnang / Germany)
Albwerk GmbH & Co. KG, Geislingen an der Steige / Germany
Albwerk Verwaltungsgesellschaft mbH, Geislingen an der Steige / Germany
Energie Kirchheim unter Teck GmbH & Co. KG, Kirchheim unter Teck / Germany
Energie Kirchheim unter Teck Verwaltungs-GmbH, Kirchheim unter Teck / Germany
Energieversorgung Immenstaad GmbH & Co. KG, Immenstaad am Bodensee / Germany
Energieversorgung Strohgäu GmbH & Co. KG, Gerlingen / Germany
Energieversorgung Strohgäu Verwaltungs GmbH, Gerlingen / Germany
Filderstadt Netze GmbH, Filderstadt / Germany
Gasnetzgesellschaft Schorndorf GmbH & Co. KG, Schorndorf / Germany
Gasnetzgesellschaft Winnenden mbH, Winnenden / Germany
Gasnetzverwaltungsgesellschaft Schorndorf GmbH, Schorndorf / Germany
Gemeindewerke Brühl GmbH & Co. KG, Brühl / Germany
Gemeindewerke Brühl Verwaltungs-GmbH, Brühl / Germany
Gemeindewerke Plüderhausen GmbH, Plüderhausen / Germany
Infrastrukturgesellschaft Plochingen GmbH & Co. KG, Plochingen / Germany
Netzgesellschaft Besigheim GmbH & Co. KG, Besigheim / Germany
Netzgesellschaft Besigheim Verwaltungs GmbH, Besigheim / Germany
Netzgesellschaft Leinfelden-Echterdingen GmbH, Leinfelden-Echterdingen / Germany
Netzgesellschaft Salach GmbH & Co. KG, Salach / Germany
Netzgesellschaft Salach Verwaltungs GmbH, Salach / Germany
Netzgesellschaft Schwetzingen GmbH & Co. KG, Schwetzingen / Germany
Netzgesellschaft Schwetzingen Verwaltungs GmbH, Schwetzingen / Germany
Netzgesellschaft Vaihingen GmbH & Co. KG, Vaihingen an der Enz / Germany
Netzgesellschaft Vaihingen Verwaltungs-GmbH, Vaihingen an der Enz / Germany
Stadtwerke Ellwangen GmbH, Ellwangen / Germany
Stadtwerke Giengen GmbH, Giengen / Germany
Stadtwerke Schwäbisch Gmünd GmbH, Schwäbisch Gmünd / Germany
Stadtwerke Stockach GmbH, Stockach / Germany
Stadtwerke Weinstadt Energieversorgung GmbH, Weinstadt / Germany
Stadtwerke Wiesloch - Strom - GmbH & Co. KG, Wiesloch / Germany
Stromgesellschaft March GmbH & Co. KG, March / Germany
Stromnetzgesellschaft Ebersbach GmbH & Co. KG, Ebersbach an der Fils / Germany
Stromnetzgesellschaft Ebersbach Verwaltungs GmbH, Ebersbach an der Fils / Germany
Stromnetzgesellschaft Östlicher Schurwald GmbH & Co. KG, Rechberghausen / Germany
Stromnetzgesellschaft Östlicher Schurwald Verwaltungs GmbH, Rechberghausen / Germany
Technische Werke Schussental GmbH & Co. KG, Ravensburg / Germany
Technische Werke Schussental Verwaltungsgesellschaft mbH, Ravensburg / Germany
Stromversorgung Sulz am Neckar GmbH, Sulz am Neckar / Germany
Netzeigentumsgesellschaft Rheinstetten GmbH & Co. KG, Rheinstetten / Germany
Stadtwerke Schopfheim GmbH, Schopfheim / Germany
Stadtwerke Wehr GmbH & Co. KG, Wehr / Germany
Stadtwerke Wehr Verwaltungs-GmbH, Wehr / Germany

Energieversorgung Oberes Wiesental GmbH, Todtnau / Germany

Netzgesellschaft Edingen-Neckarhausen GmbH & Co. KG, Edingen-Neckarhausen / Germany

ENRW Energieversorgung Rottweil GmbH & Co. KG, Rottweil / Germany

ENRW Verwaltungs-GmbH, Rottweil / Germany

GASPOOL Balancing Services GmbH, Berlin / Germany

Stadtwerke Sindelfingen GmbH, Sindelfingen / Germany

RENEWABLE SOURCES

Fully consolidated companies

Aletsch AG, Mörel / Switzerland

BALANCE Erneuerbare Energien GmbH, Leipzig / Germany

Barre Energie SARL, Montpellier / France

Biogas Produktion Altmark GmbH, Hohenberg-Krusemark / Germany

Bliekevare Nät AB, Falkenberg / Sweden

Cambert Énergie SARL, Montpellier / France

Centrale Photovoltaïque de Saint Quentin la Tour SAS, Montpellier / France

Centrale Solaire EMA Solar SARL, Montpellier / France

Centrale Solaire des Terres Rouges SARL, Montpellier / France

Centrale Solaire du Sycala SARL, Montpellier / France

Centrale Solaire du Tea Fleury-Merogis SARL, Montpellier / France

Centrales Solaires de l'Isle sur la Sorgue SAS, Montpellier / France

Connected Wind Services A/S, Balle / Denmark

Connected Wind Services Danmark A/S, Balle / Denmark

Connected Wind Services Germany GmbH, Rantrum / Germany

Connected Wind Services Refurbishment A/S, Balle / Denmark

Couffrau Energie SARL, Montpellier / France

Deves Énergie SARL, Montpellier / France

EnAlpin AG, Visp / Switzerland

EnBW Biogas GmbH, Stuttgart / Germany

EnBW France GmbH, Stuttgart / Germany (formerly EnBW Omega Vierundfünfzigste Verwaltungsgesellschaft mbH, Stuttgart / Germany)

EnBW Gnosjö Vind AB, Falkenberg / Sweden (formerly Gnosjö Energi AB, Rabbalshede / Sweden)

EnBW He Dreiht GmbH, Varel / Germany

EnBW Holding A.S., Gümüssuyu-Istanbul / Turkey

EnBW NAG-Beteiligungsgesellschaft mbH, Stuttgart / Germany

EnBW Offshore 1 GmbH, Stuttgart / Germany

EnBW Offshore 2 GmbH, Stuttgart / Germany

EnBW Offshore 3 GmbH, Stuttgart / Germany

EnBW Offshore Service Denmark ApS, Balle / Denmark (formerly EnBW DanemarkApS, Balle / Denmark)

EnBW Offshore Service GmbH, Klausdorf / Germany

EnBW Renewables International GmbH, Stuttgart / Germany (formerly EnBW Omega Sechsundneunzigste Verwaltungsgesellschaft mbH, Stuttgart / Germany)

EnBW Solar GmbH, Stuttgart / Germany

EnBW Solarpark Tuningen GmbH, Stuttgart / Germany
EnBW Solarpark Weesow-Willmersdorf GmbH, Stuttgart / Germany (formerly EnBW Solarpark Weesow-Willmersdorf GmbH, Cottbus / Germany)
EnBW Sverige AB, Falkenberg / Sweden
EnBW Sverige Vind AB, Falkenberg / Sweden (formerly Power Wind Partners AB, Rabbalshede / Sweden)
EnBW Wind Onshore 1 GmbH, Stuttgart / Germany
EnBW Wind Onshore Instandhaltungs GmbH, Karlsruhe / Germany
EnBW WindInvest GmbH & Co. KG, Stuttgart / Germany
EnBW Windkraftprojekte GmbH, Stuttgart / Germany
EnBW Windpark Eisenach II GmbH, Stuttgart / Germany
EnBW Windpark Hemme GmbH, Stuttgart / Germany (formerly Windpark Rot am See Infrastruktur GmbH, Stuttgart / Germany)
EnBW Windpark Prötzel GmbH, Stuttgart / Germany
Energiedienst AG, Rheinfelden / Germany
Ferme Éolienne de Puech de Cambert SARL, Montpellier / France
Ferme Éolienne de Puech de l'Homme SARL, Montpellier / France
Ferme Éolienne de la Bessière SARL, Montpellier / France
Grünwerke GmbH, Düsseldorf / Germany
Kraftwerk Lötschen AG, Steg / Switzerland
La Société des Monts de Lacaune SAS, Montpellier / France
Langenburg Infrastruktur GmbH, Stuttgart / Germany
Le Val Energie SARL, Montpellier / France
Leipziger Biogasgesellschaft mbH, Leipzig / Germany
PRE FVE Světlík, s. r. o., Prague / Czech Republic
PRE VTE Částkov, s. r. o., Prague / Czech Republic
Parc Éolien de la Vallée de Belleuse SARL, Montpellier / France
Parc Éolien du Mont de Maisnil SARL, Montpellier / France
Röbergsfjället Nät AB, Falkenberg / Sweden
SOLARINVEST - GREEN ENERGY, s. r. o., Prague / Czech Republic
Socpe de Champs Perdus SARL, Montpellier / France
Svenska Connected Wind Services AB, Falkenberg / Sweden
Valeco Ingénierie SAS, Montpellier / France
Valeco O&M SAS, Montpellier / France
Valeco SAS, Montpellier / France
Winding We North a. s., Prague / Czech Republic
Windpark „Auf der Weißen Trisch" GmbH, Zweibrücken / Germany
Windpark Breitenbach GmbH, Düsseldorf / Germany
Windpark Niederlinxweiler GmbH & Co. KG, Leinfelden-Echterdingen / Germany
Windpark Obhausen/Nemsdorf GmbH & Co. KG, Stuttgart / Germany
Windpark Rot am See GmbH, Ellwangen Jagst / Germany
EE BürgerEnergie Forchtenberg GmbH & Co. KG, Forchtenberg / Germany
EE Bürgerenergie Braunsbach GmbH & Co. KG, Braunsbach / Germany
BürgerEnergie Königheim GmbH & Co. KG, Königheim / Germany
Valeco Solar SARL, Montpellier / France
EE BürgerEnergie Möckmühl GmbH & Co. KG, Möckmühl / Germany
EE BürgerEnergie Jagsthausen GmbH & Co. KG, Jagsthausen / Germany

Bürgerenergie Widdern GmbH & Co. KG, Widdern / Germany
EE BürgerEnergie Boxberg GmbH & Co. KG, Boxberg / Germany
EE Bürgerenergie Hardthausen GmbH & Co. KG, Hardthausen am Kocher / Germany
Neckar Aktiengesellschaft, Stuttgart / Germany
JatroSolutions GmbH, Stuttgart / Germany
Geothermie-Gesellschaft Bruchsal GmbH, Bruchsal / Germany
Saint Laurent Solar SAS, Montpellier / France
Energiedienst Holding AG, Laufenburg / Switzerland
EE Bürgerenergie Ilshofen GmbH & Co. KG, Ilshofen / Germany
Centrale Solaire de la Durance SARL, Montpellier / France
Parc Éolien de Bel Air SAS, Montpellier / France
EnBW Windpark Aalen-Waldhausen GmbH, Stuttgart / Germany (formerly EnBW Omega 109. Verwaltungsgesellschaft mbH, Stuttgart / Germany)
Rheinkraftwerk Neuhausen AG, Neuhausen / Switzerland
EnBW Solarpark Ingoldingen GmbH, Stuttgart / Germany (formerly EnBW Omega 110. Verwaltungsgesellschaft mbH, Stuttgart / Germany)
Erneuerbare Energien Neckarwestheim GmbH & Co. KG, Neckarwestheim / Germany
Centrale Solaire de Saint Mamet SARL, Montpellier / France
Solarpark Berghülen GmbH, Stuttgart / Germany
Solarpark Leutkirch GmbH & Co. KG, Leutkirch im Allgäu / Germany
Solarpark Riedlingen-Zwiefaltendorf GmbH, Stuttgart / Germany
EnBW Baltic 1 GmbH & Co. KG, Stuttgart / Germany
EnBW Albatros GmbH & Co. KG, Hamburg / Germany
EnBW Hohe See GmbH & Co. KG, Hamburg / Germany
EnBW Baltic 2 GmbH & Co. KG, Biberach an der Riß / Germany
EnBW Windpark Buchholz III GmbH, Stuttgart / Germany (formerly Windpark Freckenfeld GmbH, Stuttgart / Germany)
Windenergie Tautschbuch GmbH, Riedlingen / Germany
EnBW Onshore Portfolio GmbH, Stuttgart / Germany
Energie Renouvelable du Languedoc SARL, Montpellier / France
Joncels Energie SARL, Montpellier / France

Proportionately consolidated companies

Rheinkraftwerk Iffezheim GmbH, Iffezheim / Germany
Rhonewerke AG, Ernen / Switzerland

Related but unconsolidated companies

EEnBW Solar Verwaltungsgesellschaft mbH, Stuttgart / Germany (formerly EnBW Omega 116. Verwaltungsgesellschaft mbH, Karlsruhe / Germany)
BALANCE Bio-Erdgas Schwedt GmbH, Schwedt/Oder / Germany (formerly GASAG Bio-Erdgas Schwedt GmbH, Schwedt/Oder / Germany)
BALANCE Management GmbH, Leipzig / Germany
Biogas Trelder Berg 1 GmbH, Buchholz / Germany
Biogas Trelder Berg 2 GmbH, Buchholz / Germany
Biogas Trelder Berg 3 GmbH, Buchholz / Germany
Biosphärenwindpark Schwäbische Alb GmbH, Stuttgart / Germany
CarbonBW (Thailand) Ltd., Bangkok / Thailand

Centernach Énergie SARL, Montpellier / France
Centrale Photovoltaique des Coteaux de la Braye SARL, Montpellier / France
Centrale Photovoltaïque Agroénergie SARL, Montpellier / France
Centrale Photovoltaïque Pont du Casse SARL, Montpellier / France
Centrale Photovoltaïque Retour sur l'Isle SARL, Montpellier / France
Centrale Photovoltaïque de Bionne SARL, Montpellier / France
Centrale Photovoltaïque de Castelle SARL, Montpellier / France
Centrale Photovoltaïque de Labastide SARL, Montpellier / France
Centrale Photovoltaïque de Pavailler SARL, Montpellier / France
Centrale Photovoltaïque de Sirius SARL, Montpellier / France
Centrale Photovoltaïque de la Forêt Baignollais SARL, Montpellier / France
Centrale Photovoltaïque de la ZA de Gaudet SARL, Montpellier / France
Centrale Photovoltaïque de la demi-lune SARL, Montpellier / France
Centrale Photovoltaïque des Gravières SARL, Montpellier / France
Centrale Photovoltaïque du Perche Ornais SARL, Montpellier / France
Centrale Sol. de la Foret au Maitre SAS, Montpellier / France
Centrale Solaire EuroPrimeur SARL, Montpellier / France
Centrale Solaire Gesim Beau Ciel SARL, Montpellier / France
Centrale Solaire d'Aguessac SARL, Montpellier / France
Centrale Solaire d'Algosud SARL, Montpellier / France
Centrale Solaire d'Exideuil SARL, Montpellier / France
Centrale Solaire d'Odin SARL, Montpellier / France
Centrale Solaire de Beauce SARL, Montpellier / France (formerly Centrale Photovoltaïque des Quatre Vents SARL, Montpellier / France)
Centrale Solaire de Biltagarbi SARL, Montpellier / France
Centrale Solaire de Bors de Montmoreau SARL, Montpellier / France
Centrale Solaire de Cap Delta SARL, Montpellier / France
Centrale Solaire de Carré Sud SARL, Montpellier / France
Centrale Solaire de Catreille SARL, Montpellier / France
Centrale Solaire de Châteauperouse SARL, Montpellier / France
Centrale Solaire de Châteauvert SARL, Montpellier / France
Centrale Solaire de Clave SARL, Montpellier / France (formerly Centrale Solaire des Crouzilloux SARL, Montpellier / France)
Centrale Solaire de Colombiers SARL, Montpellier / France
Centrale Solaire de Coste Cuyère SARL, Montpellier / France
Centrale Solaire de Josse SARL, Montpellier / France
Centrale Solaire de Leyritz-Moncassin SAS, Montpellier / France
Centrale Solaire de Lunel SARL, Montpellier / France
Centrale Solaire de MAGNAC-LAVAL SAS, Montpellier / France
Centrale Solaire de Maine SARL, Montpellier / France
Centrale Solaire de Marignac SARL, Montpellier / France
Centrale Solaire de Montegut SARL, Montpellier / France
Centrale Solaire de Nohanent SARL, Montpellier / France
Centrale Solaire de Peregrine SARL, Montpellier / France
Centrale Solaire de Roubian SARL, Montpellier / France
Centrale Solaire de Saint Leger de Balson SARL, Montpellier / France

Centrale Solaire de Saumejan SAS, Montpellier / France
Centrale Solaire de Severac SARL, Montpellier / France
Centrale Solaire de Til Chatel 2 SARL, Montpellier / France
Centrale Solaire de Til Chatel SARL, Montpellier / France
Centrale Solaire de la Fourchale SAS, Montpellier / France
Centrale Solaire de la Tastère SARL, Montpellier / France
Centrale Solaire des Calottes SARL, Montpellier / France
Centrale Solaire des Coëvrons SARL, Montpellier / France
Centrale Solaire des Moulins Lodevois SARL, Montpellier / France
Centrale Solaire du Bois Comte SARL, Montpellier / France
Centrale Solaire du Caussanel SARL, Montpellier / France
Centrale Solaire du Lido SARL, Montpellier / France
Centrale Solaire du Tertre SAS, Montpellier / France
Centrale Solaire la Charme SARL, Montpellier / France (formerly Centrale Solaire de Massane SARL, Montpellier / France)
Centrale Solaire la Vidalle SARL, Montpellier / France
Centrale Solaires des Oceans SAS, Montpellier / France
Centrales Solaires d'Hyperion SARL, Montpellier / France
Centrales Solaires de Iouanacera SARL, Montpellier / France
Centrales Solaires de Quirinus SARL, Montpellier / France
Centrales Solaires de Salles-la-Source SARL, Montpellier / France
Centrales Solaires de Terreneuve SARL, Montpellier / France (formerly Centrales Solaires d´Hemera SARL, Montpellier / France)
Centrales Solaires du Languedoc SARL, Montpellier / France
Connected Wind Services France SAS, Dijon / France
EnBW Albatros Management GmbH, Hamburg / Germany
EnBW Asia Pacific Ltd, Taipeh / Taiwan
EnBW Baltic 1 Verwaltungsgesellschaft mbH, Karlsruhe / Germany
EnBW Baltic 2 Management GmbH, Biberach an der Riß / Germany (formerly EnBW Omega 101. Verwaltungsgesellschaft mbH, Karlsruhe / Germany)
EnBW Baltic Windpark Verwaltungsgesellschaft mbH, Stuttgart / Germany
EnBW Bürgerbeteiligung Wind 1 GmbH, Stuttgart / Germany (formerly EnBW Windpark Langenburg GmbH, Stuttgart / Germany)
EnBW France SAS, Boulogne Billancourt / France
EnBW Hohe See Management GmbH, Hamburg / Germany
EnBW North America Inc., Wilmington, Delaware / USA
EnBW Solarpark Alttrebbin GmbH & Co. KG, Stuttgart / Germany
EnBW Solarpark Gickelfeld GmbH & Co. KG, Stuttgart / Germany
EnBW Solarpark Gottesgabe GmbH, Stuttgart / Germany
EnBW Wind Onshore Portfolio 2019 GmbH, Stuttgart / Germany
EnBW Wind Onshore Verwaltungsgesellschaft mbH, Stuttgart / Germany
EnBW Wind op Zee B.V. i.L., Amsterdam / Netherlands
EnBW WindInvest Management GmbH, Stuttgart / Germany (formerly EnBW Omega Hundertste Verwaltungsgesellschaft mbH, Stuttgart / Germany)
EnBW Windpark Kleinliebringen GmbH, Stuttgart / Germany
Ferme Éolienne Beaucamps-le-Jeune SARL, Montpellier / France
Ferme Éolienne de Donzère SARL, Montpellier / France
Ferme Éolienne de Plo d'Amoures SAS, Montpellier / France
Ferme Éolienne de Saint Jean de Pourcharesse SARL, Montpellier / France

Ferme Éolienne de Thalis SAS, Montpellier / France

Ferme Éolienne de la Ferrière-de-Flée SARL, Montpellier / France

Ferme Éolienne de la Vallée de Valenne SARL, Montpellier / France

Gramentes Énergie SAS, Montpellier / France

Grünwerke Verwaltungs GmbH, Düsseldorf / Germany

Kemberg Windpark Management GmbH & Co. Betriebsgesellschaft KG, Düsseldorf / Germany

Mistral SAS, Aix-en-Provence / France

Mélagues Energie SAS, Montpellier / France

NatürlichEnergie EMH GmbH, Platten / Německo

NatürlichSonne Trogen GmbH & Co. KG, Monzelfeld / Germany

NatürlichSonne Trogen Verwaltungs GmbH, Ettlingen / Germany (formerly EnBW Omega Zweiundsiebzigste Verwaltungsgesellschaft mbH, Karlsruhe / Germany)

Parc Éolien d'Amfreville-les-Champs SARL, Montpellier / France

Parc Éolien d'Argillières SARL, Montpellier / France

Parc Éolien d'Hilvern SARL, Montpellier / France

Parc Éolien de Barbezières-Lupsault SARL, Montpellier / France

Parc Éolien de Bornay 2 SARL, Montpellier / France

Parc Éolien de Bornay SARL, Montpellier / France

Parc Éolien de Boussais SARL, Montpellier / France

Parc Éolien de Breuillac SARL, Montpellier / France

Parc Éolien de Champ Serpette SARL, Montpellier / France

Parc Éolien de Champs Perdus 2 SARL, Montpellier / France

Parc Éolien de Chan des Planasses SARL, Montpellier / France

Parc Éolien de Chasseneuil SARL, Montpellier / France

Parc Éolien de Combaynart SARL, Montpellier / France

Parc Éolien de Keranflech SARL, Montpellier / France

Parc Éolien de Kerimard SARL, Montpellier / France

Parc Éolien de Lupsault SARL, Montpellier / France

Parc Éolien de Mandres la Cote SARL, Montpellier / France (formerly Parc Éolien des Renouillères SARL, Montpellier / France)

Parc Éolien de Marendeuil SARL, Montpellier / France

Parc Éolien de Monsures SARL, Montpellier / France

Parc Éolien de Mouterre-Silly SARL, Montpellier / France

Parc Éolien de Nongée SARL, Montpellier / France

Parc Éolien de Noroy SARL, Montpellier / France

Parc Éolien de Picoud SARL, Montpellier / France

Parc Éolien de Pistole SARL, Montpellier / France

Parc Éolien de Prinquies SARL, Montpellier / France

Parc Éolien de Pugny SARL, Montpellier / France

Parc Éolien de Ravery SARL, Montpellier / France

Parc Éolien de Revelles SARL, Montpellier / France

Parc Éolien de Ribemont SARL, Montpellier / France

Parc Éolien de Saint-Fraigne SARL, Montpellier / France

Parc Éolien de Saint-Ygeaux SARL, Montpellier / France

Parc Éolien de Sery-les-Mezières SARL, Montpellier / France

Parc Éolien de Severac d'Aveyron SARL, Montpellier / France
Parc Éolien de Thennes SARL, Montpellier / France
Parc Éolien de Vellexon SARL, Montpellier / France
Parc Éolien de Vervant et Lea SARL, Montpellier / France
Parc Éolien de Warlus SARL, Montpellier / France
Parc Éolien de l'Epinette SARL, Montpellier / France
Parc Éolien de la Bussière SARL, Montpellier / France
Parc Éolien de la Cote du Moulin SARL, Montpellier / France
Parc Éolien de la Cressionnière SARL, Montpellier / France
Parc Éolien de la Fougère SARL, Montpellier / France
Parc Éolien de la Haute Charmoie SARL, Montpellier / France
Parc Éolien de la Lanques-sur-Rognon SARL, Montpellier / France (formerly Parc Éolien de Causses et Rivières SARL, Montpellier / France)
Parc Éolien de la Naulerie SARL, Montpellier / France
Parc Éolien de la Pezille SARL, Montpellier / France
Parc Éolien de la Queille SARL, Montpellier / France
Parc Éolien de la Roche SARL, Montpellier / France
Parc Éolien de la Vallée Berlure SARL, Montpellier / France
Parc Éolien de la Vingeanne SARL, Montpellier / France
Parc Éolien de le Quesnel SARL, Montpellier / France
Parc Éolien de l´Etourneau SARL, Montpellier / France (formerly Parc Éolien de Broquièrs SARL, Montpellier / France)
Parc Éolien des Bouiges SARL, Montpellier / France
Parc Éolien des Brandes de l'Ozon Sud SARL, Montpellier / France
Parc Éolien des Bruyères SARL, Montpellier / France
Parc Éolien des Ecoulottes SARL, Montpellier / France
Parc Éolien des Gaudines SARL, Montpellier / France
Parc Éolien des Gours SARL, Montpellier / France
Parc Éolien des Hauts Poirièrs SARL, Montpellier / France
Parc Éolien des Moussières SARL, Montpellier / France
Parc Éolien des Navarros SARL, Montpellier / France
Parc Éolien des Quatre Chemins SARL, Montpellier / France
Parc Éolien des Rapailles SARL, Montpellier / France
Parc Éolien des Rieux SARL, Montpellier / France
Parc Éolien des Saules SARL, Montpellier / France
Parc Éolien des Terres de Caumont SARL, Montpellier / France
Parc Éolien du Bel Essart SARL, Montpellier / France
Parc Éolien du Bois de la Motte SARL, Montpellier / France
Parc Éolien du Bois du Piné SARL, Montpellier / France
Parc Éolien du Commandeur SARL, Montpellier / France
Parc Éolien du Fresnay SARL, Montpellier / France
Parc Éolien du Frestoy SARL, Montpellier / France
Parc Éolien du Houarn SARL, Montpellier / France
Parc Éolien du Houssais SARL, Montpellier / France
Parc Éolien du Mercorbon SARL, Montpellier / France
Parc Éolien du Mont de l'Echelle SARL, Montpellier / France

Parc Éolien du Moulin a Vent SARL, Montpellier / France
Parc Éolien du Puy Peret SARL, Montpellier / France
Parc Éolien du Vallon de Sancey SARL, Montpellier / France
SP XIV GmbH & Co. KG, Cottbus / Germany
SP XV GmbH & Co. KG, Cottbus / Germany
Sepe de la Gare SAS, Montpellier / France
Valeco Energía México S.A. de C.V., Mexico City / Mexico
Valeco Sea Pte. Ltd., Singapur / Singapur
Valeco Énergie Québec Inc., Montréal / Canada
ZEAG Erneuerbare Energien GmbH, Heilbronn / Germany
JATROSELECT-Paraguay Sociedad de Responsabilidad Limitada, Volendam / Paraguay
EE BürgerEnergie Krautheim GmbH & Co. KG, Krautheim / Germany
EE BürgerEnergie Neudenau GmbH & Co. KG, Neudenau / Germany
EE BürgerEnergie Roigheim GmbH & Co. KG, Roigheim / Germany
EE Bürgerenergie Bühlerzell GmbH & Co. KG, Bühlerzell / Germany
EE Bürgerenergie Frankenhardt GmbH & Co. KG, Frankenhardt / Germany
EE Bürgerenergie Hardheim GmbH & Co. KG, Hardheim / Germany
EE Bürgerenergie Höpfingen GmbH & Co. KG, Höpfingen / Germany
EE Bürgerenergie Sulzbach-Laufen GmbH & Co. KG, Sulzbach-Laufen / Germany
Erneuerbare Energien Tauberbischofsheim GmbH & Co. KG, Tauberbischofsheim / Germany
Holzkraft Plus GmbH i.L., Düsseldorf / Germany
Parc Éolien de Brebières SAS, Montpellier / France
EnPV GmbH, Karlsruhe / Germany
JatroGreen S.A.R.L., Antananarivo / Madagascar
Powderis SARL, Montpellier / France
Labruguière Énergies SAS, Montpellier / France
Hydro Léman SARL, Montpellier / France
Alb-Windkraft Verwaltungs GmbH, Geislingen an der Steige / Germany
Solarpark Leutkirch Verwaltungsgesellschaft mbH, Leutkirch im Allgäu / Germany

Companies consolidated at equity

Valeco Ren SAS, Montpellier / France
Borusan EnBW Enerji yatırımları ve Üretim Anonim Şirketi, Istanbul / Turkey
Elektrizitätswerk Rheinau AG, Rheinau / Switzerland
Bayerische-Schwäbische Wasserkraftwerke Beteiligungsgesellschaft mbH, Gundremmingen / Germany
KW Ackersand I AG, Stalden / Switzerland

Joint ventures

Netzanschlussgesellschaft Windparks Ostercappeln/Bohmte mbH, Kirchdorf / Germany
Centrale Electrique Rhénane de Gambsheim SA, Gambsheim / France
Centrale Solaire Lac Bedorede SAS, Montpellier / France
Holding de la Montagne Noire SARL, Montpellier / France

Kraftwerk Aegina A.G., Obergoms / Switzerland
Kraftwerk Reckingen AG, Reckingen / Germany
Parc Éolien Vallée de l'Escrebieux SAS, Montpellier / France
Parc Éolien des Quintefeuilles SAS, Montpellier / France
Rheinkraftwerk Säckingen AG, Bad Säckingen / Germany
SwissAlpin SolarTech AG i.L., Visp / Switzerland
WKM Wasserkraftwerke Maulburg GmbH, Maulburg / Germany
Wasserkraftwerk Hausen GbR, Hausen im Wiesental / Germany
biogasNRW GmbH i.I., Düsseldorf / Germany
KW Jungbach AG, St. Niklaus / Switzerland
Projektentwicklung Waldeck-Frankenberg GmbH & Co. KG, Korbach / Germany
Projektentwicklung Waldeck-Frankenberg Verwaltungs GmbH, Korbach / Germany
Centrale Solaire de la Petite Vicomté SAS, Montpellier / France
Obere Donau Kraftwerke AG, München / Germany
Segalasses Énergie SARL, Toulouse / France
TWKW Trinkwasserkraftwerke Niedergesteln AG, Niedergesteln / Switzerland
Kraftwerk Ryburg-Schwörstadt AG, Rheinfelden / Switzerland
Parc Éolien de Montelu SAS, Montpellier / France
Parc Éolien des Gassouillis SAS, Montpellier / France
GEIE Exploitation Miniere de la Chaleur, Kutzenhausen / France
Windpark Hemme Infrastrukturgesellschaft GmbH & Co. KG, Walddorfhäslach / Germany
Windpark Prützke II GmbH & Co. KG, Düsseldorf / Germany
KWT Kraftwerke Törbel-Moosalp AG, Törbel / Switzerland
Baltic Windpark Beteiligungen GmbH & Co. KG, Stuttgart / Germany
Kraftwerke Gougra AG, Sierre / Switzerland
EE Bürgerenergie Heilbronn GmbH & Co. KG, Heilbronn / Germany
Parc Éolien de Lavacquerié SAS, Montpellier / France
Windpark Lindtorf GmbH, Rheine / Germany
Alb-Windkraft GmbH & Co. KG, Geislingen an der Steige / Germany
Haiding One International Investment Co., Ltd., Taipeh / Taiwan
Haiding Three International Investment Co., Ltd., Taipeh / Taiwan
Haiding Two International Investment Co., Ltd., Taipeh / Taiwan
ANOG Anergienetz Obergoms AG, Obergoms / Switzerland
KWOG Kraftwerke Obergoms AG, Obergoms / Switzerland
Ferme Éolienne de Muratel SAS, Montpellier / France
Kooperation Erneuerbare Energien im Landkreis Rottweil GmbH, Schramberg / Germany
Montagnol Energie SAS, Montpellier / France
Tauriac Energie SAS, Montpellier / France
Wasserkraftwerk Pfinztal GmbH & Co. KG, Pfinztal / Germany
Éolienne de Murasson SARL, Montpellier / France

PRODUCTION AND TRADE

Fully consolidated companies

AWISTA Logistik GmbH, Düsseldorf / Germany

ENERGIEUNION GmbH, Schwerin / Germany

EnBW Biomasse GmbH, Karlsruhe / Germany

EnBW Etzel Speicher GmbH, Karlsruhe / Germany

EnBW Grundstücksverwaltung Rheinhafen GmbH, Karlsruhe / Germany

EnBW Kraftwerk Lippendorf Beteiligungsgesellschaft mbH, Stuttgart / Germany

EnBW Rückbauservice GmbH, Stuttgart / Germany

Gas-Union Storage GmbH, Frankfurt am Main / Germany

Gesellschaft für nukleares Reststoffrecycling mbH, Neckarwestheim / Germany

HANDEN Sp. z o.o., Warsaw/ Poland

Heizkraftwerk Stuttgart GmbH, Stuttgart / Germany

Kernkraftwerk Obrigheim GmbH, Obrigheim / Germany

MSE Mobile Schlammentwässerungs GmbH, Karlsbad-Ittersbach / Germany

TAE Thermische Abfallentsorgung Ansbach GmbH, Ansbach / Germany

TPLUS GmbH, Karlsruhe / Germany

TWS Kernkraft GmbH, Gemmrigheim / Germany

VNG Austria GmbH, Gleisdorf / Austria

VNG Energie Czech s. r. o., Prague / Czech Republic

VNG Gasspeicher GmbH, Leipzig / Germany

VNG Handel & Vertrieb GmbH, Leipzig / Germany

VNG Italia S.r.l., Bologna / Italy

u-plus Umweltservice GmbH, Karlsruhe / Germany

EnBW Kernkraft GmbH, Obrigheim / Germany

Südwestdeutsche Nuklear-Entsorgungsgesellschaft mbH, Stuttgart / Germany

SPIGAS S.r.l., La Spezia / Italy

Zentraldeponie Hubbelrath GmbH, Düsseldorf / Germany

VNG AG, Leipzig / Germany (formerly VNG-Verbundnetz Gas Aktiengesellschaft, Leipzig / Germany)

AWISTA Gesellschaft für Abfallwirtschaft und Stadtreinigung mbH, Düsseldorf / Germany

KNG Kraftwerks- und Netzgesellschaft mbH, Rostock / Germany

Proportionately consolidated companies

Friedeburger Speicherbetriebsgesellschaft mbH „Crystal“, Friedeburg / Germany

Related but unconsolidated companies

P² Plant & Pipeline Engineering GmbH, Essen / Germany

EZG Operations GmbH, Stuttgart / Germany

EnBW Abfall und Ressourcen Pirmasens GmbH, Stuttgart / Germany (formerly EnBW Omega 118. Verwaltungsges. mbH, Karlsruhe / Germany)

EnBW Umweltdienstleistungen GmbH, Stuttgart / Germany (formerly EnBW Omega Siebenundneunzigste Verwaltungsgesellschaft mbH, Stuttgart / Germany)

EnergieFinanz GmbH, Schwerin / Germany

Nahwärme Düsseldorf GmbH, Düsseldorf / Germany

Companies consolidated at equity

Erdgasspeicher Peissen GmbH, Halle (Saale) / Germany

Fernwärme Ulm GmbH, Ulm / Germany

Schluchseewerk Aktiengesellschaft, Laufenburg Baden / Germany

REMONDIS Rhein-Wupper GmbH & Co. KG, Düsseldorf / Germany

Grosskraftwerk Mannheim AG, Mannheim / Germany

Joint ventures

EnergyIncore GmbH, Schwerin / Germany

EnergyIncore GmbH, Schwerin / Germany

Fernwärme Rhein-Neckar GmbH, Mannheim / Germany

KDM Kompostierungs- und Vermarktungsgesellschaft für Stadt Düsseldorf/Kreis Mettmann mbH, Ratingen / Germany

Kraftwerksbatterie Heilbronn GmbH, Stuttgart / Germany

MIOGAS & LUCE S.r.l., Rozzano / Italy

Powerment GmbH & Co. KG, Ettlingen / Germany

RheinWerke GmbH, Düsseldorf / Germany

MOWA Mobile Waschanlagen GmbH, Neunkirchen-Seelscheid / Germany

REMONDIS Rhein-Wupper Verwaltungs GmbH, Düsseldorf / Germany

HWM Holzwärme Müllheim GmbH, Müllheim / Germany

Fernwärme Zürich AG, Zürich / Switzerland

Untergrundspeicher- und Geotechnologie-Systeme Gesellschaft mit beschränkter Haftung, Mittenwalde / Germany

SPIGAS CLIENTI S.r.l., Mailand / Italy (formerly SPIGAS CLIENTI S.r.l., La Spezia / Italy)

Nuovenergie S.p.A., Mailand / Italy

Beteiligungsgesellschaft der EVU an der Kerntechnischen Hilfsdienst GmbH - GbR, Karlsruhe / Germany

CANARBINO S.p.A., Mailand / Italy (formerly CANARBINO S.p.A., Sarzana / Italy)

OTHER

Fully consolidated companies

ED Immobilien GmbH & Co. KG, Rheinfelden / Germany

ED Immobilien Verwaltungsgesellschaft mbH, Rheinfelden / Germany

ED Kommunal GmbH, Rheinfelden / Germany

EnBW Betriebs- und Servicegesellschaft mbH, Karlsruhe / Germany (formerly E-City Immobilienverwaltungs GmbH, Karlsruhe / Germany)

EnBW City GmbH & Co. KG, Obrigheim / Germany

EnBW Immobilienbeteiligungen GmbH, Karlsruhe / Germany

EnBW International Finance B.V., Amsterdam / Holandsko

EnBW New Ventures GmbH, Karlsruhe / Germany

EnBW Perspektiven GmbH, Karlsruhe / Germany

Facilma Grundbesitzmanagement und -service GmbH & Co. Besitz KG, Obrigheim / Germany

NWS Finanzierung GmbH, Karlsruhe / Germany

Neckarwerke Stuttgart GmbH, Stuttgart / Germany

symbiotic services GmbH, Karlsruhe / Germany

Gas-Union GmbH, Frankfurt am Main / Germany

MURVA Grundstücks-Verwaltungsgesellschaft mbH & Co. KG, Grünwald / Germany

EnBW VersicherungsVermittlung GmbH, Stuttgart / Germany

Related but unconsolidated companies

EnBW Bürgerbeteiligung Solar 1 GmbH, Stuttgart / Germany (formerly EnBW Omega 106. Verwaltungsgesellschaft mbH, Stuttgart / Germany)

EnBW Omega 103. Verwaltungsgesellschaft mbH, Karlsruhe / Germany

EnBW Omega 104. Verwaltungsgesellschaft mbH, Karlsruhe / Germany

EnBW Omega 105. Verwaltungsgesellschaft mbH, Karlsruhe / Germany

EnBW Omega 107. Verwaltungsgesellschaft mbH, Stuttgart / Germany

EnBW Omega 108. Verwaltungsgesellschaft mbH, Stuttgart / Germany

EnBW Omega 113. Verwaltungsgesellschaft mbH, Karlsruhe / Germany

EnBW Omega 114. Verwaltungsgesellschaft mbH, Karlsruhe / Germany

EnBW Omega 115. Verwaltungsgesellschaft mbH, Karlsruhe / Germany

EnBW Omega 119. Verwaltungsgesellschaft mbH, Karlsruhe / Germany

EnBW Omega 120. Verwaltungsgesellschaft mbH, Karlsruhe / Germany

EnBW Omega Achtundachtzigste Verwaltungsgesellschaft mbH, Karlsruhe / Germany

EnBW Omega Dreiundsiebzigste Verwaltungsgesellschaft mbH, Karlsruhe / Germany

EnBW Omega Fünfundfünfzigste Verwaltungsgesellschaft mbH, Stuttgart / Germany

EnBW Omega Fünfundneunzigste Verwaltungsgesellschaft mbH, Karlsruhe / Germany

EnBW Omega Neunundachtzigste Verwaltungsgesellschaft mbH, Karlsruhe / Germany

EnBW Omega Sechsundachtzigste Verwaltungsgesellschaft mbH, Karlsruhe / Germany

EnBW Omega Vierundneunzigste Verwaltungsgesellschaft mbH, Karlsruhe / Germany

EnBW Real Estate GmbH, Obrigheim / Germany

EnBW Senergi Immobilien GmbH, Karlsruhe / Germany

EnBW vernetzt Beteiligungsgesellschaft mbH, Stuttgart / Germany (formerly EnBW Omega Zweiundneunzigste Verwaltungsgesellschaft mbH, Karlsruhe / Germany)

KMS Verwaltungsgesellschaft mbH, Stuttgart / Germany

MGMTree GmbH, Leipzig / Germany

Rheintal PE GmbH & Co. KG, Bad Homburg v. d. Höhe / Germany

SSG Verwaltungsgesellschaft mbH i.L., Kornwestheim / Germany

VNG Innovation Consult GmbH, Leipzig / Germany

VNG Innovation GmbH, Leipzig / Germany

GDiesel Technology GmbH, Leipzig / Germany

Joint ventures

UnigestionFLEX SCS SICAV RAIF, Luxemburg / Luxemburg
WP Global Germany Private Equity L.P., Wilmington, Delaware / USA
Sirius EcoTech Fonds Düsseldorf GmbH & Co. KG., Düsseldorf / Germany
eserv GmbH & Co. KG, Frankfurt am Main / Germany
eserv Verwaltungsgesellschaft mbH, Frankfurt am Main / Germany
DZ-4 GmbH, Hamburg / Germany
regiodata GmbH, Lörrach / Germany
EFR Europäische Funk-Rundsteuerung GmbH, München / Germany
GasLINE Telekommunikationsnetz-Geschäftsführungsgesellschaft deutscher Gasversorgungsunternehmen mbH, Straelen / Germany
vialytics GmbH, Stuttgart / Germany

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This document is an unsigned English translation of the Czech auditor's report.
Only the Czech version of the report is legally binding.

