
PRE
2022
PRE Group
Annual Report

Table of contents

Changes that occurred between the end of the accounting period (31 December 2022) and the closing date of the Annual Report (28 April 2023) are marked in italics.

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's history of supplying electricity and developing the electricity system in Prague 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 its more than 830 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 state-of-the-art technological solutions and provides consultancy on the implementation of innovative technologies and energy savings. Last year, it distributed 6 TWh of electricity on all voltage levels to end customers and generated 37.22 GWh of electricity from renewable sources.

In 2022, 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 includes the 100% subsidiaries of PREměření, a.s.: PRE FVE Světlík, s.r.o., SOLARINVEST – GREEN ENERGY, s.r.o., FRONTIER TECHNOLOGIES, s.r.o., PRE VTE Částkov, s.r.o., and PRE RVE Nové Sedlo, s.r.o. The PRE Group also includes PREnetcom, a.s., a 100% subsidiary of PREdistribuce, a.s., and newly also NETFIN Infrastructure, a.s., where it owns a 50% share.

Licence overview

Pražská energetika, a.s.
..... Electricity trading licence from 17 January 2007, renewed until 16 January 2027
..... 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 2027
..... Gas trading licence from 27 September 2012 to 26 September 2027

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, provision of occupational health and safety, technical and organisational services of fire safety, provision of public communication networks and electronical communication services, production, installation and repairs of electrical machinery and devices and electronic and telecommunication equipment, installation, repairs, inspection and testing of electrical equipment, listed activities linked to the business objects, 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, installation, repairs, inspection and testing of electrical equipment, execution of constructions, their alterations and demolitions, preparation and creation of technical designs, graphic and drawing works, testing, measuring, analyses and inspections, ...
ID No.: 27376516
Prague 5, Svornosti 3199/19a

PREměření, a.s. (PREm)
Generation and distribution of thermal energy not subjected to licensing and generated from sources of thermal energy with an installed capacity of one source over 50 kW, electricity generation and distribution, authorisations for the aim of verification of legal measuring instruments, plumbing and heating, production, installation and repairs of electrical and telecommunication devices, installation, repairs, inspections and testing of electrical equipment, repairs and renovation of cooling systems and heat pumps, ...
ID No.: 25677063
Prague 10, Na Hroudě 2149/19

eYello CZ, k.s. (eYello)
Trading in electricity and gas, listed activities linked to the business objects, 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 of constructions, production, installations, assembling, repairs, inspections and testing of electrical equipment, production, installation and repairs of electrical machinery and devices and electronic and telecommunication equipment, execution of constructions, their alterations and demolitions, ...
ID No.: 48592307
Prague 10, náměstí Bratří Jandusů 34/34

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

PREzákaznická, a.s. (PREzak)
Mediation of trading activities and services, administrative maintenance, organisational and economic services, ...
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 repair 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, preparatory and finishing works in construction, specialisation construction works, ...
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, plumbing and heating, production, installation and repairs of electrical machinery and devices, electronic and telecommunication devices, ...
ID No.: 28923405
Prague 10, Na Hroudě 2149/19

FRONTIER TECHNOLOGIES, s.r.o. (Frontier)
Production, installation and repairs of electrical and telecommunication devices, installation, repairs, inspections and testing of electrical equipment, 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, mediation of trading activities and services, purchase, sale, administration and maintenance of real estate, ...
ID No.: 28080378
Prague 10, Na Hroudě 2149/19

PRE VTE Částkov, s.r.o. (PRE VTE Částkov)
Electricity generation, mediation of trading activities and services, purchase, sale, administration and maintenance of real estate, advertising activities, marketing, media representation, production of metal constructions and metal products ,...
ID No.: 27966216
Prague 10, Na Hroudě 2149/19

PRE FVE Nové Sedlo, s.r.o. (PRE FVE Nové Sedlo)
Lease of real estate, flats and non-residential premises, administration of own assets
ID No.: 11911913
Prague 10, Na Hroudě 2149/19

NETFIN Infrastructure, a.s. (Netfin) *)
Lease of real estate, flats and non-residential premises
ID No.: 17093881
Prague 10, Na Hroudě 1492/4

*) On 31 May 2022, PREnetcom, a.s., acquired 50% of shares of NETFIN Infrastructure, a.s.

PRE corporate bodies

Board of Directors as of 31 December 2022

Pavel Elis
chairperson

Alexander Manfred Sloboda
vice-chairperson

Marek Ženíšek
vice-chairperson

Radim Kříž
member

Markus Baumgärtner
member

Supervisory Board as of 31 December 2022

Jan Chabr
chairperson

Colette Rückert-Hennen
vice-chairperson

Fabian Spalthoff
member until 31 December 2022

Stefan Theo Webers
member

Jörg Reichert
member

Matěj Šandor
member

Michael Koch
member

Aurélie Alemany
member

Johannes Zügel
member since 1 January 2023

Works Council as of 31 December 2022

Jan Pokorný
chairperson

Alena Šafrová
vice-chairperson

Miroslava Svobodová
member

Karel Hempl
member

In 2022, 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 December 2022

Pražská energetika, a.s.

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

Pavel Elis
chairperson
of the Board of Directors
and managing 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

Tobias Mirbach
Member of the Board of Directors

Jan Sixta
Member of the Board of Directors

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 Regulated Assets division

Martin Zeman
member of the Board of Directors

Roman Tupý
member of the Board of Directors

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

Veronika Marušková
member of the Board of Directors

PREservisní, s.r.o.

Karel Urban
authorised representative and managing director
since 31 December 2022

Miloslav Nergl
authorised representative and director of the Support Services division since 31 December 2022
and authorised representative and managing director since 1 January 2023

Miloš Trojan
authorised representative and director of the Construction management division since 1 January 2023

PREzákaznická, a.s.

Roman Kronus
chairperson of the Board of Directors
and managing director

Alena Petrušková
member of the Board of Directors
and director of the Front Office division since 1 June 2022

VOLTCOM, spol. s r.o.

Milan Válek
chairperson of the Council of Authorised Representatives

Jan Šrajer
member of the Council of Authorised Representatives

Petr Jeřábek
member of the Council of Authorised Representatives

Pavel Vávra
member of the Council of Authorised Representatives

PREnetcom, a.s.

Petr Dvořák
chairperson of the Board of Directors and managing director

Stanislav Votruba
member of the Board of Directors

SOLARINVEST – GREEN ENERGY, s.r.o.

Aleš Hradecký
authorised representative

Jakub Vančura
authorised representative

FRONTIER TECHNOLOGIES, s.r.o.

Gabriel Lukáč
authorised representative and managing director until 15 July 2022

Tomáš Kocourek
authorised representative and managing director until 15 July 2022

Stanislav Šmejdíř
authorised representative since 15 July 2022

Jakub Jiroušek
authorised representative since 15 July 2022

PRE FVE Světlík, s.r.o.

Aleš Staněk
authorised representative

PRE VTE Částkov, s.r.o.

Aleš Staněk
authorised representative

PRE FVE Nové Sedlo, s.r.o.

Aleš Staněk
authorised representative

Petr Jelínek
authorised representative

NETFIN Infrastructure, a.s. (since 31 May 2022)

Stanislav Votruba
chairperson of the Board of Directors

Michal Kocián
1st vice-chairperson of the Board of Directors

Tomáš Zaněk
2nd vice-chairperson of the Board of Directors

Petr Dvořák
member of the Board of Directors


PRE
We are a large and stable employer with a long-standing tradition on the Czech market.
1,650
The PRE Group employs over 1,650 people, mainly in the Prague area.

Report of the Board of Directors on Business Activities

Report of the Board of Directors on Business Activities and Assets for 2022

The history of Prague Energy, a.s. (PRE) dates back to 1897. Since then, our company has undergone a number of transformations. The Electric Companies of the Royal Capital City of Prague gradually evolved into a modern, innovative and thriving energy group, whose mission is to provide reliable supplies, production and sale of energy and related services in the territory of the capital city of Prague and the entirety of the Czech Republic.

Energy is the foundation of our business. We have been distributing and selling electricity for decades. In addition, we also generate electricity, supply natural gas, provide data connections and offer advanced energy services. Long-term support from shareholders and cooperation with the EnBW Group and the City of Prague are among the significant factors of PRE's success. In our business, we adhere to strict ethical standards, including responsible behaviour towards society and the environment as well as our employees.

As part of our business activities, PRE subscribes to the principles of sustainable development and strives to contribute to improving the quality of life in our region. The corporate culture is focused on continuous improvement of internal efficiency, innovation and support for employee initiatives and activities, all with the aim of increasing the company's value. We build our position on mutual trust with customers and partners, an active approach to business development and the professionalism and proactive approach of all employees.

Economic developments in 2022

Economic development in 2022 was heavily influenced by the energy crisis associated with high price growth and fears of a possible interruption of supply of some key commodities. High inflation, increased uncertainty, global economic recession and stricter financing conditions dampened economic activity and led to a slowdown in real GDP growth. Nevertheless, GDP growth in the Czech Republic reached a positive value of 2.4%. The overall economic growth was however lower than originally expected for the period of economic recovery following the covid-19 pandemic.

The Czech government, like the governments of other European countries, tried to find solutions to mitigate the impact of the energy crisis on businesses and households. In an effort to increase energy supply security, the EU Council adopted regulations on the voluntary reduction of demand for natural gas by 15%. In the Czech Republic, a number of measures were also adopted on the national level to reduce the impact of the energy crisis. Several amendments to the Energy Act and the Act on Promoted Energy Sources were approved, specifically by adopting legal regulations in the area of gas supply, emergency state regulations in district heating and so-called price ceilings, i.e., the establishment of a maximum price for the supply of electricity and gas to customers. These legislative changes then also included the introduction of a savings tariff, which in fact has the form of a state contribution to cover the cost of electricity consumption up to a certain amount. The process of authorising the construction of renewable energy sources was simplified. Many legal regulations were supplemented by a number of government regulations that had a significant impact on the setting of internal customer systems and billing.

Financial results

Looking back at the past year, 2022, it cannot be called anything but turbulent. At the beginning, we struggled with the subsiding pandemic of covid-19, and in the second half of the year, Europe experienced a price crisis due to a combination of several factors, causing wholesale energy prices to hit historically high levels. After the year 2021, in which the Bohemia Energy group shut down and many customers had to find a new supplier unexpectedly, 2022 was also full of changes in electricity and gas suppliers. Pražská energetika benefited from this trend, significantly increasing its market share, the number of serviced customers and the volume of supplied energy. Year-on-year, the volume of supplied electricity increased by 12% to 6,390 GWh, and gas by 13% to 988 GWh. The volume of electricity distributed by PRE exceeded the volume of distribution in the licensed area by 390 GWh, while electricity consumption in Prague stagnated year-on-year at approximately 6,000 GWh.

The rapid growth in supply volumes has been successfully translated into economic results. The consolidated operating profit before depreciation, interest, and taxation (EBITDA) reached CZK 5,824 million. Some one-off operations contributed to achieving this result, such as the sale of real estate generating a profit of CZK 106 million, and a profit of CZK 286 million from trading, mainly with natural gas on the European market. EBITDA adjusted for these operations reached CZK 5,432 million. The company's profit or loss after tax for 2022 amounted to CZK 3,809 million.

Only one PRE business segment recorded a year-on-year decline in revenues (3%), namely in the production of electricity from renewable sources, where despite a year-on-year increase in the production volume by 9%, revenues decreased due to the introduction of additional taxation.

The high demand for the construction of small photovoltaic power plants and energy services in general from the companies PREměření, Solarinvest and Frontier contributed to an increase in revenue from energy services. Other operating revenues increased by CZK 220 million.

Operating expenses increased year-on-year, especially in the ICT area due to the admission of new customers and the need to implement IT system adjustments required by new legislation. Budgets for repairs to distribution equipment were also increased. The increase in revenue from energy services was also accompanied by an increase in costs for external subcontracting within operating expenses.

Despite the increase in electricity and gas supply prices, customer payment culture remained at a very high level. The increase in loss allowances (losses from the reduction of the value of financial assets) can be explained mainly by the increase in the nominal value of receivables due to higher average selling prices.

Capital expenditure increased year-on-year by 8% to 2,216 million CZK, mainly directed to distribution infrastructure.

The total balance sheet reached a record value of 43,359 million CZK at the end of the year. Pražská energetika can be proud of a very healthy capital structure with a stable level of equity and, unlike many of its competitors, it was able to finance its operations in 2022 without any help from the state or shareholders in a highly volatile commodity market environment. Equity attributable to the parent company's shareholders increased by 4% year-on-year to 22,595 million CZK. Return on capital employed (ROCE) was 15.2% in 2022.

The financial results of 2022 demonstrate that Pražská energetika is a stable company that not only provides reliable services to its customers but also delivers value to its shareholders, suppliers and employees.

Sales

Given the exceptional circumstances surrounding the year 2022, the energy market has found itself in a unique and unprecedented position. In light of the increase in commodity prices, many traders suspended new acquisitions, with some even refusing to provide new offers to their existing customers. Thanks to its financial stability and risk-averse purchasing strategy, PRE was able to provide electricity and gas to all of its end customers. However, due to high prices and significant price volatility, when electricity prices reached almost 1,000 EUR/MWh, its activities were severely limited and the company eventually suspended its offer of fixed-price products by the end of the year. PRE's robust risk management system – which allows it to trade only with proven and stable actors – helped ensure that no failures or supply disruptions occurred from its trading partners.

The Czech government also responded to the turbulent situation in the commodity market. In an effort to reduce the impact of rising electricity and gas prices on consumers, it implemented measures including a contribution to cover for energy costs, known as the savings tariff, and an exemption from payment for supported energy sources (POZE). Additionally, it set maximum prices for electricity and gas, called price capping. Furthermore, it introduced the so-called contractual obligation, which requires last-resort suppliers, including PRE, to offer a contract for energy supply at a maximum determined price to customers subject to the price cap who are unable to conclude energy supply agreements with other suppliers. All these measures required extensive adjustments of PRE's trading IT systems.

In response to the government's measures, PRE offered the PRÉMIE programme, which provides a financial reward to households that reduce their electricity consumption during the winter heating season compared to the previous year. The aim of the programme is to help overcome the challenging period of the energy crisis through additional energy savings. The program has proven to be very successful, with more than 60,000 households signing up for it. Pražská energetika has continued to develop its long-term strategy to support energy efficiency and energy savings.

Clean mobility constitutes an important topic for future development. In recent years, PRE has invested significantly, with the support of public funds, in public charging infrastructure. Last year, we managed to expand our network of public charging stations by another 150 locations, bringing the total number of charging stations we operate to nearly 500. This makes us the most prominent provider of electromobility solutions in Prague and the second biggest provider of public charging stations in the Czech Republic.

Charging electric vehicles does not only happen at public charging stations. To support private and home charging solutions, we focused on standardising our portfolio of products. Pražská energetika offers comprehensive solutions tailored to the client's needs – from supplying charging stations to their installation and operation and even managing private charging systems for end-users. Last year, we significantly intensified our cooperation with developers of residential buildings. The proposed charging systems in apartment buildings meet the requirements of the distribution system operator, ensure that the entire building is ready for electromobility and offer users the service of charging point management, including the possibility to use a specific electric vehicle charging tariff. In response to the rapidly growing demand for clean mobility, a significant organisational change occurred: a separate E-mobility unit was created, which is now part of the Trade department.

The year 2022 was also characterised by strong development in the overall sales of energy services. After a slowdown in demand during the covid-19 restrictions, there was a significant increase in demand for energy services. This high demand was associated not only with price development throughout the year, but also with efforts to

increase supply security associated with decentralisation. We managed to more than double the volume of the supplied energy from photovoltaic power plants owned and operated by Solarinvest and PREměření. We offer comprehensive installations of roof photovoltaic systems with accumulation. We are gradually strengthening our supply capacities to be able to meet the demands of as many customers as possible. We expect further growth in demand in the coming years, especially with the development of community energy, as regulatory authorities are working intensively to introduce it due to the extreme prices of energy commodities triggered by geopolitical developments. Today, our customers can already benefit from our new product, PRE PROUD SOLAR, by installing a small photovoltaic power plant, which efficiently utilises any excess energy produced but not consumed by feeding it back into the distribution network.

Customers from the public sector increasingly rely on sophisticated services with guaranteed savings, which we provide through EPC (Energy Performance Contracting) projects. We plan to continue expanding our offerings in these areas, combining them appropriately with commodities.

Distribution

The quality of a stable and reliable energy infrastructure has never been more important. The company PREdistribuce, which provides electricity distribution services in the Prague area, is a strong player who is successfully leading the transformation of energy networks towards the smart grids of the future.

We are heavily investing in digital technologies that will enable us to operate the distribution system better in the changing energy environment. In 2022, we successfully launched more than a hundred smart transformation stations, and the preparation of the Automated Metre Reading (AMM) project is progressing well. Our goal is to implement the AMM system at a third of our consumption points by the end of 2027. The general roll-out of smart metres is the cornerstone of introducing modern technologies in households or businesses.

We are investing in optical data infrastructure, as a modern distribution network cannot do without a robust optical data infrastructure that can cope with technological changes and challenges associated with increasingly decentralised production, development of electromobility, increasing demands for reliability of the distribution network, and expected growth in the volume of data measured and transmitted from smart metering systems. Continuous measurement and data transmission are also a necessary precondition for the efficient use of energy communities or the use of flexibility, which allows maintaining a balanced grid even with a higher share of renewable energy sources.

Thanks to efficient management of the distribution network and targeted investments in the safety and reliability of supplies, electricity deliveries in the capital city of Prague were historically the most reliable in 2022. The continuous care of the distribution network is a crucial measure to prevent extensive outages that could cause a disruption of electricity supply and thus a collapse of the capital city‘s operations.

Investments are necessary to achieve the above-mentioned objectives and our mission. More than CZK 1,956 billion were invested in the renovation and development of the distribution network, which is CZK 111 million more than in 2021. Investments were made in the networks of all voltage levels. At the end of 2022, more than 830 thousand consumption points were connected to the distribution system, which represents a 0.9 % increase year-on-year. The maximum load of the distribution system reached 1,137 MW, which corresponds to the level of previous years.

Strategy and future outlook

Thanks to a balanced portfolio of strategic segments ranging from sustainable production infrastructure to urban infrastructure and intelligent customer infrastructure, we are in a good position to face the challenges posed by the current highly volatile energy market. Our portfolio connects the selling of energy commodities, electricity and gas, with the provision of data services, lighting solutions, decentralised generation units, consumption management and modern mobility.

Since we adhere to the principle of operational sustainability, we aim to decarbonize our own processes by 2030, when we want to achieve the goal of climate neutrality in our business. In doing so, we want to significantly contribute to the ambitious climate plan of the city of Prague. The effort to reduce CO_2 emissions became a truly global goal in 2022. The European Commission further specified the parameters of the "Green Deal for Europe" and supported ambitious goals in reducing CO_2 emissions, building renewable sources, and increasing energy efficiency with additional regulatory interventions and measures. PRE, as a significant player in the energy market, is committed to decarbonization and will play an active role in the transformation of energy.

In light of the outbreak of the war in Ukraine, our decision to focus on emission-free and sustainable energy has proved to be correct, as the conflict triggered a series of changes associated with energy safety, reliability, sustainability, and, last but not least, its availability. The European Commission presented a package of proposals called "REPower EU" aimed at rapidly reducing its dependence on Russian fossil fuels and accelerating ecological transformation. A number of measures have also been adopted by the Czech government, individual companies and end-customers.

At PRE, we will continue to support the decentralisation of energy through energy services that bring stability, energy savings and help increase energy self-sufficiency. We will continue to digitise our systems and processes to improve our product portfolio while efficiently managing our costs.

That is why we will strengthen development investment in smart grid solutions. New technologies will enable us to efficiently utilise energy networks forming part of urban infrastructure, and connect them to the public charging networks, data networks and smart elements of urban infrastructure.

We will further develop our network of public charging stations with the support of public funds. We will fulfil the trilateral memorandum signed between the City of Prague, Škoda Auto and PRE supporting the expansion of fast charging stations in Prague.

We will expand our portfolio of renewable energy production capacity with the support of European subsidies and on a purely commercial basis. The goal is to put into operation new installations with a capacity of at least 300 MW by 2030, with the first projects having already secured financing and entering the implementation phase. We will develop PRE locations through the planning and construction of smart buildings with the latest available technologies to meet growing demands for residential and office space and sustainability.

2022 was very challenging and brought about a whole range of challenges, which we successfully addressed. Pražská energetika lived up to its reputation and remained a trustworthy and reliable partner even in such difficult times. In spite of everything, many challenges still await us in the coming years. We can assure you that we will do our best

to make 2023 another successful year, to meet the requests of our customers and to continue bringing value for our shareholders, customers and the region of the capital city of Prague, a place of high-quality living standards and well-being.

We want to express our appreciation and gratitude to everyone who contributed to ensuring undisturbed operation of our energy infrastructure and a safe supply of services to our customers. We want to thank our customers, suppliers, partners and shareholders for their trust and cooperation during the uneasy year of 2022 and we look forward to its successful continuation.

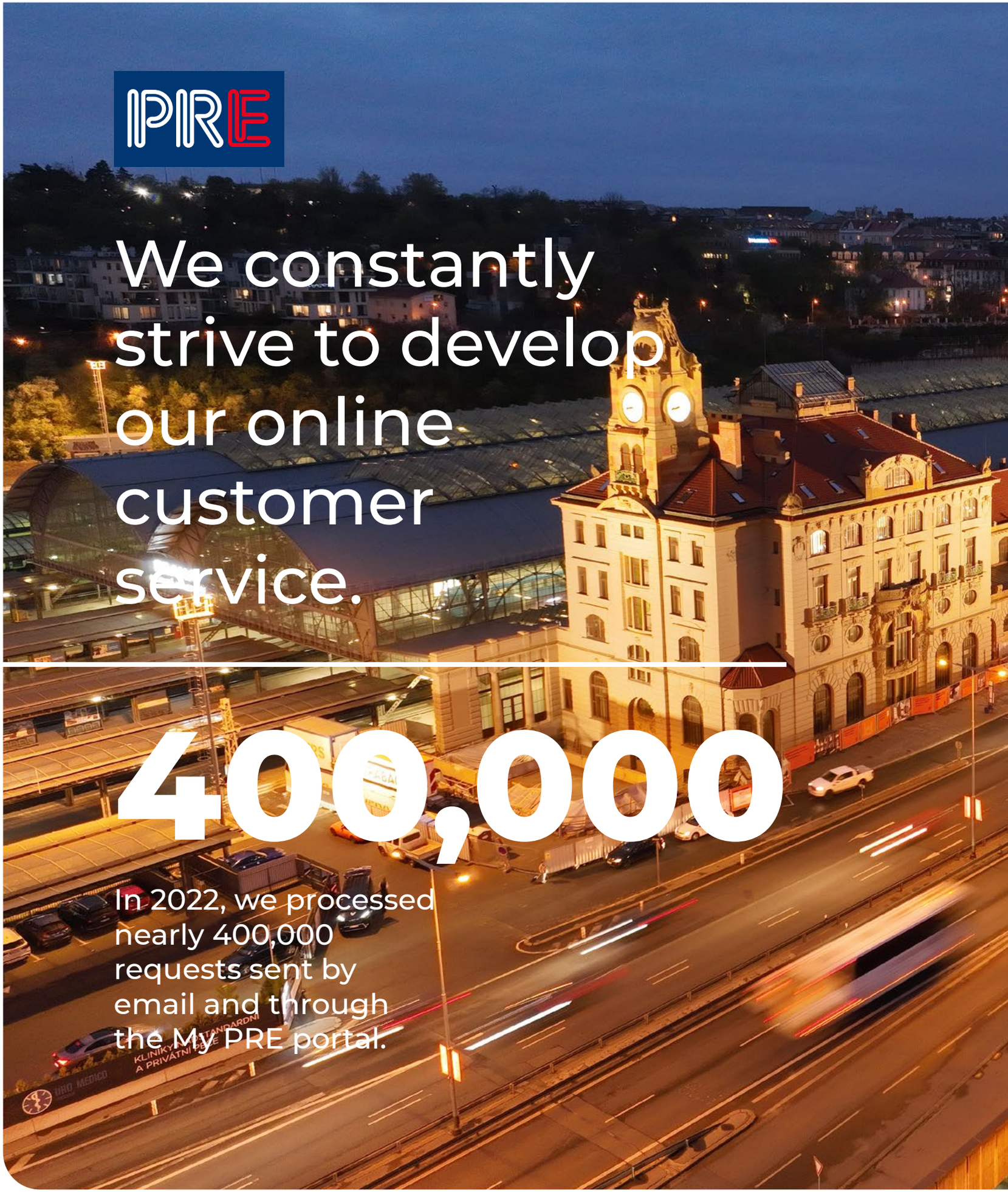
In Prague, 28 April 2023

Signed by

Pavel Elis
chairperson of the Board of Directors

Signed by

Alexander Manfred Sloboda
vice-chairperson of the Board of Directors


PRE
We constantly strive to develop our online customer service.
400,000
In 2022, we processed nearly 400,000 requests sent by email and through the My PRE portal.

Selected financial indicators for the PRE Group

Selected financial indicators for the PRE Group

	Unit	2022	2021	Calculation formula
Total revenues	MCZK	38,095	23,343	Profit from generated and sold electricity and gas + Other operational profit
Sales margin	MCZK	8,246	6,937	Gross profit from the sale of commodities
Profit after tax	MCZK	3,335	2,523	
Equity proportion to total invested capital	%	52.1	54.8	Equity attributable to the parent company shareholders Total assets
Return on capital employed (ROCE)	%	15.2	11.7	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	22,689	14,239	(Profit from generated and sold electricity and gas + Profit from services + Investment contributions) : average adjusted number of employees
EBIT	MCZK	4,280	3,216	Profit before tax + Loan expenses
EBITDA	MCZK	5,824	4,751	Profit before tax + Loan expenses + Depreciation/Amortisation
Net profit per share	CZK	862	652	Profit after tax / Registered capital x 1000

Other indicators

	Unit	2022	2021
Gross distributed electricity	GWh	6,000	5,984
Total purchase of electricity	GWh	6,390	5,706
Purchase of gas	GWh	988	871
Generation of electricity	GWh	37	34

Strategy

The cornerstone of PRE's strategy lies 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 local distribution network, the PRE Group has been a guarantor of a reliable energy infrastructure in the capital for 125 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 recognises three key development areas: smart customer infrastructure, city infrastructure and sustainable energy generation infrastructure. In spite of the increased volatility on the market, the company's robust strategy has allowed it to sustain its long-term financial goal to achieve an EBITDA of more than CZK 6 billion by 2023.