Independent Auditor's Report to the Shareholders of Pražská energetika, a.s.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Pražská energetika, a.s. ("the Company") and its subsidiaries ("the Group"), prepared in accordance with International Financial Reporting Standards as adopted by the European Union, which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated income statement, consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory notes. Information about the Group is set out in Note "General information" to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

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, consisting of International Standards on Auditing (ISAs) as amended by relevant application guidelines. Our responsibilities under those regulations are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

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We are independent of the Group 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Classification of Commodity Contracts
See Note 3, section "Derivatives", and Note 30 of the Consolidated Financial Statements.

Description of the Key Audit Matter

As part of its business activity, the Group enters into contracts to buy or sell electric energy and gas (commodities). These transactions may be settled in a form of a physical delivery or settled net in cash. They can be entered by the Group to secure a future supply of commodity to end customers, or with the purpose of speculation in changes in market prices. The appropriate classification of a given transaction has a major impact on the accounting treatment – contracts which are expected to be physically delivered to end customers (the own-use portfolio) are regarded as executory contracts and not measured at their fair value at each reporting date. Other contracts, in turn, are measured at their fair value either in the income statement or in other comprehensive income, if cash flow hedge accounting is applied. Due to a large number of contracts and the significant impact of their designation to an appropriate portfolio on the resulting accounting treatment, this area required our increased attention in the audit and as such we considered it to be a key audit matter.

Auditor's Approach to the Key Audit Matter

Audit procedures performed by us included, among others:
- in cooperation with our own Information Technology specialists we tested the design, implementation and operating effectiveness of the relevant key controls over the designation of contracts to appropriate portfolios of contracts, including controls preventing subsequent transfers between these portfolios;
- we assessed whether the contracts initially designated to own-use portfolio were not subsequently transferred to other portfolios of contracts to be measured at fair value;
- in cooperation with our own valuation specialists we assessed whether the relevant contracts were measured at fair value at the reporting date and, where applicable, that the adequate hedge documentation exists for contracts accounted for using hedge accounting;
- we evaluated the appropriateness of the initial designation of contracts to relevant portfolios by comparing volumes designated to the own-use and hedging portfolios, respectively with volumes that the Group intended to supply to end customers. We carried out this testing prospectively for contracts concluded as at the balance sheet date and also retrospectively for contracts settled in 2020.

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Other Information

In accordance with Section 2(b) of the Act on Auditors, other information is defined as information included in the annual report other than the consolidated and the separate financial statements and our auditor's report. The statutory body is responsible for the other information.

Our opinion on the consolidated and separate financial statements does not cover the other information. In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and the separate 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 laws and regulations, in particular, whether the other information complies with laws and regulations in terms of formal requirements and the procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with those 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 matters that are also presented in the consolidated and the separate financial statements is, in all material respects, consistent with the consolidated and the separate financial statements; and
- the other information has been prepared in accordance with applicable laws and regulations.

In addition, our responsibility is to report, based on the knowledge and understanding of the Group 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 Statutory Body and Supervisory Board for the Consolidated Financial Statements

The statutory body is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as the statutory body determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the statutory body is responsible for assessing the Group'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 statutory body either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

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Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 the 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the statutory body.
- Conclude on the appropriateness of the statutory body's 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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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.

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We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Audit of the Separate Financial Statements

Opinion

We have audited the accompanying separate financial statements of Pražská energetika, a.s. ("the Company"), prepared in accordance with International Financial Reporting Standards as adopted by the European Union, which comprise the statement of financial position as at 31 December 2020, and the income statement, the statement of comprehensive income, the statement of changes in equity and the statement of cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes. Information about the Company is set out in Note "General information" 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 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

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, consisting of International Standards on Auditing (ISAs) as amended by relevant application guidelines. Our responsibilities under those regulations 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Classification of Commodity Contracts
See Note 3, section "Derivatives", and Note 30 of the Separate Financial Statements.

Description of the Key Audit Matter

As part of its business activity, the Company enters into contracts to buy or sell electric energy and gas (commodities). These transactions may be settled in a form of a physical delivery or settled net in cash. They can be entered by the Company to secure a future supply of commodity to end customers, or with the purpose of speculation in changes in market prices. The appropriate classification of a given transaction has a major impact on the accounting treatment – contracts which are expected to be physically delivered to end customers (the own-use portfolio) are regarded as executory contracts and not measured at their fair value at each reporting date. Other contracts, in turn, are measured at their fair value either in the income statement or in other comprehensive income, if cash flow hedge accounting is applied. Due to a large number of contracts and the significant impact of their designation to an appropriate portfolio on the resulting accounting treatment, this area required our increased attention in the audit and as such we considered it to be a key audit matter.

Auditor's Approach to the Key Audit Matter

Audit procedures performed by us included, among others:

- in cooperation with our own Information Technology specialists we tested the design, implementation and operating effectiveness of the relevant key controls over the designation of contracts to appropriate portfolios of contracts, including controls preventing subsequent transfers between these portfolios;
- we assessed whether the contracts initially designated to own-use portfolio were not subsequently transferred to other portfolios of contracts to be measured at fair value;
- in cooperation with our own valuation specialists we assessed whether the relevant contracts were measured at fair value at the reporting date and, where applicable, that the adequate hedge documentation exists for contracts accounted for using hedge accounting;
- we evaluated the appropriateness of the initial designation of contracts to relevant portfolios by comparing volumes designated to the own-use and hedging portfolios, respectively with volumes that the Company intended to supply to end customers. We carried out this testing prospectively for contracts concluded as at the balance sheet date and also retrospectively for contracts settled in 2020.

Responsibilities of the Statutory Body and Supervisory Board the Financial Statements

The statutory body is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as the statutory body 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 statutory body 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 statutory body either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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 regulations, 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 statutory body.
- Conclude on the appropriateness of the statutory body's 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 those charged with governance 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Report on Relations

We have reviewed the factual accuracy of the information disclosed in the report on relations of Pražská energetika, a.s. ("the Company") for the year ended 31 December 2020. The responsibility for the preparation and factual accuracy of this report rests with the Company's statutory body. Our responsibility is to express our view on the report on relations based on our review.

We conducted our review in accordance with Auditing Standard No. 56 of the Chamber of Auditors of the Czech Republic. This standard requires that we plan and perform the review to obtain limited assurance as to whether the report on relations is free of material misstatement. A review is limited primarily to inquiries of the Company's personnel and analytical procedures and examination, on a test basis, of the factual accuracy of information, and thus provides less assurance than an audit. We have not performed an audit of the report on relations and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that would lead us to believe that the report on relations of Pražská energetika, a.s. for the year ended 31 December 2020 contains material factual misstatements.

Statutory Auditor Responsible for the Engagement

Petr Škoda is the statutory auditor responsible for the audit of the consolidated financial statements of Pražská energetika, a.s. as at 31 December 2020, based on which this independent auditor's report has been prepared.

Prague
23 April 2021

Signed by	Signed by
	Petr Škoda
KPMG Česká republika Audit, s.r.o.	Partner
Registration number 71	Registration number 1842

Consolidated financial statements

Consolidated financial statements of Pražská energetika, a.s., as at 31 December 2020

Prepared in compliance with the International Financial Reporting Standards (IFRS) as adopted by the EU

Translated from the Czech original

Consolidated income statement (TCZK)

	Note	2020	2019
Revenue from electricity produced		442,235	423,431
Revenue from electricity and gas sold		20,884,949	20,887,824
Cost of electricity and gas sold		(14,358,241)	(14,277,503)
Gross profit from the sale of commodities	**(4)**	**6,968,943**	**7,033,752**
Other operating revenue	(4)	581,623	579,326
Personnel expenses	(6)	(1,607,550)	(1,520,450)
Amortisation and depreciation	(15, 16)	(1,315,987)	(1,267,365)
Amortisation of the right-of-use	(17)	(151,998)	(148,430)
Cost of purchased services, material and energy	(7)	(1,419,571)	(1,293,165)
Borrowing costs	(8)	(108,401)	(98,205)
Capitalisation	(9)	331,525	294,240
Impairment losses for financial assets	(10)	(112,409)	(29,608)
Other gains and losses	(11)	(4,966)	(12,773)
Profit before tax		**3,161,209**	**3,537,322**
Income tax	(12)	(613,012)	(686,219)
Profit after tax		**2,548,197**	**2,851,103**
Basic and diluted earnings per share attributable to ordinary shares (CZK)	(14)	659	737

Consolidated statement of comprehensive income (TCZK)

		2020	2019
Profit after tax		**2,548,197**	**2,851,103**
Items that cannot be subsequently reclassified to profit or loss:			
Revaluation of net payables from defined benefits	(26)	(7,140)	(9,798)
Items that may be subsequently reclassified to profit or loss:			
Cash flow hedges, net of tax	(28)	100,483	(412,072)
Total other comprehensive income after tax		**93,343**	**(421,870)**
Comprehensive income attributable to the parent company's shareholders		**2,641,540**	**2,429,233**

Consolidated statement of financial position – balance sheet (TCZK)

Assets	**Note**	**2020**	**2019**
Property, plant and equipment	(15)	25,136,698	24,463,982
Intangible assets	(16)	491,329	572,782
Right-of-use	(17)	1,595,025	1,633,822
Trade and other receivables	(20)	336,401	283,492
Deferred tax asset	(12)	44,270	41,868
Non-current assets		**27,603,723**	**26,995,946**
Inventories	(21)	115,171	138,786
Contract assets	(19)	484,258	489,435
Tax assets	(12)	61,786	4,000
Trade and other receivables	(20)	2,259,174	2,190,074
Cash and cash equivalents	(22)	1,895,661	1,975,454
Current assets		**4,816,050**	**4,797,749**
Total assets		**32,419,773**	**31,793,695**

Liabilities			
Share capital	(27)	3,869,443	3,869,443
Reserves	(28)	1,173,510	1,080,167
Retained earnings		14,328,599	13,545,789
Equity attributable to the parent company's shareholders		**19,371,552**	**18,495,399**
Loans	(23)	3,100,000	3,100,000
Contract liabilities	(24)	1,640,464	1,632,068
Trade and other payables	(25)	278,993	256,114
Lease liabilities	(17)	1,507,575	1,529,615
Provisions	(26)	370,984	386,816
Deferred tax liability	(12)	2,157,949	2,058,960
Non-current liabilities		**9,055,965**	**8,963,573**
Loans	(23)	671,738	1,088,767
Contract liabilities	(24)	1,111,825	1,165,405
Tax liabilities	(12)	3,301	30,064
Trade and other payables	(25)	1,870,526	1,746,815
Lease liabilities	(17)	128,420	125,582
Provisions	(26)	206,446	178,090
Current liabilities		**3,992,256**	**4,334,723**
Total liabilities		**32,419,773**	**31,793,695**

Consolidated statement of changes in equity (TCZK)

	Share capital	Reserves	Retained profits	Equity attributable to the parent company's shareholders
Balance at 31 December 2018	**3,869,443**	**1,502,036**	**12,423,478**	**17,794,957**
Dividends and directors' fees paid	--	--	(1,728,792)	(1,728,792)
Other comprehensive income	--	(421,869)	--	(421,869)
Net profit for 2019	--	--	2,851,103	2,851,103
Balance at 31 December 2019	**3,869,443**	**1,080,167**	**13,545,789**	**18,495,399**
Dividends and directors' fees paid	--	--	(1,765,387)	(1,765,387)
Other comprehensive income	--	93,343	--	93,343
Net profit for 2020	--	--	2,548,197	2,548,197
Balance at 31 December 2020	3,869,443	1,173,510	14,328,599	19,371,552

Consolidated statement of cash flows (TCZK)

	Note	2020	2019
Opening balance of cash and cash equivalents	(22)	1,976,245	1,990,738
Operating activities			
Accounting profit from ordinary activity, before tax		**3,161,209**	**3,537,322**
Amortisation and depreciation	(15, 16, 17)	1,467,985	1,415,795
Write-offs of doubtful debts	(10)	19,202	23,410
Change in loss allowances and provisions		94,679	13,135
Gains (losses) from the sale and disposal of fixed assets	(11)	32,418	(1,096)
Interest charged to profit or loss	(8, 11)	104 562	90,182
Foreign exchange rate gains (losses)		(137,511)	14,040
Settlement of hedging derivatives		163,193	(215,644)
Remeasurement of financial instruments		(21,019)	(14,107)
Net operating cash flow before changes in working capital		**4,884,718**	**4,863,037**
Change in trade receivables and transitional accounts	(20)	(150,411)	(424,454)
Change in trade payables and transitional accounts	(25)	(4,625)	200,420
Change in inventories	(21)	23,523	(14,269)
Net operating cash flow before tax and interest		**4,753,205**	**4,624,734**
Interest paid		(112,894)	(94,259)
Interest received		4,046	7,816
Income tax paid		(641,309)	(625,918)
Net cash flow from operating activities		**4,003,048**	**3,912,373**
Investing activities			
Acquisition of fixed assets	(15, 16)	(1,914,241)	(1,720,293)
Acquisition of subsidiaries	(18)	(3,600)	(149,935)
Proceeds from the sale of fixed assets		5,004	4,995
Net cash flow from investing activities		**(1,912,837)**	**(1,865,233)**
Financing activities			
External loans repaid	(23)	(2,176,357)	(404,000)
External loans received	(23)	1,766,062)	209,985
Lease payments	(17)	(132,414)	(127,049)
Dividends, profit shares and directors' fees paid	(13)	(1,762,200)	(1,727,919)
Net cash flow from financing activities		**(2,304,909)**	**(2,048,983)**
Change in cash and cash equivalents		(214,698)	(1,843)
Effect of foreign exchange rate movements		134,114	(12,650)
Closing balance of cash and cash equivalents	**(22)**	**1,895,661**	**1,976,245**

CONTENTS OF THE NOTES TO THE FINANCIAL STATEMENTS

(1) General information

Pražská energetika, a.s., (hereinafter "PRE" or the "Company") was established as a joint-stock company in the Czech Republic and was entered in the Commercial Register held by the District Court of Prague 1 on 1 January 1994.

The Company's registered office is located at Na Hroudě 1492/4, Prague 10, 100 05, ID No.: 60193913.

The principal activities of PRE and its subsidiaries (hereinafter the "PRE Group" or the "Group") include the supply of electricity in the Czech Republic and distribution of electricity in the region of the Capital City of Prague and Roztoky, covering an area of approximately 505 km^2. These activities generate a major part of the Group's revenue. The Group also strengthens its activities related to renewable energy generation.

In 2012, the Group expanded its principal activities to include gas supplies and started to offer supplies of electricity and gas to households and small businesses under the Yello brand (until 2019 Yello Energy).

Electricity is distributed in public interest and rights and obligations relating to this activity, as well as trading with, and supplies of, electricity and gas, except for general legal regulations, are stipulated in Energy Act No. 458/2000 Coll., as amended, and the related implementation guidance.

PRE's principal shareholders	2020	2019
Pražská energetika Holding a.s. (PREH)	58.05%	58.05%
EnBW Energie Baden-Württemberg AG (EnBW)	41.40%	41.40%
Other	0.55%	0.55%
Total	**100.00%**	**100.00%**

PREH is under joint control of the Capital City of Prague (with an equity investment of 51%) and EnBW (with an equity investment of 49%).

EnBW owns 41.40% of PRE's share capital. Under Section 79 of the Business Corporations Act, PRE operates on the Czech energy market as part of the EnBW group. EnBW is the parent company as well as the ultimate controlling party of PRE.

PRE is controlled and managed by EnBW through its representatives on the Board of Directors and the Supervisory Board. Based on shareholders' agreements, the control through the controlling companies PREH and EnBW is performed on the level of PRE and primarily relates to PRE's activities.

(2) Adoption of new and amended International Financial Reporting Standards

Standards and interpretations effective in the current period

The following amendments to the current standards issued by the International Accounting Standards Board (IASB) and adopted by the EU are effective for the current period:

- **Amendments to IFRS 9, IAS 39 and IFRS 7 "Interest Rate Benchmark Reform" Phase 1** (effective for annual periods beginning on or after 1 January 2020);

- **Effects of the first-time adoption of Amendment to IFRS 16 Covid-19-Related Rent Concessions** (effective for annual periods beginning on or after 1 June 2020);
- **Amendments to References to the Conceptual Framework in IFRS Standards** (effective for annual periods beginning on 1 January 2020; early application allowed). The amendments relate to standards IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38 and interpretations of IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22 and SIC-32;
- **IFRS 3 "Business Combinations" Change in the Definition of a Business** (effective for annual periods beginning on or after 1 January 2020);
- **Amendments to IAS 1 and IAS 8 Defining the term "material"** (effective for annual periods beginning on or after 1 January 2020, early application allowed).

According to the Group's estimates, compliance with these standards has no significant impact on the financial statements.

Standards and interpretations issued by the IASB and adopted by the EU but not yet effective

- **IFRS 4 "Insurance Contracts" – Extension of Temporary Exemption from Applying IFRS 9** (effective from 1 January 2021);
- **Amendments to IFRS 9, IAS 39 and IFRS 7 "Interest Rate Benchmark Reform" Phase 2** (effective for annual periods beginning on or after 1 January 2021).

The Group decided not to apply these standards before their effective dates.

New standards, interpretations and amendments to the current standards issued by the IASB but not yet adopted by the EU

- **IFRS 17 "Insurance contracts" and Amendments to IFRS 17** (effective for annual periods beginning on or after 1 January 2023);
- **Amendments to IFRS 3 "Reference to the Conceptual Framework"** (effective for annual periods beginning on or after 1 January 2022);
- **Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"** (the effective date is yet to be stipulated);
- **Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"** (effective for the annual IFRS financial statements for annual periods beginning on or after 1 January 2023);
- **Amendments to IAS 16 "Property, Plant and Equipment"** (effective for annual periods beginning on or after 1 January 2022);
- **Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"** (effective for annual periods beginning on or after 1 January 2022);
- **Annual Improvements to IFRS 2018–2020 Cycle** – The Annual Improvements contain amendments to four standards – IFRS 1, IFRS 9, IFRS 16 and IAS 41.

The Group anticipates that the adoption of these new standards, amended standards and interpretations will have no material impact on the financial statements of the Group in the period of their first-time adoption.

(3) Significant accounting policies

Statement of compliance

The financial statements are prepared and presented in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Basis of preparation of the financial statements

The financial statements have been prepared on the historical cost basis except for certain financial instruments described in Note 30. The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Group and its subsidiaries. The Group exercises control over its subsidiaries and it is the Group's intention to exercise it in the following year. The financial statements of the subsidiaries are included in the consolidated financial statements from the effective date of acquisition. A subsidiary is an enterprise which the acquirer (parent company) has obtained control of in business combination.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All significant intra-group transactions, balances, revenue and expenses are eliminated in full on consolidation.

Business combinations

Business combinations are accounted for using the acquisition method. The acquisition cost of the business combination corresponds to the sum of the consideration transferred, measured at purchase-date fair value. The identifiable assets acquired and the liabilities assumed are recognised at their fair value. Purchase-related costs are recognised in profit or loss as incurred.

Upon the acquisition of an entity, the Group assesses whether the financial assets acquired and the liabilities assumed are classified and defined as appropriate in accordance with their contractual, economic and other relevant conditions as of the purchase date. Among others, the Group assesses the separation of embedded derivatives from host contracts.

Goodwill is initially measured as the excess of the sum of the consideration transferred and the amount of any non-controlling interests over the net amounts of the identifiable assets acquired and the liabilities assumed. If the fair value of the acquiree's net assets exceeds the consideration ("negative goodwill"), the Group first assesses whether the acquiree's identifiable assets, liabilities and contingent liabilities have been correctly defined and measured and the purchase price correctly determined. If, after the assessment, any potential differences remain, they are recognised directly in profit or loss.

Revenue recognition

Accounting for the main categories of revenues from contracts with customers is described in Note 4.

Revenue from leasing (primarily fibre-optics) is recognised evenly over the lease period.

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts any estimated future cash flows over the expected life of the financial asset to that asset's net carrying amount as at the date of its first-time recognition.

Dividend yield is recognised when the right to receive the payment arises.

Foreign currency translation

The financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). Czech crowns are the functional currency of all Group entities and the presentation currency for the consolidated financial statements.

During the year, transactions in currencies other than Czech crowns are recorded at the rates of exchange announced by the Czech National Bank and prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates announced by the Czech National Bank prevailing at the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange rate gains and losses are recognised in profit or loss in the period in which they arise except for exchange rate differences arising from cash flow hedges where changes in fair value are posted directly to equity.

Borrowing costs

The Group capitalises borrowing costs related to the construction of qualifying assets in line with IAS 23. A qualifying asset is an asset that takes a substantial period of time during the investment construction to get ready for its intended use. The amount of capitalised borrowing costs is determined as the product of the capitalisation rate and the balances on the assets under construction account (including pre-payments) as at the end of the relevant month. The capitalisation rate is the average interest rate from external loans.

Other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Income tax

Income tax expense reported in the income statement represents the sum of the tax currently payable and a change in the deferred tax balance.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of revenue or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The current tax liability also includes tax overpayments or additional tax charges from previous periods. The Group's liability for current tax is calculated using tax rates that have been enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Deferred tax is determined at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised. The calculated tax is recognised in profit or loss except when associated with items charged directly to equity in which case it is dealt with in equity.

Property, plant and equipment

Property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes, are stated at cost reduced by accumulated depreciation and recognised impairment loss. Cost includes the purchase price and costs associated with acquisition.

The cost of internally produced tangible assets includes direct and indirect costs directly related to the production of the asset.

Depreciation of plant and equipment is charged to profit or loss.

Properties in the course of construction for production or administrative purposes are carried at cost, less any recognised impairment loss. The cost includes professional services fees. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

The estimated useful lives and depreciation are reviewed at the end of each reporting period and impacts of any changes in estimates are accounted for prospectively.

Depreciation is charged on assets, other than freehold land and assets under construction, over their estimated useful lives, using the straight-line method:

Asset category	Depreciation period in years
Buildings, halls and other construction	6, 7, 10, 15, 20, 30, 40, 50, 70
Cable tunnels, cable and overhead power lines	30, 40, 70
Fibre-optics	30
Power structures	15, 30
Working machinery and equipment	2, 4, 5, 8, 10, 12, 20, 29, 30
Telecommunication equipment	3–27
Appliances and special technology equipment, communication cables	2, 4, 5, 8, 10
Motor vehicles	4, 5, 6, 8, 10
Electricity meters	14, 15
Fixtures and fittings	3, 4, 5, 6, 8, 10
Hardware	3, 4, 5
Photovoltaic power plants – construction part *)	20
Photovoltaic power plants – technology *	20

*) The depreciation period is calculated from bringing the photovoltaic power plant into operation.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Intangible assets

Intangible assets acquired separately are reported at cost less accumulated amortisation and accumulated impairment losses. Goodwill arising on business acquisitions is reported at cost as determined at the business acquisition date net of cumulative impairment losses, if any. Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets are amortised using the straight-line method over the following estimated useful lives:

Asset category	Depreciation period in years
Software	4
Other intangible assets	6, or based on the contract 3–4

Impairment of non-financial assets (except for the deferred tax asset)

At each balance sheet date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). In circumstances where the relevant asset does not generate cash inflows separately, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Impairment of goodwill

Within the Group, goodwill is allocated to two cash-generating units – renewable energy manufacturers which include photovoltaic power plants and wind power plants, and to electrical assembly companies.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods, despite it being indicated.

Right-of-use and lease liabilities

As part of the lease relationship, the Group shall decide whether the lease contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Therefore the Group, as a lessee, recognises the asset – right-of-use asset – representing its rights to use the underlying asset and the lease liability representing its liability to pay the lease payments.

The right-of-use asset is initially measured at acquisition cost and subsequently at acquisition cost reduced by accumulated depreciation and impairment loss adjusted by lease liabilities remeasurement primarily arising from lease modification or indexation. Right-of-use asset is depreciated on a straight-line basis throughout the term of use of the asset or until the end of the lease, whichever is sooner.

The lease liability is initially measured at present value of the lease payments due as at the day of application, discounted using the incremental borrowing rate set by the Group.

The lease liability is then increased by the interest expense and reduced by lease payments paid. Remeasurement occurs in case the future lease payments change due to changes in indexation or rates, change in the estimate of the expected payment from the residual value guarantee, or due to change in assessment whether the option to extend the lease is certain (incl. extension of the expected term of lease indefinitely).

The Group estimates the term of the lease for lease contracts in which it acts as the lessee and which include option to renew or to terminate early, or which are concluded for indefinite period. Assessment whether the Group is reasonably certain that it will use this option affects the term of the lease which in turn affects the values of reported lease liabilities and right-of-use assets. In the case the lessee and lessor can both terminate the lease without more than insignificant penalty, the lease period in such case shall mean the notice period. In this case, penalisation means not only a penalty for early termination but also the cost of moving or providing an alternative lease relationship or other economic losses connected with the termination of the lease relationship.

The Group decided to apply the exemption offered by the standard related to the non-recognition of right-of-use assets and lease liabilities for short-term leases and low-value underlying assets leases. Short-term leases are leases under 12 months. Leases with low-value underlying assets include primarily IT and office equipment leases.

The Group separates lease and non-lease components and applies the practical simplification of not separating lease components only for cars, where it accounts only single lease component.

The Group does not record any material lease contracts in which it would act as a lessor.

Government grants

The Group participates in state development projects, namely in e-mobility and energy network management, and utilises government grants in compliance with individual project terms and conditions.

In the Group’s financial statements, government grants are reported at the moment it is sufficiently clear the grant will be accepted and the Group is able to fulfil the project terms and conditions. The grants accepted are settled in the period in which the Group reports related expenses.

Returnable government grant is reported as a change in net book estimate.

Grants relating to assets

Grants relating to non-current assets acquisition are presented and recognised as grants relating to assets. Grants received reduce the non-current asset acquisition cost. Grants received are recognised in profit or loss throughout the term of the depreciated asset as a reduced depreciation expense. In case the grant is returned, the carrying amount of the asset will be immediately increased by this refund. At the same time, an impairment loss of the new carrying amount value is tested. Depreciation, which would be reported in profit or loss in case there were no grants, are recognised in profit or loss immediately.

Grants for expenses

All grants except grants for non-current assets acquisition are recognised ad grants for expenses. Received grants are recognised together with related expenses and decrease their amount. In case the grant is returned, the refund is immediately recognised in profit or loss.

Inventories

Inventories are stated at the lower of cost determined using the weighted arithmetic average and the net realisable value. The cost includes the purchase price of the material, customs duties and in-transit storage and freight costs incurred to deliver the inventories. The net realisable value represents the estimated selling price for inventories less all estimated costs of marketing, sale and distribution.

Provisions

Provisions are recognised in the balance sheet when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is equal to the present value of those cash flows.

Financial assets (except for derivatives)

Financial assets are recognised in the Group's balance sheet at the moment the Group becomes bound by a contractual provision relating to the financial asset. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or the financial asset transfers to a third party. The classification of a financial asset arises from an entity's business model for managing financial assets and the characteristics of contractual cash flows following from the given financial asset. After initial recognition, financial assets are subsequently measured depending on the classification implemented.

Financial assets are classified into the following categories: financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income and financial assets measured at fair value through profit or loss.

Financial assets measured at amortised cost ("FAAC")

FAAC include financial assets held within a business model whose objective is to hold financial assets to collect contractual cash flows, whilst these contractual cash flows represent solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at fair value through other comprehensive income ("FVOCI")

Financial assets at FVOCI include financial assets held within a business model whose objective is to hold financial assets to collect contractual cash flows and to sell financial assets, whilst the contractual cash flows represent solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at fair value through profit or loss ("FVTPL")

Financial assets at FVTPL include financial assets that do not meet the criteria for measuring at amortised cost or at FVOCI and also those financial assets that could meet the criteria for measuring at amortised cost or at FVOCI, but their measurement at other than fair value through profit and loss would cause measurements of financial assets and financial liabilities on different bases and give rise to recognition inconsistencies.

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses from financial assets classified as FAAC and financial assets at FVOCI depending on the expected credit loss model (impairment model) applied. A simplified model is applied for trade receivables and lease receivables.

Impairment model

The new impairment model is applied to financial assets measured at amortised cost, financial assets measured at FVOCI and contract assets. Compared to IAS 39, impairment losses are recognised earlier. In accordance with IFRS 9, the Group calculates a loss allowance for financial assets with regard to the development of credit risk, which is reflected in the stage of impairment (stage 1-3), at an amount a) equal to 12-month expected credit losses (stage 1), or b) corresponding with the lifetime expected credit losses on the financial asset (stage 2-3). If compared with the initial recognition the credit risk has significantly increased, the financial asset will be classified in stage 2. If a counterparty default is identified with a financial asset, this financial asset will be classified as stage 3.

The Group calculates loss allowances for trade receivables in the amount corresponding with the lifetime expected credit losses on the financial asset.

In respect of cash and cash equivalents and loans granted, the Group calculates loss allowances equal to 12-month expected credit losses, if the related credit risk has not increased significantly since initial recognition or no counterparty default has been identified.

In assessing whether the credit risk associated with a financial asset has increased significantly, the Group compares the risk of default of the financial instrument as at the date of recognition with the risk as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort and shows a significant increase in credit risk. The Group primarily relies on its own historical experience, available information and market analyses, including current macroeconomic indicators and forward-looking information. Regardless of these analyses, the Group considers situations where the financial asset is more than 30 days past due to indicate significant increases in credit risk. In case of cash and cash equivalents, these include situations where the external credit rating of the counterparty, based on renowned external rating agencies (Moody's, Standard & Poor's and Fitch), decreases from an investment level to speculative (non-investment) level. Default is a situation where the financial asset is more than 90 days past due; in case of cash and cash equivalents, it is a situation where the external credit rating of a counterparty based on renowned external rating agencies decreases to a risk level.

The expected credit losses are calculated as the weighted average of credit losses with the respective risks of a default occurring as the weights. The credit losses are calculated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

Impairment losses for financial assets, including contract assets, are newly recognised on a separate line as impairment losses for financial assets in the income statement.

Financial liabilities (except for derivatives)

Financial liabilities are recognised in the Group's balance sheet at the moment the Group becomes bound by a contractual provision relating to the financial liability. Financial liabilities are derecognised when the financial liability extinguishes, i.e., in case the obligation specified in the contract is fulfilled, cancelled or its validity expires. After initial recognition, financial liabilities are subsequently measured depending on the classification implemented.

Financial liabilities are classified into the following categories: financial liabilities measured at amortised cost and financial liabilities measured at fair value through profit or loss.

Financial liabilities measured at amortised cost ("FLAC")

FLAC include financial liabilities that are not measured at fair value through profit or loss.

Financial liabilities measured at fair value through profit or loss ("FLTPL")

FLTPL include derivatives that do not function as effective hedging instruments and those derivatives whose measurement at other than fair value through profit and loss would cause the measurement of financial assets and financial liabilities on different bases and give rise to recognition inconsistencies.

Initial recognition of financial assets and financial liabilities

In regular evaluation of business models for holding financial assets, the Group relies on basic activities generating cash flows and representing financial assets. The main part of revenues and cash flow constitute activities connected with the supply and distribution of electricity and gas in the Czech Republic. Other significant revenues of the Group include in particular the following activities: trading on the market with commodities, generation of solar energy and energy services.

In determining the business model, the Group considers risks affecting the given financial assets and the method of their management, the evaluation of the individual significant financial assets' profitability and performance as part of specific activities.

The Group determines whether contractual cash flows from financial assets are solely payments of principal and interest on the principal amount outstanding based on an analysis and evaluation of contractual financial conditions pertaining to the given financial instrument. The Group also takes into consideration events that could impact the amount or timing of contractual cash flows and the amount of advances received.

At initial recognition of individual investments in equity instruments that are not held for trading and would otherwise be measured at FVTPL, the Group may make an irrevocable decision to present subsequent changes at FVOCI. This decision is performed separately for each individual investment.

All other financial assets that are not subsequently measured at amortised cost or at FVOCI are measured at FVTPL.

At initial recognition, the Group may irrevocably designate a financial asset or financial liability to the category measured at FVTPL, if doing so eliminates or significantly reduces a measuring or accounting mismatch that could otherwise arise in measuring assets or liabilities or recognising relevant profits or losses on different bases.

Except for trade receivables that do not have a significant financing component, at initial recognition, financial assets and financial liabilities are measured at FVTPL. In respect of financial assets or financial liabilities not included in the FVTPL category, the fair value is increased or decreased by transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Trade receivables that do not have a significant financing component are measured at their transaction price at initial recognition.

The Group performs subsequent measurement of individual categories of financial assets and liabilities in accordance with the initial classification and the given instruments are included in current or non-current assets or liabilities, depending on the period in which they are settled.

Derivatives

The Group hedges its future transactions, risk management and cash flows using financial and commodity derivative contracts. With most purchases and sales of electricity and gas in form of term contracts carried out by the Group, their physical delivery with subsequent consumption or sale as part of the Group's regular activities is expected. Such contracts are not covered by IFRS 9 and therefore not revalued (own use contracts).

The Group considers transactions concluded with the aim to balance the volumes of purchases and sales of a commodity to be a part of its regular activities, therefore these contracts are also not covered by IFRS 9.

In terms of derivatives concluded in line with the selected risk management strategy, the Group applies hedge accounting based on the rules of IAS 39, because the Group applied transition provisions of IFRS 9 and follows and will continue to follow IAS 39 in respect of current and newly defined hedging relationships. The Group designates certain derivatives as either hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedges), hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges).

As part of its trading portfolio, the Group also enters into commodity derivatives transactions to derive profit from the short-term movements of prices.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured at their fair value at each balance sheet date. In respect of derivatives traded as part of its trading portfolio, the resulting gain or loss is recognised directly in the profit or loss for the current year.

The fair value of derivatives is classified as a non-current receivable or a non-current liability if the derivative is settled in more than 12 months, or as a current receivable or a current liability if the derivative is settled within 12 months.

Apart from commodity derivatives, the Group also uses currency and interest rate derivative instruments.

Hedge accounting

The Group designates certain hedging instruments as either fair value hedges or cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the Company documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in fair values or cash flows of the hedged item.

Movements in the hedging reserve in equity are also detailed in the statement of changes in equity.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts reported in equity are recycled in profit or loss in the periods when the hedged item is recognised in profit or loss.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. An adjustment of the carrying amount of the hedged item arising from the hedged risk is realised into profit or loss from the date of the relevant adjustment.

Offsetting financial instruments

Financial assets and liabilities are mutually offset and the net amount is reported in the balance sheet, if a legally enforceable right exists to offset recognised amounts, as well as the intention to perform settlement on a net basis or realise the receivable and at the same time settle the liability. The legally enforceable right must not be dependent on future events and must be executable as part of regular business activities also in case of default, insolvency or bankruptcy of the Group or the counterparty.

Employee benefits expense

The Group makes contributions to the health insurance and pension insurance schemes and the state employment policy scheme at the level required by law and effective in the relevant year by reference to the employees' gross salary. The insurance and social security expenses are charged to profit or loss in the same period as the relating payroll expenses.

The Group also makes contributions to its employees' retirement benefit plans. These contributions are expensed in the period in which employees are entitled to receive contributions based on the services that they provide to the Group.

The Group provides other bonuses under the Collective Agreement (the defined benefit plan, refer to the note "Provisions"). The relevant provisions are measured at the present value of anticipated future payments using actuarial assumptions.

Statement of cash flows

The Group prepares its statement of cash flows using the indirect method.

Significant accounting estimates

The presentation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the balance sheet date and the reported amounts of revenue and expenses during the reporting period. The Group's management has made these estimates and assumptions on the basis of all the relevant information available to it. Nevertheless, pursuant to the nature of estimates, the actual results and outcomes in the future may differ from these estimates.

The Group considers the determination of the uninvoiced energy amount with customers whose actual consumption is not read on a monthly basis to be a key area subject to the use of estimates. This amount is determined using the balance approach as a difference between the aggregate electricity input and output, where certain inputs of this accounting equation must be estimated (e.g. grid losses or own consumption in the relevant period, average price of energy supplied). The Group subsequently reviews the total closing amount using a control calculation in the customer system.

The Group also receives investment contributions based on contracts on connection to the power grid. Based on an analysis and in line with valid legislation, the Group defers these investment contributions over a period of 20 years, because the contract on connection includes the initial connection to the grid and also maintenance of the given connection over the term of the contract that is concluded for an indefinite period of time. In determining the above assumption, the Group relied on its own analysis of the duration of contracts on the connection of individual collection points and also took into account relevant legislation relating to investment contributions. At the same time, the selected methodology is in compliance with the parent company's accounting policies and similar approaches are implemented by other European companies in comparable sectors.

Moreover, the Group applied its own judgement in determining whether it acts as a principal in respect of revenue from distribution services. Based on its own assessment, the Group is in the position of a principal in providing distribution services, mainly due to its significant integration of distribution services and electricity supplies for its customers. From the point of view of the Group's customers, distribution and supply thus represent one performance obligation. Another factor justifying the position of a principal is the fact that the Group reviews necessary inputs for the provision of an integrated service (distribution) until the control over delivery is transferred to the customer.

Right-of-use asset and lease liabilities measurement in contracts for indefinite period is based on the estimated term of the lease relationship. For these leases, the Group considers whether the contract is enforceable beyond the notice period, i.e., whether the lessor or the lessee has the option to terminate the lease contract without more than insignificant sanction. If they do not have this termination option, the contract is enforceable beyond the notice period. In such cases, the Group determines the lease term as the period over which the Group is reasonably certain to continue with the lease, while considering economic factors such as the specificity of the asset and the availability of alternatives, location, termination costs, existence of technical improvements, etc.

(4) Revenues (TCZK)

Revenue and expenses relating to the sale of electricity and gas	2020	2019
Revenue from electricity produced	462,511	444,361
Payment for solar energy	(20,276)	(20,930)
Total revenue from electricity production	**442,235**	**423,431**
Sales of electricity B2B	5,031,814	5,230,917
Sales of distribution and system services B2B	4,297,920	4,627,550
Sales of electricity B2C	3,608,021	3,295,211
Sales of distribution and system services B2C	7,046,389	6,986,574
Sales of electricity to dealers	322,128	130,713
Revenue from electricity for fuels sold	1,733	882
Total sales of electricity	**20,308,005**	**20,271,847**
Revenue from the sales of gas B2B and B2C	539,868	457,649
Revenue from the sales of gas to dealers	42,426	174,964
Total sales of gas	**582,294**	**632,613**
Margin on trading	(5,350)	(16,636)
Total revenues from electricity and gas sold	**20,884,949**	**20,887,824**
Costs of purchases of sold electricity	(7,740,892)	(7,366,776)
Costs of purchases of distribution and system services	(6,112,018)	(6,319,061)
Costs of electricity and distribution services for fuel	(1,828)	(580)
Costs of purchases of gas	(503,503)	(591,086)
Total costs	**(14,358,241)**	**(14,277,503)**
Gross profit from the sale of commodities	**6,968,943**	**7,033,752**

Other operating revenue	2020	2019
Revenue from provided services	378,602	365,720
Investment contributions	184,501	188,276
Compensation for unauthorised consumption	5,895	11,565
Other	12,625	13,765
Total	**581,623**	**579,326**

Information about the nature, method and timing of typical satisfaction of performance obligations from contracts with customers, including significant payment terms and the revenue recognition method under IFRS 15

Revenue from electricity produced: This includes revenue from electricity produced in photovoltaic and wind power plants; the price of electricity is regulated by the Energy Regulatory Office and according to the valid legislation it is guaranteed for the period of twenty years from obtaining a licence. Revenue is currently generated in form of a so called green bonus. Revenue is recognised at the moment the commodity is delivered.

Sales of electricity, gas and distribution services B2B: As part of the B2B segment, the Group recognises revenue arising from contracts on supplies of electricity, gas and distribution services with end major corporate customers. A characteristic feature for this customer segment is the regular monthly reading of consumption meters and the subsequent invoicing for supplies in the given month. Terms of the contracts on supplies of electricity or gas are individual, taking into consideration customer requirements and needs. Revenue is recognised at the moment the commodity is delivered; this revenue is recognised on an ongoing basis with a fixed price.

Sales of electricity, gas and distribution services B2C: As part of the B2C segment, the Group recognises revenue arising from contracts on supplies of electricity, gas and distribution services with end customers comprising small entrepreneurs and households. A characteristic feature for this customer segment is the annual reading of consumption meters and the subsequent invoicing for supplies in the given period. Contracts are usually concluded for a period of 24 months; with regard to contractual penalties, a termination notice is not expected. B2C customers usually provide regular advance payments determined based on the expected quantity delivered. Revenue is recognised at the moment the commodity is delivered; this revenue is recognised on an ongoing basis with a fixed price. With regard to the annual character of the consumption meter reading and annual invoicing of the actual consumption, the Group estimates the amount of electricity or gas consumed but not yet invoiced on an ongoing basis and this estimate enters revenue recognition.

Sales of electricity and gas to dealers: Revenue from trading with wholesale partners is connected with the sales on the wholesale market that the Group carries out in transactions serving to hedge the purchase price of the commodity, performed through commodity term contracts with physical delivery of the commodity, and with the sales of surpluses when balancing the planned withdrawal diagram at moments immediately preceding the actual delivery to end customers. Contractual conditions are individual; however, they are determined to a large extent by a standard EFET contract or trade conditions on the market managed by the Czech market operator. Revenue is recognised at the moment the commodity is sold to a wholesale partner. In the case of hedging transactions, the price is fixed, and in the case of transactions connected with the diagram balancing, it is determined by the development on the short-term (spot) commodity market. Invoicing is performed in the month following the month when the commodity is delivered to the dealer. No advance payments are made.

Revenue from provided services: These include in particular services provided to external customers, such as revenue from the lease of land, real estate and cars, IT support, reading of heat and gas meters, maintenance of pubic lighting and electrical assembly work. Prices and payment terms arise under individual contracts concluded.

Investment contributions: The Group receives investment contributions based on contracts on connection to the power grid. Based on an analysis and in line with valid legislation, the Group defers these investment contributions over a period of 20 years, because the contract on connection includes the initial connection to the grid and also maintenance of the given connection over the term of the contract that is concluded for an indefinite period of time.

Revenue relating to performance obligations that were not satisfied or partly satisfied as at 31 December 2020

Contractual revenue	2021	2022	2023	2024	2025
Supplies of electricity	6,670,588	2,480,274	1,131,161	193,115	--
Supplies of gas	332,444	158,880	70,139	--	--
Other revenue	61,615	14,728	7,193	2,495	1,386
Total	**7,064,647**	**2,653,882**	**1,208,493**	**195,610**	**1,386**

Supplies of electricity and gas: Contractual revenue comprises the equivalent of supply fixed by a contract, measured at a contractual price. In respect of customers whose supply is not fixed, the supply is estimated over the notice period and measured at the average planned price.

Other revenue: This includes contractual revenue in particular from the provision of energy and telecommunication services.

Other contractual revenue (not included in the table) is revenue from the following regulated activities: distribution of electricity, electricity generation from renewable energy sources and revenue from investment contributions:

Distribution of electricity: This activity is regulated by the Energy Regulatory Office ("the ERÚ") which determines so called allowed revenues using the revenue cap method. Allowed revenues are derived from the product of operating expenses, depreciation and reasonable profit (WACC x RAB), where the RAB (regulatory asset base) is the carrying amount of assets recognised by the regulator and the WACC is the weighted average cost of capital expressing the rate of return. Regulatory parameters determining the resulting allowed revenues for the upcoming year are always published by the ERÚ in November of the previous year – in 2021, the allowed revenues are set at MCZK 5,224.

Revenue from electricity produced: The price of electricity is regulated by the ERÚ and according to the valid legislation it is guaranteed for the period of twenty years from obtaining a licence (i.e., in respect of the PRE Group until 2029, or 2030). Revenue is currently generated in the form of a so-called green bonus; in 2021, the revenue of MCZK 400 is expected.

Investment contributions: Revenue relating to unsatisfied or partly satisfied performance obligations in respect of investment contributions totals TCZK 1,813,664 and its division into current and non-current is shown in contract liabilities under Note 24 Contract liabilities.

The Group used practical expedients and revenue arising from contracts, whose originally expected term of the contract was less than one year, was not included as part of the above expected revenue.

Contractual balances	2020	2019
Receivables included in trade and other receivables *)	1,488,306	1,606,988
Contract assets *)	484,258	489,435
Contract liabilities *)	2,752,289	2,797,473

*) See Notes 19, 20 and 24.

Revenues from customer relationship comprise total sales and other revenues.

Incremental costs for obtaining a contract amount to TCZK 102,818 (at 31 December 2019: TCZK 61,687); and relate to the commissions paid for attracting new customers, they are reported in trade and other receivables and released for 41 months in the cost of purchased services, material and energy.

(5) Segment reporting (TCZK)

The Group's activities are divided into Trade, Distribution and Other segments. The structure of information on segments corresponds with the structure of principal business activities and the structure of managerial information in the Group. Transfer pricing between entities in the Group is arranged in the same amount as if arranged between independent entities in ordinary business relations. The Group regularly prepares transfer pricing documentation and always once every three years asks the tax authority for a binding assessment of the pricing method. The current binding assessment is valid until 2023.

Trade – supply of electricity and gas (commodities) and trading in electricity

The Group ensures the purchase and sale of commodities, including related activities. The segment's revenue according to the type of business relationship (see the following paragraph) is either only proceeds from the sold commodity or proceeds from the sold commodity and distribution service.

Customers have the right to choose a commodity supplier. If they choose a supplier whose territory of supply is not in the place of the physical collection of the commodity, they pay only for the delivered commodity to this supplier. They subsequently pay to the distributor, in whose territory of supply the collection is located, for distribution and system services (hereinafter only services) related to the commodity supply. The customer can conclude a contract on combined supply services with the supplier and in such case the supplier also arranges the supply of distribution services.

The commodity price is contractual (non-regulated), while the service price is regulated. The price of distribution services is regulated by the Energy Regulatory Office.

Distribution

The Distribution segment ensures the physical transmission of electricity from suppliers to customers in the required quantity and quality. The segment's principal revenue is internal revenue from the trade segment for the quantity of energy transmitted in individual voltage levels, or external revenue from customers with whom the segment is in direct business relation.

Other

The segment's principal activity is the generation of electricity using solar and wind energy. In addition, it provides the reading, purchases and sale, review and assembly of meters. It provides and further develops an external services package which includes assembly work at the customer's collection point, the servicing of photovoltaic power plants, energy audits of buildings, inspection and cleaning of transformer stations, installation of lighting systems, decentralised energy services and EPC, etc. It offers services in the turnkey assembly of photovoltaic power plants. To a lesser extent, the Group sells selected electrical appliances in its company store.

	Trade		Distribution		Other		Elimination		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Electricity and gas/ distribution										
External revenue	17,261,047	17,065,385	3,623,902	3,822,439	442,235	423,431	--	--	21,327,184	21,311,255
Inter-segment revenue	442,011	402,280	5,752,101	5,803,369	--	--	(6,194,112)	(6,205,649)	--	--
External expenses	(10,225,972)	(9,958,000)	(4,132,269)	(4,319,503)	--	--	--	--	(14,358,241)	(14,277,503)
Inter-segment expenses	(5,741,256)	(5,792,407)	(442,011)	(402,280)	--	--	6,183,267	6,194,687	--	--
Gross profit	**1,735,830**	**1,717,258**	**4,801,723**	**4,904,025**	**442,235**	**423,431**	**(10,845)**	**(10,962)**	**6,968,943**	**7,033,752**
Other external operating revenue	36,483	44,913	306,043	297,804	239,097	236,609	--	--	581,623	579,326
Other inter-segment operating revenue	941,136	907,572	19,442	18,909	256,989	234,717	(1,217,567)	(1,161,198)	--	--
Personnel expenses	(748,626)	(719,164)	(632,184)	(580,111)	(226,740)	(221,175)	--	--	(1,607,550)	(1,520,450)
Amortisation and depreciation of non-current assets	(258,437)	(253,722)	(1,033,051)	(1,017,739)	(176,497)	(144,334)	--	--	(1,467,985)	(1,415,795)
Cost of purchased services, material and energy	(630,682)	(579,002)	(1,654,269)	(1,553,023)	(365,677)	(335,451)	1,231,057	1,174,311	(1,419,571)	(1,293,165)
Capitalisation	21,530	--	309,995	294,240	--	--	--	--	331,525	294,240
Impairment losses for assets	(107,740)	(24,378)	(4,125)	(4,882)	(544)	(348)	--	--	(112,409)	(29,608)
Other gains and losses less interest received	52,250	58,951	(134,468)	145,086	79,897	75,513	(2,645)	(2,151)	(4,966)	(12,773)
Operating performance of the segment	**1,041,744**	**1,152,428**	**1,979,106**	**2,214,137**	**248,760**	**268,962**	**--**	**--**	**3,269,610**	**3,635,527**
Revenues from interest and dividends received	1,774,209	1,812,737	71	1,149	52	1,073	(1,774,332)	(1,814,959)	--	--
Borrowing costs	(71,804)	(61,159)	(158,010)	(161,782)	(30,919)	(33,723)	152,332	158,459	(108,401)	(98,205)
Current income tax	(234,104)	(252,987)	(275,361)	(324,154)	(52,077)	(55,978)	--	--	(561,542)	(633,119)
Deferred income tax	8,922	5,457	(70,132)	(65,471)	9,739	6,914	--	--	(51,470)	(53,100)
Financial performance of the segment	**2,518,967**	**2,656,476**	**1,475,674**	**1,663,879**	**175,555**	**187,248**	**(1,622,000)**	**(1,656,500)**	**2,548,197**	**2,851,103**
Other information										
Total assets	**21,813,477**	**21,035,684**	**25,216,789**	**24,525,915**	**2,035,319**	**2,136,380**	**(16,645,812)**	**(15,904,284)**	**32,419,773**	**31,793,695**
Additions to tangible assets *)	224,311	161,895	1,669,427	1,608,382	25,993	61,204	--	--	1,919,731	1,831,481
Additions to intangible assets *)	102,484	81,507	11,461	61,510	360	92,014	--	--	114,305	235,031
Liabilities	8,480,412	8,570,479	19,910,921	19,196,397	1,302,700	1,435,704	(16,645,812)	(15,904,284)	13,048,221	13,298,296

*) Additions include additions from business combinations and additions from right-of-use in line with IFRS 16.

(6) Personnel expenses (TCZK)

	2020	2019
	Staff including management	**Staff including management**
Average headcount	1,600	1,547
Salaries	962,209	908,470
Salaries paid depending on the fulfilment of the plan	76,361	74,867
Social and health insurance	386,891	350,278
Remuneration to the members of the Group's bodies	69,356	63,218
Other social expenses *)	112,733	123,617
Total	**1,607,550**	**1,520,450**

*) Primarily expenses relating to severance pays and employee benefits defined by the Collective Agreement, specifically catering contributions, bonuses paid to employees in relation to work or life anniversaries, retirement, contributions to additional pension insurance and medical care.

Personnel expenses were reduced by the grant provided under the Dflex project ("Verifying the flexibility for the operation and control of the electrification system") and the "Antivirus" project totalling TCZK 6,415 (2019: TCZK 766).

(7) Cost of purchased services, material and energy (TCZK)

	2020	2019
Material and own consumed energy	267,136	241,081
Subcontracts and freight costs *)	285,233	216,101
Repairs of property, plant and equipment	261,110	240,311
Consulting services	60,636	58,258
Lease payments	47,423	49,056
Postage and telecommunication fees	43,170	43,678
IT support	136,010	133,563
Marketing	116,334	104,235
Personnel services and employee development	46,087	44,316
Other **)	156,432	162,566
Total	**1,419,571**	**1,293,165**

*) The item includes subcontracts and freight costs as part of the services primarily in respect of KORMAK Praha a.s. and VOLTCOM, spol. s r.o., which are engaged in the repairs and construction of new assets, and PREměření, a.s., which provides electrical assembly work.

**) Expenses incurred on cleaning services, security guard services, storage fees and other services. Moreover, the item includes the costs of the fees to the statutory auditor.

The purchased services, material and energy were reduced by the grant provided under the Dflex project ("Verifying the flexibility for the operation and control of the electrification system") and the "Improving the region's resilience against the threat of global electrical blackout using new technologies and management" project totalling TCZK 1,124 (2019: TCZK 498).

Costs of fees payable to the statutory auditor (TCZK)

	PRE	PREdi	PREm	eYello	PREzak	PREs	Total
Audit	1,635	990	270	200	195	195	3,485
Consulting services and other assurance services	813	--	--	--	--	--	813
Total for 2020	**2,448**	**990**	**270**	**200**	**195**	**195**	**4,298**
Audit	1,303	990	270	200	254	--	3,017
Consulting services and other assurance services	413	--	--	--	--	--	413
Total for 2019	**1,716**	**990**	**270**	**200**	**254**	**--**	**3,430**

KPMG Česká republika Audit, s.r.o., is the statutory auditor.

(8) Borrowing costs (TCZK)

	2020	2019
Interest on loan *)	57,250	46,846
Interest expense on employee benefits	2,241	2,414
Interest on leases	48,910	48,945
Total	**108,401**	**98,205**

*) A portion of the borrowing costs of TCZK 9,962 (2019: TCZK 6,921) was capitalised in line with IAS 23. The capitalisation rate was 1.42% p. a. (2019: 1.16% p. a.).

(9) Asset capitalisation (TCZK)

	2020	2019
First-time assembly and calibration of electricity meters	40,649	37,451
Internally produced assets (production of distribution assets)	290,876	256,789
Total	**331,525**	**294,240**

(10) Impairment loss for financial assets (TCZK)

	2020	2019
Write-offs of doubtful debts	19,202	23,410
Creation and release of loss allowances for receivables	78,353	5,690
Creation and release of loss allowances for contract assets	15,645	577
Creation and release of loss allowances for cash and cash equivalents	(791)	(69)
Total	**112,409**	**29,608**

(11) Other gains and losses (TCZK)

	2020	2019
Taxes and charges	(5,582)	(14,745)
Insurance premium	(9,504)	(8,691)
Foreign exchange rate gains (losses)	32,955	(4,091)
Interest received outside of the Group	3,839	8,023
Gain (loss) from the sale and disposal of assets	(32,418)	1,096
Gain (loss) from the sale and disposal of inventories	11,474	8,844
Other	(5,730)	(3,209)
Total	**(4,966)**	**(12,773)**

(12) Income tax (TCZK)

The current income tax is calculated at 19% of the estimated taxable profit. Deferred tax is calculated using the income tax rate anticipated in future periods, i.e., 19%.

	2020	2019
Current tax	561,542	633,119
Deferred tax	51,470	53,100
Total income tax	**613,012**	**686,219**

Effective tax rate		**2020**		**2019**
Profit before tax	**3,161,209**		**3,537,322**	
Income tax using the effective income tax rate	600,630	19.00%	672,091	19.00%
Impact of items that are permanently tax non-deductible	12,382	0.39%	14,128	0.40%
Total income tax/effective tax rate	**613,012**	**19.39%**	**686,219**	**19.40%**

Deferred tax assets (-) and liabilities (+) recorded in the balance sheet relate to the following items:

	2020	Recorded in profit or loss	Recorded in other compr. income	Changes in business combi-nations	2019	Recorded in profit or loss	Recorded in other compr. income	Changes in business combi-nations	2018
Non-current assets	2,235,794	69,591	--	23,310	2,142,893	59,990	--	4,049	2,078,854
Provisions	(7,721)	129	--	--	(7,850)	9,264	--	--	(17,114)
Loss allowances for receivables	(31,898)	(15,437)	--	--	(16,461)	(2,764)	--	--	(13,697)
Write down of inventories	(119)	(17)	--	--	(102)	157	--	--	(259)
Obligation under the Collective Agreement	(90,317)	(2,796)	(1,764)	--	(85,757)	(13,547)	(2,299)	--	(69,911)
Cash flow hedge	7,940	--	23,571	--	(15,631)	--	(96,659)	--	81,028
Total deferred tax liability	**2,113,679**	**51,470**	**21,807**	**23,310**	**2,017,092**	**53,100**	**(98,958)**	**4,049**	**2,058,901**

The total deferred tax is reported in the balance sheet as a deferred tax asset of TCZK 44,270 (2019: TCZK 41,868) and a deferred tax liability of TCZK 2,157,949 (2019: TCZK 2,058,960).

The estimated current income tax for 2020 of TCZK 562,287 was reduced by income tax prepayments of TCZK 620,772 and the net difference is reported in tax receivables in the amount of TCZK 61,786 and in tax liabilities in the amount of TCZK 3,301. In 2019, the estimated current income tax for 2019 of TCZK 631,211 was reduced by income tax prepayments of TCZK 605,147 and the net difference is reported in tax receivables in the amount of TCZK 4,000 and in tax liabilities in the amount of TCZK 30,064.

(13) Dividends (TCZK)

The following amounts were recognised as distribution of profit to shareholders in the relevant period:

	2020	2019
Final dividend for 2019 of CZK 445 (2018: CZK 437) per share	1,723,256	1,690,908

The proposed dividend for 2020 must be approved by the shareholders at the regular General Meeting. It has not been included in liabilities in these financial statements.

(14) Earnings per share (TCZK)

Earnings per share are calculated from the net profit for distribution of TCZK 2,548,197 (2019: TCZK 2,851,103) attributable to 3,869,443 shares, i.e., the earnings per share amount to CZK 659 (2019: CZK 737). The Group has not issued instruments diluting the basic earnings per share.

(15) Property, plant and equipment (MCZK)

	Land	Power structures	Cables and overhead power lines	Telecom-munication techno-logies a IT	Admini-strative buildings	Power plants – renewable resources	Electricity meters	Other	Under con-struction	Total
Cost										
At 31 December 2018	**906.3**	**14,744.5**	**16,064.0**	**2,791.8**	**1,825.8**	**2,253.3**	**1,679.8**	**858.0**	**605.5**	**41,729.0**
Additions *)	4.4	256.3	816.4	83.8	15.7	6.7	58.9	32.3	363.7	1,638.2
Additions from business combinations incl. purchase price allocation	1.1	--	--	--	--	48.9	--	11.0	--	61.0
Disposals	(0.1)	(55.1)	(64.2)	(52.0)	--	--	(115.3)	(39.0)	(0.6)	(326.3)
Reclassification in line with IFRS 16	--	--	--	--	--	--	--	(143.0)	--	(143.0)
Transfers	0.5	204.4	42.5	76.3	5.8	--	26.8	3.3	(359.6)	--
Allocation of purchase price of last year's acquisitions	--	--	--	--	--	0.2	--	4.0	--	4.2
At 31 December 2019	**912.2**	**15,150.1**	**16,858.7**	**2,899.9**	**1,847.3**	**2,309.1**	**1,650.2**	**726.6**	**609.0**	**42,963.1**
Accumulated depreciation										
At 31 December 2018	**(0.6)**	**(7,017.1)**	**(5,724.0)**	**(2,013.0)**	**(573.8)**	**(645.3)**	**(1,223.3)**	**(496.1)**	**--**	**(17,693.2)**
Depreciation expense	--	(378.4)	(396.8)	(120.6)	(43.2)	(137.6)	(66.7)	(39.2)	--	(1,182.5)
Loss allowances	--	--	--	--	--	--	--	--	--	--
Disposals	--	55.1	64.2	52.0	--	--	115.3	37.0	--	323.6
Reclassification in line with IFRS 16	--	--	--	--	--	--	--	53.0	--	53.0
At 31 December 2019	**(0.6)**	**(7,340.4)**	**(6,056.6)**	**(2,081.6)**	**(617.0)**	**(782.9)**	**(1,174.7)**	**(445.3)**	**--**	**(18,499.1)**
Net book value 2018	905.7	7,727.4	10,340.0	778.8	1,252.0	1,608.0	456.5	361.9	605.5	24,035.8
Net book value 2019	**911.6**	**7,809.7**	**10,802.1**	**818.3**	**1,230.3**	**1,526.2**	**475.5**	**281.3**	**609.0**	**24,464.0**

	Land	Power structures	Cables and overhead power lines	Telecom-munication techno-logies a IT	Admini-strative buildings	Power plants – renewable resources	Electricity meters	Other	Under con-struction	Total
Cost										
At 31 December 2019	**912.2**	**15,150.1**	**16,858.7**	**2,899.9**	**1,847.3**	**2,309.1**	**1,650.2**	**726.6**	**609.0**	**42,963.1**
Additions *)	13.7	302.7	814.8	98.2	24.2	--	69.0	48.1	435.0	1,805.7
Disposals	(1.5)	(125.3)	(70.1)	(19.5)	(2.0)	(7.7)	(116.6)	(16.4)	(29.0)	(388.1)
Transfers	0.3	68.6	105.4	76.0	9.4	0.9	22.3	9.6	(292.5)	--
Allocation of purchase price of last year's acquisitions	--	--	--	--	--	129.6	--	--	--	129.6
At 31 December 2020	**924.7**	**15,396.1**	**17,708.8**	**3,054.6**	**1,878.9**	**2,431.9**	**1,624.9**	**767.9**	**722.5**	**44,510.3**
Accumulated depreciation										
At 31 December 2019	**(0.6)**	**(7,340.4)**	**(6,056.6)**	**(2,081.6)**	**(617.0)**	**(782.9)**	**(1,174.7)**	**(445.3)**	**--**	**(18,499.1)**
Depreciation expense	--	(375.0)	(416.7)	(96.5)	(44.8)	(169.8)	(77.6)	(39.7)	--	(1,220.1)
Loss allowances	--	--	--	--	--	--	--	--	--	--
Disposals	--	121.4	70.1	19.5	3.3	0.7	116.6	14.0	--	345.6
At 31 December 2020	**(0.6)**	**(7,594.0)**	**(6,403.2)**	**(2,158.6)**	**(658.5)**	**(952.0)**	**(1,135.7)**	**(471.0)**	**--**	**(19,373.6)**
Net book value 2019	911.6	7,809.7	10,802.1	818.3	1,230.3	1,526.2	475.5	281.3	609.0	24,464.0
Net book value 2020	**924.1**	**7,802.1**	**11,305.6**	**896.0**	**1,220.4**	**1,479.9**	**489.2**	**296.9**	**722.5**	**25,136.7**

*) Increase in investments was reduced by the provided grant from the "PRE backbone network", "PRE metropolitan network" and "Metropolitan network II" projects totalling MCZK 17 (2019: MCZK 3.3).

None of the Company's property, plant and equipment were pledged or used as collateral. In 2021, the Group anticipates incurring total capital expenditures of approximately MCZK 1,864. As at the date of preparation of the financial statements, approximately MCZK 1,345 of all planned expenditure had been contracted.

(16) Intangible assets (MCZK)

	Software	Goodwill	Other	Under construction	Total
Cost					
At 31 December 2018	**731.9**	**151.6**	**67.3**	**96.3**	**1,047.1**
Additions	9.8	--	3.1	72.0	84.9
Additions from business combinations	--	150.0	--	--	150.0
Disposals	(45.3)	--	(2.1)	--	(47.4)
Transfers	90.9	--	--	(90.9)	--
Allocation of purchase price of last year's acquisitions	0.3	12.1	(22.1)	--	(9.7)
At 31 December 2019	**787.6**	**313.7**	**46.2**	**77.4**	**1,224.9**
Accumulated amortisation					
At 31 December 2018	**(579.9)**	**--**	**(34.6)**	**--**	**(614.5)**
Amortisation expense	(79.0)	--	(5.9)	--	(84.9)
Disposals	45.3	--	1.9	--	47.2
Transfers	--	--	--	--	--
At 31 December 2019	**(613.6)**	**--**	**(38.6)**	**--**	**(652.2)**
Net book value 2018	152.0	151.6	32.7	96.3	432.6
Net book value 2019	**174.0**	**313.7**	**7.6**	**77.4**	**572.7**

	Software	Goodwill	Other	Under construction	Total
Cost					
At 31 December 2019	**787.6**	**313.7**	**46.2**	**77.4**	**1,224.9**
Additions	16.7	--	15.5	81.9	114.1
Disposals	--	--	(1.3)	(0.1)	(1.4)
Transfers	76.8	--	--	(76.8)	--
Allocation of purchase price of last year's acquisitions	--	(99.5)	--	--	(99.5)
At 31 December 2020	**881.1**	**214.2**	**60.4**	**82.4**	**1,238.1**
Accumulated amortisation					
At 31 December 2019	**(613.6)**	**--**	**(38.6)**	**--**	**(652.2)**
Amortisation expense	(90.7)	--	(5.2)	--	(95.9)
Disposals	--	--	1.3	--	1.3
Transfers	--	--	--	--	--
At 31 December 2020	**(704.3)**	**--**	**(42.5)**	**--**	**(746.8)**
Net book value 2019	174.0	313.7	7.6	77.4	572.7
Net book value 2020	**176.8**	**214.2**	**17.9**	**82.4**	**491.3**

The Group has no intangible assets developed internally.

None of the Group's intangible assets are pledged or used as collateral.

In 2021, the Group anticipates incurring total capital expenditures of approximately MCZK 89. As at the date of preparation of the financial statements, approximately MCZK 31 of all planned expenditure had been contracted.

(17) Right-of-use and lease liabilities (MCZK)

The Group holds cable conduits for ultra-high voltage and high voltage lines and non-residential premises for high- and low-voltage transformers, motor vehicles, warehouses and land under operating leases.

The lease contracts for cable conduits have usually been concluded for an indefinite period of time. The Group estimated the lease period for 20 years. This period reflects the average remaining useful life of the Group's assets laid in the cable conduits and the historical experience with similar leases, considering other economic factors such as asset specificity, costs of finding an alternative and others. The average period of notice with these agreements is six months, however, termination notice is not expected due to the specific use of the underlying assets and significant penalisation in the form of cost of alternative means of laying the relevant cable infrastructure of the Group.

Leases of non-residential premises for transformer stations include lease contracts for definite period of time under which the Group considers the term of the contract as the lease period, and for indefinite period under which the Group uses its own judgement and, similarly to cable conduits, applied the 20-years lease period. This period reflects the useful life of the Group's assets and the historical experience with similar leases, considering other economic factors such as asset specificity, costs of finding an alternative and others. The average period of notice with these agreements is three months, however, termination notice is not expected due to the specific use of the underlying assets and more than insignificant penalty in the form of cost for alternative means of ensuring energy distribution for the region.

The Group also leases offices and storage facilities (term of lease corresponds with the term of contractual relationship), and land for photovoltaic power plants (term of lease is based on the term of the contractual relationship which corresponds to the photovoltaic power plant's useful life). The Group leases personal and utility motor vehicles, usually for a period of three to six years.

Right-of-use	**Cars**	**Offices and storage facilities**	**Land**	**Conduits**	**Premises for transformer stations**	**Total**
Balance as at 1 January 2019	**--**	**97**	**30**	**1,100**	**333**	**1,560**
Transfers from property, plant and equipment	90	--	--	--	--	90
Additions	46	7	1	44	35	133
Amortisation expense	(40)	(21)	(3)	(57)	(28)	(149)
Net book value at 31 December 2019	**96**	**83**	**28**	**1,087**	**340**	**1,634**
Additions	39	4	--	30	40	113
Amortisation expense	(41)	(22)	(3)	(58)	(29)	(152)
Net book value at 31 December 2020	**94**	**65**	**26**	**1,059**	**351**	**1,595**

Lease liability	**2020**	**2019**
Current lease liabilities	128	125
Non-current lease liabilities	1,508	1,530
Total lease liabilities	**1,636**	**1,655**
Lease liabilities as at 1 January	**1,655**	**1,560**
Finance lease liabilities (motor vehicles in line with IAS 17)	--	90
Lease payments	(132)	(127)
Interest paid	(49)	(49)
Total cash flows	**(181)**	**(176)**
Lease increase and modifications	113	132
Interest expense	49	49
Total non-cash flows	**162**	**181**
Lease liabilities as at 31 December	**1 636**	**1,655**

As at 31 December 2020 and in relation to the application of IFRS 16, the Group reported in its income statement:

	2020	**2019**
Amortisation of the right-of-use	152	148
Interest expense	49	49
Short-term lease expense	3	4
Expenses for leases where the Group applies the exemption for lease with low-value underlying assets	4	4

In 2020, the total cash flows relating to leases was MCZK 181 (2019: CZK 176). As at 31 December 2020, the Group applied interest rate from 1.83% to 3.64% depending on the length of the contractual relation and the underlying asset (as at 31 December 2019: from 1.83% to 3.46%). The Group is not exposed to significant future expenses arising from contracts where the lease did not start as at the balance sheet date, residual value guarantees, or variable lease payments. The Group does not record any significant unrecognised liabilities relating to short-term leases.

The Group does not lease any leased assets to third persons. For the analysis of maturity of lease liabilities refer to Note 30.

(18) Subsidiaries (MCZK)

Company	Principal activity	2020	2019
PREdistribuce, a.s.	Distribution of electricity in Prague and Roztoky	100%	100%
eYello CZ, k.s.	Sales of electricity and gas	100%	100%
PREměření, a.s.	Electro-installation activities, meter reading and generation of solar energy	100%	100%
KORMAK Praha a.s.	Construction and repairs of distribution facilities	100%	100%
PREservisní, s.r.o.	Lease of real estate, apartments and non-residential premises and services for other entities of the PRE Group	100%	100%
PREzákaznická, a.s.	Customer service for other entities of the PRE Group	100%	100%
PRE FVE Světlík, s.r.o.	Generation of electricity using solar energy	100%	100%
PREnetcom, a.s.	Communication grid administration	100%	100%
SOLARINVEST – GREEN ENERGY, s.r.o.	Construction of turnkey photovoltaic projects and electrical assembly work	100%	100%
FRONTIER TECHNOLOGIES, s.r.o.	Production and supply of professional lighting systems	100%	100%
VOLTCOM spol. s r.o.	Construction and repairs of distribution facilities	100%	100%
WINDING WE NORTH a.s.	Financial investor	--	100%
PRE VTE Částkov, s.r.o.	Generation of electricity from renewable resources	100%	100%

The Group exercises control over its subsidiaries, i.e., it has the power to govern, directly or indirectly, the financial and operating policies of an entity so as to obtain benefits from its activities.

The financial statements of the subsidiaries are included in the consolidated financial statements using the full consolidation method.

In November 2018, the Group acquired 100% interest in FRONTIER TECHNOLOGIES, s.r.o. In 2019, the purchase price was allocated, resulting in an increase in the initially recognised goodwill.

As at 30 April 2019, VOLTCOM, spol. s r.o., was acquired. The company specialises in construction, and modernisation of and services for distribution transformer stations and expanding transformer stations. The reason for the acquisition is fulfilling the Group objectives in the field of digitalisation and decentralisation of the energy sector. In 2019, the purchase price was allocated as well.

In December 2019, PREměření, a.s., acquired 100% interest in WINDING WE NORTH a.s., which owns 100% interest in subsidiary PRE FVE Částkov, s.r.o., which operates a wind power plant of installed capacity of 4MWh. In line with the project of merger by acquisition prepared by the participants WINDING WE NORTH a.s., as the dissolving company, and PRE VTE Částkov, s.r.o., as the successor company, on 21 July 2020, WINDING WE NORTH a.s. was dissolved without liquidation and its equity was transferred to the successor company PRE VTE Částkov, s.r.o. In accordance with Section 10 of Act No. 125/2008 Coll., on Transformations of Commercial Companies and Cooperatives, as amended as at the date of the merger project preparation, the decisive date of the merger is 1 January 2020.

In 2020, the purchase price associated to this acquisition was allocated. As a result, the Group reduced originally reported goodwill of MCZK 101 by MCZK 100, revalued property, plant and equipment (Power plants – renewable sources) by MCZK 130, provisions for business risks by MCZK 7 and deferred tax by MCZK 23.