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 its digitisation efforts with a particular focus on the user-friendliness and efficiency of its internal processes. This area was profoundly influenced by the ongoing energy crisis which has led to an unparalleled growth in demand for energy services. As customers started to seek stability, energy savings and greater self-sufficiency, the Group has seen a significant increase in the number of new installations in households (both private and multi-family homes) as well as companies and public institutions. The latter have been increasingly interested in the Group's portfolio of sophisticated services with guaranteed energy savings offered under guaranteed savings contracts called EPC (Energy Performance Contracting). The technological focus of energy services has been on rooftop photovoltaics, heat pumps, replacements of the current lighting systems as well as battery systems and private electric car charging solutions.

The second strategic development area, city infrastructure, mainly concerns the distribution of electricity in the capital. The PRE Group will continue to focus on the optimisation of its operating processes and 'smartening' of the distribution network. To this end, it will carry out pilot projects and, in the long, introduce state-of-the-art smart grid technologies (smart grids) throughout the entire distribution network, such as, for example, smart transformer stations and electricity meters. The smartening of the distribution network will enable PRE to better tackle future challenges, such as the current energy crisis, the increase of decentralised electricity from rooftop photovoltaic panels, the growth of electromobility and energy communities. For its part, the strategic development of city infrastructure focuses on four main elements: charging stations for electric vehicles, optical networks, street lighting and smart buildings. Electromobility is seen as an important field of the future energy sector. That is why PRE has been building an extensive network of charging stations, currently comprising more than 700 charging points, making it one of the three largest players in this field in the Czech Republic. The city of Prague together with ŠKODA AUTO, a.s., and PRE have signed a joint memorandum to foster their cooperation in the progressive development of fast charging stations in the capital. This document is yet another example of PRE's commitment in this field. As for optical networks, PRE aims to develop the infrastructure for high-speed data connection. Apart from building the optical networks for its own needs, PRE rents some of the spare capacity to telecommunication companies. The area of street lighting is the third key segment of PRE's activities: here, in cooperation with the capital city of Prague, PRE also wants to become a more prominent player. The fourth segment includes PRE's involvement in the planning and construction of smart buildings in Prague. The aim is to make an optimal use of lands and real estates in the PRE Group's ownership while installing 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 particular focus on solar and wind energy. PRE has set itself the goal of expanding its current installed capacity ten-fold by 2030 mainly by organic means. To do so, it will follow the trends in the energy market and use the possibilities of further funding for new renewable energy plants, such as the EU Modernisation Fund or other available options. The PRE Group also plans to fulfil its acquisition strategy by making opportunistic real estate in the power plants already in its ownership. Further expansion of renewable energy will enable PRE to respond to the ever-growing demand for green energy among environmentally conscious customers.

Despite the volatile context of PRE activities, its strategic initiatives remain unchanged in all of the above-mentioned key areas. Nevertheless, the way they are defined and implemented on a day-to-day basis reflect new developments on the market. Given the long-term ambition of PRE, all of the above-mentioned initiatives are implemented respecting the principles of operational sustainability and climate neutrality whose importance has grown in light of the latest developments on the market. Efforts to protect the environment and promote sustainability involve the Group's commitment to achieve climate-neutral operations by 2030 as well as a number of other initiatives supporting its customers and partners in their endeavour to reduce their emissions. Thanks to its well-balanced portfolio of activities in all of the areas, PRE is poised for a long-term growth and resilience. In all of the above-mentioned segments, PRE can rely on its vast know-how and in-house implementation capacities as well as the availability of sufficient additional investment capital. In 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 turbulent changes on the energy market and the ongoing war in Ukraine.

Trading in electricity and gas

2022 was in every aspect an extraordinarily difficult year full of unparalleled situations. The effects of the shutdown of the Bohemia Energy Entity and several smaller electricity traders were still reverberating, but they were completely outshone by the Russian invasion of Ukraine in February. It was only then that most governments and traders realized the real cause of the turbulent changes in energy prices throughout 2021: already back then, imports of gas to the EU were being reduced and the Russian Gazprom refused to fill the rented gas storage facilities ahead of the upcoming winter season. This has put the EU member states in an invidious position, since Russia has started to use energy as a weapon against them. They had no other choice than to seek alternative ways of supplementing Russian gas and other energy commodities. However, since the outbreak of the war in Ukraine, prices of energy commodities – of natural gas in particular, but also electricity and coal – have surged to astonishing rates. The market of energy commodities has become completely unpredictable. The wholesale market in particular has grown extremely volatile and in need of more liquidity. This already complex situation caused by the Russian invasion in Ukraine and the limited supply of Russian gas was compounded by unplanned shutdowns of almost a half of France's nuclear plants over neglected maintenance. To top it all off, in late August and early September, several explosions occurred on the subsea natural gas pipelines Nord Stream, leading to Germany's decision to indefinitely suspend gas flows through this pipeline. Prices of gas and electricity both hit their historic highs, with the price of electricity supplies for 2023 rising by up to 1,000 EUR/MWh.

Against the backdrop of this crisis, UNIPER, the biggest German importer of Russian gas, has been plunged into an existential crisis and was forced to ask the federal government for financial help. Many energy traders had to deal with considerable difficulties in their efforts to secure sufficient funds to cover their stock obligations.

It must be stressed that in such an exceptional situation PRE managed to fulfil all of its obligations and to prevent any disruption of supplies of both electricity and natural gas to all its partners and customers. PRE is now rightly proud of its financially sound and forward-looking policy aimed at signing contracts and trading primarily with big and strong companies with high ratings, including several prominent Czech and European energy firms.

PRE ranks among the biggest and most stable electricity and gas traders in the Czech Republic. As such, PRE is capable of ensuring electricity and gas prices for its end customers at optimal prices, sometimes even several years ahead. In its trading policy, the group uses both organised trading instruments, such as brokerage platforms and EEX, along with its own direct contacts with its contractual partners.

PRE has been actively procuring electricity and gas for its customers on both Czech and German markets. Also, 2022 saw its successful entrance on the Dutch TTF trading point for natural gas, which is renowned for its high liquidity. This will allow PRE to expand its means of ensuring natural gas at competitive prices. Furthermore, PRE has been renting its own gas storage sites. As of 1 November 2022, their storage levels were 100% full. This has significantly helped PRE to ensure safe natural gas supply for its customers throughout the 2022/2023 winter period.

PRE's pro-active trading approach has also allowed it to fully harness the opportunities on the market, thus considerably increasing its good economic results in 2022.

PRE then continued in its efforts to develop and expand its activities aimed at promoting its sustainable development and environmental protection. To this end, it continues its long-term cooperation with local renewable energy producers in the Czech Republic. It has always promoted fair cooperation practices, which makes it a trusted and reliable partner in the eyes of its partners. The PRE Group keeps purchasing green energy from its traditional partners operating biogas and hydropower plants, including Povodí Vltavy, s.p. Moreover, the Group owns its own renewable energy generation plants and, in the near future, plans their further expansion. PRE is also active in buying certificates of guarantees of origin for its customers whose demand for green energy has been continuously on the rise.

Sales – B2B segment

In 2022, the trend of soaring commodity prices on the EEX in Leipzig continued. Electricity prices hit their all-time high in August, reaching almost 1,000 EUR/MWh. After this historic culmination, in September prices fell sharply down to 300 and 400 EUR/MWh, which is unfortunately still a hardly acceptable price for most households and businesses. Logically, the evolution of natural gas prices followed a similar trend. Moreover, it was complemented by fears of supply disruptions. To tackle this, on 7 October 2022, the Czech government adopted Regulation No. 298/2022 Sb., on setting electricity and gas prices in an extraordinary market situation, with the aim of putting a price ceiling on these. The measure was revised several times, with its final version granting protection to all customers from 1 January 2023.

All this has put the energy market in a unique and unprecedented position. Between August and October, many traders suspended new acquisitions, with some even refusing to provide new offers to their existing customers. The situation returned to normal at the end of the year when it became clearer how the losses suffered by traders would be compensated, restoring at least partially the market competitiveness. PRE's strategy was to hold its current market share without exposing itself to a greater risk of financial losses, should the proposed government compensation scheme be insufficient. It was already ready to face legal action for its failure to supply gas.

While in the past the trend was to purchase commodities more frequently in smaller quantities, most energy producers switched to spot purchasing using the SPOT product at the end of the year. Energy procurement in spot markets using the SPOT product poses the smallest possible risk for traders and it is equally attractive for customers as it gives them the potential possibility to secure energy at prices lower than the current ceiling under favourable circumstances on the stock exchange.

Given the popularity of the SPOT product, the volume of electricity traded online via the Moje PRE portal grew more slowly than in previous years. In light of the higher prices, customers were also less interested in purchasing guarantees of origin for electricity generated from renewable sources. In 2022, the inclination of customers to conclude multi-annual contracts was exceptionally low given the turbulent changes in commodity prices and the huge uncertainty on the market.

The total volume of electricity sold to customers in 2022 in the B2B segment was 4,300 GWh, which is approximately 18% more than in 2021 The total volume of natural gas in 2022 sold was 512 GWh, which represents a year-on-year increase of 3%.

Sales – B2C segment

The B2C segment saw a number of significant changes throughout 2022. These include most notably the soaring prices of energy commodities on the wholesale market over the course of the year. PRE responded to this by adjusting its prices for end customers. These price adjustments came in several waves, with the last one coming in autumn and becoming effective as of 1 January 2023.

Just like the year before, several smaller suppliers were forced to close their operations. PRE has fulfilled its legal obligation and supplied energy to those clients who were left without energy supplies from another company.

Given the high prices in 2022, PRE was unable to offer electricity under guaranteed prices. In late 2022, PRE became the only energy supplier who hadn't stopped accepting new customers. Especially in Prague, the company did its utmost to meet the needs of most customers and sign new contracts to make sure that nobody in its supply territory was left without electricity.

In response to the soaring prices of energy commodities, the Czech government took several steps to support households and regulate the market. Firstly, the requirements for so-called 'suppliers of the last resort' were strengthened. Then, a governmental order aimed at household support was issued. As part of this initiative, the government approved a special energy-saving tariff to aid households in the form of a subsidy from the state budget for energy suppliers. Also, consumers were exempt from the mandatory fee for the development of renewable energy. In its role as energy supplier, PRE received the subsidy and reflected it in the number of monthly payments for end customers, reducing it from 1 October 2022. Last but not least, these measures included the government's decision to regulate the market with electric energy. Since 1 January 2023, the government has placed a cap on energy prices. The Ministry of Industry and Trade ('MPO') and the Energy Regulatory Office ('ERÚ') started working on accompanying measures, in particular regarding compensation schemes aimed at offsetting the impact of the price cap.

In 2022, PRE continued to sell its combined products that proved to be a hit with customers, especially the PRE PROUD PLUS product which is designed for those customers who move to a new flat and need to have their electrical appliances checked. These inspections include in particular the state of electrical sockets, switches and lighting, and are aimed at minimising the risk of fire or injury. This product receives excellent feedback from customers who take part in PRE's regular user experience surveys – a tool the company uses to constantly improve its portfolio of services. In spite of the price hike, customers still show great interest in green energy offered by PRE under its PRE PROUD EKO product, which sells electricity with the EKO certificate, proving it is sourced exclusively from renewable energy plants in the Czech Republic. This summer, PRE has launched a pilot project with its new product entitled PRE PROUD SOLAR offering services to customers with their own photovoltaic panels with a capacity under 10 kWp (so-called microsources).

PRE is fully aware of the fact that the rising prices, inflation and other negative effects weigh heavily on end customers. That is why it launched several new products and initiatives aimed at cutting customers' energy bills. Firstly, it published a set of recommendations on energy efficiency and savings. These tips are available both at the company website and as printed booklets that are sent out to customers with their invoices. Secondly, PRE was the first company on the Czech market to actively encourage customers and other actors to achieve energy savings. To this end, it launched the PRÉMIE programme intended for households willing to cut their energy consumption between 1 November 2022 and 31 March 2023. The company will then compare the electricity consumption from the

2022/2023 heating season with the 2021/2022 heating season, and verify whether the involved customers managed to cut their bills. To those who managed to save at least 5% of electricity, PRE will grant a financial bonus that will be added to their customer account.

In the segment, the company aims at great customer service and customer relationships: to achieve this, it regularly monitors customer satisfaction and plans further digitisation efforts to increase the user-friendliness of its processes.

Sales – eYello CZ, k.s.

In line with its strategy and in light of the recent developments on the market, eYello CZ, k.s. (eYello) focuses on the supply of electricity and gas to households and small businesses. It offers simple and clearly defined products at attractive prices, flexible communication and comfortable administration through the Moje Yello (My Yello) online portal.

In 2022, the company supplied electricity and gas to more than 60 thousand customers. Despite the rising electricity and gas prices on the wholesale market, eYello managed to keep its customers.

Throughout 2022, the company continued to keep its brand relevant and managed to increase its familiarity among customers via several brand campaigns. To this end, the company created a TV spot to convince its existing customers of its relevance, while it also aimed at reaching out to new potential customers and make them aware of the eYello brand.

Electromobility

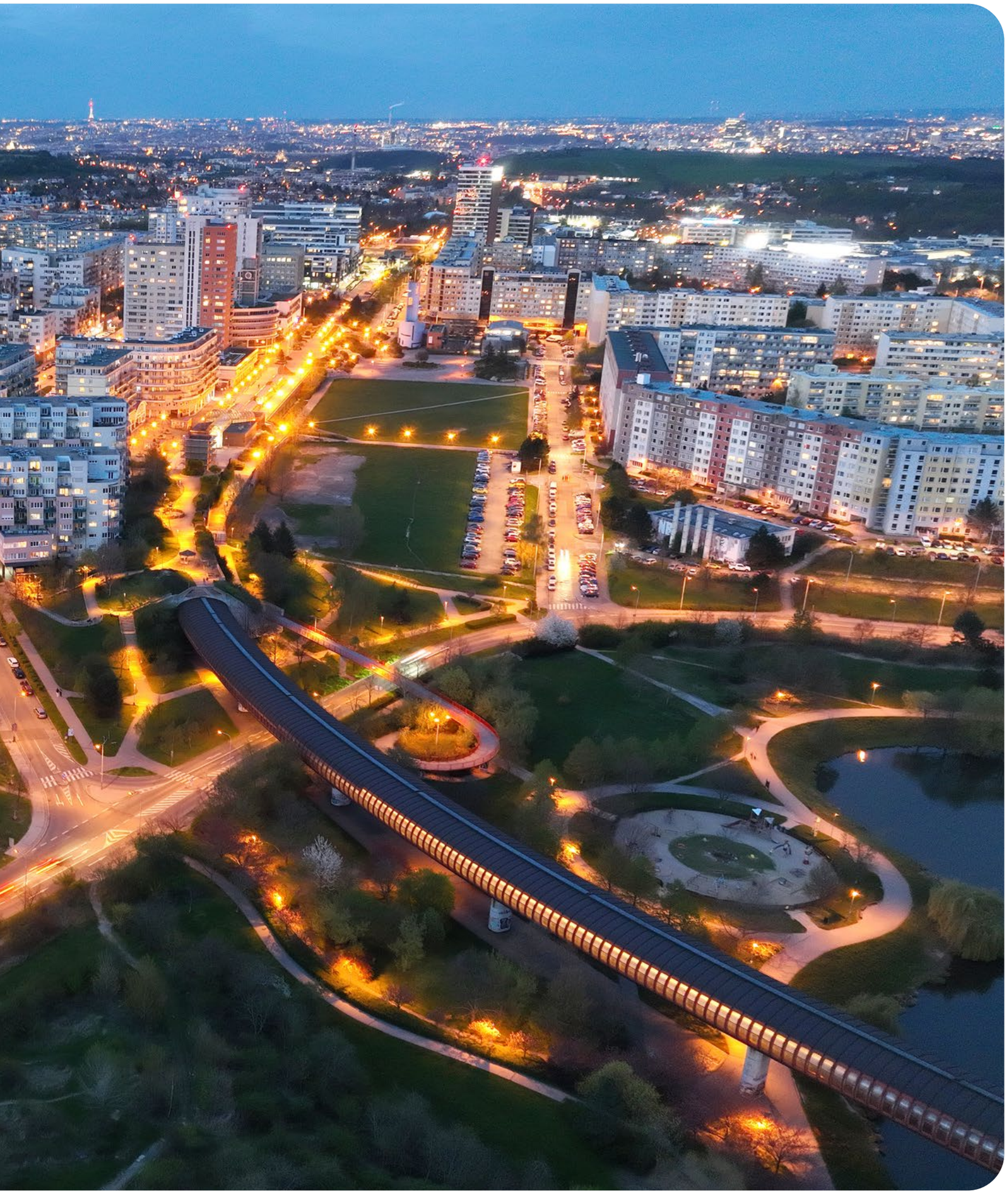
PRE has been actively developing electromobility solutions since 2010. Since then, it has gained a strong position on the market: it is the most prominent provider of electromobility solutions in Prague and the second biggest provider of public charging stations in the entire Czech Republic. In response to the rapidly growing demand for charging infrastructure, the PRE Group decided to significantly change the way electromobility was integrated in its internal structure, newly creating a separate division called 'E-mobility' which is part of the Sales division. This strategic change led to the fusion of two fields of activities where electromobility is developed and that had previously been dealt with by separate teams, i.e., development and management of the PREpoint network of public charging stations and charging infrastructure for private and corporate clients. From then on, all the agenda linked to electromobility is delivered in coordination with the remaining key energy products PRE's portfolio has to offer.

In terms of the company's monitored strategic goals, electromobility falls under the segment of the so-called smart city infrastructure. In this field, PRE further strengthened its role as operator of the public charging infrastructure and built 150 more charging points, with 117 of them located in Prague. These constructions were made as part of extensive infrastructure projects supported by the subsidy scheme 'Operational programme Transport'. Namely, PRE successfully implemented the 'PRE Backbone Network' project whose aim was to create a nationwide network of fast charging stations for electric cars (125 charging points spread across 50 Czech regions). Also, the 'PRE Metropolitan Network' project was brought to fruition, with more than 100 standard charging stations being implemented, especially in Prague. As part of other subsidized projects PRE builds both standard charging stations and ultra-fast charging points with output exceeding 150 kW.

As regards the charging infrastructure for private clients and companies, in 2022 PRE focused its activities mainly on standardising its portfolio of products to be able to meet the needs of an ever-greater number of customers. PRE's offer of electromobility solutions covers the entire supply chain from provision of charging stations, their installation and management to servicing for end customers. As such, the company's ambition is to ensure its position as a leader in providing comprehensive electromobility solutions primarily for its customers in Prague. In 2022, PRE gave priority to defining and completing its flagship product that is being designed in cooperation with property developers: charging infrastructure for multi-apartment buildings. PRE's ambition here is to provide a comprehensive charging solution that meets the high requirements of the operator of the distribution system, ensures electromobility features for newly constructed buildings and also offers a user-friendly approach to charging to individuals. The product also includes a special e-mobility charging tariff.

Generally speaking, PRE participates in the ongoing efforts to promote electromobility by co-creating a legal framework necessary for its development. To achieve this goal, PRE is a member of the Platform for Electromobility – an advocacy alliance bringing together actors from the energy and automotive sectors – and is also an active participant working on the creation and implementation of the National Action Plan for Clean Mobility of the Czech Republic. Furthermore, it actively cooperates with its mother company EnBW where it draws inspiration and promotes the implementation of international electromobility standards in the Czech Republic.


PRE
We encourage customers to save electricity.
60,000
Over 60,000 households have joined the PRÉMIE programme.



Public relations

In 2022, a year marked by such turbulent changes on the energy market, PRE Group's public relations policy prioritised establishing and maintaining the good reputation of a trustworthy trader of electricity and gas, a reliable distributor of electricity, an important and innovative provider of energy services. It was equally important to make sure that PRE was seen as a socially-responsible partner actively engaged in promoting sustainable development of the Prague region.

Philanthropy

The group is naturally committed to constantly enhancing the quality of its commercial services. Moreover, it actively participates in making Prague a pleasant place of high-quality living standards and well-being. This strategy goes hand in hand with supporting socially beneficial projects and organisations in need of help. Due to its urban character and close ties to the capital and its surroundings, the PRE Group strives to help mainly in the region where it operates. That is why these activities significantly contribute to creating the Group's good reputation and renown.

The donor and sponsorship activities are run by the parent company, i.e., Pražská energetika, a.s., on behalf of the entire PRE Group. These endeavours emphasise the support of charitable work, 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 and even international charity projects. On principle, all applications for donations with discriminatory content and contrary to 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 exclusively 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 submitting selected requests for further discussion and approval by the management of the company followed by its Board of Directors.

For these purposes, the Group has been cooperating with the Charter 77 Foundation, and their close partnership entered its second decade of existence last year. Via Konto Bariéry, the charitable account of this organisation, PRE allocates funds to Fond PRE (the PRE Fund) which has provided support to a number of successful initiatives. The joint aim of the Foundation and PRE is to use the financial resources to help address the healthcare and social needs of individuals with disabilities and to support organisations working with them. The cooperation with the Charter 77 Foundation increases the efficiency of the donor activities, for its staff closely cooperates 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 is 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 over the year. The Charter 77 Foundation concludes deeds of donation with the recipients. The maximum possible financial contribution for one project is CZK 200 thousand.

In 2022, the total amount of donations made by PRE was almost CZK 7.8 million. A total of 36 organisations received direct funds and 72 more donations were made using Fond PRE established within the Charter 77 Foundation. The average contribution to a project from Fond PRE in 2022 was approximately CZK 34 thousand.

Who received donations this year? PRE traditionally cooperates with healthcare providers, such as the Královské Vinohrady University Hospital (Fakultní nemocnice Královské Vinohrady), Apolinářská nedonošeňátka, z.s., of the Maternity Hospital Apolinář (Porodnice u sv. Apolináře), etc. In the social sector it cooperates with the Our Child Foundation (Nadace Naše dítě), the Linka bezpečí helpline, the Association of the SOS Children's Villages and many more foundations, associations and charitable institutions. PRE also supports people with disabilities, for example through Wheelchair Club Petýrkova, the Smiling Crocodile, o.p.s., a kindergarden and elementary school for children with multiple disabilities, the public benefit corporation for children with disabilities Zajíček na koni as well as the Open Workshop of Pavla Výborná (Otevřený ateliér Mgr. Pavly Výborné) and the Center for hearing-impaired children Tamtam (Centrum pro dětský sluch Tamtam). PRE did not forget about education, culture, and training-related activities, supporting the Kampa Museum – the Jan and Meda Mládek Foundation (Museum Kampa – Nadace Jana a Medy Mládkových), the Prev-Center, z.ú., as well as the Talent and Skills Association (Nadání a dovednosti), Culture for Jižní Město (Kulturní Jižní Město) and PVTS, PRE's branch. PRE's cooperation with the Faculty of Electrical Engineering of the Czech Technical University in Prague (FEL ČVUT) – consisting in providing internships to prospective energy experts – is considered indispensable.

Membership in organisations and associations

The most notable organisations and associations the PRE Group companies belong to include the following: 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 (ČSRES), ČK CIRED, Czech Company Lawyers Association z.s. (Unie podnikových právníků ČR), German-Czech 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 (Sdružení provozovatelů distribučních soustav), Solar Association (Solární asociace), Association of Electronic Commerce (APEK), Association of High Voltage Test Facilities (Asociace zkušeben vysokého napětí), Friends of the National Technical Museum in Prague (Klub přátel Národního technického muzea v Praze), Association of the Electric Vehicle Industry (ASEP), Platform for Electromobility (Elektromobilní platforma), Association of Independent Energy Suppliers (ANDE), Czech Institute of Information Security Managers (ČIMIB), IT Service Management Forum (itSMF Czech Republic), RIPE NCC (Regional Internet Registry), CACIO (Czech Association of IT Managers), IMFA CZ (Facility management in the Czech Republic), ČPA (Czech Parking Association, z.s.p.o.), EDU DSO Entity (European Union Distribution System Operators), Chamber of Renewable Energy Sources (Komora obnovitelných zdrojů energie), Czech Wind Energy Association (ČSVE), Professionals in Accumulation and Photovoltaic Systems (CAFT), Association of Energy Services Providers (APES) and Transport Union of the Czech Republic (SP ČR).

Subsidy schemes

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

..... PRE's Backbone network – No. MS2014+ CZ.04.2.40/0.0/0.0/18_030/0000213
This project is funded by the 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. It was launched on 1 October 2018. The subsidy was formally approved on 13 June 2019. The terms of the project set the expiration date on June 2022 and the project was completed within this deadline. As part of this, PRE installed a total of 125 high-performing charging points in fifty Czech districts.

..... PRE's Metropolitan network – No. MS2014+ CZ.04.2.40/0.0/0.0/16_030/0000226
This project is also funded by the 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 a further development of charging stations in the capital city of Prague. The project was launched in February 2019 and will promote the development, quality, and density of the charging stations infrastructure. The subsidy was attributed on 27 June 2019 and the project is due to expire in June 2022. It was completed within this deadline. As a result, 112 regular charging stations were installed especially in Prague.

..... Metropolitan network II – No. MS2014+ CZ.04.2.40/0.0/0.0/19_030/0000466
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 so-called residential charging infrastructure in the capital. As part of the project, a total of 300 charging stations will be constructed in different parts of Prague. The project was launched in June 2020 and is due to expire on 30 June 2023. As of the balance sheet date, 140 charging stations have already been put into operation and the remaining ones are being prepared.

..... Charge.PRE.2022 (OPD84) – No. CZ.04.2.40/0.0/0.0/20_084/0000520
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 complementary network of charging stations. The project was launched in June 2020 and is due to expire on 31 March 2023. The project's aim is to install a total of 20 charging stations. As of the balance sheet date, 10 charging points have already been implemented and the remaining ones are being prepared.