On the acquisition of subsidiaries, goodwill was created as the paid consideration included additional sums relating to the benefits from expected revenues from services, and savings on repairs and distribution network building. These benefits are not reported separate from goodwill as independent assets as they do not meet the criteria for recognition as identified intangible assets.

	2020	2019
Assets acquired and liabilities assumed from subsidiaries as at the acquisition date:		
Property, plant and equipment	--	61
Loans and borrowings	--	(66)
Other assets and liabilities	--	2
Cash	--	31
Fair value of the identifiable net assets acquired	**--**	**28**
Consideration transferred upon the acquisition of subsidiaries	--	178
less the fair value of the identifiable net assets acquired	--	(28)
Goodwill arisen upon the acquisition of subsidiaries	**--**	**150**

Net cash flows upon the acquisition of subsidiaries	**2020**	**2019**
Consideration transferred upon the acquisition of subsidiaries	--	178
Cash equivalents of the subsidiaries over whom control has been acquired	--	(31)
Balance of outstanding amount of purchase price *)	(4)	3
Net cash outflows upon the acquisition of subsidiaries	**(4)**	**150**

*) Includes retentions and deferred (conditional) payments arising from the contract. Deferred payments represent an additional payment of the purchase price which is dependent on the future achievement of selected financial indicators acquired by the company (profit before tax).

The goodwill which arose upon the allocation of the purchase price is not tax-relevant. Within the Group, goodwill is allocated to two cash-generating units – renewable energy manufacturers which include photovoltaic power plants and wind power plants, and to electrical assembly companies.

Goodwill	**2020**	**2019**
Balance as at 1 January	314	151
Additions from business combinations performed during the year	--	150
Change in goodwill following the purchase price allocation	(100)	13
Balance as at 31 December	**214**	**314**

Goodwill allocation to companies	**2020**	**2019**
FVE Dačice, s.r.o.	34	34
FVE Pozořice, s.r.o.	5	5
KORMAK Praha a.s. and PREservisní, s.r.o.	57	57
PRE FVE Světlík, s.r.o.	10	10
SOLARINVEST – GREEN ENERGY, s.r.o.	17	17
FRONTIER TECHNOLOGIES, s.r.o.	41	41
VOLTCOM spol. s r.o.	49	49
PRE VTE Částkov, s.r.o., and WINDING WE NORTH a.s.	1	101
Balance as at 31 December	**214**	**314**

In compliance with the accounting policies, an impairment test in respect of goodwill was performed, during which no impairment indicators were identified.

	Renewable energy manufacturers	Electrical assembly companies	Total
Goodwill (gross) as at 31 December 2018	**49**	**102**	**151**
Additions	101	62	163
Disposals	--	--	--
Goodwill (gross) as at 31 December 2019	**150**	**164**	**314**
Impairment losses as at 31 December 2018	**--**	**--**	**--**
Additions	--	--	--
Disposals	--	--	--
Impairment losses as at 31 December 2019	**--**	**--**	**--**
Goodwill (net) as at 31 December 2018	**49**	**102**	**151**
Goodwill (net) as at 31 December 2019	**150**	**164**	**314**

	Renewable energy manufacturers	Electrical assembly companies	Total
Goodwill (gross) as at 31 December 2019	**150**	**164**	**314**
Additions	--	--	--
Change in goodwill following the purchase price allocation	(100)	--	(100)
Goodwill (gross) as at 31 December 2020	**50**	**164**	**214**
Impairment losses as at 31 December 2019	**--**	**--**	**--**
Additions	--	--	--
Disposals	--	--	--
Impairment losses as at 31 December 2020	**--**	**--**	**--**
Goodwill (net) as at 31 December 2019	**150**	**164**	**314**
Goodwill (net) as at 31 December 2020	**50**	**164**	**214**

Annually at the balance sheet date, the Company determines the recoverable value for each of the cash-generating units to which goodwill is attributable. In this case, the recoverable amount is set as the higher of the value in use or the fair value reduced by the cost of sale.

Due to the fact that the value in use is higher, for all cash-generating units to which goodwill is allocated, than the fair value reduced by the cost of sale, the recoverable amount of each cash-generating unit is based on its value in use.

Setting the value in use for renewable energy manufacturers

The value in use of cash-generating units from the group of renewable energy manufacturers is based on the following key expectations which form the basis of the cash flow plans of individual renewable energy manufacturers. This comprises:

1. Future production of renewable energy manufacturers, i.e., the amount of electricity each individual renewable energy manufacturer produces;
2. Future price of electricity delivery to the distribution grid, i.e., the price for which each individual renewable energy manufacturer is able to sell its future production; and
3. Useful life, i.e., the period during which the individual renewable energy manufacturer is able to produce electricity and sell it for the price set in item 2 above.

In the first case scenario, the Company sets the future production of each individual renewable energy manufacturer as the arithmetic average of its production starting with the first full year of putting the power plant into operation and ending on the last day of the current accounting period. For photovoltaic power plants, the Company in its prediction expects gradual degradation of solar panels resulting in annual production decrease of 0.8%; for wind power plants no production decrease is considered.

In the second case scenario, the Company sets the future price for electric energy delivery into the grid in accordance with price decision No. 3/19 of the Energy Regulatory Office.

In the third case scenario, the Company sets the useful life at 20 and 25 years from the day of putting each individual renewable energy manufacturer into operation.

Due to the rather low complexity of photovoltaic and wind power plants, the Company creates the cash flows plan for their whole useful life and expects revenue and expenses indexation in line with the long-term inflation objective of the Czech National Bank of 2% p.a. The discount rate before tax is between ca 6.2% and 7.5% p.a., depending on the manufacturer.

Setting the value in use for electrical assembly companies

The value in use of cash-generating units from the group of electrical assembly companies is based on the following key expectations which form the basis of the cash flow plans of individual electrical assembly companies which are part of the Company's consolidated economic plan. This comprises:

1. Future turnover, i.e., the estimate of future sale of goods, products and services generated by each individual company;
2. Future margin, i.e., the profitability from the sale of goods, products and services reduced by direct cost of these services and production overhead; and,
3. Period of business activity, i.e., the period in which each company operates its business activities.

In the first case scenario, the Company sets the future sales of each electrical assembly company with regard to its historical performance and growth trend, business concept and development activities and expected market trends.

In the second case scenario, the Company sets the future margin for each electrical assembly company mostly according to its historical margin taking into account the expected market development.

In the third case scenario, the Company set the term of business activity at the next 15 years and the Company considers this period a very conservative estimate based rather on the prudence principle than on the real estimate of the operating efficiency of current business activities.

The Company creates the cash flows plan for the above-mentioned period of 15 years, and for the period not included in the Company's mid-term business plan, i.e., from 2024 onwards, the Company expects revenues and expenses indexation in line with the long-term inflation objective of the Czech National Bank of 2% p.a.

The discount rate before tax is between ca 11.1% and 12.2% p.a., depending on the manufacturer.

Impact of changes in key expectations on the recoverable amount

The Company analysed the impact of changes in key expectations on the recoverable amount. The Company did not identify any reasonably feasible change in key expectation which would result in the carrying amount of the cash-generating unit exceeding the recoverable amount.

(19) Contract assets (TCZK)

Contract assets comprise the Group's right for payment for supplies already carried out and uninvoiced, based on contracts with customers, at the selling price reduced by advances received, in case the value of supply is higher than the value of advances received. A contract asset becomes a receivable at the moment the unconditional right for payment is acquired; this unconditional right arises from invoicing after meter reading. The usual invoice payment deadline for end customers is 30 days.

Current contract assets	2020	2019
Uninvoiced supplies of electricity and gas – gross	3,922,070	3,739,054
Less: Advances received	(3,476,000)	(3,291,000)
Uninvoiced supplies of electricity and gas – net	446,070	448,054
Uninvoiced distribution of electricity – gross	580,443	582,011
Less: Advances for distribution received	(560,726)	(540,630)
Uninvoiced distribution of electricity – net	19,717	41,381
Uninvoiced orders	18,471	--
Total	**484,258**	**489,435**

Balance of contract assets at 31 December 2018	**375,523**
Invoicing of recognised contract assets during 2019	(378,746)
Uninvoiced supplies of 2019, less advances received	493,235
Impairment in compliance with IFRS 9 requirements	(577)
Balance of contract assets at 31 December 2019	**489,435**
Invoicing of recognised contract assets during 2020	(493,235)
Uninvoiced supplies of 2020, less advances received	503,703
Impairment in compliance with IFRS 9 requirements	(15,645)
Balance of contract assets at 31 December 2020	**484,258**

Impairment of contract assets in compliance with IFRS 9	
Balance at 31 December 2018	**3,223**
Additions and release in the current year	577
Balance at 31 December 2019	**3,800**
Additions and release in the current year	15,645
Balance at 31 December 2020	**19,445**

(20) Trade and other receivables (TCZK)

Non-current trade and other receivables	2020	2019
Principal amounts paid, primarily for electricity trading	188,370	177,136
Advances paid	22,440	22,910
Receivables from the revaluation of commodity derivatives for trading	46,932	12,418
Receivables from the revaluation of hedging commodity derivatives	19,160	28,401
Receivables from the revaluation of hedging foreign exchange derivatives	295	--
Other non-financial assets	59,204	42,627
Total	**336,401**	**283,492**

Current trade and other receivables	2020	2019
Receivables from electricity and gas supplies	1,338,068	1,440,854
Receivables related to supplies of distribution services - net	91,597	118,423
Other trade receivables	58,641	47,711
Margin deposits with the power exchanges	105,204	63,237
Receivables from the revaluation of commodity derivatives for trading	381,614	245,897
Receivables from the revaluation of hedging commodity derivatives	74,964	163,717
Receivables from the revaluation of hedging foreign exchange derivatives	3,898	--
Other receivables – gross	436,638	459,131
Less: Advances provided	(354,984)	(442,406)
Other receivables – net	81,654	16,725
Other tax receivables	6,027	8,072
Other non-financial assets	117,507	85,438
Total	**2,259,174**	**2,190,074**

Compared to the initial recognition, the credit risk did not increase significantly. In respect of non-current principals and margin deposit, the following loss allowances were established for expected credit losses at an amount of 12-month credit losses (stage 1 of the impairment model):

Loss allowances for other receivables	
Balance at 31 December 2018	**1,846**
Additions and release in the current year	1,343
Balance at 31 December 2019	**3,189**
Additions and release in the current year	(368)
Balance at 31 December 2019	**2,821**

Of the current trade receivables, gross receivables past their due date totalled TCZK 449,514 (2019: TCZK 484,392). Outstanding portions usually bear no interest. The following loss allowances were created for the current trade receivables:

Loss allowances for current trade receivables	
Balance at 31 December 2018	**348,165**
Additions and utilisation in the current year	4,347
Balance at 31 December 2019	**352,512**
Additions and utilisation in the current year	78,721
Balance at 31 December 2020	**431,233**

In considering the recoverability of receivables, the Group takes into account any changes in the recoverability of trade receivables from the date of their origination through the balance sheet date. The increase in the loss allowance in 2020 is primarily due to the expected effect of the COVID-19 outbreak, see Note 32.

The carrying amount of trade and other receivables corresponds to their fair value. Receivables are considered credit impaired if they are more than 3 months past due. Risk segments in respect of the COVID-19 outbreak are further described in Note 32.

			2020	
	% of loss allowance	**Gross**	**Loss allowance**	**Net**
Receivables within due date	5	1,470,025	77,911	1,392,114
Receivables up to 1 month past due	10	75,445	7,544	67,901
Receivables between 1 to 3 months overdue	27	23,643	6,317	17,326
Receivables between 4 and 6 months past due	60	13,315	7,989	5,326
Receivables between 7 and 12 months past due	86	17,499	15,049	2,450
Receivables over 12 months past due	99	319,612	316,423	3,189
Total trade receivables		**1,919,539**	**431,233**	**1,488,306**

			2019	
	% of loss allowance	**Gross**	**Loss allowance**	**Net**
Receivables within due date	1	1,475,108	14,944	1,460,164
Receivables up to 1 month past due	8	120,071	9,588	110,483
Receivables between 1 to 3 months overdue	8	21,231	1,698	19,533
Receivables between 4 and 6 months past due	60	14,630	8,778	5,852
Receivables between 7 and 12 months past due	83	19,737	16,384	3,353
Receivables over 12 months past due	98	308,723	301,120	7,603
Total trade receivables		**1,959,500**	**352,512**	**1,606,988**

(21) Inventories (TCZK)

	2020	2019
Material	81,134	61,815
Work in progress	659	23,573
Products	1,985	2,245
Goods	31,393	51,153
Total	**115,171**	**138,786**

Cost of purchased material, services and energy and other gains and losses in the income statement include costs of sold and consumed inventories of TCZK 287,168 (2019: TCZK 243,168).

Given their limited use, inventories were written down to their net realisable value as follows:

Balance at 31 December 2018	**1,359**
Additions and utilisation in the current year	(822)
Balance at 31 December 2019	**537**
Additions and utilisation in the current year	92
Balance at 31 December 2020	**629**

The adjustment to the net realisable value is reported in other gains and losses.

(22) Cash and cash equivalents (TCZK)

Cash and cash equivalents include cash in hand, deposits payable upon request and other highly liquid financial assets that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

	2020	2019
Current bank accounts	1,889,717	1,969,488
Of which: Loss allowances	--	(791)
Cash in hand	3,234	4,202
Stamps and vouchers	2,710	2,555
Total	**1,895,661**	**1,975,454**
Adjustment by loss allowances for cash*)	--	791
Total cash and cash equivalents for the purposes of the statement of cash flows	**1,895,661**	**1,976,245**

*) Loss allowances are not recognised due to their immateriality.

Compared to the initial recognition, the credit risk with cash and cash equivalents did not increase significantly. In respect of cash and cash equivalents, the following loss allowances were established for expected credit losses at an amount of 12-month credit losses (level 1 of the impairment model):

Impairment of cash and cash equivalents in compliance with IFRS 9	
Balance at 31 December 2018	**860**
Additions and release in the current year	(69)
Balance at 31 December 2019	**791**
Additions and release in the current year	(791)
Balance at 31 December 2020	**0**

At the Company's request, banks issued payment bank guarantees of MCZK 10 in favour of ČEPRO, a.s., and APCS Power Cleaning and Settlement AG (2019: MCZK 10 in favour of ČEPRO, a.s., and APCS Power Clearing and Settlement AG).

(23) Loans (TCZK)

This note summarises the information about the contractual conditions of received interest bearing loans and borrowings. For more information about the Group's exposure to interest rate risks refer to the note on "Financial instruments".

			2020			**2019**
	Amount	**Interest rate**	**Due date**	**Amount**	**Interest rate**	**Due date**
Loan 1	1,000,039	Fix 1.40%	1.7. 2024	1,000,039	Fix 1.40%	01. 07. 2024
Loan 2	1,005,615	Fix 1.16%	8.7. 2022	1,005,615	Fix 1.16%	08. 07. 2022
Loan 3	--	--	--	1,100,029	Fix 0.94%	25. 06. 2020
Loan 4	--	--	--	856,727	Fix 1.06%	03. 07. 2020
Loan 5	--	--	--	66,372	1M PRIBOR+2.40%	20. 08. 2022
Loan 6	550,010	6M PRIBOR+0.30%	18.11. 2027	--		
Loan 7	550,010	6M PRIBOR+0.25%	18.11. 2027	--		
Loan 8	150,003	Fix 0.60%	4. 1. 2021	--		
Authorised overdraft of current accounts						
ČSOB	440,042	O/N PRIBOR0.35%, at least 0.00%	--	159,985	O/N PRIBOR0.35%, at least 0.00%	--
Česká spořitelna	76,019	O/N PRIBOR+0.30%, at least 0.00%	--	--	--	--
Total	**3,771,738**			**4,188,767**		
Non-current loans	3,100,000			3,100,000		
Current loans	671,738			1,088,767		
Total	**3,771,738**			**4,188,767**		

			Cash flows			
	31 December 2019	Utilisation	Repayment	Other	Assumed loan	31 December 2020
Total loans	4,188,767	1,766,062	(2,176,357)	(6,734)	--	3,771,738

			Cash flows			
	31 December 2018	Utilisation	Repayment	Other	Assumed loan	31 December 2019
Total loans	4,314,551	209,985	(404,000)	1,859	66,372	4,188,767

To hedge interest rate, the Company uses interest rate swaps that are accounted for as cash flow hedges.

The banks do not require loan collateral with regard to the Group's credit rating. As at 31 December 2020, undrawn loan facilities amounted to MCZK 2,554 (as at 31 December 2019: MCZK 3,060).

Loans are carried at their amortised cost. The fair value of loans 1, 2, 6 and 7 differs from their amortised cost by MCZK 9, and this value amounts to MCZK 3,097. In 2019, the fair value of loans 1–4 differed from their amortised cost by MCZK 107, and this fair value amounted to MCZK 3,856. In respect of other loans, their amortised cost does not differ from their fair value, in particular due to their short-term nature.

The fair value was calculated by discounting contractual cash flows using the current yield curve. Fair value comes under level 3 as a result of using inputs that cannot be directly derived from data acquired on the active market, such as own credit risk.

The Group capitalises borrowing costs using the capitalisation rate in line with IAS 23.

(24) Contract liabilities (TCZK)

The contract liability relates to advances received and invoicing that has already been performed (e.g. in the case of investment contributions), as part of contracts with customers, reduced by the value of supplies that have not yet been invoiced, and from which revenue is recognised on an ongoing basis or will be recognised directly after the balance sheet date as part of the satisfaction of a performance obligation.

Non-current contract liabilities	2020	2019
Investment contributions	1,640,464	1,632,068
Total	**1,640,464**	**1,632,068**

Current contract liabilities	2020	2019
Advances received for the supply of electricity and gas from customers – gross	4,413,927	4,279,077
Less: Uninvoiced supplies	(3,476,000)	(3,291,000)
Advances received for the supply of electricity and gas from customers – net	937,927	988,077
Advances received for the supply of distribution services – gross	561,424	543,012
Less: Uninvoiced distribution services	(560,726)	(540,630)
Advances received for the supply of distribution services – net	698	2,382
Investment contributions	173,200	174,946
Total	**1,111,825**	**1,165,405**

Balance of contract liabilities at 1 January 2019	**2,653,527**
Increase in contract liabilities in the current year (investment contributions received, advance payments, partial invoicing)	1,183,982
Recognition of contract liabilities in revenues in the current year	(1,040,036)
Balance of contract liabilities at 31 December 2019	**2,797,473**
Increase in contract liabilities in the current year (investment contributions received, advance payments, partial invoicing)	1,120,221
Recognition of contract liabilities in revenues in the current year	(1,165,405)
Balance of contract liabilities at 31 December 2020	**2,752,289**

The amount of TCZK 1,165,405 which in 2019 was recognised as contract liability, was reported in revenues for the period ended 31 December 2020 (the contract liability of TCZK 1,040,036 reported as at 31 December 2018 was reported as revenue for the period ended 31 December 2019).

The Group has no revenue relating to the satisfaction or partial satisfaction of performance obligations in prior accounting periods.

(25) Trade and other payables (TCZK)

Non-current trade and other payables	2020	2019
Payables from the revaluation of commodity derivatives for trading	57,349	18,873
Payables from the revaluation of hedging commodity derivatives	24,462	50,545
Payables from the revaluation of hedging foreign exchange derivatives	490	--
Payables from the revaluation of hedging interest rate derivatives	30,636	--
Other financial liabilities	17,857	33,982
Other non-financial liabilities	148,199	152,714
Total	**278,993**	**256,114**

Current trade and other payables	2020	2019
Uninvoiced supplies of electricity and gas from suppliers - gross	358,406	461,050
Less: Advances provided for the supply of electricity and gas	(354,984)	(442,406)
Uninvoiced supplies of electricity and gas from suppliers – net	3,422	18,644
Trade payables	811,635	789,841
Payables from the revaluation of commodity derivatives for trading	359,626	248,889
Payables from the revaluation of hedging commodity derivatives	28,761	115,636
Payables from the revaluation of hedging foreign exchange derivatives	16,253	4,274
Payables from the revaluation of hedging interest rate derivatives	15,190	--
Payables to employees *)	61,471	56,998
Social security and health insurance liabilities	38,223	33,677
Other tax payables **)	251,818	249,948
Other financial liabilities	127,800	118,855
Other non-financial liabilities	156,327	110,053
Total	**1,870,526**	**1,746,815**

*) Includes December wages paid in January of the following year.

**) The item comprises mostly payables relating to value added tax, tax on electricity and gas.

The Group reports overdue trade payables of TCZK 500 (2019: TCZK 1,307). All overdue payables were settled during January 2021.

In respect of liabilities that are carried at amortised cost, this value corresponds with their fair value.

(26) Provisions (TCZK)

	2020	2019
Employee benefits	341,404	309,085
Other provisions	236,026	255,821
Total	**577,430**	**564,906**
Non-current provisions	370,984	386,816
Current provisions	206,446	178,090
Total	**577,430**	**564,906**

The provision for employee benefits represents liabilities pursuant to the Collective Agreement arising from bonuses paid to employees upon retirement and work and life jubilees.

	Employee benefits	Business risks	Salaries	Total
Balance at 31 December 2018	**296,219**	**127,520**	**130,994**	**554,733**
Additions in the current year	44,593	8,719	153,216	206,528
Utilisation in the current year	(23,702)	--	(127,258)	(150,960)
Release in the current year	(8,025)	(34,503)	(2,867)	(45,395)
Balance at 31 December 2019	**309,085**	**101,736**	**154,085**	**564,906**
Additions in the current year	66,532	29,306	148,895	244,733
Utilisation in the current year	(26,429)	--	(142,653)	(169,082)
Purchase price allocation	--	7,000	--	7,000
Release in the current year	(7,784)	(50,911)	(11,432)	(70,127)
Balance at 31 December 2020	**341,404**	**87,131**	**148,895**	**577,430**
Non-current liabilities – provisions	312,224	58,760	--	370,984
Current liabilities – provisions	29,180	28,371	148,895	206,446
Total	**341,404**	**87,131**	**148,895**	**577,430**

The provision for salaries includes salaries paid depending on the fulfilment of the plan.

The provisions for business risks arise from the operation of fixed assets.

The provision for employee benefits represents liabilities pursuant to the Collective Agreement arising from bonuses paid to employees upon retirement and work and life jubilees and liabilities to personal accounts drawn by employees for optional benefits. In respect of work jubilees and bonuses upon retirement, the amount of benefit depends on the hours that the employee has worked in the Group; in case of life jubilees, the bonus is paid to the employee on reaching the age of 50. After employees retire, no other benefits are provided to them.

To calculate the provision, a projected unit credit method is used - i.e., for each period worked, the employee is entitled to a proportion of the present value of the benefit. In addition, the calculation takes into account the time value of money and the probability that the benefit will not be paid out.

The discount rate is derived based on market yields of Czech state bonds in the currency of the liability, i.e., CZK, with the maturity date corresponding with the maturity of the liability. It is determined as a single discount factor for all benefits together.

The probability of continuance (payment) includes the anticipated retirement, the probability of leaving the Group, the mortality and the invalidity rate. The anticipated retirement is determined for individual employees using legislation valid in the respective country. Staff turnover, mortality, and invalidity rates are determined based on the Group's historical data analysis.

Basic assumptions used for actuarial valuation:

	2020	2019
Discount rate	1.426%	1.682%
Average retirement age (years)	64.8	64.8
Probability of continuance	0.67	0.68

Significant actuarial assumptions for determining the liability include the discount rate and probability of continuance. The sensitivity analyses below were determined based on possible changes in the parameters described, at the end of the accounting period, whilst all other assumptions remained constant.

	Basis	(1) pp	Difference	+1 pp	Difference
Sensitivity of the provision to the change in discount rate	341,404	381,855	40,451	307,389	(34,015)

	Basis	(0.10)	Difference	0.10	Difference
Sensitivity of the provision to the change in probability of continuance	341,404	303,135	(38,269)	364,546	23,142

The creation of provisions for employee benefits includes interest expense of TCZK 2,241 (2019: TCZK 2,414), running cost relating to these benefits of TCZK 55,388 (2019: TCZK 30,083), and revaluation of liabilities from defined benefits reported in the total comprehensive income of TCZK 8,903 (2019: TCZK 12,096). The utilisation of provisions then comprises the payments of employee benefits.

(27) Share capital (TCZK)

Share capital

There are 3,869,443 registered shares in the nominal value of CZK 1,000 per share (2019: 3,869,443 shares). These shares are in the book-entry form and carry no right for the regular payment of dividends.

The Company’s share capital has been paid in full.

(28) Reserves (TCZK)

	2020	2019
Reserve fund	773,889	773,889
Other reserves	382,711	382,711
Cash flow hedge	33,847	(66,636)
Revaluation of net payables from defined benefits	(16,937)	(9,797)
Total	**1,173,510**	**1,080,167**

The Group's reserve fund has been created in the amount of 20% (TCZK 773 889) of the share capital and no further increase is to be made. The General Meeting decides on the use of the reserve fund and this fund is used to settle the Company's loss.

Other reserves represent part of the capital of the former state enterprise, the legal predecessor of the Company. As a result of the privatisation project, the state enterprise's capital was divided into share capital, reserve fund and capital funds as at the date of incorporation of the joint stock company (1 January 1994). As at that date, the balance of the capital funds was TCZK 390,390. The Board of Directors decides on the use of the balance of this fund based on the rules for fund management approved by the General Meeting. Subject to the approval of the General Meeting, the Company may establish other discretionary funds.

Cash flow hedge and revaluation of payables from defined benefits comprises:

	2020	2019
Revaluation of hedging commodity derivatives	119,867	(66,610)
Effect of deferred tax	(22,775)	12,656
Revaluation of hedging foreign exchange derivatives	(32,253)	(15,657)
Effect of deferred tax	6,128	2,975
Revaluation of hedging interest rate derivatives	(45,827)	--
Effect of deferred tax	8,707	--
Revaluation of payables from defined benefits	(20,999)	(12,096)
Effect of deferred tax	4,062	2,299
Total	**16,910**	**(76,433)**

(29) Government grants (TCZK)

The Company registers grant claims of TCZK 159,242 (2019: TCZK 108,185), which are not accounted for in compliance with the accounting policy in Note 3, because as at the date of the financial statements it is not entirely certain these grants will be provided to the Group.

(30) Financial instruments (TCZK)

Categories of financial instruments

Financial assets (net)	Cat.:	2020	2019
(a) Receivables from the revaluation of commodity derivatives for trading	iii.	428,546	258,315
(b) Receivables from the revaluation of hedging commodity derivatives	ii.	94,124	192,118
(c) Receivables from the revaluation of hedging foreign exchange derivatives	ii.	4,193	--
(d) Cash and cash equivalents	i.	1,895,661	1,975,454
(e) Margin deposit	i.	105,204	63,237
(f) Trade and other receivables, except for the above	i.	1,758,330	1,800,848

Financial liabilities	Cat.:	2020	2019
(i) Payables from the revaluation of commodity derivatives for trading	iii.	416,975	267,763
(j) Payables from the revaluation of hedging commodity derivatives	ii.	53,223	166,181
(k) Payables from the revaluation of hedging foreign exchange derivatives	ii.	16,743	4,274
(l) Payables from the revaluation of hedging interest rate derivatives	ii.	(45,827)	--
(m) Loans received	iv.	3,771,738	4,188,767
(n) Lease liabilities	iv.	1,635,995	1,655,197
(o) Financial liabilities carried at amortised cost, except for the above	iv.	960,714	961,322

Categories of financial instruments:

i. Financial assets measured at amortised cost

ii. Financial assets and financial liabilities measured at fair value through other comprehensive income

iii. Financial assets and financial liabilities measured at fair value through profit or loss

iv. Financial liabilities at amortised cost

Financial assets and liabilities (ii., iii.) were valued using valuation models with market data (level 2), such as forward curves of underlying commodities, spot and forward foreign exchange rates and interest rate curves.

Gains and losses from financial instruments reported in the current period		2020	2019
Gain/loss from the revaluation of commodity derivatives in the trading portfolio *)	(a, i)	(5,350)	(16,636)
Interest received outside of the Group	(d)	3,839	8,023
Borrowing costs (except for the interest on employee benefits)	(m, n)	(106,160)	(95,791)
Loss allowances for trade receivables and other financial assets	(d, e, f)	(93,207)	(6,198)
Write-offs of doubtful debts	(f)	(19,202)	(23,410)
Hedge ineffectiveness	(b, j)	4,730	(2,630)

*) Included in the margin on trading.

Hedge accounting *)		2020	2019
Creation of the equity fund from the cash flow hedge	(b, c, j, k, l)	87,181	(195,960)
Reversal of the fund from cash flow hedge in the income statement *)	(b, c, j, k, l)	36,874	(312,771)

*) Included in the costs of purchased electricity and borrowing costs.

Capital risk

The Group manages its capital to ensure an optimal financial position from the long-term perspective while maximising the long-term return to shareholders. The capital is the value of equity from the balance sheet.

	2020	2019
Total assets	32,419,773	31,793,695
Equity	19,371,552	18,495,399
Equity/total assets	**60%**	**58%**

Market risk

In view of its activities, the Group is predominantly exposed to the market risk related to the changing prices of commodities (electricity and gas), currency risk and the risk of changes in interest rates.

For the hedging of market risks, the Group uses the following non-derivative financial assets and financial instruments:

- commodity forwards and futures to hedge the changes in prices of these commodities;
- currency forwards to hedge the changes in exchange rates;
- interest rate swaps to hedge the interest expense amount for external loans received;
- funds denominated in EUR acquired by a spot purchase on the money market to hedge exchange rates.

The Group's exposure to market risks is measured using various methods, the most important being the sensitivity analysis which reflects potential impacts of changes in prices defined in individual scenarios on the Group's results. The VaR methodology (value at risk) is used to measure short-term business exposure. The Group's exposure to market risks is monitored on a regular basis and its approach to managing these risks has not significantly changed as compared to the prior period.

There is no concentration of market risks in the Group.

Currency risk

The Group is exposed to the risk of changes in exchange rates. A significant exposure to the risk of changes in exchange rates arises only when settling transactions in foreign currency (EUR) made to procure electricity or gas for the Group's customers. The Group's strategy is to minimise the risk of undesirable effects of exchange rate fluctuations on cash flows. The risks of such changes in exchange rates are measured using defined scenarios for exchange rate development. The open exposure is established based on the annual plan of exchange currency requirements and the amount of agreed hedging.

The Group hedges a significant portion of its future planned foreign currency cash flows for the purchase of electricity and gas against the risk related to exchange rates, using currency forwards and a spot purchase of EUR with subsequent holding period until the determined date of usage; these transactions are accounted for in accordance with the hedge accounting principles that the Group applies.

The Group monitors hedge effectiveness under hedge accounting. The hedging has been effective. Due to the fact that the characteristics of the hedging instrument and the hedged item tally, no sources of ineffectiveness, with the exception of the counterparty's credit risk, have been identified. The counterparty's credit risk is insignificant. The credit rating of PRE and the counterparty of the hedging instrument is high. The effect of the credit risk does not dominate the changes in value that result from the economic relationship.
The hedge ratio is set at 1:1.

The economic relationship between the hedged item and the hedging instrument has been tested:

1) Qualitative analysis: based on the comparison of the characteristics of the hedging instrument and the hedged item, the Group concluded that they are balanced.
2) Quantitative analysis: using the simple method of scenario analysis, the Company examined and further monitors any changes in the fair value of the hedging instrument and the hedged item as a result of changes in the underlying variable, comprising the EUR/CZK exchange rate. The changes in the fair value of the hedged item and the hedging instrument move in opposite directions and the change in the fair value of the hedging instrument fully compensates the change in the fair value of the hedged item.

The carrying amount of foreign currency assets and liabilities:

	Assets (TCZK)		Liabilities (TCZK)	
	2020	**2019**	**2020**	**2019**
Receivables and payables from the revaluation of commodity derivatives for trading	428,546	258,315	416,975	267,763
Receivables and payables from the revaluation of hedging commodity derivatives	94,124	192,118	53,223	166,181
Receivables and payables from the revaluation of hedging foreign exchange derivatives	4,193	--	16,743	4,274
Non-derivative financial assets for currency risk management (cash)	1,390,985	1,346,730	--	--
Cash and cash equivalents	214,625	72,890	--	--
Margin deposit	105,204	63,237	--	--
Trade receivables and payables and other receivables and payables	198,286	228,725	359,338	307,486
Total in EUR	**2,435,963**	**2,162,015**	**846,279**	**745,704**
Other currencies	141	144	--	--
Total	**2,436,104**	**2,162,159**	**846,279**	**745,704**

Currency derivatives and non-derivative financial assets open at the balance sheet date:

	Average exchange rate CZK/EUR		Value (TEUR)		Value (TCZK)		Fair value (in TCZK)	
Purchase of EUR through currency derivatives	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Purchase of EUR up to 1 month	26.18	--	5,000	--	130,908	--	364	--
Purchase of EUR from 1 to 3 months	26.30	25.71	34,100	25,000	896,940	642,725	(642)	(4,274)
Purchase of EUR from 3 to 12 months	26.57	--	65,250	--	1,733,822	--	(12,077)	--
Purchase of EUR over 12 months	26.56	--	5,050	--	134,134	--	(195)	--
Total			**109,400**	**25,000**	**2,895,804**	**642,725**	**(12,550)**	**(4,274)**

	Average exchange rate CZK/EUR		Value (TEUR)		Value (TCZK)		Fair value (in TCZK)	
Cash in EUR used to hedge currency risk	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
EUR used up to 1 month	26.25	25.41	5,000	10,000	131,225	254,100	(4,700)	(3,700)
EUR used from 1 to 3 months	27.19	25.62	5,000	25,000	131,225	635,250	(4,700)	(5,295)
EUR used from 3 to 12 months	26.41	25.54	43,000	18,000	1,128,535	457,380	(7,125)	(2,388)
Total			**53,000**	**53,000**	**1,390,985**	**1,346,730**	**(16,525)**	**(11,383)**

Currency risk – sensitivity analysis

The Group performed a sensitivity analysis to identify the potential impact of the change in the value of these assets and liabilities on the level of profit or equity as a result of a 1% decrease in the CZK/EUR exchange rate.

	2020	**2019**
Profit/(loss)	1,715	494
Equity	(11,698)	16,282

Interest rate risk

Medium- and long-term external funds of the Group include loans maturing in less than two, four and seven years. These loans have a fixed and floating interest rates with a six-month fixation, with the loans being fully hedged through interest rate swaps, and the Group being the payer of a fixed payment from the interest rate swap. As at 31 December 2020, the Group concluded interest rate swaps to hedge external loans of MCZK 1,100 repayable in 2027. Changes in market interest rates thus do not affect the pre-agreed amount of repayments of these loans, which effectively reduces the risk of changes in interest rates. In this context, the Group has introduced hedge accounting. The Group monitors the hedge effectiveness in hedge accounting. Hedging is and has been effective. The characteristics of the hedging instrument and the hedged item coincide with the exception of the existence of an embedded interest rate option in the hedged loan. In addition to the credit risk of the counterparty, the source of hedging ineffectiveness is also the embedded floor option for the hedged item, which will cause the hedging inefficiency when the level of CZK interest rates falls to negative values. The credit risk of the counterparty and the Company is insignificant. The credit rating of the PRE and the counterparty of the hedging instrument is high. The impact of credit risk is not a decisive factor for changes in value that result from an economic relationship. The hedging ratio is set at 1: 1.

The economic relationship between the hedged item and the hedging instrument was tested:

1) Qualitative analysis: based on a comparison of the characteristics of the hedging instrument and the hedged item, the Group concluded that they are balanced.
2) Quantitative analysis: using a simple scenario analysis method, the fair value of the hedging instrument and the hedging item is examined and further monitored as a result of changes in the underlying variable, which is the interest rate. Changes in the fair value of the hedged item and the hedging instrument move in opposite directions, and the change in the fair value of the hedging instrument offsets the change in the fair value of the hedged item due to the hedged risk.

Changes in market interest rates have no impact on the contracted amount of repayments of these loans which effectively reduces the risk of changes in interest rates. Changes in interest rates may only affect the costs of hedging short-term sources of funding. However, the impact of this risk on the Company, if any, is immaterial, therefore, the Company does not manage it and does not apply hedge accounting. Lease liabilities are not included in the table as they are not sensitive to changes in interest rate unless the lease relationship is modified.

The carrying amount of assets and liabilities which is dependent on the interest rate:

		Assets (TCZK)		Liabilities (TCZK)
	2020	2019	2020	2019
Receivables and payables from the revaluation of hedging interest rate derivatives	--	--	45,826	--
Receivables and payables from the revaluation of hedging foreign exchange derivatives	4,193	--	16,743	4,274
Total	**4,193**	**--**	**62,569**	**4,274**

Interest rate risk – sensitivity analysis

The Group performed a sensitivity analysis to identify the potential impact of the change in the value of these assets and liabilities on the level of profit or equity as a result of a +0.25% p.a. increase in the interest rate.

	2020	2019
Profit/(loss)	--	--
Equity	15,449	1

Risk of changing prices of commodities

The Group is exposed to the risk related to the development of electricity and gas prices, which can have an impact on the expected profit margin. The Group's strategy is to minimise the risk of undesirable effects of price changes on cash flows.

Electricity and gas for end customers is purchased in order to achieve the optimisation of purchase prices within the position limited in terms of volume. Exposure management is based on limits for the maximum permissible size of outstanding exposures, the possible financial impact is derived from defined scenarios for price developments. The commodity risk management strategies are primarily based on the structure of the Group's end customers and distinguish between customers with individual rates (the B2B customer segment) and customers receiving common price-list rates (the B2C customer segment). As the price is set at different times for each segment, the commodity hedging method varies for the two customer groups as well. In the case of the B2B customer segment, back-to-back hedging is used, i.e., the commodity is acquired as soon as the offer is accepted by the customer. For the B2C customer segment, gradual hedging is used, i.e., the commodity is acquired over time for a large number of small customers, taking into account market liquidity and minimising market price volatility for customers.

In implementing the above strategies, a range of tools, procedures and techniques are used to ensure that the commodity is delivered at the specified time, in the specified place and at the optimum purchase price.

A significant portion of the commodity delivered to the domestic market is hedged using forward contracts with physical delivery in the Czech Republic. The 'own use' exemption allowed by IFRS 9 applies to such forward contracts. In 2020, as a result of the reduced volume of expected electricity consumption caused by the COVID-19 pandemic, the Group was forced to reduce its planned purchases, thus realising sales term contracts with physical delivery in the Czech Republic in the volume of approximately 3% or the planned purchases.

In the event of momentarily insufficient liquidity in the domestic commodity market with the physical delivery of the commodity, the Group hedges the purchase price and mitigates the risk of price development via transactions in external commodity markets connected with the Czech transmission system. So far, only the German market has been involved, due to its sufficient liquidity and high degree of price correlation with the Czech market. The 'own use' exemption does not apply to these transactions, and in these cases, the Group applies hedge accounting. The objective of commodity risk management is to hedge cash flows connected with the future purchase of a commodity for the end customer on the domestic market. The Group hedges against the risk of price changes by purchasing an OTC commodity forward or stock exchange futures on the external market, thus substantially ensuring the required purchase price. At the moment of sufficient liquidity on the Czech market, the Group purchases the commodity on the domestic OTC market and at the same time closes the position on the external market with an inverse contract. Hedging is thus terminated. Any gain or loss from hedging to a large extent compensates the movement of price on the domestic market between the moment the Group wanted to purchase the commodity for the end customer, but could not do so due to low liquidity, and the moment of subsequent purchase. The 'own use' exemption allowed by IFRS 9 applies to the purchase on the domestic market. The Group monitors hedge effectiveness under hedge accounting. The hedge has so far been highly effective. The characteristics of the hedging instrument and the hedged item tally. Apart from the counterparty's credit risk, a source of hedge ineffectiveness is also the degree of correlation between external and domestic commodity markets, expressed by the spread development between markets. The correlation across both markets is very high in the medium term (more than 98%). The counterparty's credit risk is insignificant. The credit rating of PRE and the counterparty of the hedging instrument is high. The effect of the credit risk does not dominate the changes in value that result from the economic relationship. The hedge ratio is set at 1:1.

The economic relationship between the hedged item and the hedging instrument has been tested:

1) Qualitative analysis: based on the comparison of the characteristics of the hedging instrument and the hedged item, PRE concluded that they are balanced.
2) Quantitative analysis: using the simple method of scenario analysis, the Company examined and further monitors any changes in the fair value of the hedging instrument and the hedged item as a result of changes in the underlying variable, comprising the rate of the commodity. The changes in the fair value of the hedged item and the hedging instrument move in opposite directions and the change in the fair value of the hedging instrument considerably compensates the change in the fair value of the hedged item.

Another possibility to solve temporary market illiquidity is to hedge the price of future spot purchase of a commodity, using commodity futures on the domestic market without physical delivery. At the moment of low liquidity on the domestic market with physical delivery, the Group agrees to the purchase of domestic commodity futures. The Group holds these futures until expiration. When the derivative expires, hedging is terminated. Any gain or loss from hedging, expressed by the paid or collected variation margin, fully compensates the movement of price on the domestic market between the moment the Group wanted to purchase the commodity for the end customer but could not do so due to low liquidity and the moment of purchase on the spot market. The Group monitors hedge effectiveness under hedge accounting. The hedge has been highly effective. The characteristics of the hedging instrument and the hedged item tally. Due to the fact that the characteristics of the hedging instrument and the hedged item tally, no sources of ineffectiveness, with the exception of the counterparty's credit risk, have been identified. The counterparty's credit risk is insignificant. The credit rating of PRE and the counterparty of the hedging instrument is high. The effect of the credit risk does not dominate the changes in value that result from the economic relationship. The hedge ratio is set at 1:1.

The economic relationship between the hedged item and the hedging instrument has been tested:

1) Qualitative analysis: based on the comparison of the characteristics of the hedging instrument and the hedged item, PRE concluded that they are balanced.
2) Quantitative analysis: using the simple method of scenario analysis, the Company examined and further monitors any changes in the fair value of the hedging instrument and the hedged item as a result of changes in the underlying variable, comprising the rate of the commodity. The changes in the fair value of the hedged item and the hedging instrument move in opposite directions and the change in the fair value of the hedging instrument considerably compensates the change in the fair value of the hedged item.

As part of it business activities, the Group carries out trading transactions with commodity derivatives. As at 31 December 2020, the Group recorded an open trading position, thus being exposed to the risk of a change in the commodity price.

The carrying amount of assets and liabilities which depends on the commodity price:

	Assets (TCZK)		**Liabilities (TCZK)**	
	2020	**2019**	**2020**	**2019**
Receivables and payables from the revaluation of commodity derivatives for trading	428,546	258,315	416,975	267,763
Receivables and payables from the revaluation of hedging commodity derivatives	94,124	192,118	53,223	166,181
Total	**522,670**	**450,433**	**470,198**	**433,944**

Open commodity derivatives for hedging as at the balance sheet date:

	Commodity contracts for purchase				**Commodity contracts for sale**			
	Nominal value (TEUR)		**Nominal value (TCZK)**		**Nominal value (TEUR)**		**Nominal value (TCZK)**	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Futures								
Settlement up to 12 months	18,862	27,243	495,023	692,248	--	--	--	--
Settlement from 1 to 2 years	6,222	2,607	163,302	66,254	--	--	--	--
Settlement from 2 to 3 years	--	449	--	11,397	--	--	--	--
Total	**25,084**	**30,299**	**658,325**	**769,899**	**--**	**--**	**--**	**--**
OTC forward								
Settlement up to 12 months	19,162	21,178	502,920	538,139	9,308	9,394	244,298	238,692
Settlement from 1 to 2 years	8,577	8,810	225,106	223,872	5,518	6,281	144,818	159,598
Settlement from 2 to 3 years	4,669	6,664	122,540	169,337	4,476	4,240	117,482	107,734
Settlement from 3 to 4 years	4,770	4,669	125,181	118,641	4,576	4,476	120,109	113,744
Settlement in 4 to 5 years	--	4,770	--	121,198	--	4,576	--	116,288
Total	**37,178**	**46,091**	**975,747**	**1,171,187**	**23,878**	**28,967**	**626,707**	**736,056**

Open commodity own use contracts:

	Nominal value (TEUR)		Nominal value (TCZK)	
	2020	**2019**	**2020**	**2019**
Own use contracts – electricity *)	275,478	287,534	7,241,438	7,317,257
Own use contracts – gas *)	17,365	16,463	455,741	418,325
Total	**292,843**	**303,997**	**7,697,179**	**7,735,582**

*) Contracts which were concluded and are held due to receipt or delivery of non-financial item relating to expected purchase, sale or use.

Open commodity trading contracts:

	Commodity contracts for purchase				Commodity contracts for sale			
	Nominal value (TEUR)		Nominal value (TCZK)		Nominal value (TEUR)		Nominal value (TCZK)	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Futures								
Settlement up to 12 months	416	--	10,928	--	454	--	11,921	--
Total	**416**	**--**	**10,928**	**--**	**454**	**--**	**11,921**	**--**
OTC forward								
Settlement up to 12 months	12,529	--	328,833	--	8,558	--	224,599	--
Settlement from 1 to 2 years	5,187	--	136,137	--	6,357	--	166,847	--
Settlement from 2 to 3 years	--	--	--	--	5,390	--	141,466	--
Total	**17,716**	**--**	**464,970**	**--**	**20,305**	**--**	**532,912**	**--**

Commodity risk – sensitivity analysis

The Group performed a sensitivity analysis to identify the potential impact of the change in the value of these assets and liabilities on the level of profit or equity as a result of a 1% increase in commodity prices on EEX.

	2020	**2019**
Profit/(loss)	(325)	--
Equity	3,312	2,882

Credit risk

The Group is exposed to credit risk primarily in terms of trade receivables from end customers relating to the supplies and distribution of electricity or gas and in respect of wholesale partners trading in commodities in relation to concluded hedging and trading derivative contracts on the OTC market. In addition, the credit risk is connected with contract assets, the Group's receivables from inter-company loans and consignation of funds, available or consigned as margin deposit in connection with the trading on commodity exchange, with banks. Although the Group does not expect a higher credit risk in connection with receivables and other financial assets, the future credit status of business partners can be negatively influenced by future macroeconomic developments and the financial stability of the national economy.

In compliance with the Group's credit risk management policy, the credibility of wholesale partners trading in commodities and business partners in the B2B segment and cooperating banks is verified. In terms of newly signed contracts in the B2C segment, the Group evaluates whether the Group's potential customer is in debt in respect of possible previous contractual relations, which can indicate the potential customer's reduced credibility, or it relies upon information from publicly available registers.

The development and balance of receivables is monitored and evaluated on an ongoing basis with the aim to minimise the risk that doubtful or uncollectible receivables may arise. The maximum possible credit risk resulting from financial and contract assets corresponds with their carrying amount.

Credit risk is managed on the level of risk owners, on the level of individual sections. As part of credit risk management process, the Group primarily strives to prevent the risk from occurring, performs regular or one-off scoring of wholesale and B2B partners, monitors external rating of cooperating banks, determines and monitors the compliance with binding exposure limits for individual partners, etc.

The Group monitors the development of receivables, customers' credit history and carries out the analysis of the ageing structure of receivables. These activities are performed in the integrated system for evaluation, administration and recovery of trade receivables. In case overdue receivables arise, the Group communicates with the debtor with the aim to acquire the outstanding amount. If the debtor does not respond to the summons, the Group proceeds to terminate the supplies of electricity or gas and subsequently recover the unpaid receivables.

In electricity and gas supplies and distribution which is the Group's principal activity, the Group specifically applies the following principles to minimise the failure to collect receivables.

The reading of industrial customers' electricity and gas meters and invoicing takes place on a monthly basis. Some of the customers pay monthly or ten-day advance payments, based on their expected consumption, to cover electricity or gas consumed but not yet invoiced, taking into account previous years' consumption, season and other factors. The method of determining the amount of the advance payments is specified in the contract. Reminders are sent to customers who fail to pay on time. If a customer fails to settle the debt within an additional time period, the electricity or gas supply is suspended. Certain industrial customers cover their future liabilities by making prepayments in advance or by paying deposits.

The standard reading of small businesses and household electricity and gas meters and invoicing takes place on an annual basis. For supplied but unbilled electricity or gas, advance payments are determined to reflect the volume and nature of the consumption. The determination of the price and the payment method are specified in the contracts with customers. If a customer fails to settle the debt within an additional time period, the electricity supply is suspended.

There is no concentration of credit risk.

The Group bases the monitoring of credit risk development on the ageing structure of receivables and on the customer segment risk. With high probability, some customers (principally B2B) in the near future might encounter payment issues due to the COVID-19 outbreak (mostly in segments including hotels, restaurants, travel agencies, etc.). Accordingly, the Group scored its customers in line with relevant facts (risk segment, due date, payment issues in the past) and a calculated impairment risk index for each receivable.

The amount of loss allowance is determined on this basis. The percentage of loss allowance for individual categories of receivable maturities is determined with respect to available historical data and the expected future development, as part of which the Group takes into account also the expected development of economy. Historical data are based on the actual development in receivable repayment in the last four years. When taking into consideration the future development, the Group relies on available macroeconomic forecasts. The loss allowance rate reflects the expected percentage of receivables that will not be paid by the customer in the given age category.

The Group calculates loss allowances for trade receivables and contract assets in the amount corresponding with the lifetime expected credit losses on the financial assets. In respect of other receivables, the Group initially calculates loss allowances at an amount of 12-month expected credit losses and subsequently, if the counterparty's credibility reduction is identified, at lifetime expected credit losses.

A loss allowance for contract assets is established in the same way as the loss allowance for trade receivables within due date.

The information on loss allowance amounts for contract and financial assets is included in Notes 19, 20 and 22.

The standard practice of the Group is not to require collateral for trade receivables in form of hedging financial assets. As at 31 December 2020, the Group did not hold any trade receivables or contract assets for which a loss allowance would be established due to collateral received.

The Group proceeds to write off trade receivables if, based on available information, it concludes that it is not possible to recover the given receivable despite efforts undertaken so far, or that the revenue from recovering the debt receivable will not cover potential costs that the Group would incur on debt recovery, or if it is a doubtful debt. These include in particular cases where the court cancelled the bankruptcy, because the debtor's assets are completely insufficient, the debtor is insolvent or faces the risk of insolvency based on insolvency proceedings, the debtor was a legal person that ceased to exist without a legal successor, the debtor was a natural person and has died and the receivable could not be satisfied even as part of inheritance proceedings, the assets of which were subject to public auctioning or execution and the yield from auctioning or execution did not fully cover the debt receivable. In addition, these include cases, where the debtor's whereabouts are unknown based on the information of competent national authorities (the police, courts, etc.). Moreover, doubtful receivables include receivables for which documents for recovery by legal means are not available, statute-barred debts that the debtor refuses to pay, the court dismissed the action, or the compulsory execution was not successful.

Liquidity risk

The Group manages liquidity risk by maintaining an average amount of cash and cash equivalents, banking facilities and borrowing facilities, by continuously monitoring forecast and actual cash flows and seeking to match the maturity profiles of financial assets and liabilities. Included in the note "Loans" is a listing of additional undrawn loan facilities that the Group has at its disposal to further reduce liquidity risk. These loan facilities have not been drawn yet. The Group is not exposed to any significant liquidity risk and does not suffer from any solvency issues. There is no concentration of liquidity risk.

Liquidity risk – tables

The following tables represent the residual maturity of the Group's undiscounted non-derivative financial liabilities. The table including the financial liabilities reflects the earliest dates on which the Group may be asked to fulfil its liabilities.

Liabilities 2020	**Net book value**	**Up to 1 month**	**1-3 months**	**3-12 months**	**More than 12 months**	**Total**
Payables from the revaluation of commodity derivatives for trading	416,975	29,969	59,937	269,720	57,349	416,975
Payables from the revaluation of hedging commodity derivatives	53,223	3,927	4,515	20,319	24,462	53,223
Payables from the revaluation of hedging foreign exchange derivatives	16,743	--	2,691	13,562	490	16,743
Payables from the revaluation of hedging interest rate derivatives	45,826	1,266	2,532	11,392	30,636	45,826
Loans received (including interest)	3,771,738	671,975	--	27,440	3,202,529	3,901,944
Lease liabilities *)	1,635,995	14,895	29,790	130,465	1,893,184	2,068,334
Financial liabilities carried at amortised cost, except for the above	960,714	794,962	50,910	96,985	17,857	960,714
Total		**1,516,994**	**150,375**	**569,883**	**5,193,467**	**7,463,759**

*) As at 31 December 2020 lease liabilities over 5 years totalled TCZK 1,292,319 (at 31 December 2019: TCZK 1,349,735).

Liabilities 2019	**Net book value**	**Up to 1 month**	**1-3 months**	**3-12 months**	**More than 12 months**	**Total**
Payables from the revaluation of commodity derivatives for trading	267,763	20,741	41,482	186,667	18,873	267,763
Payables from the revaluation of hedging commodity derivatives	166,181	9,549	19,092	85,788	51,752	166,181
Payables from the revaluation of hedging foreign exchange derivatives	4,274	--	4,274	--	--	4,274
Loans received (including interest)	4,188,767	167,916	3,843	913,482	3,425,366	4,510,607
Lease liabilities	1,655,197	14,917	29,834	134,254	1,928,460	2,107,465
Financial liabilities carried at amortised cost, except for the above	961,322	797,227	62,366	69,831	31,898	961,322
Total		**1,010,350**	**160,891**	**1,390,022**		

(31) Related party transactions (TCZK)

In line with IAS 24, the below-listed related parties have been identified. Related parties also include subsidiaries and transactions with related parties are eliminated upon consolidation.

Expenses incurred with and revenue generated from related parties

	Sales to related parties		Purchases from related parties	
	2020	**2019**	**2020**	**2019**
Relations with controlling entities and associates	**1,542,316**	**2,329,273**	**1,833,444**	**3,014,238**
Pražská energetika Holding a.s.	1,474	1,474	--	--
Capital City of Prague	184,003	215,705	10,487	7,540
EnBW Energie Baden-Württemberg AG *)	1,356,839	2,112,094	1,822,957	3,006,698
Relations with other entities controlled by controlling entities and associates	**945,724**	**951,362**	**174,813**	**164,171**
Výstaviště Praha, a.s.	8,222	11,413	51	100
Želivská provozní a.s.	15,926	21	--	--
Technická správa komunikací hl. m. Prahy, a.s.	46,445	21,441	24	24
Dopravní podnik hl. m. Prahy, akciová společnost	837,125	874,638	4,203	4,765
Kolektory Praha, a.s.	6,434	8,425	112,571	109,749
Obecní dům, a.s.	4,443	5,994	--	--
TRADE CENTRE PRAHA a.s.	5,935	6,892	15,840	17,775
Pražská plynárenská, a.s.	21,194	22,538	42,124	31,758
Total	**2,488,040**	**3,280,635**	**2,008,257**	**3,178,409**

*) EnBW Energie Baden-Württemberg AG is among the top suppliers of electricity and gas and the sales and purchases to and from this entity ,are presented, among others, in trading margin and are further used for purposes of commodity hedge accounting.

Receivables from and payables to related parties

	Receivables		Payables	
	2020	2019	2020	2019
Relations with controlling entities and associates	**39,368**	**47,811**	**48,358**	**953,423**
Pražská energetika Holding a.s. *)	149	297	--	856,727
Capital City of Prague	38,788	47,073	--	--
EnBW Energie Baden-Württemberg AG	431	441	48,358	96,696
Relations with other entities controlled by controlling entities and associates	**60,157**	**68,118**	**87,832**	**84,796**
Výstaviště Praha, a.s.	562	898	208	478
Želivská provozní a.s.	3,009	--	--	--
Technická správa komunikací hl. m. Prahy, a.s.	4,687	2,132	--	--
Dopravní podnik hl. m. Prahy, akciová společnost	48,698	53,899	84,190	84,318
Kolektory Praha, a.s.	958	2,385	--	--
Obecní dům, a.s.	351	1,167	--	--
TRADE CENTRE PRAHA a.s.	343	708	10	--
Pražská plynárenská, a.s.	1,549	6,929	3,424	--
Total	**99,525**	**115,929**	**136,190**	**1,038 219**

*) The payable of TCZK 856,727 reported in 2019 is a loan received from the parent company Pražská energetika Holding a.s. – refer to the note "Loans received". The loan was repaid in 2020.

Business transactions were conducted on an arm's length basis. Outstanding amounts were not collateralised.

Dividends paid

	2020	2019
Pražská energetika Holding a.s.	1,000,278	981,501
EnBW Energie Baden-Württemberg AG	713,355	699,964

Executive management

	2020	2019
Number of persons	13	13
Remuneration (TCZK)	47,389	45,417

The executive management includes members of the Board of Directors and members of the Supervisory Board. Selected members of the executive management are allowed to use company cars for private purposes.

Receivables from executive management

As at 31 December 2020, the Group reported receivables from the members of executive management totalling TCZK 40 (at 31 December 2019: TCZK 68). The receivables are disclosed in trade and other receivables and were collected during January 2021.

(32) Impacts and risks arising from the COVID-19 outbreak

In 2020, the outbreak of the COVID-19 pandemic and the Czech government's measures to contain the outbreak had a negative impact on the Group's activities. In March 2020 and again in October 2020, the Czech government declared a state of emergency resulting in the restriction of free movement of people and a significant deterioration of economic activities of many business entities.

Throughout this period, PRE continued to deliver its products and services in an unchanged form, chiefly due to their material nature. PRE also adopted measures to mitigate a potential lack of personnel, e.g., the dispatching centre was split into three shifts with no physical contact between them, the access of third parties to all PRE workplaces was prohibited, most internal meetings took place online, etc. The Group also allowed remote work for administrative staff and increased the protective and hygienic measures at workplaces, thus ensuring favourable conditions for the provision of all services even in the case of longer-term restrictions.

In relation to the governmental restrictions, energy consumption volume decreased year-on-year – distribution decreased by 6.9% and electricity consumption decreased by 5.4%. Due to the recent price growth, gross margin in distribution and electricity consumption decreased year-on-year only by 2% and 1% respectively. Generation of electricity from renewable resources represents another significant revenue source. No risks related to the pandemic materialised here and revenues increased year-on-year by 4.5% due to a wind power plant acquisition.

The Group assessed its credit risks both retrospectively and prospectively. The deteriorating macroeconomic outlook was reflected in the loss allowances calculated in accordance with IFRS 9, which significantly increased the cost of impairment of financial assets (see Notes 10, 19, 20 and 30).

In accordance with the requirements of IAS 36, the Group assessed the indicators of potential impairment of assets but did not identify any significant assets or goodwill impairment in relation to the pandemic.

The Group's EBITDA target was almost achieved, despite the year-on-year decrease.

The Group's management estimates that it has adequate resources to be able to continue in its activities in the foreseeable future. In preparing these financial statements, the Group thus applied the going concern assumption.

(33) Post balance sheet events (TCZK)

No events occurred subsequent to the balance sheet date that would have a material impact on the financial statements.

In Prague, 23 April 2021

Signed by

Pavel Elis
Chairperson of the Board of Directors

Signed by

Alexander Sloboda
Vice-chairperson of the Board of Directors

Separate financial statements

Separate financial statements of Pražská energetika, a.s., for the year ended 31 December 2020

Prepared in compliance with the International Financial Reporting Standards (IFRS) as adopted by the EU

Translated from the Czech original

Income statement (TCZK)

	Note	2020	2019
Revenue from electricity and gas sold		17,128,029	16,996,898
Cost of electricity and gas sold		(15,493,859)	(15,354,979)
Gross profit from the sale of electricity and gas	**(4)**	**1,634,170**	**1,641,919**
Other operating revenue	(4)	990,829	982,955
Personnel expenses	(6)	(511,223)	(489,627)
Amortisation and depreciation	(14, 15)	(193,975)	(192,523)
Amortisation of the right-of-use	(16)	(62,167)	(60,794)
Cost of purchased services, material and energy	(7)	(763,609)	(752,076)
Borrowing costs	(8)	(72,239)	(62,455)
Dividend income	(17)	1,645,000	1,674,500
Impairment losses for financial assets	(9)	(103,873)	(21,182)
Other gains and losses	(10)	157,645	151,591
Profit before tax		**2,720,558**	**2,872,308**
Income tax	(11)	(215,961)	(237,150)
Profit after tax		**2,504,597**	**2,635,158**
Basic and diluted earnings per share attributable to ordinary shares (CZK)	(13)	647	681

Statement of comprehensive income (TCZK)

		2020	2019
Profit after tax		**2,504,597**	**2,635,158**
Items that cannot be subsequently reclassified to profit or loss:			
Revaluation of net payables from defined benefits	(26)	(1,663)	(2,313)
Items that may be subsequently reclassified to profit or loss:			
Cash flow hedges, net of tax	(28)	100,483	(412,072)
Total other comprehensive income after tax		**98,820**	**(414,385)**
Comprehensive income attributable to the Company's shareholders		**2,603,417**	**2,220,773**

Statement of financial position – balance sheet (TCZK)

		2020	2019
Assets	**Note**		
Property, plant and equipment	(14)	1,811,910	1,742,943
Intangible assets	(15)	259,258	244,886
Right-of-use	(16)	160,691	180,044
Equity investments	(17)	10,071,091	10,071,091
Trade and other receivables	(19)	240,027	206,974
Loans	(20)	3,207,318	3,311,448
Non-current assets		**15,750,295**	**15,757,386**
Inventories	(21)	18,171	20,844
Tax assets	(11)	6,368	3,197
Contract assets	(18)	410,609	416,809
Trade and other receivables	(19)	2,037,007	2,016,000
Loans	(20)	1,494,224	715,512
Cash and cash equivalents	(22)	1,890,445	1,955,922
Current assets		**5,856,824**	**5,128,284**
Total assets		**21,607,119**	**20,885,670**

Liabilities			
Share capital	(27)	3,869,443	3,869,443
Reserves	(28)	1,186,471	1,087,651
Retained earnings		8,240,117	7,482,976
Equity attributable to the Company's shareholders		**13,296,031**	**12,440,070**
Loans	(23)	3,100,000	3,100,000
Trade and other payables	(25)	114,937	69,418
Lease liabilities	(16)	106,421	125,307
Provisions	(26)	89,788	82,007
Deferred tax liability	(11)	96,735	82,161
Non-current liabilities		**3,507,881**	**3,458,893**
Loans	(23)	834,974	1,157,273
Contract liabilities	(24)	830,107	897,422
Trade and other payables	(25)	2,987,425	2,809,271
Lease liabilities	(16)	57,134	56,541
Provisions	(26)	93,567	66,200
Current liabilities		**4,803,207**	**4,986,707**
Total liabilities		**21,607,119**	**20,885,670**

Statement of changes in equity (TCZK)

	Share capital	Reserves	Retained profits	Shareholders' equity
Balance on 31 December 2018	**3,869,443**	**1,502,036**	**6,560,576**	**11,932,055**
Dividends and directors' fees paid	--	--	(1,712,758)	(1,712,758)
Other comprehensive income	--	(414,385)	--	(414,385)
Net profit for 2019	--	--	2,635,158	2,635,158
Balance on 31 December 2019	**3,869,443**	**1,087,651**	**7,482,976**	**12,440,070**
Dividends and directors' fees paid	--	--	(1,747,456)	(1,747,456)
Other comprehensive income	--	98,820	--	98,820
Net profit for 2020	--	--	2,504,597	2,504,597
Balance on 31 December 2020	**3,869,443**	**1,186,471**	**8,240,117**	**13,296,031**

Statement of cash flows (TCZK)

	Note	2020	2019
Opening balance of cash and cash equivalents	(22)	1,956,713	1,936,922
Operating activities			
Accounting profit from ordinary activity, before tax		**2,720,558**	**2,872,308**
Amortisation and depreciation	(14, 15, 16)	256,142	253,317
Write-offs of doubtful debts	(9)	15,744	20,582
Change in loss allowances and provisions	(9, 10)	122,387	(5,146)
Gains (losses) from the sale and disposal of fixed assets	(10)	481	(15)
Dividend and profit share income		(1,657,190)	(1,682,924)
Interest charged to profit or loss		(84,405)	(102,344)
Foreign exchange rate gains (losses)		(137,515)	14,040
Settlement of hedging derivatives		167,385	(215,644)
Remeasurement of financial instruments		(21,019)	(14,107)
Net operating cash flow before changes in working capital		**1,382,568**	**1,140,067**
Change in trade receivables and transitional accounts	(19)	(62,014)	(22,311)
Change in trade payables and transitional accounts	(25)	25,762	(82,824)
Change in inventories	(21)	2,644	49,202
Net operating cash flow before tax and interest		**1,348,960**	**1,084,134**
Interest paid		(78,319)	(59,676)
Income tax paid		(227,738)	(206,859)
Net cash flow from operating activities		**1,042,904**	**817,599**
Investing activities			
Acquisition of fixed assets	(14, 15)	(257,802)	(205,610)
Acquisition of subsidiaries	(17)	(3,600)	(94,000)
Proceeds from the sale of fixed assets		2,313	1,308
Inter-company loans	(20)	(675,622)	(269,365)
Interest received and revenue from securities held		158,674	164,615
Dividends received and shares in profit		1,653,424	1,687,008
Net cash flow from investing activities		**877,387**	**1,283,956**
Financing activities			
Financial operations in the Group	(23)	28,622	(104,221)
External loans repaid	(23)	(2,109,985)	(404,000)
External loans received	(23)	1,766,062	209,985
Lease payments	(16)	(61,107)	(58,990)
Dividends and directors' fees paid		(1,744,268)	(1,711,888)
Net cash flow from financing activities		**(2,120,676)**	**(2,069,114)**
Change in cash and cash equivalents		(200,386)	32,441
Effect of foreign exchange rate movements		134,118	(12,650)
Closing balance of cash and cash equivalents	**(22)**	**1,890,445**	**1,956,713**

CONTENTS OF THE NOTES TO THE FINANCIAL STATEMENTS

(1) General information

Pražská energetika, a.s., (hereinafter "PRE" or the "Company") was established as a joint-stock company in the Czech Republic and was entered in the Commercial Register held by the District Court of Prague 1 on 1 January 1994.

The Company's registered office is located at Na Hroudě 1492/4, Prague 10, 100 05, ID No.: 60193913.

The Company is primarily engaged in supplying electricity to customers in the Czech Republic and this activity accounts for a significant part of the Company's revenues. In 2012, the Company expanded its activities to include the supply of gas.

PRE's principal shareholders	2020	2019
Pražská energetika Holding a.s. (PREH)	58.05%	58.05%
EnBW Energie Baden–Württemberg AG (EnBW)	41.40%	41.40%
Other	0.55%	0.55%
Total	**100.00%**	**100.00%**

Pražská energetika Holding a.s. is under joint control of the Capital City of Prague (with an equity investment of 51%) and EnBW (with an equity investment of 49%).

EnBW owns 41.40% of PRE's share capital. Under Section 79 of the Business Corporations Act, the Company operates on the Czech energy market as part of the EnBW group.
PRE is controlled and managed by EnBW through its representatives on the Board of Directors and the Supervisory Board. Based on shareholders' agreements, the control through the controlling companies PREH and EnBW is performed on the level of PRE and primarily relates to PRE's activities.

(2) Adoption of new and amended International Financial Reporting Standards

Standards and interpretations effective in the current period

The following amendments to the current standards issued by the International Accounting Standards Board (IASB) and adopted by the EU are effective for the current period:

- **Amendments to IFRS 9, IAS 39 and IFRS 7 "Interest Rate Benchmark Reform" Phase 1** (effective for annual periods beginning on or after 1 January 2020);
- **Effects of the first-time adoption of Amendment to IFRS 16 Covid-19-Related Rent Concessions** (effective for annual periods beginning on or after 1 June 2020);
- **Amendments to References to the Conceptual Framework in IFRS Standards** (effective for annual periods beginning on 1 January 2020; early application allowed); The amendments relate to standards IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38 and interpretations of IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22 and SIC-32.
- **IFRS 3 "Business Combinations" Change in the Definition of a Business** (effective for annual periods beginning on or after 1 January 2020);

- **Amendments to IAS 1 and IAS 8 Defining the term “significant”** (effective for annual periods beginning on or after 1 January 2020; early application allowed).

Based on the entity’s estimates, compliance with this standard does not have a significant impact on the financial statements.

Standards and interpretations issued by the IASB and adopted by the EU but not yet effective

- **IFRS 4 “Insurance Contracts” – Extension of Temporary Exemption from Applying IFRS 9** (effective from 1 January 2021);
- **Amendments to IFRS 9, IAS 39 and IFRS 7 “Interest Rate Benchmark Reform” Phase 2** (effective for annual periods beginning on or after 1 January 2021).

The Company decided not to apply these standards before their effective dates.

New standards, interpretations and amendments to the current standards issued by the IASB but not yet adopted by the EU

- **IFRS 17 “Insurance contracts” and Amendments to IFRS 17** (effective for annual periods beginning on or after 1 January 2023);
- **Amendments to IFRS 3 “Reference to the Conceptual Framework”** (effective for annual periods beginning on or after 1 January 2022);
- **Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”** (the effective date is yet to be stipulated);
- **Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”** (effective for the annual IFRS financial statements for annual periods beginning on or after 1 January 2023);
- **Amendments to IAS 16 “Property, Plant and Equipment”** (effective for annual periods beginning on or after 1 January 2022);
- **Amendments to IAS 37 “Onerous Contracts – Cost of Fulfilling a Contract”**(effective for annual periods beginning on or after 1 January 2022);
- **Annual Improvements to IFRS 2018–2020 Cycle** The Annual Improvements contain amendments to four standards – IFRS 1, IFRS 9, IFRS 16 and IAS 41.

The Company anticipates that the adoption of these new standards, amended standards and interpretations will have no material impact on the Company’s financial statements in the period of their first time adoption.

(3) Significant accounting policies

Statement of compliance

The financial statements are prepared and presented in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Basis of the preparation of financial statements

The financial statements have been prepared on the historical cost basis except for certain financial instruments described in Note 30. The principal accounting policies are set out below.

Information on consolidated financial statements

Apart from the separate financial statements, the Company prepares and publishes consolidated financial statements of the parent company PRE and its subsidiaries (hereinafter the "PRE Group" or the "Group") in compliance with IFRS always as at 31 December. A subsidiary is an enterprise which the acquirer (parent company) has obtained control of in business combination.

Revenue recognition

Accounting for the main categories of revenues from contracts with customers is described in Note 4.

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts any estimated future cash flows over the expected life of the financial asset to that asset's net carrying amount as at the date of its first-time recognition.

Dividend yield is recognised when the right to receive the payment arises.

Foreign currency translation

The financial statements of the Company are presented in the currency of the primary economic environment in which the Company operates (its functional currency). Czech crowns are the functional currency of the Company and the presentation currency for the financial statements.

During the year, transactions in currencies other than Czech crowns are recorded at the rates of exchange announced by the Czech National Bank and prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates announced by the Czech National Bank prevailing at the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange rate gains and losses are recognised in profit or loss in the period in which they arise except for exchange rate differences arising from cash flow hedges where changes in fair value are posted directly to equity.

Borrowing costs

The Company capitalises borrowing costs related to the construction of qualifying assets in line with IAS 23. A qualifying asset is an asset that takes a substantial period of time during the investment construction to get ready for its intended use. The amount of capitalised borrowing costs is determined as the product of the capitalisation rate and the balances on the assets under construction account (including pre-payments) as at the end of the relevant month. The capitalisation rate is the average interest rate from external loans.

Other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Income tax

Income tax expense reported in the income statement represents the sum of the tax currently payable and a change in the deferred tax balance.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of revenue or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The current tax liability also includes tax overpayments or additional tax charges from previous periods. The Company's liability for current tax is calculated using tax rates that have been enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Deferred tax is determined at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised. The calculated tax is recognised in profit or loss except when associated with items charged directly to equity in which case it is dealt with in equity.

Property, plant and equipment

Property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes, are stated at cost reduced by accumulated depreciation and recognised impairment loss. Cost includes the purchase price and costs associated with acquisition.

The cost of internally produced tangible assets includes direct and indirect costs directly related to the production of the asset.

Depreciation of plant and equipment is charged to profit or loss. Properties in the course of construction for production or administrative purposes are carried at cost, less any recognised impairment loss. The cost includes professional services fees. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

The estimated useful lives and depreciation methods are reviewed at the end of each reporting period and impacts of any changes in estimates are accounted for prospectively.

Depreciation is charged on assets, other than freehold land and assets under construction, over their estimated useful lives, using the straight-line method:

Asset category	**Depreciation period in years**
Buildings, halls and other constructions	6, 7, 10, 15, 20, 30, 40, 50, 70
Fibre optics	30
Working machinery and equipment	2, 5, 10, 12, 20
Telecommunication equipment	3-27
Appliances and special technology equipment	4, 5, 8, 10
Vehicles	4, 5, 6, 8.10
Fixtures and fittings	4, 5, 8, 10
Hardware	3, 4, 5

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Intangible assets

Intangible assets acquired separately are reported at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets are amortised using the straight-line method over the following estimated useful lives:

Asset category	Amortisation period in years
Software	4
Other intangible assets	4, 6

Impairment of non-financial assets (except for the deferred tax asset)

At each balance sheet date, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). In circumstances where the relevant asset does not generate cash inflows separately, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Right-of-use and lease liabilities

As part of the lease relationship, the Company shall decide whether the lease contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Therefore the Company, as a lessee, recognises the asset – right-of-use asset – representing its rights to use the underlying asset and the lease liability representing its liability to pay the lease payments.
The right-of-use asset is initially measured at acquisition cost and subsequently at acquisition cost reduced by accumulated depreciation and impairment loss adjusted by lease liabilities remeasurement primarily arising from lease modification or indexation. Right-of-use asset is depreciated on a straight-line basis throughout the term of use of the asset or until the end of the lease, whichever is sooner.

The lease liability is initially measured at present value of the lease payments due as at the day of application, discounted using the incremental borrowing rate set by the Company.

The lease liability is then increased by the interest expense and reduced by lease payments paid. Remeasurement occurs in case the future lease payments change due to changes in indexation or rates, change in the estimate of the expected payment from the residual value guarantee, or due to change in assessment whether the option to extend the lease is certain (incl. extension of the expected term of lease indefinitely).

The Company estimates the term of the lease for lease contracts in which it acts as the lessee and which include option to renew or to terminate early, or which are concluded for indefinite period. Assessment whether the Company is reasonably certain that it will use this option affects the term of the lease which in turn affects the values of reported lease liabilities and right-of-use assets. In the case the lessee and lessor can both terminate the lease without more than insignificant penalty, the lease period in such case shall mean the notice period. In this case, penalisation means not only a penalty for early termination but also the cost of moving or providing an alternative lease relationship or other economic losses connected with the termination of the lease relationship.

The Company decided to apply the exemption offered by the standard related to the non-recognition of right-of-use assets and lease liabilities for short-term leases and low-value underlying assets leases. Short-term leases are leases under 12 months. Leases with low-value underlying assets include primarily IT and office equipment leases.

The Company separates lease and non-lease components and applies the practical simplification of not separating lease components only for cars, where it accounts only single lease component.

The Company does not record any significant lease contracts in which it would act as a lessor.

Government grants

The Company participates in state development projects, namely in e-mobility and energy network management, and utilises government grants in compliance with individual project terms and conditions.

In the Company’s financial statements, government grants are reported at the moment it is sufficiently clear the grant will be accepted and the Company is able to fulfil the project terms and conditions. The grants accepted are settled in the period in which the Company reports related expenses.