..... Central European Ultra Charging (CEUC) as part of Connecting Europe Facility – Grant Agreement No. INEA/CEF/TRAN/M2017/1489259 – No. 2017-EU-TM-0065-W
The project was launched in January 2018 and it is due to expire on 30 June 2023. The project's main objective is to build 118 ultra-fast charging stations in Austria, Italy, the Czech Republic, Slovakia, Hungary, Romania, and Bulgaria. PRE implements the project in 5 to 10 chosen sites in the Czech Republic. A total of 4 sites have already been completed.

..... Providing usability of flexibility aggregation including demand side management for power system regulation purposes – No. in the Central Registry of Projects TK02010049
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 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. VI20192022124
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 the years 2015–2022 (BV III/1 – VS). The primary recipient of the state subsidy is the Czech Technical University in Prague. PREdi also participates in the project and draws money from the state subsidy scheme in line with the project's conditions. It was launched on 1 July 2019 and it is due to expire on 30 June 2022.

..... Pilot project of 'using the spare capacity' of large battery systems for support services (Eflex) – No. in the Central Registry of Projects TK03020118
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's objective is to define how the 'spare capacity' of battery systems designed to accumulate energy for support services can be used. The primary beneficiary of the state subsidy is ČEPS, a.s. PREdi also participates in this scheme, but in this case does not draw any resources. It was launched on 1 July 2020 and it is due to expire on 30 June 2023.

..... Load management for power distribution – No. in the Central Registry of Projects TK04020195
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 aims to design HW and SW technologies that will allow for a decentralised management of the operations of distribution networks and consumption points in the current modern energy sector. The primary beneficiary of the state subsidy is ZPA Smart Energy, a.s. PREdi also participates in this scheme, but in this case does not draw any resources. It was launched on 1 January 2022 and it is due to expire on 31 December 2024.

..... Optimalisation of AMM roll-out based on pilot projects and testing value-added communication systems – No. in the Central Registry of Projects TK04020157
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's aim is to explore new possibilities of communication technologies and to analyse their roll-out in a complex ICT network. The primary recipient of the state subsidy is the Czech Technical University in Prague. PREdi also participates in the project and draws money from the state subsidy scheme in line with the project's conditions. It was launched on 1 January 2022 and it is due to expire on 31 December 2024.

..... Design, development and practical testing of IT system for optimisation of spare capacity of distribution network for electric vehicles charging using public charging network and testing of dynamic management of charging using V2G feature – No. in the Central Registry of Projects TK04020147
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 aims to offer a solution for

the operators of the distribution network that will help save investment costs paid by the operators and will help accelerate the development of the charging infrastructure. The primary beneficiary of the state subsidy is Unicorn Software Factory, a.s. PREdi also participates in this scheme, but in this case does not draw any resources. It was launched on 1 January 2022 and it is due to expire on 30 June 2024.

..... Employment Support Programme Antivirus
In line with the measures currently in place, the PRE Group companies fulfilled the conditions laid down by the Ministry of Labour and Social Affairs and qualified for the subsidy programme Antivirus – Employment Support. The programme is divided into two regimes ('regime A' and 'regime B') and provides financial assistance to employers whose employees are under mandatory quarantine or whose business activities are partially or completely restricted as a result of the government restrictive measures. Individual companies in need of support filed their applications for the Antivirus programme under specific conditions set out in Allowance agreements concluded between the companies and the Labour Office of the Czech Republic. In 2022 alone, the PRE Group companies requested a total of CZK 2,145,222 within this state support scheme.

..... The PRE Group companies has also applied for subsidies from the Modernisation Fund.
Following the call for proposal RES+ No. 1/2021 – Photovoltaic power plants under 1 MWp, PREm was chosen to receive funding amounting to CZK 6.9 million for its photovoltaic power plant FVE Pozorka II (expansion of the existing FVE Pozorka). As planned, the works were launched in the fourth quarter of 2022 and should be completed by 2023
The following projects also applied for subsidies for the implementation of photovoltaic panels under the programme titled RES+ No. 2/2021: FVE Mlýnec and FVE Nové Sedlo owned by PREm and PRE FVE Nové Sedlo. The subsidy was granted to both projects and it will be used during the upcoming years to support their implementation.

Human resources

Human resources management

The Human Resources department carries out all of the personnel administration and wage calculations for the PRE Group (the parent company and its subsidiaries). Both tariff and negotiated wages are used in the PRE Group; their specific applications are governed by the respective company standards.

Employment-related issues, social policy, healthcare and remuneration are enshrined in a collective agreement that is generally concluded for a three-year period. The detailed provisions of the collective agreement currently in force are set out in more detail in internal regulations of the parent company and its subsidiaries PREdi, PREm, PREzak and PREs. Its subsidiaries PREnetcom, Kormak, Voltcom and eYello have their own internal company standards that set out their specific principles and rules for employment benefits.

The Human Resources department is also in charge of dealing with all the necessary administrative steps related to occupational safety and environmental protection, such as keeping track of work-related injuries and carrying out inspections of fire safety and environmental protection.

All the documentation linked to the personnel administration and selected processes are regularly digitised. This helps PRE achieve not only higher quality and efficiency of these processes, but it also opens doors to cutting-edge technology in HR management. The SAP HR module is used for reporting and management of the personnel administration and wage calculations.

Healthcare

PRE considers the healthcare of its employees as one of the top priorities of its social policy to which it allocates substantial funds. As responsibility for health is not limited to our professions, the management of PRE feels collectively responsible for the health of its employees and places it at the heart of its concerns. Employee healthcare consists of two key areas.

The first one is occupational healthcare provided by PRE to its employees in the form and scope set forth in the applicable legislation. These services are provided 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 of all PRE employees. In addition to the legally mandated occupational healthcare, PRE also provides preventive vaccination against seasonal diseases to all its employees free of charge. Also, the occupational health professional cooperates closely with the Occupational Safety and Environmental Protection department ('OSEP'), carrying out occupational health inspections at workplaces that are planned for in advance according to an annual schedule. Where shortcomings in ergonomics or inadequate social conditions are detected in specific workstations, the occupational health professional in cooperation with the BPZP department proposes measures to eliminate the identified deficiencies. The aim of these inspections is to reduce work-related accidents and diseases of PRE employees at workplaces.

The second area that is deemed important for both the employer and employees is the healthcare that is provided in addition to the legally mandated services and is completely free of charge for all PRE's employees. All of them have access to free preventive healthcare programmes. Most notably, they include breast cancer screening and treatment, urological and thyroid screening as well as extra dental care provided at PRE's dental office.

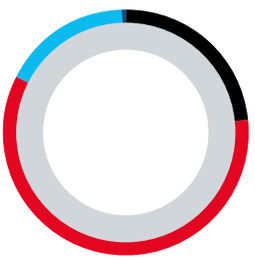
Managers of the PRE Group are also provided with a preventive healthcare programme at the Na Homolce Hospital and Pavel Kolář's Centre for Musculoskeletal Medicine.

Social policy

Social policy is among PRE's core values. A transparent social policy and a high standard of employee care demonstrate that PRE cares for the well-being of its employees, their motivation and a good social climate. Thanks to its robust social policy programme, PRE constantly improves its employees' living standards and economic situations.

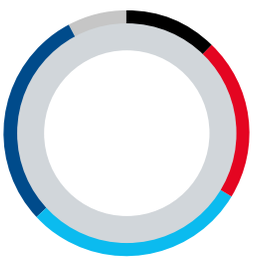
PRE Group employee qualification structure

	%
University	25.75
Secondary concluded by an exam (maturita)	57.31
Secondary and secondary vocational	16.51
Primary	0.43



PRE Group employee age structure

	%
under 20 years	0.18
20–30 years	12.11
30–40 years	21.35
40–50 years	29.66
50–60 years	29.18
Over 60 years	7.52



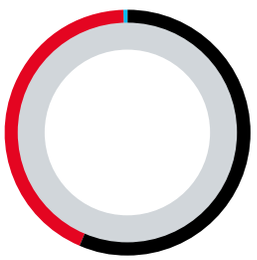
Key principles of the social policy are enshrined in the collective agreement. They attest to the employer's long-standing commitment to provide a robust social care programme that enhances its employees' social situations, improves their workplaces, the quality of catering and other aspects via both blanket and elective fringe benefits.

Blanket benefits can be used by employees in accordance with the principles laid down in the collective agreement whose scope is detailed in relevant internal standards set forth by the employer. In particular, they include meals offered to employees, extra healthcare and medical treatments, the payment of bonuses related to old-age pensions and life insurance, summer and winter stays for employees' children, the provision of interest-free housing loans, social loans and social welfare benefits as well as other benefits that can be accessed by any employee provided that they comply with all the requirements and principles set out in the relevant documents.

Optional benefits, on the other hand, are selected by each employee according to their preference and they can be used via their personal accounts. Each employee can draw points from a system of personal benefit points (called PREkoruny) whose amount is defined in the collective agreement. The principles of use of these optional benefits

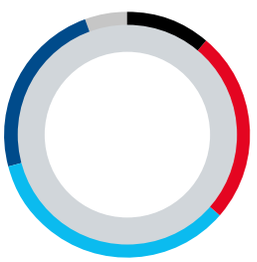
PRE qualification structure

	%
University	56.51
Secondary concluded by an exam (maturita)	42.97
Secondary and secondary vocational	0.52
Primary	0.00



PRE age structure

	%
under 20 years	0.00
20–30 years	11.20
30–40 years	25.26
40–50 years	34.64
50–60 years	23.44
Over 60 years	5.46



are provided for in the collective agreement and set out in more detail in the internal standards set forth by the employer. The structure of optional benefit programmes is regularly redesigned to reflect the employees' real needs and priorities.

Training

PRE sees the development and training of its employees as an important long-term process which contributes to creating a positive and stimulating work environment where all its employees can achieve the required qualifications and skills.

In line with PRE's HR policy and main strategic goals, the general objectives of training and development of its employees lie in achieving the required level of qualifications and skills as defined by a skills gap analysis, developing key competences, career planning and management of employees and support of their personal growth, developing competencies and skills necessary for individual job positions, enhancing the quality of services provided to customers, gradual digitisation of professional development processes and, last but not least, maintaining a high degree of motivation, loyalty and identification of employees with PRE as organisation.

The individual short-term development objectives are based on the specific needs and requirements of all of the PRE Group companies. They are then defined every year in the Training and Development Plan of the PRE Group. In 2022, the main focus of training and development was on soft skills, especially via a number of specialised courses and training programmes designed for technically specialised professions. PRE also focused its activities in this field on management development and training. A total of 28 employees were nominated by the heads of departments or directors of individual companies to take part in an assessment centre for a programme of further education and development for replacement purposes. The selected employees will undergo the training to prepare for their future managerial roles. In November, several six-month-long managerial programmes were launched for potential replacements; other programmes opened for 27 group leaders and 18 head of departments.

In the field of training, PRE appreciates its close cooperation with vocational schools. As part of its Recruitment programme, PRE continues to cooperate with selected secondary schools, especially those specialised in electrical engineering, offering placements to graduates to help them successfully enter the job market despite their lack of previous experience. The current shortage of skilled labour in specific technical fields attests the importance of deepening further the cooperation between PRE and universities, especially ČVUT FEL and FIT whose study programmes prepare future experts in a number of technical fields, including electrical engineering and information technology. In 2022, PRE launched its 'Trainee Programme' whose aim is to foster long-term cooperation with talented university students of electroenergetics and information technology at ČVUT. Successful trainees will be offered a job position within the PRE Group. The pilot phase of the project is scheduled to begin during the first quarter of 2023.

PRE is fully aware of how important it is to have its training and education processes fully aligned with state-of-the-art professional development methods and techniques that are in a constant state of change, mainly due to digitisation. Therefore it is very important for PRE to optimise its training and development policy in the most efficient way every year.

Environmental protection and OHS

The PRE Group has considered environmental protection as well as the protection of the occupational health of its employees as one of its top long-term priorities. Considering the possible impact of its actions, it regards the environmental protection inextricably linked to energy efficiency, occupational health of its employees as well as third parties. In line with its Policy on environmental protection, safety and energy efficiency, the PRE Group has made efforts to fulfil its commitments and objectives provided for in the environmental management systems according to CSN EN ISO 50001:2019 and CSN EN ISO 14001:2016. Some of the PRE Group companies have their systems certified according to these standards.

The most notable steps taken by the PRE Group to promote the environmental protection and energy efficiency in 2022 include:

- calculating the organisation's carbon footprint for the previous year and establishing initiatives and identifying competences aimed at its long-term reduction;
- launching a limited product to encourage customers towards reducing their household electricity consumption;
- launching the implementation of the project aimed at enhancing the generation capacity of the organisation's own renewable sources;
- putting into operation more than a hundred charging stations for electric cars; and,
- replacing technological equipment to eliminate the risk of leakage of gases harmful to the Earth's atmosphere.

In terms of the occupational health and safety of its employees, the PRE Group has been implementing preventive programmes aimed at the promotion of good health of its employees.

In this respect, 2022 saw the implementation of the following projects:

- implementing training programmes for its suppliers and employees focused on individual PRE workplaces; and,
- putting into operation new technical measures taken to increase the safety of employees working at heights at selected PRE workplaces.

Both occupational safety and environmental protection were enhanced with the completed refurbishment of the organisation's business premises, where new energy saving measures were implemented, emissions of gases harmful to the Earth's atmosphere were eliminated and the overall quality of the working environment of all workplaces was enhanced.

In terms of occupational safety, 2022 saw a number of important changes dictated by the amendments to the legal requirements regarding operating specific technical devices. The PRE Group had to follow these changes by adopting a number of steps aimed at aligning its processes with the new legislative framework.

During the first half of 2022, the PRE Group also took several measures to tackle the effects of the subsiding covid-19 pandemic.


PRE
We focus
on the quality
and reliability
of electricity
distribution.
6,000
In 2022,
we distributed
6,000 GWh of
electricity through
our networks.


SLAVIA

Risk management system in the PRE Group

Risk management is one of the key tools in 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 an integrated system aimed at identifying, assessing, managing, monitoring and reporting the major risks and opportunities posed to the PRE Group. The risk management system also ensures timely warning. Particular attention is given to the risks that could have the biggest impact and therefore present the biggest threat. All risks are recorded in a list of risks of the PRE Group companies.

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 and evaluated for selected indicators.

To identify and classify individual risks, a risk map is used that recognises risks of four main categories: strategic, operational, financial and compliance risks.

Strategic risks are mainly connected to technology developments (smart city infrastructure), sustainability of operations and societal changes.

Operational risks relate to the company's business processes, operational activities, infrastructure as well as to the changes in legislation and regulatory parameters that can have a profound effect on the company's regulated activities in particular.

Financial risks are connected to financial management and the company's financing and also include the issues with late payments of customers or other business partners (credit risk) as well as risks posed by price changes in energy commodities or exchange rates.

Compliance risks relate to non-compliance and violation of statutory as well as internal regulations and provisions.

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 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 established rules and best practices.

Internal audit activities are managed by the Internal Control System division. In 2022, the Group started to cooperate with the consultancy Grant Thornton Advisory, s.r.o., now in charge of conducting internal audits.

As part of this partnership, the existing internal audit methodology of the PRE Group has been brought up to date. The long-term audit plan, which is adopted by the PRE Board of Directors, is now newly drawn up for a five-year period. Both the long and short-term audit plans are established taking into account the outcomes of the Group's risk analyses. They are in line with the PRE Group's business objectives and identify priorities for each internal audit. The Group's audit planning involves both internal and subsequent audits. If the situation so requires, audits based on a request from the management are conducted, too (they go beyond the scope of the audit plan).

The findings relate to the design and efficiency of processes, the strengthening of control mechanisms, 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 ISO 14001 and ISO 50001, the internal audits according to ISO 9001, and internal audits of occupational health and safety management systems according to 'Safe Enterprise' (Bezpečný podnik).

Compliance

In 2022, the Group's unified Compliance Management System (CMS) was further extended and adjusted to reflect the best practices and foster PRE's reputation as a well-established and fair company. CMS was significantly extended to include new tools for prevention and detection of and reaction to compliance risks. As the system had to respond swiftly to new challenges, this year, priority was given to the issues arising from the turbulent changes in the electricity market and the war in Ukraine.

As part of its effort to promote an ethical corporate culture, the PRE Board of Directors approved an updated Code of Ethics, which has been supplemented to provide for additional situations that are usually associated with ethical dilemmas. The document's aim is to offer guidance and support as to how to act in these situations.

As the pandemic subsided, the company organised all the relevant training programmes in person, but kept their online format in case of need.

Despite all the negative external circumstances, both PRE and the entire PRE Group managed to keep their management and control environment at a high level and develop it further. The system traditionally focused on managing regulatory compliance, particularly in the areas of energy regulation and environmental safety and protection.

The company introduced new external ethical guidelines following the standards of the EU Whistleblowing Directive. It has also put in place measures that not only ensure protection for whistle-blowers, but will also help prevent any illegal or unethical conduct that could harm PRE. Furthermore, in line with the rules for the protection of whistle-blowers, a structured procedure of internal investigation was put in place.

No compliance incident that would have an impact on the company's business activities was reported throughout 2022.

Similarly, no compliance incident related to the protection of personal data and data in general was reported throughout the year in any of the PRE Group companies.

Data protection officer

The primary role of the data protection officer ('DPO') is to supervise practices in the field of the processing and protection of personal data in order to ensure that the company's activities are in compliance with the GDPR and other legal rules regulating personal data protection.

Relevant documents related to individual acts of processing personal data serve as the main tool of the supervision exercised by the DPO. The documents 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 clients and other natural persons related to the exercising of their rights under the GDPR.

Regular consultations and training, organised 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 ombudsperson is to help customers navigate the issues related to electricity consumption and facilitate informal problem solving. Their task is to seek and find mutually satisfactory solutions to the issues raised by customers, while respecting each customer's individuality as well as the PRE Group's rules.

Just like in previous years, in 2022, the ombudsperson received a high number of submissions, addressed either directly to the e-mail address ombudsman@pre.cz, or using a form on PRE's website. This reflects the situation on the energy market which led to an overwhelming number of issues raised by customers on all communication channels.

The most frequent reasons customers turned to the ombudsman were rising electricity and gas prices, state assistance in this area, questions about price-fixing contracts, etc.

Subsidiaries

PREdistribuce, a.s.

PREdistribuce, a.s., (PREdi) is a stable and thriving energy company, which owns and operates the distribution system in the capital Prague, in Roztoky and in Žalov covering an area of 504 km2. It has been carrying out its operations in accordance with the Energy Act in the public interest, as it has held electricity distribution licence No.120504769 from the ERÚ since 1 January 2006 for an indefinite period of time. It is one of the PRE Group companies and a 100% subsidiary of its mother company PREnetcom, a.s., (PREnetcom).

PREdi 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. The distribution of electricity is subject to price and quality regulation by the ERÚ. PREdi officially started operating on 1 January 2006.

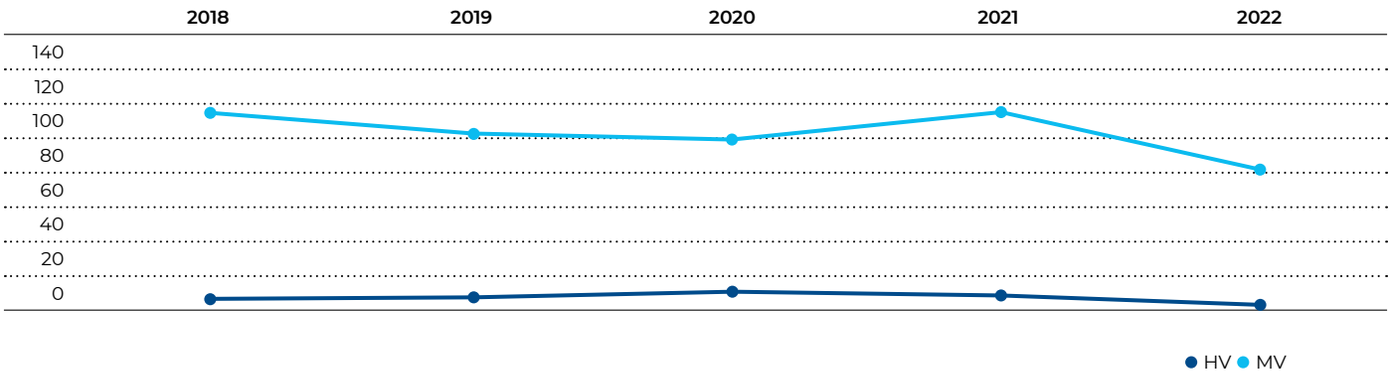
Its main mission lies in providing a high-quality, efficient, reliable and safe supply of electric energy to all its customers in the licensed territory. Its key processes and activities include ensuring a continuous energy supply as well as efficient renovation, development and modernisation of the distribution network, the connection of new customers, buildings and structural units to the network, optimal operation control and resolution of failures, maintenance and repairs of the network, measurements and other services related to distributing electricity to customers on low and high voltage levels and electricity producers.

As a licensed operator of the distribution network, PREdi provides non-discriminatory services to all actors in the energy market. This approach is regularly emphasised in its Annual report in the section devoted to the implementation of equal treatment measures aimed at eliminating all discriminatory practices. In 2022, all output and energy demands of both the existing and new customers and development projects in the licensed territory were met.

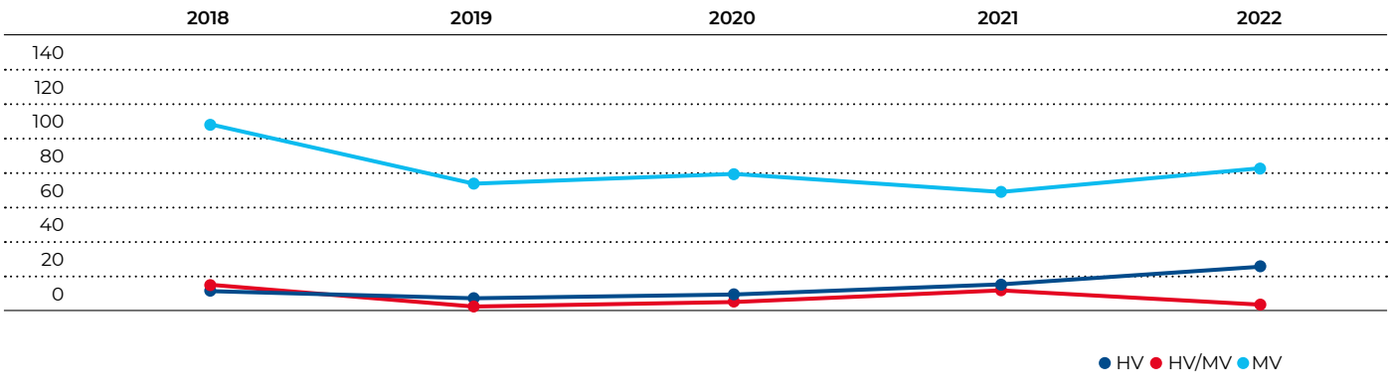
The distribution system consists of 110 kV, 22 kV and 0.4 kV overhead lines and cable lines, 110/22 kV transformer stations and 22/0.4 kV distribution transformer stations. Its operations are overseen and managed by the Energy dispatcher control station. The continuity of electricity supply was not affected by any elemental supply failure throughout 2022. In early June, there was a major power outage in the HV network at the 400/110 kV Chodov nodal transformer station, which is owned and operated by the company ČEPS. The equipment failure caused a disruption in the supply of electricity to almost 2,000 PREdi transformer stations. 40% of customers were affected by the power outage, and public transportation in the southeast part of Prague was also affected. The power supply was successfully restored within one hour ensured high-quality maintenance of the distribution network under 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 supply, distribution and related services. With regard to all customers connected to the distribution system, the quality standards of electricity supply were met in accordance with SAIDI/SAIFI reliability indicators and the quality standards of related services complied with ERÚ Decree No. 540/2005 Sb., as amended.

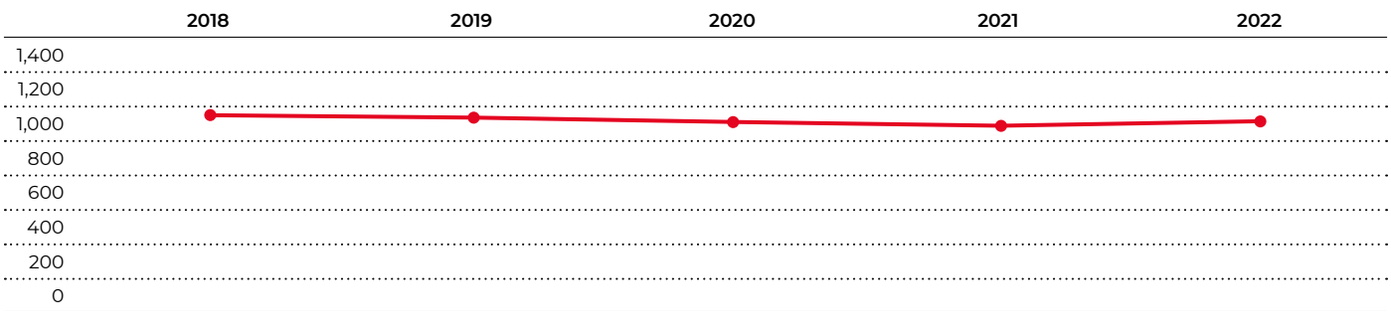
Number of HV and MV failures



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



Maximum achieved load (MW)



In 2022, the energy sector was influenced by a number of significant events. At the beginning of the year, PREdi had to deal with the effects of the subsiding covid-19 pandemic. Then, the world was taken by surprise with the Russian invasion of Ukraine, which has turned global geopolitics as well as the energy sector upside down. This resulted in an extreme electricity and natural gas price hike. In light of this sudden change, the government of the Czech Republic was forced to take several austerity measures in the form of new energy tariffs and price capping for both commodities for 2023. This surge in energy prices has led to a greater demand for small solar power plant units with accumulation systems and heat pumps.