Returnable government grant is reported as a change in net book estimate.

Grants relating to assets

Grants relating to non-current assets acquisition are presented and recognised as grants relating to assets. Grants received reduce the non-current asset acquisition cost. Grants received are recognised in profit or loss throughout the term of the depreciated asset as a reduced depreciation expense. In case the grant is returned, the carrying amount of the asset will be immediately increased by this refund. At the same time, an impairment loss of the new carrying amount value is tested. Depreciation, which would be reported in profit or loss in case there were no grants, are recognised in profit or loss immediately.

Grants for expenses

All grants except grants for non-current assets acquisition are recognised ad grants for expenses. Received grants are recognised together with related expenses and decrease their amount. In case the grant is returned, the refund is immediately recognised in profit or loss.

Inventories

Inventories are stated at the lower of cost determined using the weighted arithmetic average and the net realisable value. The cost includes the purchase price of the material, customs duties and in-transit storage and freight costs incurred to deliver the inventories. The net realisable value represents the estimated selling price for inventories less all estimated costs of marketing, sale and distribution.

Provisions

Provisions are recognised in the balance sheet when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is equal to the present value of those cash flows.

Equity investments

Equity investments include the Company's share in other companies' share capital. The parent company controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Proceeds from equity investments flow to the Company in the form of dividends. These equity investments are measured at cost.

Financial assets (except for derivatives)

Financial assets are recognised in the Company's balance sheet at the moment the Company becomes bound by a contractual provision relating to the financial asset. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or the financial asset transfers to a third party. The classification of a financial asset arises from an entity's business model for managing financial assets and the characteristics of contractual cash flows following from the given financial asset. After initial recognition, financial assets are subsequently measured depending on the classification implemented.

Financial assets are classified into the following categories: financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income and financial assets measured at fair value through profit or loss.

Financial assets measured at amortised cost ("FAAC")

FAAC include financial assets held within a business model whose objective is to hold financial assets to collect contractual cash flows, whilst these contractual cash flows represent solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at fair value through other comprehensive income ("FVOCI")

Financial assets at FVOCI include financial assets held within a business model whose objective is to hold financial assets to collect contractual cash flows and to sell financial assets, whilst the contractual cash flows represent solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at fair value through profit or loss ("FVTPL")

Financial assets at FVTPL include financial assets that do not meet the criteria for measuring at amortised cost or at FVOCI and also those financial assets that could meet the criteria for measuring at amortised cost or at FVOCI, but their measurement at other than fair value through profit and loss would cause measurements of financial assets and financial liabilities on different bases and give rise to recognition inconsistencies.

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses from financial assets classified as FAAC and financial assets at FVOCI depending on the expected credit loss model (impairment model) applied. A simplified model is applied for trade receivables and lease receivables.

Impairment model

The new impairment model is applied to financial assets measured at amortised cost, financial assets measured at FVOCI and contract assets. In accordance with IFRS 9, the Company calculates a loss allowance for financial assets with regard to the development of credit risk, which is reflected in the stage of impairment (stage 1-3), at an amount a) equal to 12-month expected credit losses (stage 1), or b) corresponding with the lifetime expected credit losses on the financial asset (stage 2-3). If compared with the initial recognition the credit risk has significantly increased, the financial asset will be classified in stage 2. If a counterparty default is identified with a financial asset, this financial asset will be classified as stage 3.

The Company calculates loss allowances for trade receivables in the amount corresponding with the lifetime expected credit losses on the financial asset.

In respect of cash and cash equivalents and loans granted, the Company calculates loss allowances equal to 12-month expected credit losses, if the related credit risk has not increased significantly since initial recognition or no counterparty default has been identified.

In assessing whether the credit risk associated with a financial asset has increased significantly, the Company compares the risk of default of the financial instrument as at the date of recognition with the risk as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort and shows a significant increase in credit risk. The Company primarily relies on its own historical experience, available information and market analyses, including current macroeconomic indicators and forward-looking information. Regardless of these analyses, the Company considers situations where the financial asset is more than 30 days past due to indicate significant increases in credit risk. In case of cash and cash equivalents, these include situations where the external credit rating of the counterparty, based on renowned external rating agencies (Moody's, Standard & Poor's and Fitch), decreases from an investment level to speculative (non-investment) level. Default is a situation where the financial asset is more than 90 days past due; in case of cash and cash equivalents, it is a situation where the external credit rating of a counterparty based on renowned external rating agencies decreases to a risk level.

The expected credit losses are calculated as the weighted average of credit losses with the respective risks of a default occurring as the weights. The credit losses are calculated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

Impairment losses for financial assets, including contract assets, are newly recognised on a separate line as impairment losses for financial assets in the income statement.

Financial liabilities (except for derivatives)

Financial liabilities are recognised in the Company's balance sheet at the moment the Company becomes bound by a contractual provision relating to the financial liability. Financial liabilities are derecognised when the financial liability extinguishes, i.e., in case the obligation specified in the contract is fulfilled, cancelled or its validity expires. After initial recognition, financial liabilities are subsequently measured depending on their initial classification.

Financial liabilities are classified into the following categories: financial liabilities measured at amortised cost and financial liabilities measured at fair value through profit or loss.

Financial liabilities measured at amortised cost ("FLAC")

FLAC include financial liabilities that are not measured at fair value through profit or loss.

Financial liabilities measured at fair value through profit or loss ("FLTPL")

FLTPL include derivatives that do not function as effective hedging instruments and those derivatives whose measurement at other than fair value through profit and loss would cause the measurement of financial assets and financial liabilities on different bases and give rise to recognition inconsistencies.

Initial recognition of financial assets and financial liabilities

In regular evaluation of business models for holding financial assets, the Company relies on basic activities generating cash flows and representing financial assets. The main part of revenues and cash flow constitute activities connected with the supply of electricity and gas in the Czech Republic. Other significant revenues of the Company are connected with trading on the market with commodities and inter-company financing.

In determining the business model, the Company considers risks affecting the given financial assets and the method of their management, the evaluation of the individual significant financial assets' profitability and performance as part of specific activities.

The Company determines whether contractual cash flows from financial assets are solely payments of principal and interest on the principal amount outstanding based on an analysis and evaluation of contractual financial conditions pertaining to the given financial instrument. The Company also takes into consideration events that could impact the amount or timing of contractual cash flows and the amount of advances received.

At initial recognition of individual investments in equity instruments that are not held for trading and would otherwise be measured at FVTPL, the Company may make an irrevocable decision to present subsequent changes at FVOCI. This decision is performed separately for each individual investment.

All other financial assets that are not subsequently measured at amortised cost or at FVOCI are measured at FVTPL.

At initial recognition, the Company may irrevocably designate a financial asset or financial liability to the category measured at FVTPL, if doing so eliminates or significantly reduces a measuring or accounting mismatch that could otherwise arise in measuring assets or liabilities or recognising relevant profits or losses on different bases.

Except for trade receivables that do not have a significant financing component, at initial recognition, financial assets and financial liabilities are measured at FVTPL. In respect of financial assets or financial liabilities not included in the FVTPL category, the fair value is increased or decreased by transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Trade receivables that do not have a significant financing component are measured at their transaction price at initial recognition.

The Company performs subsequent measurement of individual categories of financial assets and liabilities in accordance with the initial classification and the given instruments are included in current or non-current assets or liabilities, depending on the period in which they are settled.

Derivatives

The Company hedges its future transactions, risk management and cash flows using financial and commodity derivative contracts. With most purchases and sales of electricity and gas in form of term contracts carried out by the Company, their physical delivery with subsequent consumption or sale as part of the Company's regular activities is expected. Such contracts are not covered by IFRS 9 and therefore not measured (own-use contracts).

The Company considers transactions concluded with the aim to balance the volumes of purchases and sales of a commodity to be a part of its regular activities, therefore these contracts are also not covered by IFRS 9.

In terms of derivatives concluded in line with the selected risk management strategy, the Company applies hedge accounting based on the rules of IAS 39, because the Company applied transition provisions of IFRS 9 and follows and will continue to follow IAS 39 in respect of current and newly defined hedging relationships. The Company designates certain derivatives as either hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedges), hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges).

As part of its trading portfolio, the Company also enters into commodity derivatives transactions to derive profit from the short-term movements of prices.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured at their fair value at each balance sheet date. In respect of derivatives traded as part of its trading portfolio, the resulting gain or loss is recognised directly in the profit or loss for the current year.

The fair value of derivatives is classified as a non-current receivable or a non-current liability if the derivative is settled in more than 12 months, or as a current receivable or a current liability if the derivative is settled within 12 months.

Apart from commodity derivatives, the Company also uses currency and interest rate derivative instruments.

Hedge accounting

The Company designates certain hedging instruments as either fair value hedges or cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the Company documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in fair values or cash flows of the hedged item. Movements in the hedging reserve in equity are also detailed in the statement of changes in equity.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts reported in equity are recycled in profit or loss in the periods when the hedged item is recognised in profit or loss.

Hedge accounting is discontinued when the Company revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. An adjustment of the carrying amount of the hedged item arising from the hedged risk is realised into profit or loss from the date of the relevant adjustment.

Offsetting financial instruments

Financial assets and liabilities are mutually offset and the net amount is reported in the balance sheet, if a legally enforceable right exists to offset recognised amounts, as well as the intention to perform settlement on a net basis or realise the receivable and at the same time settle the liability. The legally enforceable right must not be dependent on future events and must be executable as part of regular business activities also in case of default, insolvency or bankruptcy of the Company or the counterparty.

Employee benefits expense

The Company makes contributions to the health insurance and pension insurance schemes and the state employment policy scheme at the level required by law and effective in the relevant year by reference to the employees' gross salary. The insurance and social security expenses are charged to profit or loss in the same period as the relating payroll expenses.

The Company also makes contributions to its employees' retirement benefit plans. These contributions are expensed in the period in which employees are entitled to receive contributions based on the services that they provide to the Company.

The Company provides other bonuses under the Collective Agreement (the defined benefit plan, refer to the note "Provisions").
The relevant provisions are measured at the present value of anticipated future payments using actuarial assumptions.

Statement of cash flows

The Company prepares its statement of cash flows using the indirect method.

Significant accounting estimates

The presentation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the balance sheet date and the reported amounts of revenue and expenses during the reporting period. The Company's management has made these estimates and assumptions on the basis of all the relevant information available to it. Nevertheless, pursuant to the nature of estimates, the actual results and outcomes in the future may differ from these estimates.

The Company considers the determination of the uninvoiced energy amount with customers whose actual consumption is not read on a monthly basis to be a key area subject to the use of estimates. This amount is determined using the balance approach as a difference between the aggregate electricity input and output, where certain inputs of this accounting equation must be estimated (e.g. grid losses or own consumption in the relevant period, average price of energy supplied). The Company subsequently reviews the total closing amount using a control calculation in the customer system.

(4) Revenues (TCZK)

Revenue and expenses relating to the supply and distribution of commodities	2020	2019
Sales of electricity B2B	5,031,813	5,230,917
Sales of distribution and system services B2B	2,287,322	2,425,831
Sales of electricity B2C	3,277,037	3,051,276
Sales of distribution and system services B2C	5,013,691	5,018,432
Sales of electricity to dealers	601,122	319,497
Sales of electricity for fuels	1,733	882
Sales of electricity for losses at grids	442,011	402,280
Total sales of electricity	**16,654,729**	**16,449,115**
Sales of gas B2B and B2C	354,678	300,411
Sales of gas to dealers	123,972	264,008
Total sales of gas	**478,650**	**564,419**
Margin on trading	(5,350)	(16,636)
Total revenues	**17,128,029**	**16,996,898**
Costs of purchases of sold electricity	(7,740,893)	(7,366,776)
Costs of purchases of distribution and system services	(7,301,013)	(7,444,263)
Costs of electricity and distribution services for fuel	(2,426)	(860)
Costs of purchases of gas	(449,527)	(543,080)
Total costs	**(15,493,859)**	**(15,354,979)**
Gross profit from the sale of electricity and gas	**1,634,170**	**1,641,919**

Other operating revenue	2020	2019
Revenue from provided services	986,756	978,580
Other	4,073	4,375
Total	**990,829**	**982,955**

Information about the nature, method and timing of typical satisfaction of performance obligations from contracts with customers, including significant payment terms and the revenue recognition method under IFRS 15

Sales of electricity and gas B2B: As part of the B2B segment, the Company recognises revenue arising from contracts on supplies of electricity or gas with end major corporate customers. A characteristic feature for this customer segment is the regular monthly reading of consumption meters and the subsequent invoicing for supplies in the given month. Terms of the contracts on supplies of electricity or gas are individual, taking into consideration customer requirements and needs. Revenue is recognised at the moment the commodity is delivered; this revenue is recognised on an ongoing basis with a fixed price.

Sales of electricity and gas B2C: As part of the B2C segment, the Company recognises revenue arising from contracts on supplies of electricity or gas with end customers comprising small entrepreneurs and households. A characteristic feature for this customer segment is the annual reading of consumption meters and the subsequent invoicing for supplies in the given period. Contracts are usually concluded for a period of 24 months; with regard to contractual penalties, a termination notice is not expected. B2C customers usually provide regular advance payments determined based on the expected quantity delivered. Revenue is recognised at the moment the commodity is delivered; this revenue is recognised on an ongoing basis with a fixed price. With regard to the annual character of the consumption meter reading and annual invoicing of the actual consumption, the Company estimates the amount of electricity or gas consumed but not yet invoiced on an ongoing basis and this estimate enters revenue recognition.

Sales of electricity and gas to dealers: Revenue from trading with wholesale partners is connected with the sales on the wholesale market that the Company carries out in transactions serving to hedge the purchase price of the commodity, performed through commodity term contracts with physical delivery of the commodity, and with the sales of surpluses when balancing the planned withdrawal diagram at moments immediately preceding the actual delivery to end customers. Contractual conditions are individual; however, they are determined to a large extent by a standard EFET contract or trade conditions on the market managed by the Czech market operator. Revenue is recognised at the moment the commodity is sold to a wholesale partner. In the case of hedging transactions, the price is fixed, and in the case of transactions connected with the diagram balancing, it is determined by the development on the short-term (spot) commodity market. Invoicing is performed in the month following the month when the commodity is delivered to the dealer. No advance payments are made.

Sales of electricity for losses at grids: In distributing electricity, physical loss arises (approximately 1-6 % of the supplied amount depending on the voltage level – EHV, HV, LV). The Company must therefore acquire and provide the distribution grid with a higher volume of electricity than the total supply to end customers. This difference is provided as electricity intended to cover losses and invoiced to the distributor by the Company. Invoicing is performed in the month following the month when commodity is delivered to the distribution grid. No advance payments are made.

Revenue from provided services: Revenue is connected with services rendered by the Company to other companies within the PRE Group based on concluded service provision contracts. Services are invoiced monthly. prices are fixed. In addition, these include services provided to external customers, such as revenue from the lease of land, real estate and cars and IT support. Prices and payment terms arise under individual contracts concluded.

Revenue relating to performance obligations that were not satisfied or partly satisfied as at 31 December 2020

Contractual revenue	2021	2022	2023	2024
Supplies of electricity	6,524,212	2,428,980	1,123,778	193,093
Supplies of gas	243,027	119,363	63,229	--
Other revenue	7,292	2,531	2,481	2,270
Total	**6,774,531**	**2,550,874**	**1,189,488**	**195,363**

Supplies of electricity and gas: Contractual revenue comprises the equivalent of supply fixed by a contract, measured at a contractual price. In respect of customers whose supply is not fixed, the supply is estimated over the notice period and measured at the average planned price. The Company applied practical expedients and the above expected revenue does not include revenues arising from contracts where the originally expected term of the contract was less than one year.

Other revenue: This includes contractual revenue in particular from the provision of energy services.

Contractual balances	2020	2019
Receivables included in trade and other receivables *)	1,374,808	1,480,141
Contract assets *)	410,609	416,809
Contract liabilities *)	830,107	897,422

*) For more information see Notes 18, 19, 24.

The total amount of revenue and other revenue stems from contracts with customers.

(5) Segment reporting (TCZK)

The Group's activities are divided into Trade, Distribution and Other segments. The structure of information on segments corresponds with the structure of principal business activities and the structure of managerial information in the Group. Transfer pricing between entities in the Group is arranged in the same amount as if arranged between independent entities in ordinary business relations.
The Group regularly prepares transfer pricing documentation and always once every three years asks the tax authority for a binding assessment of the pricing method. The current binding assessment is valid until 2023.

PRE is part of the trade segment and does not divide its activities any further as it primarily does business in the Capital City of Prague and mainly supplies electricity. Therefore, all required information on the segment's economic activity is included in these financial statements.

Supply of electricity and gas (commodities) and trading in electricity

The Company ensures the purchase and sale of commodities, including connected activities. The Company's revenue according to the type of business relationship (see the following paragraph) is either only proceeds from the sold commodity or proceeds from the sold commodity and distribution service.

Customers have the right to choose a commodity supplier. If they choose a supplier whose territory of supply is not in the place of the physical collection of the commodity, they pay only for the delivered commodity to this supplier. They subsequently pay to the distributor, in whose territory of supply the collection is located, for distribution and system services (hereinafter only services) related to the commodity supply. The customer can conclude a contract on combined supply services with the supplier and in such case the supplier also arranges the supply of distribution services.

The commodity price is contractual (non-regulated), while the service price is regulated. The price of distribution services is regulated by the Energy Regulatory Office.

(6) Personnel expenses (TCZK)

	2020	2019
	Staff including management	**Staff including management**
Average headcount	427	418
Salaries	299,811	283,736
Salaries paid depending on the fulfilment of the plan	27,253	26,824
Insurance premiums	122,662	114,577
Remuneration to the members of the Company's bodies	24,877	23,208
Other social expenses*)	36,620	41,282
Total	**511,223**	**489,627**

*) Primarily expenses relating to severance pays and employee benefits defined by the Collective Agreement, specifically catering contributions, bonuses paid to employees in relation to work or life anniversaries, retirement, contributions to additional pension insurance and medical care.

Personnel expenses were reduced by the grant provided under the Dflex project ("Verifying the flexibility for the operation and control of the electrification system") and the "Antivirus" project totalling TCZK 2,877 (2019: TCZK 766).

(7) Cost of purchased services, material and energy (TCZK)

	2020	2019
Material and own consumed energy	79,390	62,262
Repairs of property, plant and equipment	48,422	48,900
Consulting services	50,917	23,318
Lease payments	4,173	6,934
Postage and telecommunication fees	39,499	40,479
IT support	141,493	135,794
Marketing	60,538	56,285
Customer service	219,214	218,911
Other *)	119,963	159,193
Total	**763,609**	**752,076**

*) Expenses incurred on external employees, cleaning services, security guard services, storage fees and other services.

Cost of purchased services, material and energy were reduced by the grant provided under the Dflex project ("Verifying the flexibility for the operation and control of the electrification system") totalling TCZK 484 (2019: TCZK 188).

(8) Borrowing costs (TCZK)

	2020	2019
Interest on cash pooling	560	3,521
Interest on loan	66,568	53,569
Interest expense on employee benefits	920	1,027
Interest on leases	4,191	4,338
Total	**72,239**	**62,455**

(9) Impairment loss for financial assets (TCZK)

	2020	2019
Write-offs of doubtful debts	15,744	20,582
Creation and release of loss allowances for trade receivables	74,429	(1,420)
Creation and release of loss allowances for contract assets	15,645	577
Creation and release of loss allowances for cash and cash equivalents	(791)	(69)
Creation and release of loss allowances for inter-company loans	(786)	(47)
Creation and release of loss allowances for other financial assets	(368)	1,559
Total	**103,873**	**21,182**

(10) Other gains and losses (TCZK)

	2020	2019
Gain (loss) from the sale and disposal of fixed assets and inventories	(272)	987
Foreign exchange rate gains (losses)	32,936	(3,993)
Interest received in the Group	152,869	156,830
Interest received outside of the Group	3,775	7,969
Share in the profit or loss of eYello CZ, k.s.	12,190	8,424
Hedge ineffectiveness	4,730	(2,630)
Other	(48,583)	(15,996)
Total	**157,645**	**151,591**

(11) Income tax (TCZK)

The current income tax is calculated at 19% of the estimated taxable profit. Deferred tax is calculated using the income tax rate anticipated in future periods, i.e., 19%.

	2020	2019
Current tax	224,568	236,668
Deferred tax	(8,607)	482
Total income tax	**215,961**	**237,150**

		2020		2019
Profit before tax	**2,720,558**		**2,872,308**	
Income tax using the effective income tax rate	516,906	19.00%	545,738	19.00%
Impact of tax non-deductible dividend income	(312,550)	(11.49%)	(318,155)	(11.08%)
Impact of other items that are permanently tax non-deductible	11,605	0.43%	9,567	0.33%
Total income tax/effective tax rate	**215,961**	**7.94%**	**237,150**	**8.26%**

Deferred tax assets (-) and liabilities (+) recorded in the balance sheet relate to the following items:

	2020	Recorded in profit or loss	Recorded in other compre-hensive income	2019	Recorded in profit or loss	Recorded in other compre-hensive income	2018
Non-current assets	146,977	7,012	--	139,965	1,492	--	138,473
Provisions	(11,166)	(71)	--	(11,095)	(988)	--	(10,107)
Loss allowances	(29,366)	(14,809)	--	(14,557)	(2,223)	--	(12,334)
Obligation under the Collective Agreement	(17,650)	(739)	(390)	(16,521)	2,201	(543)	(18,179)
Cash flow hedge	7,940	--	23,571	(15,631)	--	(96,659)	81,028
Total deferred tax liability	**96,735**	**(8,607)**	**23,181**	**82,161**	**482**	**(97,202)**	**178,881**

The estimated current income tax for 2020 of TCZK 224,500 was reduced by income tax prepayments of TCZK 230,868 and the net receivable is reported in tax receivables. In 2019, the estimated income tax of TCZK 235,800 was reduced by income tax prepayments of TCZK 238,997 and the net receivable was reported in tax receivables.

(12) Dividends (TCZK)

The following amounts were recognised as distribution of profit to shareholders in the relevant period:

	2020	2019
Final dividend for 2020 of CZK 445.35 (2019: CZK 436.99) per share	1,723,256	1,690,908

The final amount of the proposed dividend for 2020 must be approved by the shareholders at the General Meeting. It has not been included in liabilities in these financial statements.

(13) Earnings per share (TCZK)

Earnings per share are calculated from the net profit for distribution of TCZK 2,504,597 (2019: TCZK 2,635,158) attributable to 3,869,443 shares, i.e., the earnings per share amount to CZK 647 (2019: CZK 681).

The Company has no issued instruments diluting the basic earnings per share.

(14) Property, plant and equipment (MCZK)

	Land	Telecommunication technologies and IT	Administrative buildings	Other	Under construction	Total
Cost						
Balance at 31 December 2018	**136.2**	**910.2**	**1,803.6**	**502.9**	**57.1**	**3,410.0**
Additions*)	--	4.2	15.7	35.2	59.6	114.7
Disposals	--	(34.2)	--	(22.7)	--	(56.9)
Transfers **)	--	41.1	5.8	(141.0)	(48.7)	(142.8)
Balance at 31 December 2019	**136.2**	**921.3**	**1,825.1**	**374.4**	**68.0**	**3,325.0**
Accumulated depreciation						
Balance at 31 December 2018	**(0.6)**	**(753.8)**	**(567.9)**	**(251.9)**	**0.0**	**(1,574.2)**
Depreciation expense	--	(56.6)	(40.5)	(19.2)	--	(116.3)
Disposals	--	34.1	--	21.4	--	55.5
Transfers **)	--	--	--	52.9	--	52.9
Balance at 31 December 2019	**(0.6)**	**(776.3)**	**(608.4)**	**(196.8)**	**0.0**	**(1,582.1)**
Net book value 2018	135.6	156.4	1,235.7	251.0	57.1	1,835.8
Net book value 2019	**135.6**	**145.0**	**1,216.7**	**177.6**	**68.0**	**1,742.9**

	Land	Telecommunication technologies and IT	Administrative buildings	Other	Under construction	Total
Cost						
Balance at 31 December 2019	**136.2**	**921.3**	**1,825.1**	**374.4**	**68.0**	**3,325.0**
Additions*)	--	31.5	6.4	25.1	114.8	177.8
Disposals	(0.2)	(7.5)	--	(9.2)	(1.2)	(18.1)
Transfers	--	36.8	3.6	8.5	(48.9)	0.0
Balance at 31 December 2020	**136.0**	**982.1**	**1,835.1**	**398.8**	**132.7**	**3,484.7**
Accumulated depreciation						
Balance at 31 December 2019	**(0.6)**	**(776.3)**	**(608.4)**	**(196.8)**	**0.0**	**(1,582.1)**
Depreciation expense	--	(44.9)	(40.9)	(20.6)	--	(106.4)
Disposals	--	7.5	--	8.2	--	15.7
Transfers	--	--	--	--	--	0.0
Balance at 31 December 2020	**(0.6)**	**(813.7)**	**(649.3)**	**(209.2)**	**0.0**	**(1,672.8)**
Net book value 2019	135.6	145.0	1,216.7	177.6	68.0	1,742.9
Net book value 2020	**135.4**	**168.4**	**1,185.8**	**189.6**	**132.7**	**1,811.9**

*) Increase in investments was reduced by the provided grant from the "PRE backbone network", "PRE metropolitan network" and "Metropolitan network II" projects totalling MCZK 17 (2019: MCZK 3.3).

**) Reclassification under Right-of-use pursuant to IFRS 16.

None of the Company's property, plant and equipment were pledged or used as collateral.

The Company anticipates incurring total capital expenditure of MCZK 165 in 2021. Approximately 27% of all planned expenditure was contracted as at the date of preparation of the financial statements.

(15) Intangible assets (MCZK)

	Software	Other	Under construction	Total
Cost				
Balance at 31 December 2018	**716.9**	**9.5**	**96.0**	**822.4**
Additions	9.3	--	72.2	81.5
Disposals	(45.2)	(1.6)	--	(46.8)
Transfers	90.8	--	(90.8)	--
Balance at 31 December 2019	**771.8**	**7.9**	**77.4**	**857.1**
Accumulated amortisation				
Balance at 31 December 2018	**(573.4)**	**(9.4)**	**0.0**	**(582.8)**
Amortisation expense	(76.2)	--	--	(76.2)
Disposals	45.2	1.6	--	46.8
Transfers	--	--	--	--
Balance at 31 December 2019	**(604.4)**	**(7.8)**	**0.0**	**(612.2)**
Net book value 2018	143.5	0.1	96.0	239.6
Net book value 2019	**167.4**	**0.1**	**77.4**	**244.9**

	Software	Other	Under construction	Total
Cost				
Balance at 31 December 2019	**771.8**	**7.9**	**77.4**	**857.1**
Additions	9.4	11.2	81.6	102.2
Disposals	--	(1.3)	(0.3)	(1.6)
Transfers	76.8	--	(76.8)	--
Balance at 31 December 2020	**858.0**	**17.8**	**81.9**	**957.7**
Accumulated amortisation				
Balance at 31 December 2019	**(604.4)**	**(7.8)**	**0.0**	**(612.2)**
Amortisation expense	(87.2)	(0.3)	--	(87.5)
Disposals	--	1.3	--	1.3
Transfers	--	--	--	--
Balance at 31 December 2020	**(691.6)**	**(6.8)**	**0.0**	**(698.4)**
Net book value 2019	167.4	0.1	77.4	244.9
Net book value 2020	**166.4**	**11.0**	**81.9**	**259.3**

The Company has no intangible assets developed internally.

None of the Company’s intangible assets are pledged or used as collateral.

The Company anticipates incurring total capital expenditure of MCZK 89 in 2021. Approximately 35% of all planned expenditure was contracted as at the date of preparation of the financial statements.

(16) Right of use and lease liabilities (TCZK)

The Company leases principally motor vehicles, offices and storage facilities. For personal motor cars and utility cars, the usual period of lease is three to six years. For offices and storage facilities, the period of lease corresponds to the length of the tenancy.

Right-of-use	Cars	Offices and storage facilities	Total
Opening balance as at 1 January 2019	**--**	**97,118**	**97,118**
Transfers from property, plant and equipment	89,940	--	89,940
Additions	46,487	7,293	53,780
Amortisation expense	(40,136)	(20,658)	(60,794)
Net book value at 31 December 2019	**96,291**	**83,753**	**180,044**
Additions	38,901	3,913	42,814
Amortisation expense	(40,492)	(21,675)	(62,167)
Net book value at 31 December 2020	**94,700**	**65,991**	**160,691**

Total lease liabilities	31/12/2020	31/12/2019
Non-current lease liabilities	106,421	125,307
Current lease liabilities	57,134	56,541
Total lease liabilities	**163,555**	**181,848**
Lease liabilities as at 1 January	**181,848**	**97,118**
Motor vehicles – lease pursuant to IAS 17	--	89,940
Lease payments (pursuant to Cash flows statement)	(61,107)	(58,990)
Interest paid (pursuant to Cash flows statement)	(4,191)	(4,338)
Total cash flows	**(65,298)**	**(63,328)**
Interest expense	4,191	4,338
Lease increase and modifications	42,814	53,780
Lease liabilities as at 31 December	**163,555**	**181,848**

In relation to the application of IFRS 16, the Company reported in its income statement:

	2020	2019
Amortisation of the right-of-use	62,167	60,794
Interest expense	4,191	4,338
Short-term lease expense	1,579	2,375
Expenses for leases where the Company applies the exemption for lease with low-value underlying assets.	3,572	4,498

In 2020, the total cash flows relating to leases was TCZK 65,298 (2019: TCZK 63,328). As at 31 December 2020, the Company applied interest rate from 1.83% to 3.15% (2019: from 1.83% to 2.86%) depending on the length of the contractual relationship and the underlying asset. The Company is not exposed to significant future expenses arising from contracts where the lease did not start as at the balance sheet date, residual value guarantees, or variable lease payments. The Company does not record any significant unrecognised liabilities relating to short-term leases.

The Company does not lease any leased assets to third persons. For the analysis of maturity of lease liabilities refer to Note 30.

(17) Equity investments (TCZK)

		2020		2019	
	Note	Investment	Equity investment	Investment	Equity investment
PREdistribuce, a.s.	Non-marketable	100%	9,513,537	100%	9,513,537
PREměření, a.s.	Non-marketable	100%	313,264	100%	313,264
eYello CZ, k.s.	Non-marketable	90%	9,000	90%	9,000
KORMAK Praha a.s.	Non-marketable	100%	107,550	100%	107,550
PREservisní, s.r.o.	Non-marketable	100%	23,740	100%	23,740
PREzákaznická, a.s.	Non-marketable	100%	10,000	100%	10,000
VOLTCOM, spol. s r.o.	Non-marketable	100%	94,000	100%	94,000
Total			**10,071,091**		**10,071,091**

PREměření, a.s., holds a 10% equity investment in eYello CZ, k.s.

As at 30 April 2019, VOLTCOM, spol. s r.o. was acquired. The company specialises in the construction, and modernisation of and services for distribution transformer stations and expanding transformer stations. The reason for the acquisition is to fulfil the Group's objectives in the field of digitalisation and decentralisation of the energy sector.

The parent company controls all its subsidiaries. Dividends received include recognised and paid profit shares awarded and paid from PREdistribuce, a.s., of TCZK 1,450,000 (2019: TCZK 1,400,000), KORMAK Praha a.s. of TCZK 23,000 (2019: TCZK 19,000), PREzákaznická, a.s. of TCZK 23,000 (2019: TCZK 18,000), PREměření, a.s. of 140,000 (2019: TCZK 200,00) and VOLTCOM, spol. s r.o., of TCZK 9,000 (2019: TCZK 37,500).

Information on the subsidiaries was derived from individual statutory financial statements of these companies prepared in compliance with Czech Accounting Standards.

Business entity: PREdistribuce, a.s.

The company distributes electricity.

	2020	2019
Registered office: Svornosti 3199/19a, Prague 5		
ID No.: 27376516		
Average number of employees	461	455
Economic data (TCZK)		
Registered capital	17,707,934	17,707,934
Equity	19,488,509	19,699,878
Profit after tax	1,249,731	1,442,957
Sales of goods and services	9,400,253	9,665,005

Business entity: PREměření, a.s.

The company provides readings, purchases and sale, testing and assembly of meters and, to a lesser extent, sales of a selected product mix of electric appliances. Other principal activities include the generation of electricity using solar energy. Since 2013, the Company has offered services in turnkey assemblies of photovoltaic power plants.

	2020	2019
Registered office: Na Hroudě 2149/19, Prague 10		
ID No.: 25677063		
Average number of employees	245	245
Economic data (TCZK)		
Registered capital	35,000	35,000
Equity	961,019	902,522
Profit after tax	201,217	249,546
Sales of goods, services and solar energy generation	579,406	567,786

Business entity: eYello CZ, k.s.

eYello CZ, k.s., was established in 1996 with the original name PREleas, a.s. The company renders electricity and gas supplies under the Yello brand.

	2020	2019
Registered office: Kubánské náměstí 1391/11, Prague 10		
ID No.: 25054040		
Average number of employees	9	7
Economic data (TCZK)		
Equity	6,915	6,902
Profit after tax	13	8
Sales of electricity, gas and services	972,101	792,955

Business entity: KORMAK Praha a.s.

KORMAK Praha a.s. carries out construction and repairs of distribution facilities.

	2020	2019
Registered office: náměstí Bratří Jandusů 34/34, Prague 10		
ID No.: 48592307		
Average number of employees	66	66
Economic data (TCZK)		
Registered capital	2,100	2,100
Equity	26,987	27,424
Profit after tax	23,823	24,687
Total revenue from own products and services	225,803	224,383

Business entity: PREservisní, s.r.o.

PREservisní, s.r.o., leases and manages real estate, apartments, and non-residential premises and provides service for other entities of the PRE Group.

	2020	2019
Registered office: Na Hroudě 1492/4, Prague 10		
ID No.: 02065801		
Average number of employees	87	87
Economic data (TCZK)		
Registered capital	10,000	10,000
Equity	47,029	36,809
Profit after tax	10,920	14,546
Sales of goods and services	418,369	364,884

Business entity: PREzákaznická, a.s.

PREzákaznická, a.s., provides customer service for the other entities of the PRE Group.

	2020	2019
Registered office: Na Hroudě 1492/4, Prague 10		
ID No.: 06532438		
Average number of employees	187	185
Economic data (TCZK)		
Registered capital	10,000	10,000
Equity	33,822	34,438
Profit after tax	23,232	22,792
Sales of goods and services	413,411	413,181

Business entity: VOLTCOM, spol. s r.o.

VOLTCOM spol. s r.o., carries out construction and repairs of distribution facilities.

	2020	2019 1/4/2019 to 31/12/2019
Registered office: Prague 6, Otevřená 1092/2		
ID No.: 44794274		
Average number of employees	68	42
Economic data (TCZK)		
Registered capital	2,000	2,000
Equity	16,831	13,232
Profit after tax	13,199	10,960
Sales of goods and services	182,258	121,956

(18) Contract assets (TCZK)

Contract assets	2020	2019
Receivables from electricity and gas supplies – gross	3,495,609	3,401,809
Less: Advances received	(3,085,000)	(2,985,000)
Total	**410,609**	**416,809**

Creation and release of contract assets

Balance at 1 January 2019	**332,451**
Invoicing of recognised contract assets during 2019	(335,674)
Uninvoiced supplies of 2019, less advances received	420,609
Changes in impairment in compliance with IFRS 9 requirements	(577)
Balance at 31 December 2019	**416,809**
Invoicing of recognised contract assets during 2020	(420,609)
Uninvoiced supplies of 2020, less advances received	430,054
Impairment in compliance with IFRS 9 requirements	(15,645)
Balance of contract assets at 31 December 2020	410,609

Impairment of contract assets

Impairment of contract assets in compliance with IFRS 9	
Balance at 1 January 2019	**3,223**
Additions and release / utilization	577
Balance at 31 December 2019	**3,800**
Additions and release / utilization	15,645
Balance at 31 December 2020	**19,445**

Contract assets comprise the Company's right for payment for supplies already carried out and uninvoiced, based on contracts with customers, at the selling price reduced by advances received, in case the value of supply is higher than the value of advances received. A contract asset becomes a receivable at the moment the unconditional right for payment is acquired; this unconditional right arises from invoicing after meter reading. The usual invoice payment deadline for end customers is 30 days.

(19) Trade and other receivables (TCZK)

Non-current trade and other receivables	**2020**	**2019**
Principal amounts paid	173,629	166,144
Receivables from the revaluation of commodity derivatives for trading	46,932	12,418
Receivables from the revaluation of hedging commodity derivatives	19,160	28,401
Receivables from the revaluation of hedging foreign exchange derivatives	295	--
Other	11	11
Total	**240,027**	**206,974**

Current trade and other receivables	**2020**	**2019**
Receivables from electricity and gas supplies	1,294,125	1,389,883
Margin deposits with the power exchanges	105,204	63,237
Receivables from the revaluation of commodity derivatives for trading	381,614	245,897
Receivables from the revaluation of hedging commodity derivatives	74,964	163,717
Receivables from the revaluation of hedging foreign exchange derivatives	3,898	--
Other receivables – gross	317,654	368,267
Less: Advances provided	(193,540)	(264,272)
Other receivables – net	124,114	103,995
Other non-financial assets	53,088	49,271
Total	**2,037,007**	**2,016,000**

Compared to the initial recognition, the credit risk with other receivables did not increase significantly. In respect of other receivables, the following loss allowances were established for the expected credit losses at an amount of 12-month credit losses (level 1 of the impairment model):

Creation as at 1 January 2019 (affecting retained earnings)	**1,853**
Additions and release / utilization	1,559
Balance at 31 December 2019	**3,412**
Additions and release / utilization	(591)
Balance at 31 December 2020	**2,821**

Of the above current trade receivables, gross receivables past their due date totalled TCZK 365,123 (2019: TCZK 380,437). Outstanding portions usually bear no interest. The following loss allowances were created for trade receivables:

Balance at 1 January 2019	**278,481**
Additions and release / utilization	(1,420)
Balance at 31 December 2019	**277,061**
Additions and release / utilization	74,429
Balance at 31 December 2020	**351,490**

In considering the recoverability of receivables, the Company takes into account any changes in the recoverability of trade receivables from the date of their origination through the balance sheet date. The increase in the loss allowance in 2020 is primarily due to the expected effect of the COVID-19 outbreak, see Note 30.

The carrying amount of trade and other receivables corresponds to their fair value.

			2020	
	% of loss allowance	**Gross**	**Loss allowance**	**Net**
Receivables within due date	6	1,280,491	72,140	1,208,351
Receivables up to 1 month past due	10	67,119	6,712	60,407
Receivables between 2 and 3 months past due	27	21,955	5,861	16,094
Receivables between 4 and 6 months past due	60	11,903	7,142	4,761
Receivables between 7 and 12 months past due	86	14,600	12,556	2,044
Receivables over 12 months past due	99	249,547	247,079	2,468
Total trade receivables		**1,645,615**	**351,490**	**1,294,125**

			2019	
	% of loss allowance	**Gross**	**Loss allowance**	**Net**
Receivables within due date	1	1,286,506	12,933	1,273,573
Receivables up to 1 month past due	8	94,478	7,541	86,937
Receivables between 2 and 3 months past due	8	18,655	1,492	17,163
Receivables between 4 and 6 months past due	60	12,658	7,594	5,063
Receivables between 7 and 12 months past due	86	11,337	9,739	1,599
Receivables over 12 months past due	98	243,310	237,762	5,548
Total trade receivables		**1,666,944**	**277,061**	**1,389,883**

Receivables are considered credit impaired if they are more than 3 months past due.

(20) Loans granted (TCZK)

			2020			2019
	Amount	Interest rate p. a.	Maturity date	Amount	Interest rate p. a.	Maturity date
Loan granted in Group 1	9,711	Fix 4.38%	29/2/2022	17,107	Fix 4.38%	29/2/2022
Loan granted in Group 2	62,271	Fix 4.63%	29/2/2023	87,945	Fix 4.63%	29/2/2023
Loan granted in Group 3	16,110	Fix 4.93%	29/2/2024	20,573	Fix 4.93%	29/2/2024
Loan granted in Group 4	27,754	Fix 4.93%	29/2/2024	35,441	Fix 4.93%	29/2/2024
Loan granted in Group 5	611,919	CZK IRS 3Y+3.10%	18/6/2026	612,460	CZK IRS 3Y+3.10%	18/6/2026
Loan granted in Group 6	702,446	CZK IRS 3Y+3.00%	28/11/2026	702,968	CZK IRS 3Y+3.00%	28/11/2026
Loan granted in Group 7	6,919	Fix 3.02%	31/12/2021	13,827	Fix 3.02%	31/12/2021
Loan granted in Group 8	16,022	Fix 3.48%	18/12/2024	20,027	Fix 3.48%	18/12/2024
Loan granted in Group 9	1,430,090	CZK IRS 3Y+2.50%	29/6/2027	1,430,091	CZK IRS 3Y+2.50%	29/6/2027
Loan granted in Group 10	108,627	Fix 3.27%	29/10/2024	135,785	Fix 3.27%	29/10/2024
Loan granted in Group 11	24,139	Fix 3.27%	29/10/2024	30,174	Fix 3.27%	29/10/2024
Loan granted in Group 12	52,796	Fix 3.17%	29/10/2023	70,394	Fix 3.17%	29/10/2023
Loan granted in Group 13	40,728	Fix 3.17%	29/10/2023	54,304	Fix 3.17%	29/10/2023
Loan granted in Group 14	104,605	Fix 3.27%	29/10/2024	130,756	Fix 3.27%	29/10/2024
Loan granted in Group 15	1,732	Fix 2.21%	29/7/2026	2,033	Fix 2.21%	29/7/2026
Loan granted in Group 16	7,208	Fix 3.52%	10/4/2027	8,317	Fix 3.52%	10/4/2027
Loan granted in Group 17	35,602	Fix 4.53%	30/11/2027	40,688	Fix 4.53%	30/11/2027
Loan granted in Group 18	101,602	Fix 3.62%	22/12/2027	116,117	Fix 3.62%	22/12/2027
Loan granted in Group 19	1,837	Fix 4.96%	31/1/2025	2,288	Fix 4.96%	31/1/2025
Loan granted in Group 20	400	Fix 4.47%	2/5/2023	566	Fix 4.47%	2/5/2023
Loan granted in Group 21	388	Fix 4.47%	31/7/2023	538	Fix 4.47%	31/7/2023
Loan granted in Group 22	--	Fix 4.50%	15/1/2020	3,007	Fix 4.50%	15/1/2020
Loan granted in Group 23	--	Fix 4.47%	30/6/2020	4,621	Fix 4.47%	30/6/2020
Loan granted in Group 24	--	Fix 4.47%	30/6/2020	8,636	Fix 4.47%	30/6/2020
Loan granted in Group 25	816	Fix 4.99%	28/2/2024	--	--	--
Loan granted in Group 26	1,057	Fix 4.99%	30/3/2024	--	--	--
Loan granted in Group 27	72,767	Fix 4.43%	2/3/2028	--	--	--
Loan granted in Group 28	1,261	Fix 2.99%	15/8/2028	--	--	--

			2020			2019
	Amount	**Interest rate p. a.**	**Maturity date**	**Amount**	**Interest rate p. a.**	**Maturity date**
Cash pooling receivables						
PREdistribuce, a.s.	1,163,787	O/N PRIBOR+0.75%		461,694	O/N PRIBOR+0.75%	
PREměření, a.s.	--	O/N PRIBOR+0.75%		--	O/N PRIBOR+0.75%	
KORMAK Praha a.s.	40,261	O/N PRIBOR+0.75%		5,188	O/N PRIBOR+0.75%	
SOLARINVEST – GREEN ENERGY, s.r.o.	14,575	O/N PRIBOR+0.75%		16,197	O/N PRIBOR+0.75%	
PREservisní, s.r.o.	32,494	O/N PRIBOR+0.75%		14	O/N PRIBOR+0.75%	
VOLTCOM, spol. s r.o.	4,301	O/N PRIBOR+0.75%		37	O/N PRIBOR+0.75%	
FRONTIER TECHNOLOGIES, s.r.o.	11,364	O/N PRIBOR+0.75%		--		
Loss allowances for inter-company loans	(4,047)			(4,833)		
Total	**4,701,542**			**4,026,960**		
Of which:						
Non-current	3,207,318			3,311,448		
Current	1,494,224			715,512		

Granted loans are carried at their amortised cost. The fair value of loans 1-28 differs from their amortised cost by MCZK 176, and this value amounts to MCZK 3,615. In 2019, the fair value of loans 1-24 differed from their amortised cost by MCZK 194, and this fair value amounted to MCZK 3,743. In respect of other loans, their amortised cost does not differ from their fair value in particular due to their short-term nature.

The fair value was calculated by discounting contractual cash flows using the current yield curve. Fair value comes under level 3 as a result of using inputs that cannot be directly derived from data acquired on the active market, such as credit risk.

Compared to the initial recognition, the credit risk with granted loans did not increase significantly. In respect of granted loans, the following loss allowances were established for the expected credit losses at an amount of 12-month credit losses (stage 1 of the impairment model):

Balance at 31 December 2018	**4,880**
Additions and release in the current year	(47)
Balance at 31 December 2019	**4,833**
Additions and release in the current year	(786)
Balance at 31 December 2020	**4,047**

(21) Inventories (TCZK)

	2020	2019
Material	2,479	4,594
Goods	15,692	16,250
Total	**18,171**	**20,844**

Cost of purchased material, services and energy and other gains and losses in the income statement include costs of sold and consumed inventories of TCZK 66,133 (2019: TCZK 92,404).

Given their limited use, inventories were written down to their net realisable value as follows:

Balance at 31 December 2018	**934**
Additions and utilisation in the current year	(873)
Balance at 31 December 2019	**61**
Additions and utilisation in the current year	29
Balance at 31 December 2020	**90**

The loss allowance to the net realisable value is reported in other gains and losses.

(22) Cash and cash equivalents (TCZK)

Cash and cash equivalents include cash in hand, deposits payable upon request and other highly liquid financial assets that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

	2020	2019
Current bank accounts	1,888,667	1,953,663
Of which: Loss allowances	--	(791)
Cash in hand	1,163	1,721
Stamps and vouchers	615	538
Total cash and cash equivalents in the statement of financial position	**1,890,445**	**1,955,922**
Adjustment by loss allowances for cash*)	--	791
Total cash and cash equivalents for the purposes of the statement of cash flows	**1,890,445**	**1,956,713**

*) Loss allowances are not recognised due to their immateriality.

Compared to the initial recognition, the credit risk with cash and cash equivalents did not increase significantly. In respect of cash and cash equivalents, the following loss allowances were established for expected credit losses at an amount of 12-month credit losses (stage 1 of the impairment model):

Balance at 31 December 2018	**860**
Additions and release in the current year	(69)
Balance at 31 December 2019	**791**
Additions and release in the current year	(791)
Balance at 31 December 2020	**0**

At the Company's request, banks issued payment bank guarantees of MCZK 10 in favour of ČEPRO, a.s., and APCS Power Cleaning and Settlement AG (2019: MCZK 10 in favour of ČEPRO, a.s., and APCS Power Clearing and Settlement AG).

(23) Loans received (TCZK)

This note summarises the information about the contractual conditions of received interest bearing loans and borrowings. For more information about the Company's exposure to interest rate risks refer to the note on "Financial instruments".

			2020			2019
	Amount	**Interest rate**	**Due date**	**Amount**	**Interest rate**	**Due date**
Loan 1	1,000,039	Fix 1.40%	1/7/2024	1,000,039	Fix 1.40%	1/7/2024
Loan 2	1,005,615	Fix 1.16%	8/7/2022	1,005,615	Fix 1.16%	8/7/2022
Loan 3	--	--	--	1,100,029	Fix 0.94%	25/6/2020
Loan 4	--	--	--	856,727	Fix 1.06%	31/7/2020
Loan 5	550,011	6M PRIBOR+0.30%	18/11/2027	--		
Loan 6	550,010	6M PRIBOR+0.25%	18/11/2027	--		
Loan 7	150,003	Fix 0.60%	4/1/2021	--		
Authorised overdraft of current accounts – ČSOB	440,043	O/N PRIBOR+0.35%, at least 0.00%		159,985	at least 0.00%	--
Česká spořitelna	76,019	O/N PRIBOR+0.30%, at least 0.00%				
Cash pooling payables:						
eYello CZ, k.s.	34,031	O/N PRIBOR-0.35%, at least 0.00%		47,675	O/N PRIBOR-0.35%, at least 0.00%	
PREměření, a.s.	35,760	O/N PRIBOR-0.35%, at least 0.00%		10,965	O/N PRIBOR-0.35%, at least 0.00%	
PREzákaznická, a.s.	52,345	O/N PRIBOR-0.35%, at least 0.00%		47,867	O/N PRIBOR-0.35%, at least 0.00%	
PREnetcom, a.s.	21,392	O/N PRIBOR-0.35%, at least 0.00%		13,763	O/N PRIBOR-0.35%, at least 0.00%	
PREservisní, s.r.o.	--	O/N PRIBOR-0.35%, at least 0.00%		5,629	O/N PRIBOR-0.35%, at least 0.00%	
PRE FVE Světlík, s.r.o.	8,777	O/N PRIBOR-0.35%, at least 0.00%		5,508	O/N PRIBOR-0.35%, at least 0.00%	
PRE VTE Částkov, s.r.o.	10,929	O/N PRIBOR-0.35%, at least 0.00%		--	--	
FRONTIER TECHNOLOGIES, s.r.o.	--	O/N PRIBOR-0.35%, at least 0.00%		2,020	O/N PRIBOR-0.35%, at least 0.00%	
VOLTCOM, spol. s r.o.	--	O/N PRIBOR-0.35%, at least 0.00%		1,451	O/N PRIBOR-0.35%, at least 0.00%	
Total	**3,934,974**			**4,257,273**		
Of which:						
Non-current loans	3,100,000			3,100,000		
Current loans	834,974			1,157,273		

			Cash flows			
				Cash transactions		
	31/12/2019	Drawing	Repayment	in the Group	Other	31/12/2020
Total loans	**4,257,273**	**1,766,062**	**(2,109,985)**	**28,356**	**(6,732)**	**3,934,974**

			Cash flows			
				Cash transactions		
	31/12/2018	Utilisation	Repayment	in the Group	Other	31/12/2019
Total loans	**4,553,756**	**209,985**	**(404,000)**	**(104,326)**	**1,858**	**4,257,273**

To hedge interest rate, the Company uses interest rate swaps that are accounted for as cash flow hedges.

The banks do not require loan collateral with regard to the Company's credit rating. As at 31 December 2020, undrawn loan facilities amounted to MCZK 2,554 (as at 31 December 2019: MCZK 3,060).

Loans are carried at their amortised cost. The fair value of loans 1, 2, 5 and 6 differs from their amortised cost by MCZK 9, and this value amounts to MCZK 3,097. In 2019, the fair value of loans 1–4 differed from their amortised cost by MCZK 107, and this fair value amounted to MCZK 3,856. In respect of other loans, their amortised cost does not differ from their fair value in particular due to their short-term nature.

The fair value was calculated by discounting contractual cash flows using the current yield curve. Fair value comes under level 3 as a result of using inputs that cannot be directly derived from data acquired on the active market, such as own credit risk.

Currently, the Company does not capitalise any borrowing costs in accordance with the applied accounting policy.

(24) Contract liabilities (TCZK)

Current contract liabilities	2020	2019
Advances received for the supply of electricity and gas from customers – gross	3,915,107	3,882,422
Less: Uninvoiced supplies	(3,085,000)	(2,985,000)
Total	**830,107**	**897,422**

Creation and release of contract liabilities

Balance at 1 January 2019	**788,144**
Recognition of contract liabilities in revenues in the current year	(788,144)
Increase in contract liabilities in the current year (advance payments, partial invoicing)	897,422
Balance at 31 December 2019	**897,422**
Recognition of contract liabilities in revenues in the current year	(897,422)
Increase in contract liabilities in the current year (advance payments, partial invoicing)	830,107
Balance of contract liabilities at 31 December 2020	**830,107**

The contract liability relates to advances received and invoicing that has already been performed, as part of contracts with customers, reduced by the value of supplies that have not yet been invoiced, and from which revenue is recognised on an ongoing basis or will be recognised directly after the balance sheet date as part of the satisfaction of a performance obligation.

The amount of TCZK 897,422 which in 2019 was recognised as contract liability, was reported in revenues for the period ended 31 December 2020 (the contract liability of TCZK 788,144 reported as at 1 January 2019 was reported as revenue for the period ended 31 December 2019).

The Company has no revenue relating to the satisfaction or partial satisfaction of performance obligations in prior accounting periods.

(25) Trade and other payables (TCZK)

Non-current trade and other payables	2020	2019
Payables from the revaluation of commodity derivatives for trading	57,349	18,873
Payables from the revaluation of hedging commodity derivatives	24,462	50,545
Payables from the revaluation of hedging foreign exchange derivatives	490	--
Payables from the revaluation of hedging interest rate derivatives	30,636	--
Other financial liabilities	2,000	--
Total	**114,937**	**69,418**

Current trade and other payables	2020	2019
Uninvoiced supplies of electricity and gas from suppliers – gross	196,962	277,981
Less: Advances provided for the supply of electricity and gas	(193,540)	(264,272)
Uninvoiced supplies of electricity and gas from suppliers – net	3,422	13,709
Trade payables	511,168	442,018
Payables from the revaluation of commodity derivatives for trading	359,626	248,889
Payables from the revaluation of hedging commodity derivatives	27,092	113,967
Payables from the revaluation of hedging foreign exchange derivatives	16,253	4,274
Payables from the revaluation of hedging interest rate derivatives	15,190	--
Payables to employees *)	18,891	17,544
Social security and health insurance liabilities	11,618	9,980
Intercompany payables **)	1,745,971	1,696,302
Other tax liabilities	140,574	139,524
Other financial liabilities	19,913	28,286
Other non-financial liabilities	117,707	94,778
Total	**2,987,425**	**2,809,271**

*) Includes December wages paid in January.

**) For detailed breakdown refer to Note 31.

The Company reports overdue trade payables of TCZK 43 (2019: TCZK 59). All overdue liabilities were settled during January 2021.

In respect of liabilities that are carried at amortised cost, this value corresponds with their fair value.

(26) Provisions (TCZK)

	2020	2019
Employee benefits	96,216	89,807
Salaries	58,769	58,400
Business risks	28,370	--
Total	**183,355**	**148,207**
Non-current provisions	89,788	82,007
Current provisions	93,567	66,200
Total	**183,355**	**148,207**

The provision for employee benefits represents liabilities pursuant to the Collective Agreement arising from bonuses paid to employees upon retirement and work and life jubilees.

	Employee benefits	Salaries	Business risks	Total
Balance at 1 January 2019	**98,860**	**53,193**	**--**	**152,053**
Additions in the current year	12,263	58,400	--	70,663
Utilisation in the current year	(5,744)	(49,207)	--	(54,951)
Release in the current year	(15,572)	(3,986)	--	(19,558)
Balance at 31 December 2019	**89,807**	**58,400**	**--**	**148,207**
Additions in the current year	17,753	58,769	28,370	104,892
Utilisation in the current year	(8,770)	(53,389)	--	(62,159)
Release in the current year	(2,574)	(5,011)	--	(7,585)
Balance at 31 December 2020	**96,216**	**58,769**	**28,370**	**183,355**
Non-current	89,788	--	--	89,788
Current	6,428	58,769	28,370	93,567
Total	**96,216**	**58,769**	**28,370**	**183,355**

The provision for salaries includes salaries paid depending on the fulfilment of the plan.

The provision for employee benefits represents liabilities pursuant to the Collective Agreement arising from bonuses paid to employees upon retirement and work and life jubilees and liabilities to personal accounts drawn by employees for optional benefits. In respect of work jubilees and bonuses upon retirement, the amount of benefit depends on the hours that the employee has worked in the Company; in case of life jubilees, the bonus is paid to the employee on reaching the age of 50. After employees retire, no other benefits are provided to them.

To calculate the provision, a projected unit credit method is used – i.e., for each period worked, the employee is entitled to a proportion of the present value of the benefit. In addition, the calculation takes into account the time value of money and the probability that the benefit will not be paid out.

The discount rate is derived based on market yields of Czech state bonds in the currency of the liability, i.e., CZK, with the maturity date corresponding with the maturity of the liability. It is determined as a single discount factor for all benefits together.

The probability of continuance (payment) includes the anticipated retirement, the probability of leaving the Company, the mortality and the invalidity rate. The anticipated retirement is determined for individual employees using legislation valid in the respective country. Staff turnover, mortality, and invalidity rates are determined based on the Group's historical data analysis.

Basic assumptions used for actuarial valuation:

	2020	2019
Discount rate	1.426%	1.682%
Average retirement age (years)	64.8	64.8
Probability of continuance	0.67	0.63

Significant actuarial assumptions for determining the liability include the discount rate and probability of continuance. The sensitivity analyses below were determined based on possible changes in the parameters described above at the end of the accounting period, whilst all other assumptions remained constant.

	Basis	(1) p.p.	Net	1 p.p.	Net
Sensitivity to the change in discount rate	96,216	107,962	11,746	86,344	(9,872)

	Basis	(0.10)	Net	0.10	Net
Sensitivity to the change in probability of continuance	96,216	84,914	(11,302)	102,916	6,701

The creation of provisions for employee benefits includes interest expense of TCZK 920 (2019: TCZK: 1,027), running cost relating to these benefits of TCZK 14,779 (2019: 8,380), and revaluation of the liabilities from defined benefits reported in the total comprehensive income of TCZK 2,054 (2019: TCZK 2,856). The utilisation of provisions then comprises the payments of employee benefits.

(27) Share capital (TCZK)

Registered capital

There are 3,869,443 registered shares in the nominal value of CZK 1,000 per share (2019: 3,869,443 shares). These shares are in the book-entry form and carry no right for the regular payment of dividends.

The Company's share capital has been paid in full.

(28) Reserves (TCZK)

	2020	2019
Reserve fund	773,889	773,889
Other reserves	382,711	382,711
Cash flow hedge	33,847	(66,636)
Revaluation of net payables from defined benefits	(3,976)	(2,313)
Total	**1,186,471**	**1,087,651**

The Company's reserve fund has been created in the amount of 20% (TCZK 773 889) of the share capital and no further increase is to be made. The General Meeting decides on the use of the reserve fund and this fund is used to settle the Company's loss.

Other reserves represent part of the capital of the former state enterprise, the legal predecessor of the Company. As a result of the privatisation project, the state enterprise's capital was divided into share capital, reserve fund and capital funds as at the date of incorporation of the joint stock company (1 January 1994). As at that date, the balance of the capital funds was TCZK 390,390. The Board of Directors decides on the use of the balance of this fund based on the rules for fund management approved by the General Meeting. Subject to the approval of the General Meeting, the Company may establish other discretionary funds.

Cash flow hedge and revaluation of payables from defined benefits comprises:

	2020	2019
Revaluation of hedging commodity derivatives	119,867	(66,610)
Effect of deferred tax	(22,775)	12,656
Revaluation of hedging foreign exchange derivatives	(32,253)	(15,657)
Effect of deferred tax	6,128	2,975
Revaluation of hedging interest rate derivatives	(45,826)	--
Effect of deferred tax	8,707	--
Revaluation of payables from defined benefits	(4,910)	(2,856)
Effect of deferred tax	933	543
Total	**29,871**	**(68,949)**

(29) Government grants (TCZK)

The Company registers grant claims of TCZK 158,178 (2019: TCZK 108,185), which are not accounted for in compliance with the accounting policy in Note 3, because as at the date of the financial statements it is not entirely certain these grants will be provided to the Company.

(31) Financial instruments (TCZK)

Categories of financial instruments

Financial assets (net)		Cat.:	2020	2019
(a)	Receivables from the revaluation of commodity derivatives for trading	iii.	428,546	258,315
(b)	Receivables from the revaluation of hedging commodity derivatives	ii.	94,124	192,118
(c)	Receivables from the revaluation of hedging foreign exchange derivatives	ii.	4,193	--
(d)	Cash and cash equivalents	i.	1,890,445	1,955,922
(e)	Margin deposit	i.	105,204	63,237
(f)	Loans granted and cash pooling	i.	4,701,542	4,026,960
(g)	Trade and other receivables, except for the above	i.	1,591,868	1,660,022

Financial liabilities		Cat.:	2020	2019
(i)	Payables from the revaluation of commodity derivatives for trading	iii.	416,975	267,763
(j)	Payables from the revaluation of hedging commodity derivatives	ii.	51,554	164,511
(k)	Payables from the revaluation of hedging foreign exchange derivatives	ii.	16,743	4,274
(l)	Payables from the revaluation of hedging interest rate derivatives	ii.	45,826	--
(m)	Loans received	iv.	3,771,740	4,122,395
(n)	Cash pooling liabilities	iv.	163,234	134,878
(o)	Lease liabilities	iv.	163,555	181,848
(p)	Financial liabilities carried at amortised cost, except for the above	iv.	2,282,474	2,180,315

Categories of financial instruments:

i. Financial assets measured at amortised cost

ii. Financial assets and financial liabilities measured at fair value through other comprehensive income

iii. Financial assets and financial liabilities measured at fair value through profit or loss

iv. Financial liabilities at amortised cost

Financial assets and liabilities (ii., iii.) were valued using valuation models with market data (level 2), such as forward curves of underlying commodities, spot and forward foreign exchange rates and interest rate curves.

Gains and losses from financial instruments reported in the current period		2020	2019
Gain/loss from the revaluation of commodity derivatives in the trading portfolio *)	(a, i)	(5,350)	(16,636)
Interest received in the Group	(f)	152,869	156,830
Interest received outside of the Group	(d)	3,775	7,969
Borrowing costs (except for the interest on employee benefits)	(m, n, o)	(71,319)	(61,428)
Loss allowances for trade receivables and other financial assets	(d, e, f, g)	(88,129)	(600)
Write-offs of doubtful debts	(g)	(15,744)	(20,582)
Hedge ineffectiveness	(b, j)	4,730	(2,630)

*) Included in the margin on trading.

Hedge accounting		2020	2019
Creation of the equity fund from the cash flow hedge	(b, c, j, k, l)	87,181	(195,960)
Reversal of the fund from cash flow hedge in the income statement *)	(b, c, j, k, l)	36,874	(312,771)

*) In the costs of purchased electricity.

Capital risk

The Company manages its capital to ensure an optimal financial position from the long-term perspective while maximising the long-term return to shareholders. The capital is the value of equity from the balance sheet.

	2020	2019
Total assets	21,607,119	20,885,670
Equity	13,296,031	12,440,070
Equity/total assets	**62%**	**60%**

Market risk

In view of its activities, the Company is predominantly exposed to the risks of changes in market prices of commodities (electricity and gas), currency risk and the risk of changes in interest rates.

For the hedging of market risks, the Company uses the following non-derivative financial assets and financial instruments:

- commodity derivates (forwards and futures) to hedge the changes in prices of these commodities;
- currency derivates (forwards) to hedge the changes in exchange rates;
- interest rate swaps to hedge the interest expense amount for external loans received;
- funds denominated in EUR acquired by a spot purchase on the money market to hedge exchange rates.

The Company's exposure to market risks is measured using various methods, the most important being the sensitivity analysis which reflects potential impacts of changes in prices defined in individual scenarios on the Company's results. The VaR methodology (value at risk) is used to measure short-term business exposure. The Company's exposure to market risks is monitored on a regular basis and its approach to managing these risks has not significantly changed as compared to the prior period.

There is no concentration of market risks in the Company.

Currency risk

The Company is exposed to the risk of changes in exchange rates. It takes a significant exposure to the risk of changes in exchange rates only to settle transactions in foreign currency (EUR) made to procure electricity or gas for the Company's customers. The Company's strategy is to minimise the risk of undesirable effects of exchange rate fluctuations on cash flows. The risks of such changes in exchange rates are measured using defined scenarios for exchange rate development. The open exposure is established based on the annual plan of exchange currency requirements and the amount of agreed hedging.

The Company hedges a significant portion of its future planned foreign currency cash flows for the purchase of electricity and gas against the risk related to exchange rates, using currency forwards and a spot purchase of EUR with subsequent holding period until the determined date of usage; these transactions are accounted for in accordance with the hedge accounting principles that the Company applies.

The Company monitors hedge effectiveness under hedge accounting. The hedging has been effective. Due to the fact that the characteristics of the hedging instrument and the hedged item tally, no sources of ineffectiveness, with the exception of the counterparty's credit risk, have been identified. The counterparty's credit risk is insignificant. The credit rating of PRE and the counterparty of the hedging instrument is high. The effect of the credit risk does not dominate the changes in value that result from the economic relationship. The hedge ratio is set at 1:1.

The economic relationship between the hedged item and the hedging instrument has been tested:

1) Qualitative analysis: based on the comparison of the characteristics of the hedging instrument and the hedged item, the Company concluded that they are balanced.

2) Quantitative analysis: using the simple method of scenario analysis, the Company examined and further monitors any changes in the fair value of the hedging instrument and the hedged item as a result of changes in the underlying variable, comprising the EUR/CZK exchange rate. The changes in the fair value of the hedged item and the hedging instrument move in opposite directions and the change in the fair value of the hedging instrument fully compensates the change in the fair value of the hedged item.

The carrying amount of foreign currency assets and liabilities:

	Assets (TCZK)		Liabilities (TCZK)	
	2020	**2019**	**2020**	**2019**
Receivables and payables from the revaluation of commodity derivatives for trading	428,546	258,315	416,975	267,763
Receivables and payables from the revaluation of hedging commodity derivatives	94,124	192,118	51,554	164,511
Receivables and payables from the revaluation of hedging foreign exchange derivatives	4,193	--	16,743	4,274
Non-derivative financial assets for currency risk management (cash)	1,390,985	1,346,730	--	--
Cash and cash equivalents	214,545	72,759	--	--
Margin deposit	105,204	63,237	--	--
Trade receivables and payables and other receivables and payables	198,137	228,725	359,336	307,486
Total in EUR	**2,435,734**	**2,161,884**	**844,608**	**744,034**
Other currencies	62	62	--	--
Total	**2,435,796**	**2,161,946**	**844,608**	**744,034**

Currency derivatives and non-derivative financial assets open at the balance sheet date:

	Average exchange rate CZK/EUR		Value (TEUR)		Value (TCZK)		Fair value (TCZK)	
Purchase of EUR through currency derivatives	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Purchase of EUR up to 1 month	26.18		5,000	--	130,908	--	364	--
Purchase of EUR from 1 to 3 months	26.30	25.71	34,100	25,000	896,940	642,725	(642)	(4,274)
Purchase of EUR from 3 to 12 months	26.57		65,250	--	1,733,822	--	(12,077)	--
Purchase of EUR over 12 months	26.56		5,050	--	134,134	--	(195)	--
Total	**26.47**	**25.71**	**109,400**	**25,000**	**2,895,804**	**642,725**	**(12,550)**	**(4,274)**

	Average exchange rate CZK/EUR		Value (TEUR)		Value (TCZK)		Revaluation (TCZK)	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
EUR used up to 1 month	26,25	25,41	5,000	10,000	131,225	254,100	(4,700)	(3,700)
EUR used from 1 to 3 months	27,19	25,62	5,000	25,000	131,225	635,250	(4,700)	(5,295)
EUR used from 3 to 12 months	26,41	25,54	43,000	18,000	1,128,535	457,380	(7,125)	(2,388)
Total	**26,56**	**25,62**	**53,000**	**53,000**	**1,390,985**	**1,346,730**	**(16,525)**	**(11,383)**

Currency risk – sensitivity analysis

The Company performed a sensitivity analysis to identify the potential impact of the change in the value of these assets and liabilities on the level of profit or equity as a result of a 1% decrease in the CZK/EUR exchange rate.

	2020	**2019**
Profit/(loss)	1,712	507
Equity	(11,698)	16,282

Interest rate risk

Medium- and long-term external funds of the Company include loans maturing in less than two, four and seven years. These loans have a fixed and floating interest rates with a six-month fixation, with the loans being fully hedged through interest rate swaps, and the Company being the recipient of a fixed payment from the interest rate swap. As at 31 December 2020, the Company concluded interest rate swaps to hedge external loans of MCZK 1,100. repayable in 2027. Changes in market interest rates thus do not affect the pre-agreed amount of repayments of these loans, which effectively reduces the risk of changes in interest rates. In this context, the Group has introduced hedge accounting. The Group monitors the hedge effectiveness in hedge accounting. Hedging is and has been effective. The characteristics of the hedging instrument and the hedged item coincide with the exception of the existence of an embedded interest rate option in the hedged loan. In addition to the credit risk of the counterparty, the source of hedging ineffectiveness is also the embedded floor option for the hedged item, which will cause the hedging inefficiency when the level of CZK interest rates falls to negative values. The credit risk of the counterparty and the Company is insignificant. The credit rating of the PRE and the counterparty of the hedging instrument is high. The impact of credit risk is not a decisive factor for changes in value that result from an economic relationship. The hedging ratio is set at 1: 1.

The economic relationship between the hedged item and the hedging instrument was tested:

1) Qualitative analysis: based on a comparison of the characteristics of the hedging instrument and the hedged item, the Group concluded that they are balanced.

2) Quantitative analysis: using a simple scenario analysis method, the fair value of the hedging instrument and the hedging item is examined and further monitored as a result of changes in the underlying variable, which is the interest rate. Changes in the fair value of the hedged item and the hedging instrument move in opposite directions, and the change in the fair value of the hedging instrument offsets the change in the fair value of the hedged item due to the hedged risk.

Changes in interest rates may only affect the costs of hedging short-term sources of funding. However, the impact of this risk on the Company, if any, is immaterial, therefore, the Company does not manage it and does not apply hedge accounting. Lease liabilities are not included in the table as they are not sensitive to changes in interest rate unless the lease relationship is modified.

The carrying amount of assets and liabilities which is dependent on the interest rate:

	Assets (TCZK)		Liabilities (TCZK)	
	2020	**2019**	**2,020**	**2019**
Receivables and payables from the revaluation of hedging interest rate swap	--	--	45,826	--
Receivables and payables from the revaluation of hedging foreign exchange derivatives	4,193	--	16,743	4,274
Total	**4,193**	**--**	**62,569**	**4,274**

Interest rate risk – sensitivity analysis

The Company performed a sensitivity analysis to identify the potential impact of the change in the value of these assets and liabilities on the level of profit or equity as a result of 0.25 % increase in the interest rate.

	2020	**2019**
Profit/(loss)	--	--
Equity	15,449	1

Risk of changing prices of commodities

The Company is exposed to the risk related to the development of electricity and gas prices, which can have an impact on the expected profit margin. The Company's strategy is to minimise the risk of undesirable effects of price changes on cash flows.

Electricity and gas for end customers is purchased in order to achieve the optimisation of purchase prices within the position limited in terms of volume. Exposure management is based on limits for the maximum permissible size of outstanding exposures, the possible financial impact is derived from defined scenarios for price developments. The commodity risk management strategies are primarily based on the structure of the Company's end customers and distinguish between customers with individual rates (the B2B customer segment) and customers receiving common price-list rates (the B2C customer segment). As the price is set at different times for each segment, the commodity hedging method varies for the two customer groups as well. In the case of the B2B customer segment, back-to-back hedging is used, i.e., the commodity is acquired as soon as the offer is accepted by the customer. For the B2C customer segment, gradual hedging is used, i.e., the commodity is acquired over time for a large number of small customers, taking into account market liquidity and minimising market price volatility for customers.

In implementing the above strategies, a range of tools, procedures and techniques are used to ensure that the commodity is delivered at the specified time, in the specified place and at the optimum purchase price.

A significant portion of the commodity delivered to the domestic market is hedged using forward contracts with physical delivery in the Czech Republic. The 'own-use' exemption allowed by IFRS 9 applies to such forward contracts. In 2020, as a result of the reduced volume of expected electricity consumption caused by the COVID-19 pandemic, the Company was forced to reduce its planned purchases, thus realising sales term contracts with physical delivery in the Czech Republic in the volume of approximately 3% or the planned purchases.

In the event of momentarily insufficient liquidity in the domestic commodity market with the physical delivery of the commodity, the Company hedges the purchase price and mitigates the risk of price development via transactions in external commodity markets connected with the Czech transmission system. So far, only the German market has been involved, due to its sufficient liquidity and high degree of price correlation with the Czech market. The 'own-use' exemption does not apply to these transactions, and in these cases, the Company applies hedge accounting. The objective of commodity risk management is to hedge cash flows connected with the future purchase of a commodity for the end customer on the domestic market. The Company hedges against the risk of price changes by purchasing an OTC commodity forward or stock exchange futures on the external market, thus substantially ensuring the required purchase price. At the moment of sufficient liquidity on the Czech market, the Company purchases the commodity on the domestic OTC market and at the same time closes the position on the external market with an inverse contract. Hedging is thus terminated. Any gain or loss from hedging to a large extent compensates the movement of price on the domestic market between the moment the Company wanted to purchase the commodity for the end customer, but could not do so due to low liquidity, and the moment of subsequent purchase. The 'own-use' exemption allowed by IFRS 9 applies to the purchase on the domestic market. The Company monitors hedge effectiveness under hedge accounting. The hedge has so far been highly effective. The characteristics of the hedging instrument and the hedged item tally. Apart from the counterparty's credit risk, a source of hedge ineffectiveness is also the degree of correlation between external and domestic commodity markets, expressed by the spread development between markets. The correlation across both markets is very high in the medium term (more than 98 %). The counterparty's credit risk is insignificant. The credit rating of PRE and the counterparty of the hedging instrument is high. The effect of the credit risk does not dominate the changes in value that result from the economic relationship. The hedge ratio is set at 1:1.

The economic relationship between the hedged item and the hedging instrument has been tested:

1) Qualitative analysis: based on the comparison of the characteristics of the hedging instrument and the hedged item, PRE concluded that they are balanced.

2) Quantitative analysis: using the simple method of scenario analysis, the Company examined and further monitors any changes in the fair value of the hedging instrument and the hedged item as a result of changes in the underlying variable, comprising the rate of the commodity. The changes in the fair value of the hedged item and the hedging instrument move in opposite directions and the change in the fair value of the hedging instrument considerably compensates the change in the fair value of the hedged item.

Another possibility to solve temporary market illiquidity is to hedge the price of future spot purchase of a commodity, using commodity futures on the domestic market without physical delivery. At the moment of low liquidity on the domestic market with physical delivery, the Company agrees to the purchase of domestic commodity futures. The Company holds these futures until expiration. When the derivative expires, hedging is terminated. Any gain or loss from hedging, expressed by the paid or collected variation margin, fully compensates the movement of price on the domestic market between the moment the Company wanted to purchase the commodity for the end customer but could not do so due to low liquidity and the moment of purchase on the spot market. The Company monitors hedge effectiveness under hedge accounting. The hedge has been highly effective. The characteristics of the hedging instrument and the hedged item tally. Due to the fact that the characteristics of the hedging instrument and the hedged item tally, no sources of ineffectiveness, with the exception of the counterparty's credit risk, have been identified. The counterparty's credit risk is insignificant. The credit rating of PRE and the counterparty of the hedging instrument is high. The effect of the credit risk does not dominate the changes in value that result from the economic relationship. The hedge ratio is set at 1:1.