Also, PREdi had to respond to an extraordinarily high number of regulatory amendments taken by the government in light of the changed international context and energy crisis. To tackle the dire situation and the overall disruption of the energy market, caused by Russia's aggression against Ukraine, the European Commission drafter REPowerEU, an ambitious set of measures that aim to cut the EU's reliance on Russian fossil fuels as quickly as possible, well before 2030, fast forward the green transition, while increasing the resilience of the EU-wide energy system. The plan includes both financial and legal steps aimed at building new energy infrastructure and a system to fit Europe's needs. This rapid development of European legislation and energy strategy illustrates the speed of change that the energy sector is undergoing.

Despite the above-mentioned challenges, the company managed to reach all of its economic goals and performance indicators. Its EBITDA reached CZK 3,203 million, which was CZK 157 million more than in 2021. At the end of 2022, more than 830 thousand consumption points were connected to the distribution system, which represents a 0.9% increase year-on-year. The highest peak load of the distribution system was recorded on 14 December 2022 amounting to 1,137 MW, which is a value higher than in the previous two years. In 2022, PREdi distributed 6,000 Gwh of energy on all voltage levels, which was slightly more than last year.

In 2022, PREdi invested CZK 1,956 million (including capitalisation) in the renovation and development of its distribution network, which is CZK 111 million more than in 2021. Its major completed construction projects implemented in 2022 include the continued construction of a cable tunnel between the Karlín TS and Hlávka bridge

Selected network indicators

	Measurement unit	2022	2021	2020	2019	2018
Maximum network load	MW	1,137	1,117	1,121	1,162	1,187
Total length of electricity networks	km	12,541	12,468	12,422	12,372	12,276
of which: HV	km	220	220	220	221	221
MV	km	3,937	3,914	3,906	3,899	3,881
LV	km	8,384	8,334	8,296	8,252	8,174
Number of HV/MV transformer stations	pieces	26	26	26	25	25
of which: owned by PREdi	pieces	25	25	25	24	24
owned by other entities	pieces	1	1	1	1	1
Number of MV/LV distribution stations	pieces	3,272	3,253	3,237	3,221	3,214
Total number of MV/LV stations and MV/LV stations	pieces	5,001	4,968	4,934	4,906	4,876

and the cable tunnel Invalidovna I, the completion of the construction of the Pražačka TS, the continued restoration of the 110 kV distribution station and the control system of the Jih TS, the continued construction of the Slivenec TS as well as the launch of the construction of the 110 kV overhead lines between the Sever and Východ TSs in the area served by the Letňany TS. In line with its investment plan, the company also continued with the renovation of 22 kV switching stations and 22/0.4 kV distribution transformer stations and MV and LV cable lines. Considerable funds were invested in the smartening of its distribution system on MV and LV levels as well as in constructing new telecommunication infrastructure with great potential to offer new services and create strong value added as part of smart home and smart city concepts. In 2022, the total number of “smartened” distribution transformer stations operated by PREdi exceeded 10%. In line with its strategy, PREdi plans to further increase this share. The positive effects of “smartening” are felt in a number of areas, the most visible being the speed of restoration of electricity supply in the case of faults in the MV cable network. 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 voted by the Czech government in 2019. Further works were done to expand the general roll-out of AMM (Automated Metre Management) smart metering systems.

The implementation of modern technologies enhances the standard of living of Prague citizens, improves energy consumption savings, reduces the environmental burden posed by the energy sector and provides shared data for public purposes. PREdi wants to remain a stable and prosperous energy company, a reliable electricity distributor for its customers and a trusted partner in solving their problems with electricity distribution to their consumption points. In the years to come, it will strive to meet the challenge of increasing the reliability, quality and safety of electricity supply to all of its customers in light of the fast-changing context and needs of the energy sector.

PREměření, a.s.

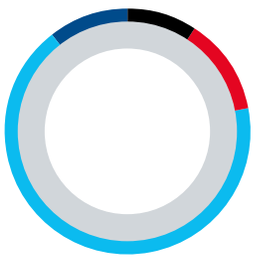
PREměření, a.s., (PREm) is one of the first PRE subsidiaries. It was established in 1998 as Cejchovna elektroměrů Praha, a.s., created on the foundations of a former PRE metering station. In 2005, it changed its name to PREměření, a.s. Since 1 January 2008, the company has taken over all activities of ODEM, a.s. (specialised in readings of metering devices) and selected activities linked to the installations and the purchase of metering devices from PREdi. In the following years, its activities expanded to include the 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., and Pražská teplárenská, a.s.

PREm produces electricity using the photovoltaic and wind power plants in its ownership. Currently, its portfolio of renewable energy sources accounts for the total installed capacity of almost 30 MW.

In addition, the company has been offering and developing energy services across all customer segments since 2013.

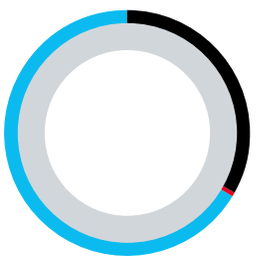
Number of electricity metre installations carried out in 2022

Customer requests	8K
New consumption points	11K
Verification	58K
Certification	9K
Total	**86K**



Number of metre readings in 2022

Gas	411K
Heat	8K
Electricity	820K
Total	**1,239K**



Renewable sources of energy operated by PREm

Renewable sources of energy	construction / start of operations	acquisition	installed capacity	total generated energy for 2022 in MWh
Photovoltaic power plant Jinonice	2010		0,173 MWp	182
Photovoltaic power plant Lhotka	2010		0,060 MWp	60
Photovoltaic power plant Pražačka (I-III)	2010		0,138 MWp	113
Photovoltaic power plant Hrouda	2010		0,028 MWp	23
Photovoltaic power plant Sever	2010		0.173 MWp	182
Photovoltaic power plant Lhotka	2010		0.060 MWp	60
Photovoltaic power plant Pražačka (I-III)	2010		0.138 MWp	113
Photovoltaic power plant Hrouda	2010		0.028 MWp	23
Photovoltaic power plant Sever	2010		0.204 MWp	217
Photovoltaic power plant Kondrac	2009	11/2011	1.109 MWp	1,238
Photovoltaic power plant Hořovice	2010	12/2011	1.087 MWp	1,153
Photovoltaic power plant Pozorka	2010	2/2013	3.998 MWp	4,397
Photovoltaic power plant Ořechovská	2009	12/2013	3.168 MWp	3,777
Photovoltaic power plant Rajhradská	2009	12/2013	3.168 MWp	3,707
Photovoltaic power plant Dačice	2009/2010	12/2014	4.848 MWp	5,399
Photovoltaic power plant Mikulov	2009	12/2014	0.941 MWp	1,142
Photovoltaic power plant Pozořice	2010	4/2015	4.596 MWp	5,238
Photovoltaic power plant Holešovice	2018		0.007 MWp	5
Photovoltaic power plant Kormak	2021/2022		0.067 MWp	37
In total photovoltaic power plants PREm			**23.592 MWp**	**26,688**
Photovoltaic power plant Světlík	2009/2010	11/2017	2.154 MWp	3,154
In total photovoltaic power plants			**25.746 MWp**	**29,842**
Wind farm Částkov I	2009	12/2019	2.000 MW	3,690
Wind farm Částkov II	2009	12/2019	2.000 MW	3,690
In total wind farms			**4.000 MW**	**7,380**
In total renewable sources of energy			**29.746 MW**	**37,222**


PRE
We have been developing e-vehicle charging infrastructure for a long time, not only in Prague.
500
We operate over 500 charging stations throughout the Czech Republic.


gorenje

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 offering supply of electricity, and since 2013 supply of gas to its end customers all over the Czech Republic.

The company, operating under the Yello Energy brand, has ranked among 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). The latter has been offering electricity supply since 1999 under the Yello brand on the German market , where it ranks among one of the most successful alternative energy suppliers.

The company's activities for 2022 are stated in more detail in the chapter "Trading with electricity and gas" under the section "Sales – eYello CZ, k.s."

KORMAK Praha a.s.

KORMAK Praha a.s. (Kormak) has been a member of the PRE Group since 14 March 2016 as a 100% subsidiary of PRE. It provides a complete range of engineering, design and construction services in the field of LV, MV and HV cable lines and 22/0.4 kV transformer stations. 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. Within the PRE Group, Kormak has contributed greatly to smart city projects by constructing optical networks and smartening transformer stations, and it also helps expand e-mobility by designing and building new charging infrastructure for electric vehicles.

In 2022, it completed the project involving the laying of MV overhead lines from the Uhříněves transformer station ('TS') and the connection of switching stations in the area. Other major construction projects included the completed refurbishment of the LV and MV cable lines in Prague 4, Braník, and the launch of similar reconstruction works in the area of Spořilov. Kormak kept its involvement in the construction of the charging infrastructure for electric vehicles supported under the Metropolitan Network programme and it also helped smarten new distribution transformer stations. The company is also proud of submitting its application for the tender for a contractor in charge of renovating the HV cable lines connecting the Sever and Holešovice TSs.

The company's newly renovated headquarters in Uhříněves, completed in 2022, also constitutes a major milestone for its further development.

PREservisní, s.r.o.

PREservisní, s.r.o., (PREs) is a 100% subsidiary of PRE. As of 1 January 2019, it has assumed the activities originally carried out by the Support Services section of the parent company, PRE, and the Construction Management and Diagnostics and Measurements departments of the subsidiary PREdi.

PREs's task and mission include centralised material purchasing based on the needs of the PRE Group companies, services related to the administration, maintenance, and development of real estate, purchasing and operation of the Group's fleet of vehicles and other mobility mechanisms. PREs also carries out investments and renovation services, i.e., technical monitoring on behalf of the investor, comprehensive management of the construction process, services of occupational health and safety as well as diagnostics of cable networks especially for projects carried out by PREdi and PRE.

In 2022, PREs completed the reconstruction of its premises in Uhříněves. Since October 2022, the site has been used by Kormak, another PRE Group company.

In 2022, the following projects were completed for PREdi under the guidance of PREs: the Karlín cable tunnel (KT) toward the Hlávka bridge (currently, cable support systems are being installed); renovation of the overhead lines V109/113 – direction the Letňany TS; and continued construction works of the Slinevec TS. The company continued with the renovation of the Jih TS and the construction of the Invalidovna KT (the bottom part of the tunnel is now finished and the concrete vaults are being poured). Thanks to PREs's involvement, a further 112 smart transformer stations were put into service. In close cooperation with Technologie hlavního města Prahy (THMP), PREs helped connect a total of 42 Ev ready lamps at the Prague sites of Prosek, Kamýk, Vokovice, Háje and Černý Most. It also continued to prepare the infrastructure for the connection of new charging points from the PREdi network.

In the middle of the year, PREs successfully completed the construction of charging stations for PRE under the subsidy programmes Backbone Network and Metropolitan Network I. In addition, intensive work was carried out on the implementation of other subsidy programmes, such as Charge.PRE.2022, in which 9 charging stations were put into operation, CEUC, under which the announced 5 sites were completed, and the Metropolitan Network II, where a total of 75 sites were launched by the end of the year.

For PREm, PREs started work on the expansion of the Pozorka PV plant in October 2022, which has already been completed.

In the area of material procurement, PREs also started to supply other PRE Group companies, namely PREnetcom and Solarinvest, thus further developing synergies within the PRE Group.

In the area of building management for the parent company PRE, PREs in cooperation with other companies of the PRE Group focused even more on energy savings. On the one hand, the EnMS system was re-certified, and on the other hand, savings were shared with the Ministry of Industry and Trade for the first time on the basis of an agreed cooperation. The company also continued to fulfil its climate neutrality commitments. In the second half of 2022, the PRE Group management approved the „Programme of Savings Measures in Non-Energy Buildings of the PRE Group" in response to the soaring energy prices on the markets.

PREs has arguably remained the mainstay of all the PRE Group companies, contributing to increasing the quality and efficiency of their services.

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, the PRE Call Centre, chat and e-mail communication) as well as the provision of customer support services on behalf of PRE, PREdi, PREm and eYello. It also handles invoicing and subsequent debt recovery, including related system adjustments when legislative requirements change.

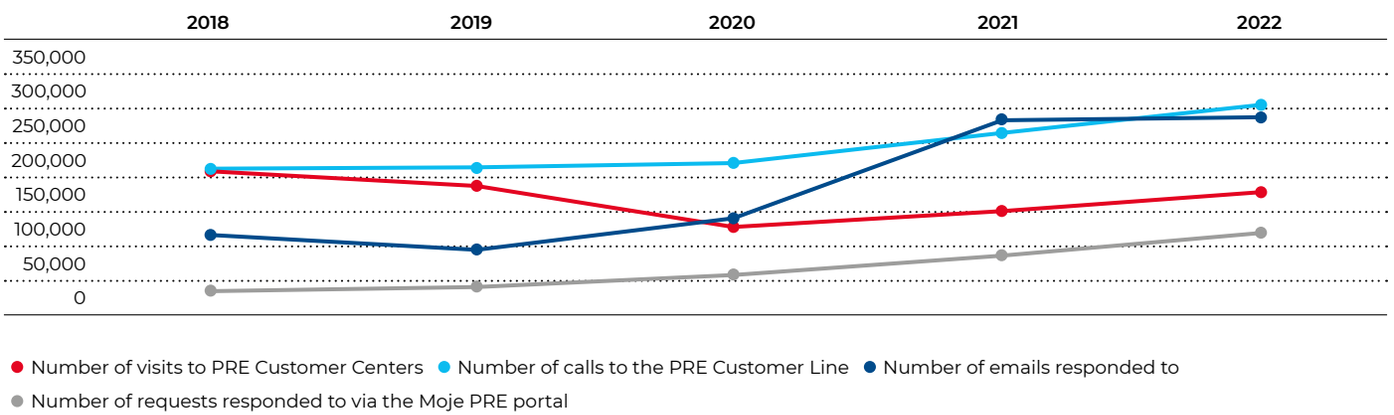
The main goal of PREzak is to provide high-quality customer services. However, all progress in digitalisation was hindered last year by the limited human resources. PREzak's employees were busy with new initiatives launched in response to the extraordinary developments on the energy market. The process of accepting new customers, arising from PRE's obligation as the 'supplier of the last resort', was still underway due to the shutdown of several energy suppliers in 2021. The steep rise in energy prices in the markets continued, triggering a large number of communication campaigns and initiatives directed at our existing customers. They involved not only price adjustment announcements, but also explicative emails about the government's decision on the energy saving tariff and capping of energy prices. As a result, all digitalisation efforts focused not on planned developments but on ad hoc requests and the implementation of rapid tools for processing customer requests and system adjustments to comply with government regulations, decrees and laws.

Despite this, a knowledge base exchange project has been launched, which will not only make it more convenient for service employees to find information when communicating with customers, but also has many other functionalities that will be used by all companies of the PRE Group.

As of 1 June 2022, PREzak underwent a significant organisational change. A new department of the Front Office Director was created, now covering the activities of supervision, customer centres and the customer line. With its new supervision role, PREzak has taken over the corresponding staff and integrated the activities seamlessly into the company's processes.

As the chart below shows, the increase in customer requirements last year was extreme: the area of digitalisation and automation of activities is thus a necessity and a major goal for PREzak in the years to come.

Number of requests responded to



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 2022, Voltcom continued its further integration into the PRE Group, and in January it started to use its first payroll and HR services under SLA (service-level) agreements. At the same time, it started providing services related to the replacement of transformers in PREdi's distribution network.

In 2022, thanks to its sustained close cooperation with PREdi and PREs, Voltcom multiplied its volume of contracts to the PRE Group. Voltcom is regarded by PREdi as a highly competent partner, skilled not only in the field of construction, but also with experience in services related to the smooth operation of the distribution network. They include repairs and maintenance of distribution transformer stations, specialised construction works related to the maintenance of MV and HV distribution stations as well as specialised works tied to the construction of cable tunnels.

The high level of expertise of 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 directly linked to energy construction.

Also, Voltcom has maintained other business activities with partners outside the PRE Group. Voltcom's Construction section provides energy services targeted primarily at customers owning their own wholesale transformer stations in the distribution network of PREdi. Voltcom ensures routine servicing as well as emergency repairs of these transformer stations. As a member of design consortiums, Voltcom's Design department provides designing services for PREdi as well as EG.D, a.s. and ČEZ Distribuce, a.s. In 2022, Voltcom, as a leading member of one of the design consortiums, met the qualification criteria for the design tender to be held in 2023 by EG.D, Inc. for the next six years.

Voltcom managed to carry out 30.57% of the total volume of contracts outside the PRE Group, amounting to CZK 59.41 million.

In 2023, the company will maintain its focus on design activities, especially in the field of energy infrastructure, as well as on the construction of MV and LV cable networks and smart transformer stations.

PREnetcom, a.s.

PREnetcom, a.s., (PREnetcom) was founded on 27 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 reliable transfer of network data and enable remote control of the distribution network. Its role also includes the rollout of smart metering of the distribution network. Another task of the company lies in exploring the possibility of using the spare capacity of the newly created communication network for commercial purposes, such as smart city and smart home features as well as wholesaling to third parties.

In 2022, it also continued in its successful strategy of improving its operational capacities as well as the maintenance and management of its passive communication infrastructure within the PRE Group. PREnetcom also helped put into service new smart distribution stations and it participated in the implementation of the AMM project. Throughout 2022, it managed to smarten more than 100 distribution stations. It also managed to smarten small generation plants with an installed capacity of more than 100 kW, out of which 5 have been successfully put into operation.

PREnetcom then focused its attention on further developing the ESO system it uses for the planning, construction and operation of its passive communication infrastructure.

It also completed a number of commercial pilot projects of different sizes (i.e., the number of consumption points, or apartments) at various sites in Prague and with different layouts of the surrounding buildings. It successfully completed the construction of a new passive optical network at the following sites in Prague: Chodov, Krč, Hostivař, Podolí, Kateřinky and Hodkovičky. As a result, its optical network has expanded by a further 67 kilometres.

In 2022, PREnetcom's important task was to prepare and launch the construction of a power distribution system inside of multi-family and family houses. Furthermore, in the second quarter of 2022, it started to implement the adopted long-term plan for the construction of an FTTH optical network ('Fiber to the Home') at a total of 7 sites in Prague.

The company also managed to foster its cooperation with property developers. It sustained its fruitful collaboration with the FINEP company with a number of projects, but it also managed to implement several other projects with other property developers and it has been holding talks about other possible partnerships with a number of others.

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 has a long history of installing photovoltaic power plants, supplying battery accumulation systems and installing heat pumps and air conditioning systems for households and industrial sites. Solarinvest ensures comprehensive turnkey solutions, including not only the implementation, but also the design of projects. It also helps customers secure all the necessary permits and manage funding.

In 2022, Solarinvest significantly increased its revenues by more than 80% compared to 2021, capitalising on the high demand in the renewables industry and previous process optimization and staff strengthening. It was able to increase the volume of orders delivered in all key segments. The highest priority for growth was given to the B2C PV segment, which grew to around 250% in 2021.

The growth in material, technology and personnel costs was offset on the revenue side and, together with the increased efficiency of the actual operations, the economic results were exceptionally good. As a result, Solarinvest has invested in further development in the form of preparing the expansion of its own premises with a new warehouse and administrative facilities and further improvement of working conditions for employees. As the year came to an end, the market cooled down due to the economic and geopolitical situation and the coming recession. For Solarinvest, this means that maintaining or slightly increasing the current sales volume, concentrating on service quality and further increasing process efficiency will be of the essence for its future successful development.

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 provides the design and engineering, supply, servicing and integration of complex artificial lighting systems for industry and public buildings, outdoor lighting and special applications (plant growth, control rooms, etc.). It also ensures the design, development and production of lighting fixtures. Its portfolio of services and solutions has grown from the development of lighting systems to offering comprehensive modern energy solutions for B2B and B2C customers wishing to reduce their CO_2 footprint or operational costs linked to their energy management systems. Frontier manages the entire life cycle of products, ranging from the identification of needs through design proposals to energy audits. It supplies its solutions under various contractual arrangements: contractor for work, contractor for services, or EPC contractor (the latter assuming that Frontier becomes the single contractor for the entire project, thus guaranteeing considerable savings).

In 2022, the company focused on clients ordering public lighting and industrial lighting systems as well as the supply of lighting technology for EPC projects. Its major contracts included the supply of lighting equipment for public lighting in the capital city of Prague, the implementation of lighting replacement within the EPC project in the Dobřany psychiatric hospital and the supply of a slat system including regulation systems for a logistics park in Ostrava.

As part of the company‘s integration into the PRE Group, integration projects in IT and human resources were launched.

PRE FVE Světlík, s.r.o.

PRE FVE Světlík, s.r.o., has been since November 2017 a 100% subsidiary with no employees owned by PREm. 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 and its total installed capacity reaches 2.154 MWp. In 2022, it generated approximately 3.15 GWh of electricity, which translated into a total of approximately CZK 46 million in sales per year.

PRE VTE Částkov, s.r.o.

PRE VTE Částkov, s.r.o., is a 100% subsidiary with no employees owned by PREm. It became part of the PRE Group in December 2019. It is a wind farm with the total installed capacity of 4 MW located in the vicinity of Sokolov. It consists of two wind turbines of 2 MW of installed capacity each. In 2022, the power plant generated approximately 7.4 GWh of electricity, which translated into a total of approximately CZK 22.7 million in sales per year. thousand.

PRE FVE Nové Sedlo, s.r.o.

PRE FVE Nové Sedlo, s.r.o., is a 100% subsidiary with no employees owned by PREm. It was established in 2021 with the aim of constructing and operating a major photovoltaic power plant that is planned to be built in Western Bohemia. The total installed capacity of this new energy source is projected to amount to 23.5 MWp. The construction is scheduled to begin in 2023. Currently, the project is in its preparatory phase.

NETFIN Infrastructure, a.s.

NETFIN Infrastructure, a.s. (Netfin) is a joint venture of FINEP HOLDING, SE, and PREnetcom, a.s. It was established in 2022 to foster joint cooperation in the development of real estate projects carried out by the FINEP Group, especially in the area of electromobility and new connections to the optical network (with the potential of expanding to other areas).

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 December	2022	2021	2020	2019	2018	2017
Pražská energetika Holding, a.s.	58.05	58.05	58.05	58.05	58.05	58.05
EnBW Central and Eastern Europe Holding GmbH *)	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

*) Until 22 September 2021 EnBW Energie Baden-Württemberg AG

Structure of PRE shareholders (%)

As of 31 December	2022		2021		2020		2019	
	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	5,214	2,267,596	5,306	2,266,190	5,386	2,266,190	5,405	2,266,190
Foreign shareholders	10	1,601,847	12	2,266,190	13	2,266,190	13	1,603,253
Shareholders total	5,224	3,869,443	5,318	2,266,190	5,399	2,266,190	5,418	2,266,190
Natural persons	5,209	21,569	5,301	2,266,190	5,380	2,266,190	5,399	20,032
Legal persons	15	3,847,874	19	3,849,398	19	3,849,413	19	3,849,411

Information from the General Meeting

The Annual General Meeting of Pražská energetika, a.s., held on 23 June 2022,
1) approved:
..... the Report of the Board of Directors on Business Activities and Assets for 2021, as presented by the company's Board of Directors;
..... the consolidated financial statements for 2021, as presented by the company's Board of Directors;
..... the separate financial statements for 2021, as presented by the company's Board of Directors;
..... the proposal for the distribution of 2021 profit, including determination of the amount of profit shares (dividends) and directors' fees for 2021 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 presented proposal for the total amount of donations in 2023.

2) elected new members of the Supervisory Board:
..... Aurélie Alemany as of 23 June 2022; and,

3) 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
The information is available in the text of the Annual Report marked in italics. The information is also available in the annexes to the consolidated and separate financial statements (notes 34).

Information about the projected developments in 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
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 five meetings of the Supervisory Board in 2022 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 of Directors.

The Supervisory Board continuously monitored the company's activities 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 they were debated by the Supervisory Board.

In 2022, the Supervisory Board, among other:

..... 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 2021;
..... debated and reviewed the Report on Relations for 2021 and did not identify any irregularities with regard to the requirements of the Act on Business Corporations, including the review of whether any damage was 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;
..... adopted the Supervisory Board Report on Activities in 2021;
..... debated the 2021 Annual Report;
..... debated and reviewed the consolidated and separate financial statements for 2021 including the auditor's reports; the Supervisory Board concluded that the financial report presented 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 2021;
..... debated and reviewed the proposal for the distribution of 2021 profit, including the determination of the amount of profit shares (dividends) and directors' fees for 2021, and the method of payment;
..... adopted the drafted version of the contract for audit services between 2022 and 2025;
..... debated the materials to be debated by the General Meeting in 2022;
..... approved the 2022 update of the PRE Group strategy for 2023–2030;
..... appointed Johannes Zügel a substitute member of the Supervisory Board as of 1 January 2023 until the date of the General Meeting to replace Fabian Spalthoff, who resigned from the Supervisory Board;

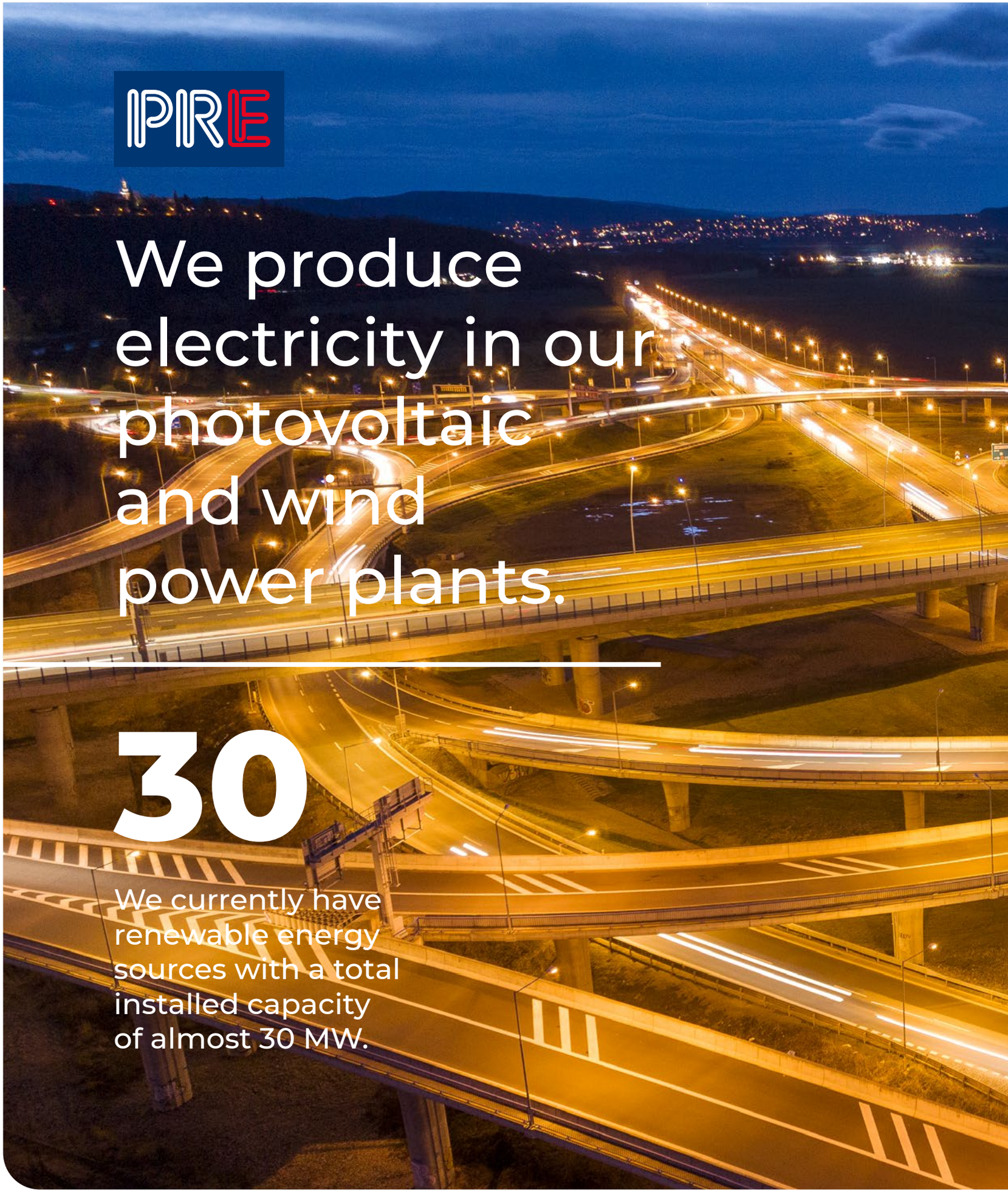
..... approved the economic plan for 2023 and took account of the draft plan for 2024–2025;
..... approved the top management's objectives for 2023; and,
..... debated the plan of audits.

The Supervisory Board declares that the company's economic results in 2022 were excellent and expresses its thanks for them to the members of the Board of Directors as well as the company's employees.

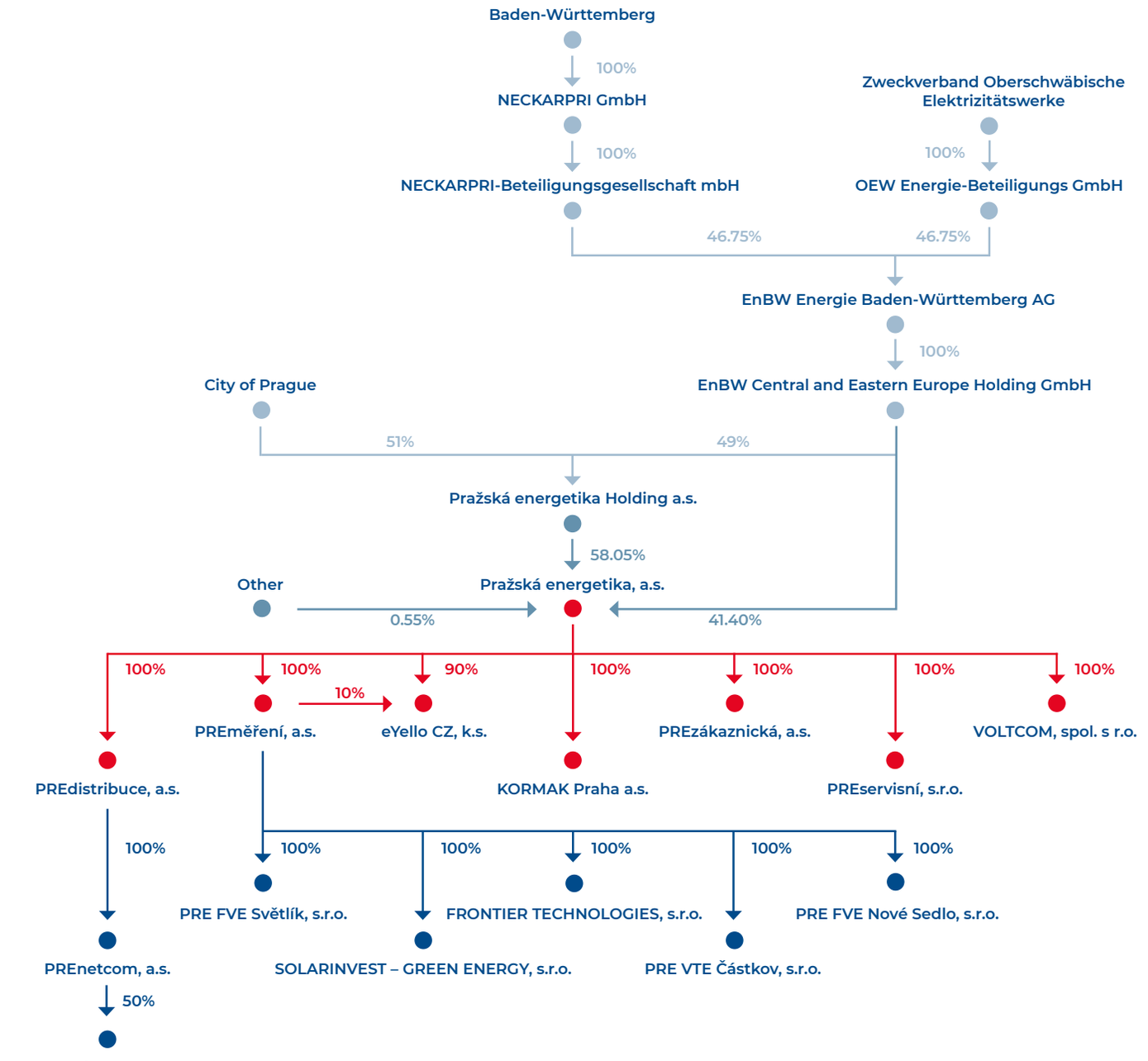
In Prague, 29 March 2023

Signed by

Jan Chabr
chairperson of the Supervisory Board


PRE
We produce electricity in our photovoltaic and wind power plants.
30
We currently have renewable energy sources with a total installed capacity of almost 30 MW.

Report on Relations



*) On 31 May 2022, PREnetcom acquired 50% shares.

Report on Relations of Pražská energetika, a.s., for 2022

(hereinafter "the Report on Relations') drawn up in accordance with Section 82 of Act No. 90/2012 Sb., on Business Corporations and Cooperatives (hereinafter the Business Corporations Act) for the accounting period of 1.1.2022 to 31.12.2022. The relations are described in a manner respecting the provisions of Section 504 of Act No. 89/2012 Sb., 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. The structure of the relations between the controlled entity and the controlling entity, 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**"), which is at the same time the managing entity in accordance with Section 79 (1) of the Business Corporations Act

EnBW Central and Eastern Europe Holding GmbH registered office Schelmenwasenstraße 15, 70567 Stuttgart, Federal Republic of Germany, registered in the Commercial Register maintained at the District Court in Stuttgart, fil ref. HRB 747869 ("**EnBW CEE**"), **which was established as a 100% subsidiary of the company 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 1492/4, 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 opposite page.

II. Role of PRE; method and means of control

PRE provides stable, environmentally friendly and efficient electricity supply in the capital 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 generation from renewable sources and complementary energy services.

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

EnBW CEE 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 CEE, 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 2022, 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 2022 to 31 December 2025
Contract on personal data processing – in effect from 1 January 2022 to 31 December 2025
Contract on the provision of IT services – in effect from 1 November 2018 for an indefinite period of time

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

Contract on the provision of services No. PS20000016/003 – 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 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
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 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, s.r.o. – in effect from 1 April 2018 for an indefinite period of time

Sublease contract with EnBW for EnBW organisational – in effect from 12 January 2019 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

a. Contracts between PRE and PREdi

Contract on the provision of services No. PS20000019/014 – in effect from 1 January 2019 and 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, as amended
Licence contract No. PS20000011/029 – in effect from 3 January 2011 for an indefinite period of time
Lease contract No. NO21106/015 on the use of advertising billboards – in effect from 2 January 2006 for an indefinite period of time, as amended
Lease contract – plastic advertising pannels – No. NO21106/001 – in effect from 30 December 2005 for an indefinite period of time, as amended
Lease contract No. NO21109/006 on the lease of the premises of Malešice – training centre – in effect from 1 April 2009 for an indefinite period of time
10 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 and 2 April 2048
Lease contract No. NO21111/011 – R Pankráce – in effect from 1 April 2011 for an indefinite period of time
Contract on long-term loan No. PS20000014/021 – in effect from 18 June 2014 and 18 June 2026
Contract on long-term loan No. PS20000014/030 – in effect from 26 November 2014 and 28 November 2026
Contract on long-term loan No. PS20000015/021 – in effect from 29 June 2015 and 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. NV/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, as amended
General contract on electricity distribution to consumption points of the electricity trader's customers 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 and 31 December 2028
Contract on the sale of electricity in PREpoint charging stations No. PS20000019/K/2017/045 – in effect from 20 February 2019 for an indefinite period of time
Contract of mandate to contract No. PS20000021/025 (services linked to damage-causing events) – in effect from 21 July 2021 for an indefinite period of time
2 contracts on the lease of a part of a land in effect from 1 July 2021 and 30 June 2026
Contract on long-term loan No. 1/2022 – in effect from 27 June 2022 and 15 July 2034
2 agreements on the conclusion of a future agreements on the establishment of an easement – in effect from 31 December 2030
99 contracts in effect on the lease of a part of an inmovable asset (buildings)
The PRE Group and PREdi have concluded contracts on the conclusion of a contract on the connection to the distribution system for all new consumption points. The PRE Group and PREdi have concluded contracts on the connection to the distribution system for all PRE's consumption points.

b. 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) – in effect from 1 January 2019 until 31 December 2022
Contract on the provision of services No. M5000/O/2019/0004 (P/Pm/19)– in effect from 1 January 2019 and 31 December 2022
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/E/2017/12 – 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. G3530/10 (M6100/2016/0020) – in effect from 1 March 2016 for an indefinite period of time, as amended
Contract on long-term loan No. 1/2014 (C00806/O/2015/14, G1020/PREM-VSU1/2014/05) – in effect from 28 February 2014 to 28 February 2022
Contract on long-term loan No. 2/2014 (C00807/O/2015/14, G1020/PREM-VSU2/2014/06) – in effect from 28 February 2014 to 28 February 2023
Contract on long-term loan No. 3/2014 (C00808/O/2015/14, G1020/PREM-VSU3/2014/07) – in effect from 28 February 2014 to 29 February 2024
Contract on long-term loan No. 4/2014 (C00809/O/2015/14, 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 2022
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/ 2017/0001) – in effect from 17 February 2017 for an indefinite period of time

Lease contract on the lease of movable assets (electric bike) 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 RSE No. M6100/E/2017/0179 – in effect from 15 November 2018 for an indefinite period of time

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

Contract on the establishment of easement No. VV/G33/2020/0002, G3539/VV/10/010 – in effect from 12 May 2020 for an indefinite period of time

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

Contract on the supply of electricity from the Kondrac RSE No. M5500/E/2021/003 – in effect from 1 January 2022 and 31 December 2022

Contract on the supply of electricity from the Rajhard RSE No. M5500/E/2021/004 – in effect from 1 January 2022 and 31 December 2022

Contract on the supply of electricity from the Hořovice RSE No. M5500/E/2021/005 – in effect from 1 January 2022 and 31 December 2022

Contract on the supply of electricity from the Pozorka RSE No. M5500/E/2021/006 – in effect from 1 January 2022 and 31 December 2022

Contract on the supply of electricity from the Ořechov RSE No. M5500/E/2021/007 – in effect from 1 January 2022 and 31 December 2022

Contract on the supply of electricity from the Pozořice RSE No. M5500/E/2021/009 – in effect from 1 January 2022 and 31 December 2022

Contract on the supply of electricity from the Pozořice RSE No. M5500/E/2021/010 – in effect from 1 January 2022 and 31 December 2022

Contract on the supply of electricity from the Dačice RSE No. M5500/E/2021/011 – in effect from 1 January 2022 and 31 December 2022

Contract on the supply of electricity from the Mikulov RSE No. M5500/E/2021/012 – in effect from 1 January 2022 and 31 December 2022

Contract on the supply of power electricity to photovoltaic plants outside Prauge + LDS No. M5500/E/2017/032 – in effect from 1 January 2022 and 31 December 2022

Contract on the supply of electricity from Kormak RSE No. M5500/E/2017/011 – in effect from 1 January 2022 for an indefinite period of time

General purchase agreement Framework Purchase Agreement „Metropolitan Network of PRE II Charging Stations – Wallboxes and Racks“ No. M6100/RS/2021/005 – in effect from 7 April 2021 to 6 April 2025

General purchase agreement „Metropolitan Network of Charging Stations PRE II No. M6100/RS/2021/006 – stand chargers with smart control of multiple parallel DS” – in effect from 7 April 2021 and 6 April 2025 Contract on joint electricity supply services No. 3510530720/ZP/202101 (M6100/E/2021/095) – in effect from 1 July 2021 and 31 December 2022

Contract on electricity supply No. M6100/E/2020/0073 (3510530720 /EE/202001) – in effect from 18 December 2019 for an indefinite period of time

Contract on mutual exchange of services No. M6100/O/2021/143 (G1030/O/2019/274) – in effect from 10 November 2021 and 29 March 2022

Contract for work (servicing of a distribution station) M6200/P2020/010 (V4020/PRE/I/10/2021/015) – in effect from 13 January 2022 for an indefinite period of time

Contract for work No. V4020/PRE/05/2022/001 (M6100/O/2022/005) – in effect from 3 January 2022 and 3 January 2027

Contract for work No. V4020/PRE/05/2022/003 (M6100/O/2022/006) – in effect from 3 January 2022 and 3 January 2027

Contract for work No. V4020/PRE/05/2022/002 (M6100/O/2022/007) – in effect from 3 January 2022 and 3 January 2027

Contract for work No. V4030/PRE/I/01/2021/097 (M6200/P/2021/011) – in effect from 6 December 2021 and 31 May 2022

Contract for work No. V4030/PRE/I/01/2021/099 (M6200/P/2021/012) – in effect from 22 December 2021 and 28 February 2022

Order sheets for electrical installation work for 2022 – 22 copies

c. Contracts between PRE and eYello

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 2024, 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

d. 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/Y/19, Contract on personal data processing – in effect from 1 January 2019 to 31 December 2022
Contract on the sale of electricity in PREpoint charging stations No. 1916001176 – in effect from 20 February 2019 for an indefinite period of time
Subcontract for public tender „Provision of energy services by EPC method in Aš“ – in effect from 20 December 2021 until the end of the duration of the public tender
84 contracts and order for planning and construction work

e. Contracts between PRE and PREs

Contract on the provision of services No. P/Ps/19, Contract on the provision of services P/Ps/19, Contract on personal data processing – in effect from 1 January 2019 to 31 December 2022, as amended
Contract on long-term loan No. 1/2016 – in efect 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 10 April 2017 for a definite period of time, till 10 April 2027
Contract on electricity supply No. SVE/2017/0013 – in effect from 16 June 2020 for an indefinite period of time
Contract on electricity supply No. 30401548 – in effect from 2 June 2020 for an indefinite period of time
Contract on electricity supply No. 30313819 – in effect from 2 June 2020 for an indefinite period of time
Contract on electricity supply No. SVE/2017/0013 – in effect from 16 October 2020 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
Contract on long-term loan No. 1/2022 – in effect from 15 June 2022 and 16 June 2034

f. Contracts between PRE and PREzak

Contract on the provision of services No. P/Pz/19, Contract on the provision of services P/Pz/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/03/2018/40199 – in effect from 1 January 2018 for an indefinite period of time, as amended
Sub-lease contract No. G3530/NO/06/2018/883 – in effect from 1 January 2018 for an indefinite period of time
Sub-lease contract No. G3530/NO/06/2018/40214 – in effect from 1 January 2018 to 31 March 2023, as amended
Sub-lease contract No. G3530/NO/06/2018/40215 – in effect from 1 January 2018 to 31 March 2023, as amended
Sub-lease contract No. G3530/NO/06/2018/40216 – in effect from 1 January 2018 to 31 March 2023, as amended

Sub-lease contract No. G3530/NO/06/2019/46343 – in effect from 1 September 2019 for an indefinite period of time
Contract on the lease of a garage parking space – Nymburk No. G3530/NV/06/2019/46631 – in effect from 1 September 2019 for an indefinite period of time

g. 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 on the provision of services No. P/V/22 – in effect from 1 January 2022 and 31 December 2022

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

a. Contracts between PRE, PREdi and PREnetcom

General contract on the provision of services between PRE, PREdi and PREnetcom No. PS20000019/010 (G3400/4699) – in effect from 1 January 2019 to 31 December 2048

b. 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 on join gas supply services No. N90/2049269 – in effect from 20 March 2020 for an indefinite period of time
General contract on the provision of IT support services – in effect from 4 October 2022 and 3 October 2024
Contract on the assignment of contract of ČEPS – in effect from 1 January 2019 for an indefinite period of time
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
8 orders

c. Contracts between PRE and Solarinvest

Contract on short-term loans No. G3160/05 (SIGE_KR_UV2/2019/03) – in effect from 1 April 2019 for an indefinite period of time
Contract on long-term loan No. 1/2018 G3160/SIGE_VSU1/2018/01 – in effect from 29 May 2018 to 31 January 2025
Contract on intragroup loan No. G3160/SIGE_VSU1/2019/02 – in effect from 2 May 2019 to 2 May 2023
Contract on long-term loan No. 2/2019 G3160/SIGE_VSU2/2019/05 – in effect from 30 July 2019 to 31 July 2023
Contract on long-term loan No. 1/2020 G3160/SIGE_VSU1/2020/03 – in effect from 24 February 2020 and 28 February 2024
Contract on long-term loan No. 2/2020 G3160/SIGE_VSU2/2020/04 – in effect from 24 February 2020 and 30 March 2024
Contract on long-term loan No. 3/2020 G3160/VSU3/2020/09 – in effect from 11 September 2020 to 15 August 2028
Contract on long-term loan No. 1/2021 G3160/VSU1/2021/01 – in effect from 1 March 2021 to 28 February 2025
Contract on long-term loan No. 4/2021 G3160/SIGE/VSU4/2021/04 – in effect from 2 December 2021 to 22 July 2022
Contract on long-term loan 5/2021 No. G3160/SIGE VSU5/2021/05 – in effect from 9 December 2021 to 22 June 2022

d. Contracts between PRE and Frontier

Contract on the provision of counselling services No. G3220/2019/048 – in effect from 19 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 30 June 2022, as amended
Contract on cooperation on the provision of energy services – in effect from 1 July 2022 for an indefinite period of time
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 for the provision of professional services in the areas of implementation of management systems No. G10100/2020/004 – in effect from 1 August 2020 and 15 February 2022
Contract for the provision of professional services in the areas of maintenance of management systems No. G10100/2022/003 – in effect from 15 February 2022 for an indefinite period of time
Contract for work No. V4030/PREs/01/2022/046 – in effect from 4 July 2022 and 15 October 2022
Contract for work No. V4030/PREs/01/2022/049 – in effect from 21 June 2022 and 30 September 2022
General contract for work – provision of complex lighting systems – in effect from 4 May 2021 for an indefinite period of time
Subcontracting agreement (Chabařovice) – in effect from 21 December 2020 until the end of the duration of the public tender
Subcontracting agreement (Aš) – in effect from 22 November 2021 until the end of the duration of the public tender

e. Contracts between PRE and PRE FVE Světlík

Contract on loan – in effect from 30 November 2017 to 28 November 2027
Contract on cashpooling No. G3160/FVE_KRD_UV/2018/03 – in effect from 29 November 2018 for an indefinite period of time

f. Contracts between PRE and PRE VTE Částkov

Contract on short-term loans No. G3160/CAST_KRDUV/2020/08 – in effect from 14 July 2020 for an indefinite period of time
Contract on long-term loan No. 1/2020 G3160/ČÁST_VSU1/2020/05 – in effect from 24 February 2020 and 2 March 2028

V. Contracts between PRE subsidiaries

a. 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 and 31 December 2030
Contract on the lease of land No. NO21110/004, C00438/10 – in effect from 1 September 2010 and 31 December 2030
Contract on the lease of land No. N21110/039, C00436/10 – in effect from 1 October 2010 and 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 and 31 December 2022
9 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. PS27200021/007, M6100/ 2021/151 – in effect from 9 August 2021 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, M5000/VV/12824/1840868 – in effect from 9 April 2018 for an indefinite period of time
2 contracts on the purchase of movable assets (electric bikes)
3 orders on the installation of separator machines
Contract for work No. IS/S24/2260927, M6100/P/2022/167 – in effect from 21 November 2022 and 30 November 2022
Museum heating repair order PRE No. PO/S21/22/58072 – in effect from 5 April 2022 and 31 December 2022
Repair order for the Karlov shared premises No. PO/S21/22/58397 – in effect from 27 April 2022 and 31 December 2022
Order for rental of 2 electric bicycles No. PS20100022/001, NV22102445 – in effect from 21 April 2022 and 31 May 2022
Electric bike repair order No. PS21001022/068, NV22102445 – in effect from 1 May 2022 and 31 December 2022
PREm and PREdi have concluded contracts on the connection to the distribution system for all PRE's consumption points.

b. 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, as amended

c. 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, as amended
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. PS27200021/2019/008 – in effect from 17 December 2021 for an indefinite period of time
Contract on the cooperation on performing work on unmeasured parts of electricity consumption equipment No. PS27200022/002 – in effect from 11 January 2022 to 14 December 2026
Lease contract – supply contract No. NV/S24/1946371 – in effect from 11 July 2019 for an indefinite period of time
General contract on the provision of services No. PS20000019/012 – in effect from 1 January 2019 and 31 December 2022
Contract on the provision of dispatcher control services and handling No. PS23330221/011 – in effect from 1 January 2022 and 31 December 2022
General purchase contract to supply SG5 boxes including orders No. V 4010/PREdi/2021/001 – in effect from 30 March 2021 for an indefinite period of time
1 contract for work on the provision of design and engineering services for the repairs of distribution system equipment
3 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
143 contracts for work on carrying out construction of distribution system equipment

d. Contracts between PREdi and PREs

Contract on the provision of services No. PS20000019/015 – in effect from 1 January 2019 to 31 December 2022
Order to recondition lifting equipment No. PS/S21/2156143 – dated 2 November 2021
General contract on the provision of OHS coordination and planning services No. S24/2259536 – in effect from 1 July 2022 and 31 December 2022, including 5 sub-orders

e. Contracts between PREdi and PREzak

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

f. 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 No. PS23320121/012 – inspection of a transformer station – in effect from 1 April 2021 to 31 December 2022
Contract for work No. PO/S21/2156296 – repairs of the earthing structure of a distribution station – in effect from 1 January 2022 to 31 December 2022
Contract for work No. PS21001022/081 – environmental measures of the 239 transformer station – in effect from 1 July 2022 to 31 August 2022
Contract on the provision of dispatcher control services and handling No. PS23330222/001 – in effect from 1 January 2022 to 31 December 2022
3 contracts on work to perform a job – in effect from 3 January 2022 to 31 December 2022
2 purchase contracts for the sale of transformers
6 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
101 contracts for work on the provision of design and engineering services for the construction of distribution system equipment
81 contracts for work on carrying out construction of distribution system equipment

g. Contracts between PREm and Kormak

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
7 orders on work on electric equipment
1 order for equipment rental
4 orders for goods

h. Contracts between PREm and PREs

Service contract No. M5000/O/20019/0005, V3000/PRESERV/2019/007, Ps/Pm/19, Personal Data Processing Contract – in effect from 1 January 2019 to 31 December 2022
Contract on the supply of electricity No. M5500/E/2021/016, V4020/SERV/04/2021/02 – in effect from 1 April 2021 for an indefinite period of time
Contract for work No. M6100/P/2021/180, V4030/PREs/I/01/2021/096 – in effect from 2 December 2021 and 30 April 2022
Contract for work No. M6100/P/2022/198, V3030/PREserv/2022/006 – in effect from 16 May 2022 and 16 May 2022
Contract for work No. M5500/P/2022/001, V4030/PREs/I/01/2022/011 – in effect from 15 June 2022 and 30 September 2022
Contract for the lease and operation of electricity generation plant No. M5500/E/2021/017, V4020/SERV/04/2021/01 – in effect from 1 April 2021 for an indefinite period of time
General contract for work in OHS No. M5500/002 (V3000/PREserv/2022/001) – in effect from 1 January 2022 and 31 December 2022

i. Contracts between PREm and PREzak

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

j. Contracts between PREm and Voltcom

1 year contract/order for measuring transformers and meters No. M5200/OP/22/001 – in effect from 1 January to 31 December 2022

k. Contracts between eYello and PREs

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
Approval of the budget of forecast costs for the calendar year 2023 – in effect from 31 December 2022

l. Contracts between eYello and PREzak

Contract on the provision of services No. Z800/2022/0003 – in effect from 24 November 2022
Contract on personal data processing – in effect from 1 January 2019 to 31 December 2022
Contract ENKIDOO No. Z8000/E/2022/0003 – in effect from 1 January 2022 and 3 November 2022

m. Contracts between Kormak and PREs

Contract on the provision of services No. V3000/PRESERV/2019/011 – in effect from 1 January 2019 to 31 December 2022
Contract on the lease of non-residential premises for business No. V4020/NO/04/2020/49122 – in effect from 1 April 2020 for an indefinite period of time, as amended
Contract on the lease of non-residential premises for business No. V4020/NO/04/2020/52209 – in effect from 1 December 2020 for an indefinite period of time, as amended
Sub-lease contract No. V4020/NO/04/2023/61354 – in effect from 1 October 2022 and 31 December 2027
Contract for work No. V4030/PREs/01/2022/017 - in effect from 2 March 2022 and 31 December 2022, as amended
Purchase contract for the supply of cabinets AYP01 No. 19003694

n. Contracts between Kormak and Voltcom

11 orders for delivery of SD cabinets

o. Contracts between PREs and PREzak

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

p. Contracts between PREs and Voltcom

Contract on the provision of services No. Ps/V/22 – in effect from 1 January 2022 to 31 December 2022