The economic relationship between the hedged item and the hedging instrument has been tested:

1) Qualitative analysis: based on the comparison of the characteristics of the hedging instrument and the hedged item, PRE concluded that they are balanced.

2) Quantitative analysis: using the simple method of scenario analysis, the Company examined and further monitors any changes in the fair value of the hedging instrument and the hedged item as a result of changes in the underlying variable, comprising the rate of the commodity. The changes in the fair value of the hedged item and the hedging instrument move in opposite directions and the change in the fair value of the hedging instrument considerably compensates the change in the fair value of the hedged item.

As part of it business activities, the Company carries out trading transactions with commodity derivatives. As at 31 December 2020, the Company recorded an open trading position, thus being exposed to the risk of a change in the commodity price.

The carrying amount of assets and liabilities which depends on the commodity price:

	Assets (TCZK)		Liabilities (TCZK)	
	2020	**2019**	**2020**	**2019**
Receivables and payables from the revaluation of commodity derivatives for trading	428,546	258,315	416,975	267,763
Receivables and payables from the revaluation of hedging commodity derivatives	94,124	192,118	51,554	164,511
Total	**522,670**	**450,433**	**468,529**	**432,274**

Open commodity derivatives for hedging as at the balance sheet date:

	Commodity contracts for purchase				Commodity contracts for sale			
	Nominal value (TEUR)		Nominal value (TCZK)		Nominal value (TEUR)		Nominal value (TCZK)	
	2020	2019	2020	2019	2020	2019	2020	2019
Futures								
Settlement up to 12 months	18,862	27,243	495,023	692,248	--	--	--	--
Settlement from 1 to 2 years	6,222	2,607	163,302	66,254	--	--	--	--
Settlement from 2 to 3 years	--	449	--	11,397	--	--	--	--
Total	**25,084**	**30,299**	**658,325**	**769,899**	**--**	**--**	**--**	**--**
OTC forward								
Settlement up to 12 months	19,162	21,178	502,920	538,139	9,308	9,394	244,298	238,692
Settlement from 1 to 2 years	8,577	8,810	225,106	223,872	5,518	6,281	144,818	159,598
Settlement from 2 to 3 years	4,669	6,664	122,540	169,337	4,476	4,240	117,482	107,734
Settlement from 3 to 4 years	4,770	4,669	125,181	118,641	4,576	4,476	120,109	113,744
Settlement from 4 to 5 years	--	4,770	--	121,198	--	4,576	--	116,288
Total	**37,178**	**46,091**	**975,747**	**1,171,187**	**23,878**	**28,967**	**626,707**	**736,056**

Open commodity "own use" contracts:

	Nominal value (TEUR)		Nominal value (TCZK)	
	2020	2019	2020	2019
Own use contracts – electricity *)	275,478	287,534	7,241,438	7,317,257
Own use contracts – gas *)	17,365	16,463	455,741	418,325
Total	**292,843**	**303,997**	**7,697,179**	**7,735,582**

*) Contracts which were concluded and are held due to receipt or delivery of non-financial item relating to expected purchase, sale or use.

Open commodity trading contracts:

	Commodity contracts for purchase				Commodity contracts for sale			
	Nominal value (TEUR)		Nominal value (TCZK)		Nominal value (TEUR)		Nominal value (TCZK)	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Futures								
Settlement up to 12 months	416		10,928		454		11,921	--
Total	**416**	**--**	**10,928**	**--**	**454**	**--**	**11,921**	**--**
OTC forward								
Settlement up to 12 months	12,529	--	328,833	--	8,558	--	224,599	--
Settlement from 1 to 2 years	5,187	--	136,137	--	6,357	--	166,847	--
Settlement from 2 to 3 years		--		--	5,390	--	141,466	--
Settlement from 3 to 4 years		--		--		--		--
Settlement from 4 to 5 years		--		--		--		--
Total	**17,716**	**--**	**464,970**	**--**	**20,305**	**--**	**532,912**	**--**

Commodity risk – sensitivity analysis

The Company performed a sensitivity analysis to identify the potential impact of the change in the value of these assets and liabilities on the level of profit or equity as a result of a 1% increase in commodity prices on EEX.

	2020	**2019**
Profit/(loss)	(325)	---
Equity	3,312	2,882

Credit risk

The Company is exposed to credit risk primarily in terms of trade receivables from end customers relating to the supplies and distribution of electricity or gas and in respect of wholesale partners trading in commodities in relation to concluded hedging and trading derivative contracts on the OTC market. In addition, the credit risk is connected with contract assets, the Company's receivables from inter-company loans and consignation of funds, available or consigned as margin deposit in connection with the trading on commodity exchange, with banks. Although the Company does not expect a higher credit risk in connection with receivables and other financial assets, the future credit status of business partners can be negatively influenced by macroeconomic developments and the financial stability of the national economy.

In compliance with the Company's credit risk management policy, the credibility of wholesale partners trading in commodities and business partners in the B2B segment and cooperating banks is verified. In terms of newly signed contracts in the B2C segment, the Company evaluates whether the Company's potential customer is in debt in respect of possible previous contractual relations, which can indicate the potential customer's reduced credibility, or it relies upon information from publicly available registers.

The development and balance of receivables is monitored and evaluated on an ongoing basis with the aim to minimise the risk that doubtful or uncollectible receivables may arise. The maximum possible credit risk resulting from financial and contract assets corresponds with their carrying amount.

Credit risk is managed on the level of risk owners, on the level of individual sections. As part of credit risk management process, the Group primarily strives to prevent the risk from occurring, performs regular or one-off scoring of wholesale and B2B partners, monitors external rating of cooperating banks, determines and monitors the compliance with binding exposure limits for individual partners, etc. The Company monitors the development of receivables, customers' credit history and carries out the analysis of the ageing structure of receivables. These activities are performed in the integrated system for evaluation, administration and recovery of trade receivables. In case overdue receivables arise, the Company communicates with the debtor with the aim to acquire the outstanding amount. If the debtor does not respond to the summons, the Company proceeds to terminate the supplies of electricity or gas and subsequent recovery of unpaid receivables.

In electricity and gas supplies and distribution which is the Company's principal activity, the Company specifically applies the following principles to minimise the failure to collect receivables.

The reading of industrial customers' electricity and gas meters and invoicing takes place on a monthly basis. Some of the customers pay monthly or ten-day advance payments, based on their expected consumption, to cover electricity or gas consumed but not yet invoiced, taking into account previous years' consumption, season and other factors. The method of determining the amount of the advance payments is specified in the contract. Reminders are sent to customers who fail to pay on time. If a customer fails to settle the debt within an additional time period, the electricity or gas supply is suspended. Certain industrial customers cover their future liabilities by making prepayments in advance or by paying deposits.

The standard reading of small businesses and household electricity and gas meters and invoicing takes place on an annual basis. For supplied but unbilled electricity or gas, advance payments are determined to reflect the volume and nature of the consumption. The determination of the price and the payment method are specified in the contracts with customers. If a customer fails to settle the debt within an additional time period, the electricity supply is suspended.

There is no concentration of credit risk.

The Group bases the monitoring of credit risk development on the ageing structure of receivables and on the customer segment risk. With high probability, some customers (principally B2B) in the near future might encounter payment issues due to the COVID-19 outbreak (mostly in segments including hotels, restaurants, travel agencies, etc.). Accordingly, the Group awarded its customers points in line with relevant facts (risk segment, due date, payment issues in the past) and calculated impairment risk index for each receivable.

The amount of loss allowance is determined on this basis. The percentage of loss allowance for individual categories of receivable maturities is determined with respect to available historical data and the expected future development, as part of which the Group takes into account also the expected development of economy. Historical data are based on the actual development in receivable repayment in the last four years. When taking into consideration the future development, the Group relies on available macroeconomic forecasts. The loss allowance rate reflects the expected percentage of receivables that will not be paid by the customer in the given age category.

The Company calculates loss allowances for trade receivables and contract assets in the amount corresponding with the lifetime expected credit losses on the financial assets. In respect of other receivables, the Group initially calculates loss allowances at an amount of 12-month expected credit losses and subsequently, if the counterparty's credibility reduction is identified, at lifetime expected credit losses.

A loss allowance for contract assets is established in the same way as the loss allowance for trade receivables within due date.

The information on loss allowance amounts for contract and financial assets is included in Notes 18, 19, 20 and 22 of the financial statements.

The standard practice of the Company is not to require collateral for trade receivables in form of hedging financial assets. As at 31 December 2020, the Company did not hold any trade receivables or contract assets for which a loss allowance would be established due to collateral received.

The Company proceeds to write off trade receivables if, based on available information, it concludes that it is not possible to recover the given receivable despite efforts undertaken so far, or that the revenue from recovering the debt receivable will not cover potential costs that the Company would incur on debt recovery, or if it is a doubtful debt. These include in particular cases where the court cancelled the bankruptcy, because the debtor's assets are completely insufficient, the debtor is insolvent or faces the risk of insolvency based on insolvency proceedings, the debtor was a legal person that ceased to exist without a legal successor, the debtor was a natural person and has died and the receivable could not be satisfied even as part of inheritance proceedings, the assets of which were subject to public auctioning or execution and the yield from auctioning or execution did not fully cover the debt receivable. In addition, these include cases, where the debtor's whereabouts are unknown based on the information of competent national authorities (the police, courts, etc.). Moreover, doubtful receivables include receivables for which documents for recovery by legal means are not available, statute-barred debts that the debtor refuses to pay, the court dismissed the action, or the compulsory execution was not successful.

Liquidity risk

The Company manages liquidity risk by maintaining a sufficient amount of cash and cash equivalents, banking facilities and borrowing facilities, by continuously monitoring forecast and actual cash flows and seeking to match the maturity profiles of financial assets and liabilities. Included in the note "Loans" is a listing of additional available loan facilities to further reduce liquidity risk. These loan facilities have not been drawn yet. The Company is not exposed to any significant liquidity risk and does not suffer from any solvency issues. Entities from the PRE Group use cash pooling in order to optimise financing costs.

There is no concentration of liquidity risk.

Liquidity risk – tables

The following tables represent the contractual maturity of the Company's undiscounted financial liabilities. The table including the financial liabilities reflects the earliest dates on which the Company may be asked to fulfil its liabilities.

Liabilities 2019	Net book value	Up to 1 month	1-3 months	3-12 months	More than 12 months	Total
Payables from the revaluation of commodity derivatives for trading	267,763	20,741	41,482	186,667	18,873	267,763
Payables from the revaluation of hedging commodity derivatives	164,511	9,497	18,995	85,475	50,544	164,511
Payables from the revaluation of hedging foreign exchange derivatives	4,274	--	4,274	--	--	4,274
Loans received (including interest)	4,122,395	165,903	--	901,038	3,377,294	4,444,235
Payables from cash pooling (including interest)	134,878	134,878	--	--	--	134,878
Lease liabilities	181,848	5,470	10,939	49,226	125,243	190,878
Financial liabilities carried at amortised cost, except for the above	2,180,315	565,770	294,268	1,320,277	--	2,180,315
Total		**902,259**	**369,958**	**2,542,683**	**3,571,954**	**7,386,854**

Liabilities 2020	Net book value	Up to 1 month	1-3 months	3-12 months	More than 12 months	Total
Payables from the revaluation of commodity derivatives for trading	416,975	29,969	59,938	269,720	57,349	416,975
Payables from the revaluation of hedging commodity derivatives	51,554	2,258	4,515	20,319	24,462	51,554
Payables from the revaluation of hedging f oreign exchange derivatives	16,743	--	2,691	13,562	490	16,743
Payables from the revaluation of hedging interest rate derivatives	45,826	1,266	2,532	11,392	30,636	45,826
Loans received	3,771,740	671,975	--	27,440	3,202,529	3,901,944
Cash pooling liabilities	163,234	163,234	--	--	--	163,234
Lease liabilities	163,555	5,335	10,670	42,737	107,513	166,255
Financial liabilities carried at amortised cost, except for the above	2,282,474	668,557	298,662	1,313,255	2,000	2,282,474
Total		**1,542,593**	**379,008**	**1,698,425**	**3,424,979**	**7,045,005**

(31) Related party transactions (TCZK)

In line with IAS 24, the below-listed related parties have been identified. Related parties also include subsidiaries.

Expenses incurred with and revenue generated from related parties:

	Sales to related parties		Purchases from related parties	
	2020	**2019**	**2020**	**2019**
Relations with controlling entities and associates	**1,526,869**	**2,312,871**	**1,823,769**	**3,006,978**
Pražská energetika Holding a.s.	1,474	1,474	--	--
Capital City of Prague	168,555	199,302	812	280
EnBW Energie Baden-Württemberg AG*)	1,356,840	2,112,095	1,822,957	3,006,698
Relations with other entities controlled by controlling entities and associates	**537,108**	**508,466**	**57,890**	**49,210**
Výstaviště Prague, a.s.	3,831	5,800	27	100
Želivská provozní a.s.	15,926	21	--	--
Technická správa komunikací hl. m. Prahy, a.s.	46,445	21,441	24	24
Dopravní podnik hl.m. Prahy, akciová společnost	457,740	465,795	994	984
Kolektory Praha, a.s.	6,163	8,333	--	--
Obecní dům, a.s.	4,443	5,994	--	--
TRADE CENTRE PRAHA a.s.	2,202	1,082	15,830	17,773
Pražská plynárenská, a.s.	358	--	41,015	30,329
Total	**2,063,977**	**2,821,337**	**1,881,659**	**3,056,188**

*) EnBW Energie Baden-Württemberg AG is among the top suppliers of electricity and gas for PRE. The sales and purchases to and from this entity, are presented, among others, in trading margin and are further used for purpose of the commodity hedge accounting.

Receivables from and payables to related parties:

	Receivables			Liabilities
	2020	**2019**	**2020**	**2019**
Relations with controlling entities and associates	**39,946**	**47,487**	**48,358**	**953,423**
Pražská energetika Holding a.s.*)	149	297	--	856,727
Capital City of Prague	39,366	46,749	--	--
EnBW Energie Baden-Württemberg AG	431	441	48,358	96,696
Relations with other entities controlled by controlling entities and associates	**41,768**	**36,773**	**38,358**	**38,288**
ONTRAS Gastransport GmbH	--	--	--	--
Výstaviště Praha, a.s.	474	--	1	--
Želivská provozní a.s.	3,009	--	--	--
Technická správa komunikací hl. m. Prahy, a.s.	4,687	--	--	--
Dopravní podnik hl.m. Prahy, a.s.	31,983	32,540	37,994	37,996
Kolektory Praha, a.s.	931	2,358	--	--
Obecní dům, a.s.	351	1,167	--	--
TRADE CENTRE PRAHA a.s.	333	708	--	--
Pražská plynárenská, a.s.	--	--	363	292
Total	**81,714**	**84,260**	**86,716**	**991,711**

*) The payable of TCZK 0 (2019: TCZK 856,727) is a loan received from the parent company Pražská energetika Holding a.s., which was repaid in 2020.

Business transactions were conducted on an arm's length basis. Outstanding amounts were not collateralised.

Dividends paid

	2020	**2019**
Pražská energetika Holding a.s.	1,000,350	981,501
EnBW Energie Baden-Württemberg AG	713,428	699,964

Remuneration to the statutory bodies, Supervisory Board and top management:

	2020	**2019**
Number of persons	13	13
Remuneration (TCZK)	42,951	41,279

Managers include members of the Board of Directors, the Company's directors and members of the Supervisory Board.

Selected members who have managing authority use company cars for both business and private purposes.

Receivables from executive management

As at 31 December 2020, the Company reported receivables from the members of executive management totalling TCZK 5 (as at 31 December 2019: TCZK 18). These items are disclosed in trade and other receivables and were collected during January 2021.

Receivables from and payables to subsidiaries

	PRE's trade and other receivables as at 31/12		PRE's trade and other payables as at 31/12	
	2020	**2019**	**2020**	**2019**
PREdistribuce, a.s.	--	34,807	1,736,550	1,692,144
PREměření, a.s.	11,336	11,124	20	104
eYello CZ, k.s.	70,070	47,266	--	--
KORMAK Praha a.s.	2,831	2,555	2,136	88
PREservisní, s.r.o.	7,458	2,219	43	--
PREzákaznická, a.s.	1,411	1,866	1,311	3,790
PREnetcom, a.s.	--	288	3,441	--
VOLTCOM, spol. s r.o.	150	345	--	--
PRE FVE Světlík, s.r.o.	--	--	100	106
FRONTIER TECHNOLOGIES, s.r.o.	19	--	3,391	70
SOLARINVEST – GREEN ENERGY, s.r.o.	--	--	97	--
PRE VTE Částkov, s.r.o.	--	--	882	--
Loss allowances for receivables	(223)	(223)	--	--
Total	**93,052**	**100,247**	**1,747,971**	**1,696,302**

*) The liability represents estimate for distribution services provided.

	Loans and receivables from PRE's cash pooling as at 31/12		Loans and liabilities from PRE's cash pooling as at 31/12	
	2020	**2019**	**2020**	**2019**
PREdistribuce, a.s.	3,908,242	3,207,213	--	--
PREměření, a.s.	571,284	732,450	35,760	10,965
eYello CZ, k.s.	--	--	34,031	47,675
PREservisní, s.r.o.	41,434	10,364	--	5,629
KORMAK Praha a.s.	40,261	5,188	--	--
PRE FVE Světlík, s.r.o.	35,602	40,688	8,777	5,508
SOLARINVEST – GREEN ENERGY, s.r.o.	20,334	22,596	--	--
PREzákaznická, a.s.	--	--	52,345	47,867
PREnetcom, a.s.	--	--	21,392	13,763
VOLTCOM, spol. s r.o.	4,301	37	--	1,451
FRONTIER TECHNOLOGIES, s.r.o.	11,364	--	--	2,020
WINDING WE NORTH a.s.	--	8,636	--	--
PRE VTE Částkov, s.r.o.	72,767	4,621	10,929	--
Loss allowances	(4,047)	(4,833)	--	--
Total	**4,701,542**	**4,026,960**	**163,234**	**134,878**

Expenses incurred with and revenue generated from the subsidiaries

	Revenue/income of PRE		Expenses/costs of PRE	
	2020	**2019**	**2020**	**2019**
PREdistribuce, a.s.	**2,571,925**	**2,456,181**	**5,731,895**	**5,811,037**
Of which: Electricity and distribution services	442,011	402,280	5,707,181	5,784,623
Services	558,142	530,157	7,812	11,070
Investments	--	--	16,893	14,410
Inventories *)	7	1,584	--	--
Dividends	1,450,000	1,400,000	--	--
Interest on loans	121,765	122,160	9	934
PREměření, a.s.	**285,435**	**346,876**	**47,461**	**49,019**
Of which: Services	121,424	116,952	5,119	5,623
Sale of electricity	--	--	38,802	40,854
Investments	--	--	3,520	1,691
Inventories *)	--	2	--	--
Dividends	140,000	200,000	--	--
Interest on loans	24,011	29,922	20	851
eYello CZ, k.s.	**388,292**	**303,515**	**182**	**2,431**
Of which: Electricity and gas and distribution services	360,539	277,828	--	--
Services	15,563	17,213	--	2,000
Interest on loans	--	50	182	431
Transfer of the share in profit or loss	12,190	8,424	--	--
KORMAK Praha a.s.	**35,595**	**28,922**	**6,116**	**2,327**
Of which: Dividends	23,000	19,000	--	--
Services	11,979	8,651	--	857
Investments	--	--	6,116	1,470
Inventories *)	--	43	--	--
Interest on loans	616	1,228	--	--
PREservisní, s.r.o.	**58,338**	**67,740**	**33,568**	**45,568**
Of which: Services	57,680	67,025	--	43,780
Inventories *)	--	194	33,566	1,688
Interest on loans	658	521	2	100
PRE FVE Světlík, s.r.o.	**1,814**	**2,220**	**4,244**	**3,978**
Of which: Sale of electricity	--	--	4,218	3,814
Interest on loans	1,814	2,220	26	164
PREzákaznická, a.s.	**207,590**	**212,628**	**219,465**	**219,676**
Of which: Services	184,590	194,615	219,214	218,911
Inventories *)	--	13	--	--
Interest on loans	--	--	251	765
Dividends	23,000	18,000	--	--

PREnetcom, a.s.	**6,456**	**5,100**	**10,086**	**6,000**
Services	6,456	5,100	9,131	5,814
Investments	--	--	894	
Interest on loans	--	--	61	186
SOLARINVEST – GREEN ENERGY, s.r.o.	**489**	**599**	**80**	**--**
Investments	--	--	80	--
Interest on loans	489	599	--	--
FRONTIER TECHNOLOGIES, s.r.o.	**39**	**1**	**12,913**	**58**
Services	16	--	11,084	--
Inventories *)	23	--	--	--
Investments	--	--	1,821	--
Interest on loans	--	1	8	58
VOLTCOM, spol. s r.o.	**9,681**	**37,887**	**1,015**	**29**
Services	372	245	226	--
Inventories *)	--	34	--	--
Investments	--	--	788	--
Interest on loans	309	108	1	29
Dividends	9,000	37,500	--	--
PRE VTE Částkov, s.r.o.	**3,184**	**--**	**8,074**	**--**
Interest on loans	3,184	--	8,074	--
Total	**3,568,838**	**3,461,669**	**6,075,099**	**6,140,123**

*) Profit from material sold.

All transactions with subsidiaries were undertaken on an arm’s length basis.

(32) Impacts and risks arising from the COVID-19 outbreak

In 2020, the outbreak of the COVID-19 pandemic and the Czech government's measures to contain the outbreak had a negative impact on the Company's activities. In March 2020 and again in October 2020, the Czech government declared a state of emergency resulting in the restriction of free movement of people and a significant deterioration of economic activities of many business entities.

Throughout this period, PRE continued to deliver its products and services in an unchanged form, chiefly due to their material character. Furthermore, PRE adopted measures to mitigate a potential lack of personnel, e.g., the dispatching centre was split into three shifts with no physical contact between them, the access of third parties to all PRE workplaces was prohibited, most internal meetings took place online, etc. The Company also introduced remote work for administrative staff and increased the protective and hygienic measures at workplaces, thus ensuring favourable conditions for the provision of all services even in case of longer-term restrictions.

In relation to the government restrictions, the volume of consumed energy decreased year-on-year – electricity consumption decreased by 5.4%. Due to the recent price growth, gross margin decreased by 1% year-on-year.

The Company assessed its credit risks both retrospectively and prospectively. The deteriorating macroeconomic outlook was reflected in the loss allowances calculated in accordance with IFRS 9, which significantly increased the cost of impairment of financial assets (see Notes 9, 18, 19 and 30).

In accordance with the requirements of IAS 36, the Company assessed the indicators of potential impairment of assets, but did not identify any significant assets or goodwill impairment in relation to the pandemic.

The Company's management expects that it has adequate resources to be able to continue in its activities in the foreseeable future. In preparing these financial statements, the Company thus applied the going concern assumption.

(33) Post balance sheet events

No events occurred subsequent to the balance sheet date that would have a material impact on the financial statements.

In Prague, 23 April 2021

Signed by

Pavel Elis
Chairperson of the Board of Directors

Signed by

Alexander Sloboda
Vice-chairperson of the Board of Directors

Affidavit

To the best of our knowledge, the Annual Report, in exercising all reasonable due diligence, presents a true and honest picture of the financial situation, business activities and economic results of Pražská energetika, a.s., and the PRE Group in 2020, and of the prospects for their future development. No facts have been deliberately omitted from or distorted in the Annual Report which could have altered its meaning.

In Prague, 23 April 2021

Signed by

Pavel Elis
Chairperson of the Board of Directors

Signed by

Alexander Sloboda
Vice-chairperson of the Board of Directors

PRE Group history

1897

..... The Electricity Works of the Royal Capital City of Prague started operating on 1 September.

1924

..... A ministerial decree declared the Electricity Works a universally useful utility.

1934

..... The construction of the Electricity Works headquarters in Prague was completed. The building's modern design was far ahead of its time.

1941

..... The Electricity Works was incorporated into the Prague Municipal Company (Městské podniky pražské).

1945

..... The energy industry was nationalised by a presidential decree.

1946

..... The Transport Company (Dopravní podnik) separated from the Electricity Works. The former Electricity Works power generation division was incorporated into the newly established national enterprise, the Central Bohemian Power Generation Company (Středočeské elektrárny).

1959

..... The Central Bohemian Electricity Works (Středočeské energetické závody, n.p.) and the Prague District Administration (Okresní správa Praha) were established.

1965

..... The Prague Distribution Enterprise (Rozvodný závod Praha) was founded within the Central Bohemian Electricity Works.

1990

..... On 1 July, the Prague Electricity Works became a separate state-owned company.

1994

.... A joint stock company, Pražská energetika, a.s., was founded.

1996

..... A subsidiary, PREleas, a.s., was founded.

..... The construction of a new company administration building started on Na Hroudě street.

1997

..... The company celebrated its 100th anniversary and the construction of the new administration building was completed.

1998

..... A subsidiary, PREměření, a.s., (formerly Cejchovna elektroměrů Praha, a.s.) was founded.

2000

..... Modernisation of all customer contact points was completed and the call centre started operating.

2002

..... PRE successfully dealt with the aftermath of the August floods.

2004

..... The process of unbundling was commenced in accordance with the EU legislation.

..... The central dispatcher control centre started operating.

..... A joint PRE and PP Customer Centre opened in the Adria Palace as part of the Together for Prague (Spolu pro Prahu) project.

2006

..... On 1 January, the distribution system operator became a separate entity – a 100% subsidiary, PREdistribuce, a.s., established in 2005.

2007

..... PRE became a member of the Prague Energy Exchange (PXE).

2009

- The Energy Advisory Centre (CEP) started operating at Jungmannova 28 (the TeTa passage).
- The Technical and Documentary Museum of Prague Power Engineering (Technické a dokumentační muzeum pražské energetiky) moved into new premises.

2010

- The structure of shareholders changed: the shares held by Honor Invest, a.s., were bought by the existing shareholder EnBW Energie Baden-Württemberg AG, which made it the majority shareholder.
- In accordance with the PRE Group's new long-term strategy, five photovoltaic power plants (Jinonice, Lhotka, Na Hroudě 19, Pražačka and Sever) started operating. PREm is the licence holder.
- The highest peak load of the distribution system in history (1,209 MW) was recorded on 1 December at 2 p.m.

2011

- As of 1 December, PRE shares were delisted from trading on the regulated market. The delisting process was formally concluded on 28 December.

2012

- The Hořovice and Kondrac photovoltaic power plants were acquired, each with the installed capacity of 1 MWp.
- The 100% subsidiary, PREleas, a.s., was renamed eYello CZ, a.s., and branched out into trading in electricity and gas (since 1 May 2014 as a limited partnership company).
- PRE started cooperating with the Charter 77 Foundation (Nadace Charty 77) on philanthropic activities.

2013

- The biggest specialised electric bike rental service in the Czech Republic, PREkolo, was launched.
- The Pozorka photovoltaic power plant with the installed capacity of 3.99 MWp and the Syrovice photovoltaic power plant with the installed capacity of 6.3 MWp were acquired.
- The PRE Group was awarded in the Patron category of the Czech Goodwill project for its considerate attitude towards business, economic-social and natural environment.

2014

- On 27 March, the Articles of Association were amended, establishing the Works Council.
- On 1 May, the PRE Service Centre (CES) started operating in the TeTa passage, offering PREm energy services and housing a specialised electric bike shop and rental service.
- In September, a mobile virtual operator, PREmobil, started operating, offering attractive telecommunication services.
- On 1 December, the Dačice photovoltaic power plant and the Mikulov photovoltaic power plant with the total installed capacity of 5.79 MWp were acquired.

2015

- The CES successfully hosted the 5th annual electromobility exhibition, one of the biggest of its kind in the Czech Republic.
- On 30 April, the Pozořice photovoltaic power plant with the installed capacity of 4.59 MWp was acquired.
- In September, PREdi celebrated its 10th anniversary.
- A separate Energy Services division was established in PREm, aiming to further develop the field of energy analyses and audits, efficient lighting, small photovoltaic power plants design, installation and servicing, and the provision of decentralised energy supply solutions.

2016

- 14 March saw the acquisition of KORMAK Praha a.s., which provides engineering, design and construction services in the field of electricity networks, and KORMAK nemovitosti s.r.o., which provides asset management services.
- Thanks to PRE, three smart SM!GHT lamps were installed in Prague in November. They not only provide street lighting and serve as Wi-Fi hotspots and charging stations for electric cars and bikes, but are also equipped with emergency buttons, sensors monitoring air quality and other smart city infrastructure. Two of the lamps are located close to the PRE headquarters on Na Hroudě street; the third is in the Holešovice exhibition grounds.

2017

..... On 1 January, PREdi started providing services critical for the operation of street lighting in Prague.

..... On 1 June, the PRE Call Centre launched a new freephone number, 800 550 055.

..... On 19 September, the company held a gala evening at the Žofín palace marking its 120th anniversary.

..... On 9 October, an electric car sharing service, or e-carsharing, was launched in Prague.

..... On 1 November, PREzákaznická, a.s., was founded, taking over all direct customer services.

..... On 27 November, PREnetcom, a.s., was founded to develop communication infrastructure within the distribution network in connection with the implementation of smart grids.

2018

..... A pilot quick-charge station was made available to the public, combining the functions of a charging station for electric vehicles, a photovoltaic power plant and a battery-like accumulation device.

..... 3 May saw the acquisition of SOLARINVEST – GREEN ENERGY, s.r.o., specialising in the installation of solar and thermal systems.

..... A new type of electric vehicle charging station, called a wall box, was launched.

..... A freephone line for reporting electricity supply failures started operating at the phone number 800 823 823.

..... On 19 September, the new 110/22 kV Karlín transformer station started operating, boosting the supply to the developing area of Rohanský island.

..... The 100% subsidiary, KORMAK nemovitosti s.r.o., was renamed PREservisní, s.r.o., and started to carry out central purchasing for the PRE Group.

..... 30 November saw the acquisition of FRONTIER TECHNOLOGIES, s.r.o., which develops, produces and supplies smart lighting solutions.

2019

..... The PRE brand was awarded the label of excellent reputation Czech Superbrands 2019.

..... Two projects of the Backbone network (construction of a network of 125 fast charging stations in the Czech Republic) and PRE's Metropolitan network (construction of standard charging stations in Prague's residential areas and housing estates) were granted support by the Ministry of Transport under the Operational programme Transport subsidy scheme.

..... 30 April saw the acquisition of VOLTCOM, spol. s r.o., specialising in the construction and the improvement of transformer stations and substations.

..... In November, together with Škoda Auto DigiLab and the Israeli company Chakratec, PRE inaugurated a super-fast charging station using kinetic flywheel technology in Prague's Letňany.

..... 19 December saw the acquisitions of WINDING WE NORTH a.s. and its subsidiary PRE VTE Částkov, s.r.o.

2020

..... The PRE brand was awarded the label of excellent reputation Czech Superbrands 2020.

..... The oldest system of 110 kV overhead lines in Prague's Prosek area was completely replaced.

..... In September, a pilot project involving the installation of 13 EV ready lamp posts was launched in Prague's Vinohrady area (the first EV charge points installed on lamp posts).

..... On 2 November, the 100th smart distribution station has come into operation in the Velká Ohrada housing estate in Prague 13.

..... The PREpoint network has grown to encompass 112 public charging stations.

List of abbreviations

AMM Advanced Metering Management
B2B Big customers
B2C Small customers
CMS Compliance Management System
CSMAD Directive 2014/57/EU of the European Parliament and of the Council on criminal sanctions for market abuse (market abuse directive)
ČKAIT Czech Chamber of Chartered Engineers and Technicians Engaged in Construction (Česká komora autorizovaných inženýrů a techniků činných ve výstavbě)
DPO Data Protection Officer
EEX European Energy Exchange
EMIR Regulation (EU) No 648/2012 of the European Parliament and of the Council on OTC derivatives, central counterparties and trade repositories
EnBW EnBW Energie Baden-Württemberg AG
ERÚ Energy Regulatory Office (Energetický regulační úřad)
eYello eYello CZ, k.s., a 90% subsidiary of PRE and a 10% subsidiary of PREm
Frontier FRONTIER TECHNOLOGIES, s.r.o., a 100% subsidiary of PREm
FVE Photovoltaic power plant
GDPR Regulation (EU) 2016/679 of the European Parliament and of the Council on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation)
GWh Gigawatt hour
HV high voltage
Kormak KORMAK Praha a.s., a 100% subsidiary of PRE
kV Kilovolt
kWp Kilowatt-peak
LV low voltage
MAR Regulation (EU) No 596/2014 of the European Parliament and of the Council on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC
MiFID II Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU
MiFIR Regulation (EU) No 600/2014 of the European Parliament and of the Council on markets in financial instruments and amending Regulation (EU) No 648/2012
MV medium voltage
MW Megawatt
MWh Megawatt hour
MWp Megawatt peak
OHS Occupational health and safety
PP Pražská plynárenská, a.s.
PRE FVE Světlík PRE FVE Světlík, s.r.o., a 100% subsidiary of PREm
PRE Pražská energetika, a.s.
PRE VTE Částkov PRE VTE Částkov, s.r.o., a 100% subsidiary of PREm
PREdi PREdistribuce, a.s., a 100% subsidiary of PRE
PREH Pražská energetika Holding a.s.
PREm PREměření, a.s., a 100% subsidiary of PRE
PREnetcom PREnetcom, a.s., a 100% subsidiary of PREdi
PREs PREservisní, s.r.o., a 100% subsidiary of PRE
PREzak PREzákaznická, a.s., a 100% subsidiary of PRE
REMIT Regulation (EU) No. 1227/2011 of the European Parliament and of the Council on wholesale energy market integrity and transparency
RES renewable energy sources
Solarinvest SOLARINVEST – GREEN ENERGY, s.r.o., a 100% subsidiary of PREm
TR 110/22 kV transformer station
TS transformer stations
TWh Terawatt hour
Voltcom VOLTCOM, spol. s r.o., a 100% subsidiary of PRE
VTE wind farm

Contact information

	Address	Postal code	Telephone
Pražská energetika, a.s.	**Prague 10, Na Hroudě 1492/4**	**100 05**	**800 550 055**
ID No.: 60193913	www.pre.cz		For calls from abroad:
	e-mail: pre@pre.cz		+420 267 055 555
Press relations	Prague 10, Na Hroudě 1492/4	100 05	267 051 102
PREdistribuce, a.s.	**Prague 5, Svornosti 3199/19a**	**150 00**	**800 550 055**
ID No.: 27376516	www.predistribuce.cz		For calls from abroad:
	e-mail: distribuce@predistribuce.cz		+420 267 055 555
Distribution Emergency Line	Prague 2, Kateřinská 1528/9	120 00	Emergency line:
	e-mail: poruchy@predistribuce.cz		800 823 823
PREzákaznická, a.s.	**Prague 10, Na Hroudě 1492/4**	**100 05**	**800 550 055**
ID No.: 06532438	www.prezakaznicka.cz		For calls from abroad:
	e-mail: pre@pre.cz		+420 267 055 555
PRE Customer Centre	Prague 1, Jungmannova 36/31	110 00	
	Prague 4, Vladimírova 64/18	140 00	
PRE Call Centre	Prague 10, Kubánské náměstí 1391/11	100 00	800 550 055
PREměření, a.s.	**Prague 10, Na Hroudě 2149/19**	**100 05**	**800 550 055**
ID No.: 25677063	www.premereni.cz		For calls from abroad:
	e-mail: mereni@pre.cz		+420 267 055 555
Emergency line	for PRE customers in case of		
	main circuit-breaker failures:		733 143 143
	www.premereni.cz/opravy		
PRE Service Centre	Prague 1, Jungmannova 747/28	110 00	
	e-mail: centrum.sluzeb@pre.cz		
PREmobilita	e-mail: premobilita@pre.cz		
Orders of energy services:	e-mail: servis.prem@pre.cz		
eYello CZ, k.s.	**Prague 10, Kubánské náměstí 1391/11**	**100 00**	**267 056 704**
ID No.: 25054040	www.yello.cz		
	e-mail: yello@yello.cz		
PREservisní, s.r.o.	**Prague 10, Na Hroudě 1492/4**	**100 05**	**800 550 055**
ID No.: 02065801	www.preservisni.cz		For calls from abroad:
	e-mail: pre@pre.cz		+420 267 055555

	Address	Postal code	Telephone
KORMAK Praha a.s. ID No.: 48592307	**Prague 10, náměstí Bratří Jandusů 34/34** www.kormak.cz e-mail: kormak@kormak.cz	**104 00**	**267 051 301**
VOLTCOM, spol. s r.o. ID No.: 44794274	**Prague 6, Otevřená 1092/2** www.voltcom.cz e-mail: voltcom@voltcom.cz	**169 00**	**267 052 547**
PREnetcom, a.s. ID No.: 06714366	**Prague 10, Na Hroudě 1492/4** www.prenetcom.cz e-mail: pre@pre.cz	**100 05**	**800 550 055** For calls from abroad: +420 267 055 555
FRONTIER TECHNOLOGIES, s.r.o. ID No.: 27234835	**Prague 10, Na Hroudě 2149/19** www.frontier-technologies.eu e-mail: info@frontier-technologies.eu	**100 05**	**277 002 333**
SOLARINVEST – GREEN ENERGY, s.r.o. ID No.: 28923405	**Prague 10, Na Hroudě 2149/19** www.solarinvest.cz e-mail: info@solarinvest.cz	**100 05**	**724 981 004**
PRE FVE Světlík, s.r.o. ID No.: 28080378	**Prague 10, Na Hroudě 2149/19** www.premereni.cz e-mail: mereni@pre.cz	**100 05**	**800 550 055** For calls from abroad: +420 267 055 555
PRE VTE Částkov, s.r.o. ID No.: 27966216	**Praha 10, Na Hroudě 2149/19** www.premereni.cz e-mail: mereni@pre.cz	**100 05**	**800 550 055** For calls from abroad: +420 267 055 555

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