VI. Contracts between PRE subsidiaries and their subsidiaries

a. 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 – servicing – dated 28 July 1998, as amended)
Contract for work No. PS20000019/028 – in effect from 24 April 2019 and 30 June 2022, as amended
Contract on personal data processing No. PS20000019/051 – in effect from 24. April 2019 and 31 December 2022
Lease contract No. NO/S21/1943803 – in effect from 1 January 2019 for an indefinite period of time
Contract on the lease of non-residential premises for business No. NO/S21/2153642 – in effect from 1 May 2021 for an indefinite period of time
2 orders for calibration and pressurization of microtubes
8 contracts for work on the provision of design and engineering services for the construction of distribution system equipment
170 contracts for work on carrying out construction of distribution system equipment
2 contracts for work on carrying out repairs of distribution network

b. Contracts between PREm and Solarinvest

Contract on material purchasing No. M6100/RS/2016/0055 – in effect from 14 July 2016 for an indefinite period of time, as amended
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 personal data processing No. M6100/O/2016/0090 – in effect from 1 September 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, as amended
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/2018/0114 – in effect from 23 July 2018 for an indefinite period of time
Contract for work No. M5500/P/2022/012 – in effect from 29 September 2022 and 1 March 2023
26 orders for the supply and installation of electrical equipment
12 order sheets for electrical installation work

c. Contracts between PREm and Frontier

Commission contract No. M6100/O/2022/139 – in effect from 1 July 2022 for an indefinite period of time

d. 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

e. 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

f. Contracts between PREnetcom and PREs

Contract on the provision of services No. N90/1944031 – in effect from 1 January 2019 to 31 December 2022

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 settlemed 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, 9 March 2023

Signed by

Pavel Elis
chairperson of the Board of Directors

Signed by

Alexander Manfred Sloboda
vice-chairperson of the Board of Directors

Appendix no. 1 to the Report on relations of PRE for 2022

Controlled and connected entities of EnBW (as of 31 December 2022)

SALES

Fully consolidated companies

Alectron AG, Ruswil / Switzerland
bmp greengas GmbH, München/Germany
BroadNet Deutschland GmbH, Köln / Germany
ED Liegenschaften GmbH, Rheinfelden / Germany (formerly ED GrünSelect GmbH, Rheinfelden / Germany)
EnBW Contracting GmbH, Stuttgart / Germany (formerly Sales & Solutions GmbH, Stuttgart / Germany)
EnBW Energy Factory GmbH, Stuttgart / Germany
EnBW Telekommunikation GmbH, Karlsruhe / Germany
EnBW Vertriebsbeteiligungen GmbH, Stuttgart/Germany
ESD Energie Service Deutschland GmbH, Offenburg / Germany
eYello CZ, k. s., Prague/Czech Republic
G.EN. Operator Sp. z o.o., Tarnowo Podgórne / Poland (formerly G.EN. Gaz Energia Sp. z o.o., Tarnowo Podgórne / Poland)
GasVersorgung Süddeutschland GmbH, Stuttgart / Germany
Gasversorgung Unterland GmbH, Heilbronn/Germany
goldgas GmbH, Eschborn/Germany
goldgas GmbH, Wien / Austria
HANDEN Sp. z o.o., Warschau / Poland
HEV Hohenloher Energie Versorgung GmbH, Ilshofen/Germany
Messerschmid Energiesysteme GmbH, Bonndorf/Germany
NaturEnergie+ Deutschland GmbH, Mühlacker / Germany
NatürlichEnergie EMH GmbH, Platten / Germany
Plusnet GmbH, Cologne/Germany
Plusnet Infrastruktur GmbH & Co. KG, Cologne/Germany
PREservisní, s. r. o., Prague / Czech Republic
PREzákaznická, a.s., Prague/Czech Republic
SENEC GmbH, Leipzig / Germany
SENEC Italia s.r.l., Rome/Italy
tritec-winsun AG, Steg-Hohtenn / Switzerland (formerly winsun AG, Steg-Hohtenn / Switzerland)
Ventelo GmbH, Cologne/Germany
VNG Austria GmbH, Gleisdorf / Austria
VNG Energie Czech s.r.o., Prague / Czech Republic
VNG-Erdgascommerz GmbH, Leipzig/Germany
VOLTCOM, spol. s r.o., Prague/Czech Republic
Yello Strom GmbH, Cologne/Germany
ZEAG Immobilien GmbH & Co. KG, Heilbronn/Germany
EnBW mobility+ AG & Co. KG, Karlsruhe/Germany
fonial GmbH, Cologne/Germany
Erdgas Südwest GmbH, Karlsruhe/Germany

NetCom BW GmbH, Ellwangen/Germany
Energieversum GmbH & Co. KG, Gütersloh/Germany
SMATRICS EnBW GmbH, Wien / Austria
BSH GmbH & Co. KG, Bad Königshofen i. Grabfeld / Germany
Solarmeisterei GmbH, Schwielowsee / Germany
Pražská energetika, a.s., Prague/Czech Republic

Related but unconsolidated companies

010052 Telecom GmbH, Cologne/Germany
010088 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
EnBW Contracting Service GmbH, Stuttgart / Germany (formerly EZG Operations GmbH, Stuttgart / Germany)
Energieversum Verwaltungs GmbH, Gütersloh / Germany
F&Q Netzbetriebs GmbH & Co. KG, Cologne/Germany
G.EN. Gaz Energia Sp. z o.o., Warschau / Poland (formerly Anvant sp. z o.o, Warschau / Poland)
GIBY GmbH, Leipzig / Germany
mobility+ Beteiligungs GmbH, Karlsruhe / Germany
NatürlichEnergie Projekte GmbH, Wittlich / Germany (formerly NatürlichEnergie Projekte GmbH, Monzelfeld / 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
Senec Australia PTY Ltd., Sorrento / Australia
SENEC Cloud 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
effizienzcloud GmbH, Leipzig / Germany
Elektrizitätswerk Weißenhorn AG, Weißenhorn / Germany
grünES GmbH, Esslingen am Neckar/Germany
Stromvertrieb Backnang Verwaltungs GmbH, Backnang/Germany
BSH Verwaltungs-GmbH, Bad Königshofen i. Grabfeld / Germany

Companies consolidated under the equity method

Fernwärme SBH AG, Grafenhausen / Germany
SMATRICS GmbH & Co KG, Wien / Austria
MITGAS Mitteldeutsche Gasversorgung GmbH, Halle (Saale) / Germany

Joint ventures

AutenSys GmbH, Karlsruhe / Germany
backnangstrom GmbH & Co. KG, Backnang / Germany
CleverShuttle Düsseldorf GmbH, Düsseldorf / Germany
Energiewerker GmbH, Östringen / Germany
my-e-car GmbH, Lörrach / Germany
Regionah Energie GmbH, Munderkingen / Germany
Einhorn Energie GmbH & Co. KG, Giengen an der Brenz / Germany
Einhorn Energie Verwaltungsgesellschaft mbH, Giengen an der Brenz / Germany
iQ-Gesellschaft für integrierte Quartierslösungen mbH, Ravensburg / Germany
Stadtwerke Freiberg a.N. GmbH, Freiberg am Neckar / Germany
BEN Fleet Services GmbH, Karlsruhe/Germany
Gasversorgung Pforzheim Land GmbH, Pforzheim / Germany
Sautter PE GmbH, Ellhofen / Germany
caplog-x GmbH, Leipzig / Germany
Visp Infra AG, Visp / Switzerland
IDR Infrastrukturdienste Raron AG, Raron / Switzerland
Gemeinschaft für Energieeffizienz GmbH, Düsseldorf / Germany
espot GmbH, Stuttgart / Germany
Tempus s.r.l., Torri di Quartesolo / Italy
Energie 360 GmbH & Co. KG, Korbach / Germany
Schön Verwaltungsgesellschaft mbH, Korbach / Germany
Sungrade Photovoltaik GmbH, Günzburg / Germany
E-Mobility Provider Austria GmbH, Wien / Austria
ehoch7 GmbH, Schönaich / Germany (formerly e hoch 7 GmbH, Schönaich / 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
EnBW Kommunale Beteiligungen GmbH, Stuttgart / Germany
EnBW Netze BW Beteiligungsgesellschaft mbH, Stuttgart / Germany
EnBW REG Beteiligungsgesellschaft mbH, Stuttgart / Germany
EnBW Urbane Infrastruktur GmbH, Karlsruhe / Germany
EnBW Übertragungsnetz Immobiliengesellschaft mbH & Co. KG, Karlsruhe/Germany
EnPulse Ventures GmbH, Stuttgart / Germany (formerly EnPulse Ventures GmbH, Karlsruhe / Germany)
EVGA Grundstücks- und Gebäudemanagement GmbH & Co. KG, Obrigheim / Germany
FRONTIER TECHNOLOGIES, s. r. o., Prague / Czech Republic
GDMcom GmbH, Leipzig / Germany
GEOMAGIC GmbH, Leipzig / Germany
KORMAK Praha a. s., Prague / Czech Republic

Netze BW Wasser GmbH, Stuttgart / Germany
Netze ODR GmbH, Ellwangen Jagst / Germany
Netze-Gesellschaft Südwest mbH, Karlsruhe / Germany
Netzgesellschaft Düsseldorf mbH, Düsseldorf / Germany
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
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
RBS wave GmbH, Stuttgart/Germany
SMIGHT GmbH, Karlsruhe / Germany (formerly EnBW Omega Dreiundsiebzigste Verwaltungsgesellschaft mbH, Karlsruhe / Germany)
terranets bw GmbH, Stuttgart / Germany
TransnetBW SuedLink Verwaltungsgesellschaft mbH, Stuttgart / Germany
TransnetBW Ultranet GmbH, Stuttgart / Germany
TransnetBW Ultranet GmbH & Co. KG, Stuttgart / Germany
ZEAG Engineering GmbH, Heilbronn / Germany
EnBW Ostwürttemberg DonauRies AG, Ellwangen / Germany
ZEAG Energie AG, Heilbronn / Germany
Gas-Union GmbH, Frankfurt am Main / Germany
FoxInsights GmbH, München / Germany
Netze BW GmbH, Stuttgart / Germany
WTT CampusONE GmbH, Ludwigsburg/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

Batteriegesellschaft Kupferzell GmbH & Co. KG, Kupferzell / Germany
CENTRALE HYDROGENE DE THENNES SAS, Montpellier / France
certflow GmbH, Stuttgart / Germany (formerly EnBW Omega 131. Verwaltungsgesellschaft mbH, Stuttgart / Germany)
ChargeHere GmbH, Karlsruhe / Germany (formerly EnBW Omega 130. Verwaltungsgesellschaft mbH, Karlsruhe/Germany)
Elektrizitätswerk Aach GmbH, Aach / Germany
EnBW Cyber Security GmbH, Karlsruhe / Germany (formerly EnBW Omega 104. Verwaltungsgesellschaft mbH, Karlsruhe/Germany)
Energieversorgung Gaildorf OHG der EnBW Kommunale Beteiligungen GmbH und NWS REG Beteiligungsgesellschaft mbH, Gaildorf / Germany
Energieversorgung Raum Friedrichshafen Verwaltungsgesellschaft mbH, Stuttgart / Germany
GDMcom Netze GmbH, Leipzig / Germany
GEOMAGIC Utility Solutions Inc., Houston / USA
IBZ Bau GmbH, Zeulenroda-Triebes / Germany
IBZ Neubauer GmbH, Zeulenroda-Triebes / Germany (formerly IBZ Neubauer Verwaltungs-GmbH, Zeulenroda-Triebes / Germany)
InfraKom GmbH, Rheinfelden Baden / Germany

InfraKom WaR GmbH, Rheinfelden Baden / Germany
MoviaTec GmbH, Leipzig / Germany
Neckar Netze Verwaltungsgesellschaft mbH, Esslingen am Neckar / Germany
Netze Regional GmbH, Stuttgart / Germany
NHL Verwaltungs-GmbH, Heilbronn / Germany
OSG ONTRAS Servicegesellschaft mbH, Leipzig / Germany
Schneider GmbH, Cavertitz / Germany
Transnet BW SuedLink Verwaltungsgesellschaft mbH, Stuttgart / Germany
TransnetBW Ultranet GmbH & Co. KG, Stuttgart / Germany
TransnetBW Ultranet Verwaltungsgesellschaft mbH, Stuttgart / Germany
Verwaltungsgesellschaft Batteriespeicher Kupferzell mbH, Kupferzell / Germany
Weishaupt Planungen GmbH, Grimma / 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
Netze Pforzheim-Region GmbH & Co. KG, Pforzheim / Germany
Energieversorgung Donautal GmbH, Gundelfingen a.d. Donau / 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

Companies consolidated under the equity method

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
Energieversorgung Rheinfelden/Grenzach-Wyhlen GmbH & Co. KG, Rheinfelden Baden / Germany
Stadtwerke Karlsruhe GmbH, Karlsruhe / Germany
Zweckverband Bodensee-Wasserversorgung, Stuttgart / 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
e.wa riss GmbH & Co. KG, Biberach / Germany
e.wa riss Verwaltungsgesellschaft mbH, Biberach / Germany
Flexcess GmbH, Bayreuth / Germany
Fränkische Wasser Service GmbH, Crailsheim / Germany
lictor GmbH, Leipzig / Germany
NETFIN Infrastructure, a. s., Prague / Czech Republic
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
regioaqua Gesellschaft für Wasser und Abwasser mbH, Rheinfelden / Germany
Stadtwerke Schramberg GmbH & Co. KG, Schramberg / Germany
Stadtwerke Schramberg Verwaltungsgesellschaft mbH, Schramberg / Germany
Wasserübernahme Neuss-Wahlscheid GmbH, Neuss / Germany
EberstadtWerke GmbH & Co. KG, Eberstadt / 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
KBB GmbH Kommunalberatung Infrastrukturentwicklung, Baden-Baden / 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
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
Parconomy GmbH, Stuttgart / Germany
Energie- und Wasserversorgung Bruchsal GmbH, Bruchsal / Germany
Stadtwerke Bad Säckingen GmbH, Bad Säckingen / 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
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
tktVivax GmbH, Backnang / Germany
Switchboard GmbH , Stuttgart / 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
q-bility GmbH, Gerolsbach Alberzell / Germany
ENRW Energieversorgung Rottweil GmbH & Co. KG, Rottweil / Germany
ENRW Verwaltungs-GmbH, Rottweil / Germany
Stadtwerke Sindelfingen GmbH, Sindelfingen / Germany
Versorger-Allianz 450 Beteiligungs GmbH & Co. KG, Bonn / Germany

RENEWABLE SOURCES

Fully consolidated companies

Aletsch AG, Mörel / Switzerland
AWISTA Logistik GmbH, Düsseldorf / Germany
BALANCE Erneuerbare Energien GmbH, Leipzig / Germany
Barre Energie SARL, Montpellier / France
Biogas Produktion Altmark GmbH, Hohenberg-Krusemark / Germany
Cambert Énergie SARL, Montpellier / France
Centrale Photovoltaïque de Saint Quentin la Tour SAS, Montpellier / France
Centrale Solaire d'Exideuil SARL, Montpellier / France
Centrale Solaire de Châteauvert SARL, Montpellier / France
Centrale Solaire de Coste Cuyère SARL, Montpellier / France
Centrale Solaire de Maine SARL, Montpellier / France
Centrale Solaire de Montegut SARL, Montpellier / France
Centrale Solaire de Severac 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
Centrale Solaire EMA Solar 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 Deutschland GmbH, Rantrum / Germany
Connected Wind Services France SAS, Dijon / France
Connected Wind Services Refurbishment A/S, Balle / Denmark
Couffrau Energie SARL, Montpellier / France
Deves Énergie SARL, Montpellier / France
EnBW Biogas GmbH, Stuttgart / Germany
EnBW Biomasse GmbH, Karlsruhe / Germany
EnBW Etzel Speicher GmbH, Karlsruhe / Germany
EnBW France GmbH, Stuttgart / Germany
EnBW Grundstücksverwaltung Rheinhafen GmbH, Karlsruhe / Germany
EnBW He Dreiht GmbH, Varel / Germany
EnBW Holding A.S., Gümüssuyu-Istanbul / Turkey
EnBW Kraftwerk Lippendorf Beteiligungsgesellschaft mbH, Stuttgart / Germany
EnBW Mainfrankenpark GmbH, Dettelbach/Germany
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 GmbH, Klausdorf / Germany
EnBW Renewables International GmbH, Stuttgart / Germany
EnBW Rückbauservice GmbH, Stuttgart / Germany
EnBW Solar GmbH, Stuttgart / Germany
EnBW Solarpark Gottesgabe GmbH, Stuttgart / Germany
EnBW Solarpark Tuningen GmbH, Stuttgart / Germany
EnBW Solarpark Weesow-Willmersdorf GmbH, Stuttgart / Germany
EnBW Sverige AB, Falkenberg / Sweden
EnBW Wind Onshore 1 GmbH, Stuttgart / Germany
EnBW Wind Onshore Instandhaltungs GmbH, Karlsruhe / Germany
EnBW Windkraftprojekte GmbH, Stuttgart / Germany
EnBW Windpark Hemme GmbH, Stuttgart / Germany
EnBW Windpark Prötzel GmbH, Stuttgart / Germany
Energiedienst AG, Rheinfelden / Germany
ENERGIEUNION GmbH, Schwerin / Germany
Ferme Éolienne de la Bessière SARL, Montpellier / France
Ferme Éolienne de Puech de Cambert SARL, Montpellier / France
Ferme Éolienne de Puech de l'Homme SARL, Montpellier / France
Gemeinschaftsheizkraftwerk Fortuna GmbH, Düsseldorf / Germany
Gesellschaft für nukleares Reststoffrecycling mbH, Neckarwestheim / Germany
Gramentes Énergie SAS, Montpellier / France
Grünwerke GmbH, Düsseldorf / Germany
Heizkraftwerk Stuttgart GmbH, Stuttgart / Germany
Interconnector GmbH, Karlsruhe/Germany
Kernkraftwerk Obrigheim GmbH, Obrigheim / Germany

Kraftwerk Lötschen AG, Steg / Switzerland
La Société des Monts de Lacaune SAS, Montpellier / France
Le Val Energie SARL, Montpellier / France
MSE Mobile Schlammentwässerungs GmbH, Karlsbad-Ittersbach / Germany
Parc Éolien de la Vallée de Belleuse SARL, Montpellier / France
Parc Éolien de Marendeuil SARL, Montpellier / France
Parc Éolien du Mont de Maisnil SARL, Montpellier / France
PRE FVE Nové Sedlo, s. r. o., Prague / Czech Republic
PRE FVE Světlík s.r.o., Prague / Czech Republic
PRE VTE Částkov, s. r. o., Prague / Czech Republic
Socpe de Champs Perdus SARL, Montpellier / France
SOLARINVEST - GREEN ENERGY, s. r. o., Prague / Czech Republic
Svenska Connected Wind Services AB, Falkenberg / Sweden
TAE Thermische Abfallentsorgung Ansbach GmbH, Ansbach / Germany
TPLUS GmbH, Karlsruhe / Germany
TWS Kernkraft GmbH, Gemmrigheim / Germany
u-plus Umweltservice GmbH, Karlsruhe / Germany
Valeco SAS, Montpellier / France
VNG Gasspeicher GmbH, Leipzig / Germany
VNG Gasspeicher Service GmbH, Leipzig / Germany
VNG Handel & Vertrieb GmbH, Leipzig / Germany
Windpark „Auf der Weißen Trisch“ GmbH, Zweibrücken / Germany
Windpark Breitenbach GmbH, Düsseldorf / Germany
Windpark Obhausen/Nemsdorf GmbH & Co. KG, Stuttgart / Germany
Windpark Rot am See GmbH, Ellwangen Jagst / Germany
EE Bürgerenergie Braunsbach GmbH & Co. KG, Braunsbach / Germany
BürgerEnergie Königheim GmbH & Co. KG, Königheim / Germany
EE BürgerEnergie Forchtenberg GmbH & Co. KG, Forchtenberg / Germany
EE BürgerEnergie Krautheim GmbH & Co. KG, Krautheim / Germany
EnBW Kernkraft GmbH, Obrigheim / Germany
EnAlpin AG, Visp / Switzerland
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
Südwestdeutsche Nuklear-Entsorgungsgesellschaft mbH, Stuttgart / Germany
EE Bürgerenergie Hardthausen GmbH & Co. KG, Hardthausen am Kocher / Germany
Langenburg Infrastruktur GmbH, Stuttgart / Germany
Neckar Aktiengesellschaft, Stuttgart / Germany
EE BürgerEnergie Boxberg GmbH & Co. KG, Boxberg / Germany
Zentraldeponie Hubbelrath GmbH, Düsseldorf / Germany
JatroSolutions GmbH, Stuttgart / Germany
Geothermie-Gesellschaft Bruchsal GmbH, Bruchsal / Germany
Saint Laurent Solar SAS, Montpellier / France
Energiedienst Holding AG, Laufenburg / Switzerland
Centrale Solaire de la Durance SARL, Montpellier / France

Parc Éolien de Bel Air SAS, Montpellier / France
EE Bürgerenergie Ilshofen GmbH & Co. KG, Ilshofen / Germany
EnBW Windpark Aalen-Waldhausen GmbH, Stuttgart / Germany
Rheinkraftwerk Neuhausen AG, Neuhausen / Switzerland
EnBW Solarpark Ingoldingen GmbH, Stuttgart / Germany
Erneuerbare Energien Neckarwestheim GmbH & Co. KG, Neckarwestheim / Germany
AWISTA Gesellschaft für Abfallwirtschaft und Stadtreinigung mbH, Düsseldorf / 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
KNG Kraftwerks- und Netzgesellschaft mbH, Rostock / Germany
EnBW Baltic 1 GmbH & Co. KG, Biberach an der Riß / Germany
EnBW Albatros GmbH & Co. KG, Biberach an der Riß / Germany
EnBW Hohe See GmbH & Co. KG, Biberach an der Riß / Germany
EnBW Baltic 2 GmbH & Co. KG, Biberach an der Riß / Germany
EnBW SunInvest GmbH & Co. KG, Stuttgart / Germany (formerly EnBW Solarpark Alttrebbin GmbH & Co. KG, Stuttgart / Germany)
EnBW WindInvest GmbH & Co. KG, Stuttgart / Germany
EnBW Windpark Buchholz III GmbH, Stuttgart / Germany
Windenergie Tautschbuch GmbH, Riedlingen / Germany
EnBW Onshore Portfolio GmbH, Stuttgart / Germany
EnBW Solarpark Birkenfeld GmbH, Stuttgart / Germany
Energie Renouvelable du Languedoc SARL, Montpellier / France
Joncels Energie SARL, Montpellier / France

Proportionately consolidated companies

Friedeburger Speicherbetriebsgesellschaft mbH „Crystal“, Friedeburg / Germany
Rheinkraftwerk Iffezheim GmbH, Iffezheim / Germany
Rhonewerke AG, Ernen / Switzerland

Related but unconsolidated companies

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
Bliekevare Nät AB, Falkenberg / Sweden
CarbonBW (Thailand) Ltd., Bangkok / Thailand
CAS DE BROSSAC SARL, Montpellier / France (formerly Centrale Photovoltaïque du Perche Ornais SARL, Montpellier / France)
CAS DE CANET SAS, Montpellier / France
CAS DE CUSEY SAS, Montpellier / France
CAS de la Plaine SAS, Montpellier / France
CAS DE LIGNAC SAS, Montpellier / France
CAS DE L’ABBAYE LE CLOU SAS, Montpellier / France

CAS DE MALIGNY SARL, Montpellier / France (formerly Centrale Photovoltaïque Agroénergie SARL, Montpellier / France)
CAS DE MEILLANT SASU, Montpellier / France
CAS DE SOULERIS SARL, Montpellier / France (formerly Centrale Photovoltaïque de Bionne SARL, Montpellier / France)
CAS DE TAUROU-BAYSSIERES SARL, Montpellier / France (formerly Centrale Solaire de Cap Delta SARL, Montpellier / France)
Centernach Énergie 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 Pavailler SARL, Montpellier / France
Centrale Photovoltaïque de Sirius SARL, Montpellier / France
Centrale Photovoltaïque des Gravières SARL, Montpellier / France
Centrale Photovoltaïque Domitita SAS, Montpellier / France
Centrale Photovoltaïque Retour sur l'Isle SARL, Montpellier / France
Centrale Sol. de la Foret au Maitre SAS, Montpellier / France
Centrale Solaire d'Algosud SARL, Montpellier / France
Centrale Solaire de Beauce SARL, Montpellier / France
Centrale Solaire de Biltagarbi SARL, Montpellier / France
Centrale Solaire de Bors de Montmoreau 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 Clave SARL, Montpellier / France
Centrale Solaire de Colombiers SARL, Montpellier / France
Centrale Solaire de la Fourchale SAS, Montpellier / France
Centrale Solaire de la Tastère SARL, Montpellier / France
Centrale Solaire de les Leches SAS, 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 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 Saint-Just SAS, Montpellier / France
Centrale Solaire de Saumejan SAS, Montpellier / France
Centrale Solaire de Til Chatel 2 SARL, Montpellier / France
Centrale Solaire de Til Chatel 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 Tertre SAS, Montpellier / France
Centrale Solaire d´Aguessac SAS, Montpellier / France
Centrale Solaire EuroPrimeur SARL, Montpellier / France
Centrale Solaire la Charme SARL, Montpellier / France
Centrales Solaires d'Hyperion SARL, Montpellier / France

Centrales Solaires de Terreneuve SARL, Montpellier / France
Centrales Solaires des Terres Rouges 3 SAS, Montpellier / France
Centrales Solaires du Languedoc SARL, Montpellier / France
CP D'ORVAL SASU, Montpellier / France
CS DE CLUNDOC'H SARL, Montpellier / France (formerly Centrale Photovoltaïque Pont du Casse SARL, Montpellier / France)
CS DE COURTENAY SASU, Montpellier / France
CS DE DOMERAT SASU, Montpellier / France
CS DE FONTAINES SARL, Montpellier / France (formerly Centrale Photovoltaïque de Castelle SARL, Montpellier / France)
CS DE LA GRANDE MAIREE SARL, Montpellier / France (formerly Centrale Photovoltaïque de Labastide SARL, Montpellier / France)
CS DE LA GROLLE SASU, Montpellier / France
CS DE LA TOUREILLE SARL, Montpellier / France (formerly Centrale Solaire du Lido SARL, Montpellier / France)
CS DE LA VALLEE SARL, Montpellier / France (formerly Centrales Solaires de Salles-la-Source SARL, Montpellier / France)
CS DE LONGUYON SASU, Montpellier / France
CS DE L'ANCIENNE CARRIERE D'HAMEL SARL, Montpellier / France (formerly Centrale Solaire la Vidalle SARL, Montpellier / France)
CS DE MAGNY SUR TILLE SASU, Montpellier / France
CS DE MORNAY SUR ALLIER SASU, Montpellier / France
CS DE PEZENES SARL, Montpellier / France (formerly Centrale Photovoltaïque des Coteaux de la Braye SARL, Montpellier / France)
CS DE PIERREFITE SAS, Montpellier / France (formerly Centrale Solaires des Oceans SAS, Montpellier / France)
CS DE SALLAUMINES SARL, Montpellier / France (formerly Centrale Photovoltaïque de la demi-lune SARL, Montpellier / France)
CS DE SANCOINS SASU, Montpellier / France
CS DE TEILHEDE SAS, Montpellier / France
CS DES CHAUMES SASU, Montpellier / France
CS DES GRANDS CHAMPS SASU, Montpellier/France
CS des Roches Bleues SARL, Montpellier / France (formerly Centrale Solaire de Marignac SARL, Montpellier / France)
CS DES TROIS VALLEES SARL, Montpellier / France (formerly Centrale Solaire Gesim Beau Ciel SARL, Montpellier / France)
CS DU CAKEMPIN SARL, Montpellier / France (formerly Centrale Solaire de Josse SARL, Montpellier / France)
CS DU CARROI SARL, Montpellier / France (formerly Centrales Solaires de Quirinus SARL, Montpellier / France)
CS LAS SERETTES SASU, Montpellier / France
CS VEINAZES SASU, Montpellier / France
Düsseldorfer Entsorgungs- und Stadtreinigungsgesellschaft mbH, Düsseldorf / Germany
EnBW Albatros Management GmbH, Biberach an der Riß / Germany
EnBW Baltic 1 Verwaltungsgesellschaft mbH, Biberach an der Riß / Germany
EnBW Baltic 2 Management GmbH, Biberach an der Riß / Germany
EnBW Baltic Windpark Verwaltungsgesellschaft mbH, Stuttgart / Germany
EnBW Bürgerbeteiligung Wind 1 GmbH, Stuttgart / Germany
EnBW Hohe See Management GmbH, Biberach an der Riß / Germany
EnBW Holm Vind AB, Falkenberg / Sweden
EnBW International Markets GmbH, Karlsruhe / Germany (formerly EnBW Omega 105. Verwaltungsgesellschaft mbH, Karlsruhe/Germany)
EnBW Kusberget Vind AB, Falkenberg / Sweden
EnBW Neue Energien GmbH, Stuttgart / Germany
EnBW Norway AS, Oslo / Norway
EnBW Offshore Service Denmark ApS, Skødstrup / Denmark (formerly EnBW Offshore Service Denmark ApS, Balle / Denmark)
EnBW Okome Vind AB, Falkenberg / Sweden
EnBW Solar Verwaltungsgesellschaft mbH, Stuttgart / Germany
EnBW Solarpark Emmingen-Liptingen GmbH & Co. KG, Stuttgart / Germany
EnBW Solarpark Gickelfeld GmbH & Co. KG, Stuttgart / Germany

EnBW Solarpark Groß Lübbenau GmbH & Co. KG, Stuttgart / Germany (formerly SP 25 GmbH & Co. KG, Cottbus / Germany)
EnBW Solarpark Göritz GmbH & Co. KG, Stuttgart / Germany (formerly SP 24 GmbH & Co. KG, Cottbus / Germany)
EnBW Solarpark Kroppen GmbH & Co. KG, Stuttgart / Germany (formerly SP 23 GmbH & Co. KG, Cottbus / Germany)
EnBW Solarpark Lauenhagen GmbH, Stuttgart / Germany
EnBW Solarpark Lindenau GmbH & Co. KG, Stuttgart / Germany (formerly SP 22 GmbH & Co. KG, Cottbus / Germany)
EnBW Solarpark Rot an der Rot GmbH & Co. KG, Stuttgart / Germany
EnBW Solarpark Sonnewalde GmbH & Co. KG, Stuttgart / Germany (formerly SP 26 GmbH & Co. KG, Cottbus / Germany)
EnBW SunInvest Management GmbH, Stuttgart / Germany (formerly EnBW Omega 129. Verwaltungsgesellschaft mbH, Karlsruhe/Germany)
EnBW UK Limited, London / Great Britain
EnBW Wind Onshore Portfolio 2019 GmbH, Stuttgart / Germany
EnBW Wind Onshore Verwaltungsgesellschaft mbH, Stuttgart / Germany
EnBW WindInvest Management GmbH, Stuttgart / Germany
EnBW Windpark Kleinliebringen GmbH, Stuttgart / Germany
EnBW Windpark Ober-Ramstadt GmbH, Ober-Ramstadt / Germany
EnergieFinanz GmbH, Schwerin / Germany
Ferme Éolienne Beaucamps-le-Jeune SARL, Montpellier / France
Ferme Éolienne de Donzère SARL, Montpellier / France
Ferme Éolienne de la Ferrière-de-Flée SARL, Montpellier / France
Ferme Éolienne de la Vallée de Valenne SARL, Montpellier / France
Ferme Éolienne de Plo d'Amoures SAS, Montpellier / France
Ferme Éolienne de Thalis SAS, Montpellier / France
Grünwerke Verwaltungs GmbH, Düsseldorf / Germany
HAUT DU VAL DE SAONE ENERGIE SASU, Montpellier / France
Mistral SAS, Aix-en-Provence / France
Mélagues Energie SAS, Montpellier / France
NatürlichSonne Trogen GmbH & Co. KG, Wittlich / Germany (formerly NatürlichSonne Trogen GmbH & Co. KG, Monzelfeld / Germany)
NatürlichSonne Trogen Verwaltungs GmbH, Ettlingen / 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 Bellenoie SAS, 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 Houarn SAS, Montpellier / France
Parc Éolien de Keranflech SARL, Montpellier / France
Parc Éolien de Kerimard 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 Lanques-sur-Rognon 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 le Quesnel SARL, Montpellier / France
Parc Éolien de Lupsault SARL, Montpellier / France
Parc Éolien de l'Etourneau SARL, Montpellier / France
Parc Éolien de Mandres la Cote SAS, 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 SAS, Montpellier / France
Parc Éolien de Pugny SARL, Montpellier / France
Parc Éolien de Ravery SARL, Montpellier / France
Parc Éolien de Revelles SAS, Montpellier / France
Parc Éolien de Ribemont SARL, Montpellier / France
Parc Éolien de Saint-Ygeaux SAS, Montpellier / France
Parc Éolien de Sery-les-Mezières 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 des Bouiges SARL, Montpellier / France
Parc Éolien des Brandes de l'Ozon Sud SARL, Montpellier / France
Parc Éolien des Cours SAS, 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 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 Smermesnil SAS, 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 Bois du Raz SAS, Montpellier / France
Parc Éolien du Fresnay SARL, Montpellier / France
Parc Éolien du Frestoy SARL, Montpellier / France
Parc Éolien du Houssais SARL, Montpellier / France
Parc Éolien du Mecorbon 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 le Mont du Bouillet SAS, Montpellier / France
PE de Brion SAS, Montpellier / France
PE DE LA CHAPELLE SAINT ETIENNE SARL, Montpellier / France (formerly Parc Éolien de la Vingeanne SARL, Montpellier / France)
PE DE LA PATURELLE SAS, Montpellier / France
PE DE LAPAIROUSE SAS, Montpellier / France
PE DE ROCHE-ET-RAUCOURT SAS, Montpellier / France (formerly PE Alexandre Millerand SAS, Montpellier / France)
PE DE SAINT-GENOU SAS, Montpellier / France
PE DE TENNIE SASU, Montpellier / France
PE DES BRANDIERES SASU, Montpellier / France
PE DES BRETONNIERES SARL, Montpellier / France (formerly Parc Éolien du Vallon de Sancey SARL, Montpellier / France)
PE DES EPIS DE BLE SARL, Montpellier / France (formerly PARC EOLIEN DE SÉVÉRAC D`AVEYRON SARL, Montpellier / France)
PE DES ESSARDS SAS, Montpellier / France
PE DES LANDES DE LA GRENOUILLERE SASU, Montpellier / France
PE DES LAVIERES SAS, Montpellier / France
PE DES MAZOIRES SAS, Montpellier / France
PE des Paqueriès SAS, Montpellier / France
PE DES POMMERAIES SARL, Montpellier / France (formerly Parc Éolien de la Haute Charmoie SARL, Montpellier / France)
PE DU BINGARD SARL, Montpellier / France (formerly Parc Éolien du Commandeur SARL, Montpellier / France)
PE du Bois Breton SAS, Montpellier / France
PE DU FOSSE PICARD SAS, Montpellier / France (formerly Parc Éolien de la Lorie SAS, Montpellier / France)
PE DU PIROUET SARL, Montpellier / France (formerly Parc Éolien de Saint-Fraigne SARL, Montpellier / France)
PE VENTE-BEN SARL, Montpellier / France (formerly Ferme Éolienne de Saint Jean de Pourcharesse SARL, Montpellier / France)
P² Plant & Pipeline Engineering GmbH, Essen / Germany
Röbergsfjället Nät AB, Falkenberg / Sweden
SENEC Solar s.r.l., Bari / Italy
Sepe de la Gare SAS, Montpellier / France
Valeco Énergie Québec Inc., Montréal / Canada
VNG Italia S.r.l., Bologna / Italy
Windpark Wiemerstedt II GmbH & Co. KG, Stuttgart / Germany
ZEAG Erneuerbare Energien GmbH, Heilbronn / Germany
JATROSELECT-Paraguay Sociedad de Responsabilidad Limitada i.L., Volendam / Paraguay
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 Neudenau GmbH & Co. KG, Neudenau / Germany
EE BürgerEnergie Roigheim GmbH & Co. KG, Roigheim / Germany

EE BürgerEnergie Rosenberg GmbH & Co. KG, Rosenberg / Germany
EE Bürgerenergie Sulzbach-Laufen GmbH & Co. KG, Sulzbach-Laufen / Germany
Neue Energie Billigheim GmbH & Co. KG, Billigheim / Germany
EE BürgerEnergie Schöntal GmbH & Co. KG, Schöntal / Germany
EnBW Solarpark Gückelhirn GmbH & Co. KG, Stuttgart / Germany
Erneuerbare Energien Tauberbischofsheim GmbH & Co. KG, Tauberbischofsheim / Germany
Parc Éolien des Bruyères SAS, Plaisance / France (formerly Parc Éolien des Bruyères SAS, Montpellier / France)
EnPV GmbH, Karlsruhe / Germany
PE DE LA FONTAINE OISEAU SAS, Montpellier / France
PE DE LA JARROUE SAS, Montpellier / France
PE DES HAUTES-FAGES 2 SAS, Montpellier / France
Parc Éolien de Brebières SAS, Montpellier / France
Parc Éolien de la Celle Saint CYR SAS, Montpellier / France
PE DE LA GRANDE CHARME SAS, Montpellier / France
HOLDING DE LA VILAINE SAS, Montpellier / France
JatroGreen S.A.R.L., Antananarivo / Madagascar
Powderis SARL, Montpellier / France
Nahwärme Düsseldorf GmbH, Düsseldorf / Germany
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
Sonnensysteme AF GmbH, Ottobrunn, Landkreis München / Germany
Kemberg Windpark Management GmbH & Co. Betriebsgesellschaft KG, Düsseldorf / 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
Erdgasspeicher Peissen GmbH, Halle (Saale) / Germany
Fernwärme Ulm GmbH, Ulm / Germany
Mona Offshore Wind Holdings Limited, Sunbury-On-Thames / Great Britain
Morgan Offshore Wind Holdings Limited, Sunbury-On-Thames / Great Britain
Morven Offshore Wind Holdings Limited, Sunbury-On-Thames / Great Britain
Schluchseewerk Aktiengesellschaft, Laufenburg Baden / Germany
REMONDIS Rhein-Wupper GmbH & Co. KG, Düsseldorf / Germany
Bayerische-Schwäbische Wasserkraftwerke Beteiligungsgesellschaft mbH, Gundremmingen / Germany
Grosskraftwerk Mannheim AG, Mannheim / Germany
KW Ackersand I AG, Stalden / Switzerland

Joint ventures

Netzanschlussgesellschaft Windparks Ostercappeln/Bohmte mbH, Kirchdorf / Germany
UW Obhausen GmbH & Co. OHG, Stuttgart / Germany
Aranea Battery Solutions GmbH, Stuttgart / Germany

BALANCE EnviTec Bio-LNG GmbH, Ahrensfelde / Germany
biogasNRW GmbH i.L., Düsseldorf / Germany
Centrale Electrique Rhénane de Gambsheim SA, Gambsheim / France
Centrale Solaire Lac Bedorede SAS, Montpellier / France
EE BürgerEnergie Buchen GmbH & Co. KG, Buchen Odenwald / Germany
EnergyIncore GmbH, Schwerin / Germany
Holding de la Montagne Noire SARL, Montpellier / France
KDM Kompostierungs- und Vermarktungsgesellschaft für Stadt Düsseldorf/Kreis Mettmann mit beschränkter Haftung, Ratingen / Germany
Kraftwerk Aegina A.G., Obergoms / Switzerland
Kraftwerk Reckingen AG, Reckingen / Germany
Norseman Wind AS, Oslo / Norway
Parc Éolien des Quintefeuilles SAS, Montpellier / France
Parc Éolien Vallée de l'Escrebieux SAS, Montpellier / France
Energieversum GmbH & Co. KG, Ettlingen / Germany
REEFUELERY GmbH, Bakum / Germany
Rheinkraftwerk Säckingen AG, Bad Säckingen / Germany
RheinWerke GmbH, Düsseldorf / Germany
Wasserkraftwerk Hausen GbR, Hausen im Wiesental / Germany
WKM Wasserkraftwerke Maulburg GmbH, Maulburg / Germany
EE BürgerEnergie Adelsheim GmbH & Co. KG, Adelsheim / Germany
KW Jungbach AG, St. Niklaus / Switzerland
„MOWA Mobile Waschanlagen GmbH", Overath / Germany (formerly MOWA Mobile Waschanlagen GmbH, Neunkirchen-Seelscheid / Germany)
Projektentwicklung Waldeck-Frankenberg GmbH & Co. KG, Korbach / Germany
Projektentwicklung Waldeck-Frankenberg Verwaltungs GmbH, Korbach / Germany
REMONDIS Rhein-Wupper Verwaltungs GmbH, Düsseldorf / Germany
HWM Holzwärme Müllheim GmbH, Müllheim / 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
Untergrundspeicher- und Geotechnologie-Systeme Gesellschaft mit beschränkter Haftung, Mittenwalde / Germany
Kraftwerk Ryburg-Schwörstadt AG, Rheinfelden / Switzerland
Parc Éolien de Montelu SAS, Montpellier / France
Parc Éolien des Gassouillis SAS, Montpellier / France
GEIE Exploitation Minière de la Chaleur, Kutzenhausen / France
Windpark Hemme Infrastrukturgesellschaft GmbH & Co. KG , Walddorfhäslach / Germany
Windpark Prützke II GmbH & Co. KG, Düsseldorf / Germany
Beteiligungsgesellschaft der EVU an der Kerntechnischen Hilfsdienst GmbH - GbR, Karlsruhe / 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
Kooperation Erneuerbare Energien im Landkreis Rottweil GmbH, Schramberg / Germany

ANOG Anergienetz Obergoms AG, Obergoms / Switzerland
KWOG Kraftwerke Obergoms AG, Obergoms / Switzerland
CARDABELLE HOLDING SAS, Montpellier / France
Wasserkraftwerk Pfinztal GmbH & Co. KG, Pfinztal / Germany

OTHER

Fully consolidated companies

Der neue Stöckach GmbH & Co KG, Obrigheim / Germany
ED Immobilien GmbH & Co. KG, Rheinfelden / Germany
ED Immobilien Verwaltungsgesellschaft mbH, Rheinfelden / Germany
EnBW Betriebs- und Servicegesellschaft mbH, Karlsruhe / Germany
EnBW Central and Eastern Europe Holding GmbH, Stuttgart / Germany
EnBW City GmbH & Co. KG, Obrigheim / Germany
EnBW Immobilienbeteiligungen GmbH, Karlsruhe / Germany
EnBW International Finance B.V., Amsterdam/Niederlande / Germany
EnBW New Ventures GmbH, Karlsruhe / Germany
EnBW Perspektiven GmbH, Karlsruhe / Germany
Facilma Grundbesitzmanagement und -service GmbH & Co. Besitz KG, Obrigheim / Germany
Neckarwerke Stuttgart GmbH, Stuttgart / Germany
NWS Finanzierung GmbH, Karlsruhe / Germany
symbiotic services GmbH, Karlsruhe / Germany
MURVA Grundstücks-Verwaltungsgesellschaft mbH & Co. KG, Grünwald / Germany
VNG AG, Leipzig / Germany
ED Kommunal GmbH, Rheinfelden / Germany EnBW VersicherungsVermittlung GmbH, Stuttgart / Germany

Related but unconsolidated companies

DZ-4 GmbH, Hamburg / Germany
EnBW Bürgerbeteiligung Solar 1 GmbH , Stuttgart / Germany
EnBW France SAS, Boulogne-Billancourt / France
EnBW Offshore 4 GmbH, Stuttgart / Germany (formerly EnBW Omega 103. Verwaltungsgesellschaft mbH, Karlsruhe/Germany)
EnBW Omega 107. Verwaltungsgesellschaft mbH, Stuttgart / Germany
EnBW Omega 108. Verwaltungsgesellschaft mbH, Stuttgart / Germany
EnBW Omega 121. Verwaltungsgesellschaft mbH, Karlsruhe / Germany
EnBW Omega 122. Verwaltungsgesellschaft mbH, Karlsruhe / Germany
EnBW Omega 123. Verwaltungsgesellschaft mbH, Stuttgart / Germany
EnBW Omega 124. Verwaltungsgesellschaft mbH, Stuttgart / Germany
EnBW Omega 125. Verwaltungsgesellschaft mbH, Stuttgart / Germany
EnBW Omega 126. Verwaltungsgesellschaft mbH, Stuttgart / Germany
EnBW He Dreiht Management GmbH, Stuttgart / Germany (formerly EnBW Omega 127. Verwaltungsgesellschaft mbH, Stuttgart / Germany)
He Dreiht Investor GmbH, Karlsruhe / Germany (formerly EnBW Omega 128. Verwaltungsgesellschaft mbH, Karlsruhe/Germany)
EnBW Omega 132. Verwaltungsgesellschaft mbH, Stuttgart / Germany
EnBW Omega 133. Verwaltungsgesellschaft mbH, Stuttgart / Germany
EnBW Omega 134. Verwaltungsgesellschaft mbH, Stuttgart / Germany

EnBW Omega 135. Verwaltungsgesellschaft mbH, Stuttgart / Germany
EnBW Omega 136. Verwaltungsgesellschaft mbH, Stuttgart / Germany
EnBW Omega 137. Verwaltungsgesellschaft mbH, Stuttgart / Germany
EnBW Omega 138. Verwaltungsgesellschaft mbH, Stuttgart / Germany
EnBW Omega 139. Verwaltungsgesellschaft mbH, Stuttgart / Germany
EnBW Omega 140. Verwaltungsgesellschaft mbH, Stuttgart / Germany
EnBW Omega 141. Verwaltungsgesellschaft mbH, Karlsruhe / Germany
EnBW Omega 143. Verwaltungsgesellschaft mbH, Karlsruhe / Germany
EnBW Omega 144. Verwaltungsgesellschaft mbH, Karlsruhe / Germany
EnBW Omega 145. Verwaltungsgesellschaft mbH, Karlsruhe / 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
EnBW Übertragungsnetz Immobilien Verwaltungsgesellschaft mbH, Karlsruhe / Germany (formerly EnBW Omega 142. Verwaltungsgesellschaft mbH, Karlsruhe/Germany)
KMS Verwaltungsgesellschaft mbH, Stuttgart / Germany
MGMTree GmbH, Leipzig / Germany
Regionalnetze GmbH & Co. KG, Stuttgart / Germany
Regionalnetze Verwaltungs-GmbH, Stuttgart / Germany
Rheintal PE GmbH & Co. KG, Bad Homburg v. d. Höhe / Germany
VNG Innovation Consult GmbH, Leipzig / Germany
VNG Innovation GmbH, Leipzig / Germany
GDiesel Technology GmbH, Leipzig / Germany

Joint ventures

ED Pflege Donau GmbH & Co. KG, Rheinfelden Baden / Germany
UnigestionFLEX SCS SICAV RAIF, Luxemburg / Lucembursko
WP Global Germany Private Equity L.P., Wilmington, Delaware / USA
Sirius EcoTech Fonds Düsseldorf GmbH & Co. KG i.L., Düsseldorf / Germany
ID Quadrat Verwaltungsgesellschaft mbH, Düsseldorf / Germany Innovative Immobilien Duisburg Düsseldorf ID Quadrat GmbH & Co. Betriebsgesellschaft KG, Düsseldorf / Germany
Intelligent Energy System Services GmbH, Ludwigsburg / Germany
Neuss-Düsseldorfer Häfen GmbH & Co. KG, Neuss / Germany
Neuss-Düsseldorfer Häfen Verwaltungs-GmbH, Neuss / Germany
regiodata GmbH, Lörrach / Germany
EFR Europäische Funk-Rundsteuerung GmbH, München / Germany
vialytics GmbH, Stuttgart / Germany
GasLINE Telekommunikationsnetz-Geschäftsführungsgesellschaft deutscher Gasversorgungsunternehmen mbH, Straelen / Germany

KPMG Česká republika Audit, s.r.o.
Pobřežní 1a
186 00 Praha 8
Czech Republic
+420 222 123 111
www.kpmg.cz

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 (together "the Group"), prepared in accordance with International Financial Reporting Standards as adopted by the European Union, which comprise the consolidated statement of financial position (balance sheet) as at 31 December 2022, and the consolidated income statement, the 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 2022, 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), which may be supplemented and 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. 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 32 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 electricity 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 designation of a given transaction to the relevant portfolio 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 balance sheet 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:

- we assessed whether the accounting policy applied to transactions to buy or sell electricity and gas complies with the relevant accounting framework;
- 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 2022;
- on a sample of contracts, we assessed whether the initial designation of the contract to a specific portfolio was not subsequently changed to a different portfolio of contracts;
- assisted by our own valuation specialists, we assessed whether the relevant contracts were measured at fair value at the balance sheet date and, where applicable, that the adequate hedge documentation exists for contracts accounted for using hedge accounting.

Other Information

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

Our opinion on the consolidated financial statements does not cover the other information. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate and the consolidated 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 separate and the consolidated financial statements is, in all material respects, consistent with the separate and the consolidated 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 the 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.

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.

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 (balance sheet) as at 31 December 2022, and the income statement, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes. Information about the Company is set out in Note "General information" to the financial statements.

In our opinion, the accompanying separate financial statements give a true and fair view of the unconsolidated financial position of the Company as at 31 December 2022, and of its unconsolidated financial performance and its unconsolidated 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), which may be supplemented and 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 32 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 electricity 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 designation of a given transaction to the relevant portfolio 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 balance sheet 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:

- we assessed whether the accounting policy applied to transactions to buy or sell electricity and gas complies with the relevant accounting framework;
- 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 2022;
- on a sample of contracts, we assessed whether the initial designation of the contract to a specific portfolio was not subsequently changed to a different portfolio of contracts;
- assisted by our own valuation specialists, we assessed whether the relevant contracts were measured at fair value at the balance sheet date and, where applicable, that the adequate hedge documentation exists for contracts accounted for using hedge accounting.

Responsibilities of the Statutory Body and the Supervisory Board for 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.

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 2022. 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 2022 contains material factual misstatements.

Statutory Auditor Responsible for the Engagement

Petr Kuna is the statutory auditor responsible for the audit of the consolidated and the separate financial statements of Pražská energetika, a.s. as at 31 December 2022, based on which this independent auditor's report has been prepared.

Prague
28 April 2023

Signed by

KPMG Česká republika Audit, s.r.o.
Registration number 71

Signed by

Petr Kuna
Partner
Registration number 2476

Consolidated financial statements

Consolidated financial statements of Pražská energetika, a.s. as at 31 December 2022 prepared in compliance with International Financial Reporting Standards (IFRS) as adopted by the EU

Consolidated income statement (MCZK)

	Note	2022	2021
Revenue from electricity produced		431	444
Revenue from electricity and gas sold		36,858	22,313
Cost of electricity and gas sold		(29,043)	(15,820)
Gross profit from the sale of commodities	**(4)**	**8,246**	**6,937**
Other operating revenue	(4)	806	586
Personnel expenses	(6)	(1,847)	(1,683)
Amortisation and depreciation	(15, 16)	(1,383)	(1,379)
Depreciation of the right-of-use	(17)	(161)	(155)
Cost of purchased services, material and energy	(7)	(1,801)	(1,419)
Borrowing costs	(8)	(137)	(88)
Capitalisation	(9)	336	284
Impairment losses (gains) for financial assets	(10)	(66)	41
Other gains and losses	(11)	150	5
Profit before tax		**4,143**	**3,129**
Income tax	(12)	(808)	(606)
Profit after tax		**3,335**	**2,523**
Basic and diluted earnings per share attributable to ordinary shares (CZK)	(14)	862	652

Consolidated statement of comprehensive income (MCZK)

		2022	2021
Profit after tax		**3,335**	**2,523**
Items that cannot be subsequently reclassified to profit or loss:			
Revaluation of net payables from defined benefits	(28)	38	33
Items that may be subsequently reclassified to profit or loss:			
Cash flow hedges, net of tax	(30)	(747)	1,457
Total other comprehensive income after tax		**(709)**	**1,490**
Comprehensive income attributable to the parent company's shareholders		**2,626**	**4,013**

Consolidated statement of financial position (balance sheet) (MCZK)

Assets	Note	2022	2021
Property, plant and equipment	(15)	26,507	25,763
Intangible assets	(16)	537	523
Share in joint venture		1	--
Right-of-use	(17)	1,694	1,732
Trade and other receivables	(21)	231	172
Receivables from revaluation of derivatives	(20)	716	412
Deferred tax asset	(12)	45	46
Non-current assets		**29,731**	**28,648**
Inventories	(22)	1,060	344
Contract assets	(19)	753	674
Tax assets	(12)	14	101
Receivables from revaluation of derivatives	(20)	4,701	3,676
Trade and other receivables	(21)	4,791	4,190
Cash and cash equivalents	(23)	2,309	1,985
Current assets		**13,628**	**10,970**
Total assets		**43,359**	**39,618**

Equity and liabilities			
Share capital	(29)	3,869	3,869
Reserves	(30)	1,955	2,664
Retained earnings		16,771	15,179
Equity attributable to the parent company's shareholders		**22,595**	**21,712**
Loans	(24)	3,100	3,100
Contract liabilities	(25)	1,778	1,648
Payables from revaluation of derivatives	(26)	390	636
Trade and other payables	(27)	10	10
Lease liabilities	(17)	1,580	1,609
Provisions	(28)	259	323
Deferred tax liability	(12)	2,394	2,611
Non-current liabilities		**9,511**	**9,937**
Loans	(24)	67	1,237
Contract liabilities	(25)	2,584	1,393
Tax liabilities	(12)	330	13
Payables from revaluation of derivatives	(26)	4,642	3,104
Trade and other payables	(27)	3,191	1,846
Lease liabilities	(17)	192	182
Provisions	(28)	247	194
Current liabilities		**11,253**	**7,969**
Total liabilities		**43,359**	**39,618**

Consolidated statement of changes in equity (MCZK)

	Share capital	Reserves and other funds	Retained profits	Equity attributable to the parent company's shareholders
Balance at 31 December 2020	**3,869**	**1,174**	**14,329**	**19,372**
Dividends and directors' fees paid	--	--	(1,673)	(1,673)
Other comprehensive income	--	1,490	--	1,490
Net profit for 2021	--	--	2,523	2,523
Balance at 31 December 2021	**3,869**	**2,664**	**15,179**	**21,712**
Dividends and directors' fees paid	--	--	(1,743)	(1,743)
Other comprehensive income	--	(709)	--	(709)
Net profit for 2022	--	--	3,335	3,335
Balance at 31 December 2022	**3,869**	**1,955**	**16,771**	**22,595**

Consolidated statement of cash flows (MCZK)

	Note	2022	2021
Opening balance of cash and cash equivalents	(23)	1,985	1,896
Operating activities			
Accounting profit from ordinary activity, before tax		**4,143**	**3,129**
Amortisation and depreciation	(15, 16, 17)	1,544	1,534
Write-offs of doubtful debts	(10)	14	16
Change in loss allowances and provisions		84	(79)
Gains (losses) from the sale and disposal of fixed assets	(11)	(104)	10
Interest charged to profit or loss	(8, 11)	64	84
Foreign exchange rate gains (losses)		78	80
Settlement of hedging derivatives		(1,181)	1,181
Remeasurement of financial instruments		222	263
Net operating cash flow before changes in working capital		**4,864**	**6,218**
Change in trade receivables and transitional accounts	(21)	(794)	(2,445)
Change in trade payables and transitional accounts	(27)	2,662	544
Change in inventories	(22)	(716)	(230)
Net operating cash flow before tax and interest		**6,016**	**4,087**
Interest paid		(71)	(84)
Interest received		72	2
Income tax paid		(454)	(533)
Net cash flow from operating activities		**5,563**	**3,472**
Investing activities			
Acquisition of fixed assets	(15, 16)	(2,221)	(2,046)
Acquisition of subsidiaries	(18)	(1)	(18)
Proceeds from the sale of fixed assets		184	3
Net cash flow from investing activities		**(2,038)**	**(2,061)**
Financing activities			
External loans repaid	(24)	(2,980)	(666)
External loans received	(24)	1,748	1,231
Lease payments	(17)	(142)	(137)
Dividends, profit shares and directors' fees paid	(13)	(1,743)	(1,674)
Net cash flow from financing activities		**(3,116)**	**(1,246)**
Change in cash and cash equivalents		409	165
Effect of foreign exchange rate movements		(85)	(76)
Closing balance of cash and cash equivalents	**(23)**	**2,309**	**1,985**

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 January 1994.

The Company's registered office is located at Na Hroudě 1492/4, Prague 10, postal code 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 (Yello Energy until 2019).

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	2022	2021
Pražská energetika Holding a.s. (PREH)	58.05%	58.05%
EnBW Central and Eastern Europe Holding GmbH (EnBW CEE)	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 CEE (with an equity investment of 49%).

EnBW CEE 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 3 "Reference to the Conceptual Framework"** (effective for annual periods beginning on or after 1 January 2022);
- **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 (effective for annual periods beginning on or after 1 January 2022). No impact on PRE so far.

According to the entity's assessment, compliance with these standards does not have a material impact on the financial statements.

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

- **IFRS 17 "Leases" and Amendments to IFRS 17 17** (effective for annual periods beginning on or after 1 January 2023).
  The new standard establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts and replaces IFRS 4 Insurance Contracts.
  The entity analysed cases that by their nature could be relevant to the new IFRS 17.
  The identified cases (e.g., employee benefits, guarantees) were found to be exemptions to IFRS 17. Therefore, the entity expects no material impact of IFRS 17 on its financial statements.
- **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 2024);
- **Amendments to IAS 1 "Presentation of Financial Statements and Statements of Compliance"** (effective for the annual IFRS financial statements for annual periods beginning on or after 1 January 2023);
- **Amendments to IAS 8 "Definitions of Accounting Estimates"** (effective for the annual IFRS financial statements for annual periods beginning on or after 1 January 2023); and,
- **Amendments to IAS 12 "Deferred Tax Relating to Assets and Liabilities Arising from a Single Transaction"** (effective for the annual IFRS financial statements for annual periods beginning on or after 1 January 2023);
  The Company assessed the impact of these amendments, particularly relating to IFRS 16.

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

- ***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); will not be approved by the EU.*

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 the preparation of financial statements

Valuation

The financial statements have been prepared on the historical cost basis except for certain financial instruments described in Note 32. The principal accounting policies are set out below.

Going concern

European businesses are experiencing a period of heightened risks, driven in particular by the recent covid-19 pandemic and the ongoing war in Ukraine. The result – particularly in the energy sector – is an unsettled energy market with high volatility. Some energy suppliers are not coping well with this situation, and thus more focus is needed to confirm the going concern principle. The PRE Group has undergone a long historical development and gained key experience which it uses to minimise the risk of unexpected impacts on financial stability. The main pillars are (i) a conservative strategy in establishing medium-term financial plans, (ii) standard practices in hedging commodity purchases and managing foreign exchange risk, and (iii) a strong capital structure with a high equity ratio. To strengthen short-term financial stability, the limit for drawing on bank credit lines was increased in 2022, but as at the date of financial statements, these short-term loans were used minimally, see Note (24). The above matters do not represent events or conditions that create a material uncertainty regarding the entity's going concern. The PRE Group has sufficient resources to continue to develop its activities, and therefore applied the going concern assumption in preparing these financial statements.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Group, its subsidiaries and joint ventures.

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 with subsidiaries and the related balances, revenue and expenses are eliminated in full on consolidation.

A joint venture is a contractual arrangement through which the Group and other parties carry out an economic activity that is subject to joint control, where strategic financial and operational decisions relating to the joint venture activities require the unanimous consent of all parties sharing control.

In connection with its participation in the joint arrangement, the Group recognises equity investments in joint ventures which it measures using the equity method.

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 so as to write off the cost or valuation of assets, other than freehold land and properties under construction, over their estimated useful lives, using the straight-line method:

Asset category	Depreciation period in years
BBuildings, halls and other construction	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	3-28
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 *)	10, 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	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 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 fair 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 sufficiently sure 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 significant 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, except for commodity inventories acquired for the purpose of selling them in the near future for a profit based on market price movements, 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.

Inventories of a commodity acquired for the purpose of selling it in the near future for a profit based on market price movements are stated at fair value less costs to sell. The change in fair value is recognised in profit or loss in the period in which the change occurs.

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 measured (own-use contracts).

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, acting 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 and costs related to the supply and distribution of commodities (MCZK)

Revenue and expenses relating to the sale of electricity and gas	2022	2021
Revenue from electricity produced	500	465
Payment for solar energy	(69)	(21)
Total revenue from electricity production	**431**	**444**
Sales of electricity B2B	15,684	5,137
Sales of distribution and system services B2B	4,200	4,466
Sales of electricity B2C	6,347	4,113
Sales of distribution and system services B2C	7,232	7,028
Sales of electricity to dealers	1,017	719
Revenue from electricity and fuels sold	30	6
Total sales of electricity	34,510	21,469
Revenue from the sales of gas B2B and B2C	1,728	778
Revenue from the sales of gas to dealers	334	79
Total sales of gas	2,062	857
Margin on trading	286	(13)
Total revenues from electricity and gas sold	**36,858**	**22,313**
Costs of purchases of sold electricity	(21,297)	(8,756)
Costs of purchases of distribution and system services	(5,952)	(6,304)
Costs of electricity and distribution services for fuel	(21)	(6)
Costs of purchases of gas	(1,773)	(754)
Total costs	**(29,043)**	**(15,820)**
Gross profit from the sale of commodities	**8,246**	**6,937**

Other operating revenue	2022	2021
Revenue from provided services	590	385
Investment contributions	193	183
Compensation for unauthorised consumption	3	1
Other	20	17
Total	**806**	**586**

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 IT support, reading of heat and gas meters, maintenance of public 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 2022

Contractual revenue	2023	2024	2025	2026	2027
Supplies of electricity	24,572	12,234	4,496	--	--
Supplies of gas	1,748	244	25	--	--
Other revenue	66	22	17	16	116
Total	**26,386**	**12,500**	**4,538**	**16**	**116**

Supplies of electricity and gas: Contractual revenue comprises the equivalent of supply fixed by a contract, measured at an average planned price. In respect of customers whose supply is not fixed, the supply is estimated for three months.

The government announced the capping of electricity (5 CZK/kWh) and gas (2.50 CZK/kWh) prices for 2023. The gap versus market prices will be eliminated by governmental compensation of eligible costs and reasonable profit. Such compensation has not been included in future contractual revenue, as its amount will depend in particular on the development of market prices and the subsequent development of regulations.

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

Other hedged 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 ERO") 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 ERO in November of the previous year – in 2023, the allowed revenues are set at MCZK 5,116.

Revenue from electricity produced: The price of electricity is regulated by the ERO 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 2023, the revenue of MCZK 470 is expected.

Investment contributions: Revenue relating to unsatisfied or partly satisfied performance obligations in respect of investment contributions totals MCZK 1,964 and its division into current and non-current is shown in contract liabilities under Note 25 "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	2022	2021
Receivables included in trade and other receivables *)	3,410	1,568
Contract assets *)	753	674
Contract liabilities *)	4,362	3,041

*) See Notes 19, 21 and 25.

Total amount of revenue and other revenue (except for the „Margin on trading" line) stems from contracts with customers.

Incremental costs for obtaining a contract amount to MCZK 134 (at 31 December 2021: MCZK 134), relate to the commissions paid for attracting new customers, are reported in trade and other receivables and written-off for 51 months in the cost of purchased services, material and energy.

(5) Segment reporting (MCZK)

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.

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

Ensures the purchase and sale of commodities, including connected 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.

The Distribution segment

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.

The Other segment

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	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Electricity and gas / distribution										
External revenue	33,375	18,646	3,483	3,667	431	444	--	--	37,289	22,757
Inter-segment revenue	326	298	5,574	5,828	--	--	(5,900)	(6,126)	--	--
External expenses	(25,479)	(11,528)	(3,564)	(4,292)	--	--	--	--	(29,043)	(15,820)
Inter-segment expenses	(5,563)	(5,817)	(326)	(298)	--	--	5,889	6,115	--	--
Gross profit	**2,659**	**1,599**	**5,167**	**4,905**	**431**	**444**	**(11)**	**(11)**	**8,246**	**6,937**
Other external operating revenue	50	39	291	283	465	264	--	--	806	586
Other inter-segment operating revenue	1,010	979	25	23	296	261	-1,331	-1,263	--	--
Personnel expenses	(849)	-783	(721)	(656)	(277)	(244)	--	--	(1,847)	(1,683)
Amortisation and depreciation of non-current assets	(283)	(263)	(1,091)	(1,067)	(170)	(204)	--	--	(1,544)	(1,534)
Cost of purchased services, material and energy	(854)	(684)	(1,750)	(1,626)	(548)	(388)	1,351	1,279	(1,801)	(1,419)
Capitalisation	33	40	303	244	--	--	--	--	336	284
Impairment losses for assets	(65)	36	--	5	(1)	--	--	--	(66)	41
Other gains and losses less interest received	218	60	(111)	(136)	52	86	(9)	(5)	150	5
Operating performance of the segment	**1,919**	**1,023**	**2,113**	**1,975**	**248**	**219**	**--**	**--**	**4,280**	**3,217**
Revenues from dividends and interest received	2,405	1,582	2	--	1	1	(2,408)	(1,583)	--	--
Borrowing costs	(102)	(57)	(335)	(169)	(26)	(23)	326	161	(137)	(88)
Current income tax	(525)	(166)	(277)	(286)	(55)	(53)	--	--	(857)	(505)
Deferred income tax	109	(47)	(71)	(61)	11	7	--	--	49	(101)
Financial performance of the segment	**3,806**	**2,335**	**1,432**	**1,459**	**179**	**151**	**(2,082)**	**(1,422)**	**3,335**	**2,523**
Other information										
Total assets	**32,739**	**28,741**	**26,911**	**26,222**	**1,765**	**1,910**	**(18,056)**	**(17,255)**	**43,359**	**39,618**
Additions to tangible assets *)	337	294	1,864	1,897	21	27	--	--	2,222	2,218
Additions to intangible assets *)	116	126	1	2	--	--	--	--	117	128
Liabilities	15,910	13,258	21,794	20,729	1,116	1,174	(18,056)	(17,255)	20,764	17,9066

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

(6) Personnel expenses (MCZK)

	2022	2021
	Staff including management	Staff including management
Average headcount	1,678	1,638
Salaries	1,124	1,019
Salaries paid depending on the fulfilment of the plan	73	64
Social security and health insurance	441	401
Remuneration to the members of the Group's bodies	72	70
Other social expenses*)	137	129
Total	**1,847**	**1,683**

*) 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 MCZK 4 (2021: MCZK 3).

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

	2022	2021
Material and own consumed energy	379	259
Subcontracts and freight costs *)	326	195
Repairs of property, plant and equipment	307	282
Consulting services	36	48
Lease payments	54	54
Postage and telecommunication fees	59	49
IT support	189	144
Marketing	174	155
Personnel services and employee development	72	56
Other **)	205	177
Total	**1,801**	**1,419**

*) 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 and the grant for COVID-19 self-tests totalling MCZK 2 (2021: MCZK 1).

Costs of fees payable to the statutory auditor (MCZK)

	PRE	PREdi	PREm	eYello	PREzak	PREs	PREnetcom	Celkem
Audit	1.8	1.1	0.3	0.3	0.2	0.2	0.1	4.0
Consulting services and other review services	1.0	--	--	--	--	--	--	1.0
Total for 2022	**2.8**	**1.1**	**0.3**	**0.3**	**0.2**	**0.2**	**0.1**	**5.0**
Audit	1.6	1.0	0.3	0.2	0.2	0.2	--	3.5
Consulting services and other review services	0.4	0.7	0.1	--	--	--	--	1.2
Total for 2021	**2.0**	**1.7**	**0.4**	**0.2**	**0.2**	**0.2**	**--**	**4.7**

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

(8) Borrowing costs (MCZK)

	2022	2021
Interest on loan *)	77	36
Interest expense on employee benefits	5	4
Interest on leases	55	48
Total	**137**	**88**

*) A portion of the borrowing costs of MCZK 16 (2021: MCZK 13) was capitalised in line with IAS 23. The capitalisation rate was 1.90% p. a. (2021: 1.56% p. a.).

(9) Asset capitalisation (MCZK)

	2022	2021
First-time assembly and branding of electricity meters	28	39
Internally produced assets (production of distribution assets)	308	245
Total	**336**	**284**

(10) Impairment losses (gains) for financial assets (MCZK)

	2022	2021
Write-offs of doubtful debts	14	16
Creation and release of loss allowances for receivables	64	(62)
Creation and release of loss allowances for contract assets	(12)	5
Total	**66**	**(41)**

(11) Other gains and losses (MCZK)

	2022	2021
Taxes and charges	(7)	(6)
Insurance premium	(9)	(10)
Foreign exchange rate gains (losses)	28	4
Interest received outside of the Group	73	4
Gain (loss) from the sale and disposal of assets	104	(10)
Gain (loss) from the sale and disposal of inventories	13	18
Other	(52)	5
Total	**150**	**5**

(12) Income tax (MCZK)

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%.

	2022	2021
Current tax	857	505
Deferred tax	(49)	101
Total income tax	**808**	**606**

Effective tax rate		2022		2021
Profit before tax	**4,143**		**3,129**	
Income tax using the effective income tax rate	787	19.00%	595	19.00%
Impact of items that are permanently tax non-deductible	21	0.51%	11	0.36%
Total income tax/effective tax rate	**808**	**19.51%**	**606**	**19.36%**

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

	2022	Recorded in profit or loss	Recorded in other comprehensive income	2021	Recorded in profit or loss	Recorded in other comprehensive income	2020
Non-current assets	2,358	61	--	2,297	61	--	2,236
Inventories	(63)	(93)	--	30	30	--	--
Provisions	(14)	(7)	--	(7)	1	--	(8)
Loss allowances for receivables	(30)	(9)	--	(21)	11	--	(32)
Loss allowances for inventories	--	--	--	--	--	--	--
Obligation under the Collective Agreement	(76)	(1)	9	(84)	(2)	8	(90)
Cash flow hedge	174	--	(176)	350	--	342	8
Total deferred tax liability	**2,349**	**(49)**	**(167)**	**2,565**	**101**	**350**	**2,114**

The total deferred tax is reported in the balance sheet as a deferred tax asset of MCZK 45 (2021: MCZK 46) and a deferred tax liability of MCZK 2,394 (2021: MCZK 2,611).

The estimated current income tax for 2022 of MCZK 852 was reduced by income tax prepayments of MCZK 536 and the net difference is reported in tax receivables in the amount of MCZK 14 and in tax liabilities in the amount of MCZK 330. In 2021, the estimated current income tax for 2021 of MCZK 508 was reduced by income tax prepayments of MCZK 595 and the net difference was reported in tax receivables in the amount of MCZK 101 and in tax liabilities in the amount of MCZK 13.

(13) Dividends (MCZK)

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

	2022	2021
Final dividend for 2021 of CZK 440 (2020: CZK 423) per share	1,702	1,635

The proposed dividend for 2022 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 (MCZK)

Earnings per share are calculated from the net profit for distribution of MCZK 3,335 (2021: MCZK 2,523) attributable to 3,869,443 shares, i.e., the earnings per share amount to CZK 862 (2021: CZK 652). The Group has no issued instruments diluting the basic earnings per share.

(15) Property, plant and equipment (MCZK)

	Land	Power structures	Cables and overhead power lines	Telecom-munication technolo-gies and IT	Admini-strative buildings	Power plants – renewable resources	Electricity meters	Other	Under con-struction	Total
Cost										
Balance at 31 December 2020	**925**	**15,396**	**17,709**	**3,055**	**1,879**	**2,432**	**1,625**	**768**	**723**	**44,512**
Additions *)	20	347	814	130	28	--	9	89	487	1,924
Disposals	--	(100)	(73)	(162)	--	(84)	(106)	(25)	(2)	(552)
Transfers	37	230	56	61	37	--	21	45	(487)	--
Balance at 31 December 2021	**982**	**15,873**	**18,506**	**3,084**	**1,944**	**2,348**	**1,549**	**877**	**721**	**45,884**
Accumulated depreciation										
Balance at 31 December 2020	**(1)**	**(7,594)**	**(6,403)**	**(2,159)**	**(659)**	**(952)**	**(1,136)**	**(471)**	**--**	**(19,375)**
Depreciation expense	--	(377)	(435)	(109)	(41)	(196)	(77)	(47)	--	(1,282)
Loss allowances	--	--	--	--	--	--	--	--	--	--
Disposals	--	99	72	162	--	74	106	23	--	536
Balance at 31 December 2021	**(1)**	**(7,872)**	**(6,766)**	**(2,106)**	**(700)**	**(1,074)**	**(1,107)**	**(495)**	**--**	**(20,121)**
Net book value 2020	924	7,802	11,306	896	1,220	1,480	489	297	723	25,137
Net book value 2021	**981**	**8,001**	**11,740**	**978**	**1,244**	**1,274**	**442**	**382**	**721**	**25,763**

	Land	Power structures	Cables and overhead power lines	Telecom-munication technolo-gies and IT	Admini-strative buildings	Power plants – renewable resources	Electricity meters	Other	Under con-struction	Total
Cost										
Balance at 31 December 2021	**982**	**15,873**	**18,506**	**3,084**	**1,944**	**2,348**	**1,549**	**877**	**721**	**45,884**
Additions *)	11	350	856	142	18	--	95	90	537	2,099
Disposals	(25)	(91)	(84)	(5)	(64)	--	(63)	(50)	--	(382)
Transfers	--	138	115	44	46	1	19	43	(406)	--
Balance at 31 December 2022	**968**	**16,270**	**19,393**	**3,265**	**1,944**	**2,349**	**1,600**	**960**	**852**	**47,601**
Accumulated depreciation										
Balance at 31 December 2021	**(1)**	**(7,872)**	**(6,766)**	**(2,106)**	**(700)**	**(1,074)**	**(1,107)**	**(495)**	**--**	**(20,121)**
Depreciation expense	--	(372)	(444)	(111)	(35)	(161)	(92)	(65)	--	(1,280)
Loss allowances	--	--	--	--	--	--	--	--	--	--
Disposals	--	91	84	5	33	--	64	30	--	307
Balance at 31 December 2022	**(1)**	**(8,153)**	**(7,126)**	**(2,212)**	**(702)**	**(1,235)**	**(1,135)**	**(530)**	**--**	**(21,094)**
Net book value 2021	981	8,001	11,740	978	1,244	1,274	442	382	721	25,763
Net book value 2022	**967**	**8,117**	**12,267**	**1,053**	**1,242**	**1,114**	**465**	**430**	**852**	**26,507**

*) The increase in investments was reduced in 2022 by the promised grant from projects for the construction of vehicle charging stations totalling MCZK 45 (2021: MCZK 46).

None of the Group's property, plant and equipment were pledged or used as collateral. In 2023, the Group anticipates incurring total capital expenditures of approximately MCZK 3,047. As at the date of preparation of the financial statements, approximately MCZK 1,591 of all planned expenditure had been contracted.

(16) Intangible assets (MCZK)

	Software	Goodwill	Other	Under construction	Total
Cost					
Balance at 31 December 2020	**881**	**214**	**60**	**82**	**1,237**
Additions	12	--	9	109	130
Disposals	(370)	--	--	--	(370)
Transfers	78	--	--	(78)	--
Balance at 31 December 2021	**601**	**214**	**69**	**113**	**997**
Accumulated amortisation					
Balance at 31 December 2020	**(704)**	**--**	**(43)**	**--**	**(747)**
Amortisation expense	(91)	--	(6)	--	(97)
Disposals	370	--	--	--	370
Balance at 31 December 2021	**(425)**	**--**	**(49)**	**--**	**(474)**
Net book value 2020	177	214	17	82	490
Net book value 2021	**176**	**214**	**20**	**113**	**523**

	Software	Goodwill	Other	Under construction	Total
Cost					
Balance at 31 December 2021	**601**	**214**	**69**	**113**	**997**
Additions	21	--	6	90	117
Disposals	--	--	(2)	--	(2)
Transfers	108	--	1	(109)	--
Balance at 31 December 2022	**730**	**214**	**74**	**94**	**1,112**
Accumulated amortisation					
Balance at 31 December 2021	**(425)**	**--**	**(49)**	**--**	**(474)**
Amortisation expense	(97)	--	(6)	--	(103)
Disposals	--	--	2	--	2
Transfers	--	--	--	--	--
Balance at 31 December 2022	**(522)**	**--**	**(53)**	**--**	**(575)**
Net book value 2021	176	214	20	113	523
Net book value 2022	**208**	**214**	**21**	**94**	**537**

The Group has no intangible assets developed internally.

None of the Group's intangible assets are pledged or used as collateral.

The Company anticipates incurring total capital expenditure of MCZK 89 in 2023. Approximately 41% of all planned expenditure was contracted as at the date of preparation of the financial statements.

(17) Right-of-use and lease liabilities (MCZK)

The Group holds cable conduits for high voltage and medium voltage cable lines and non-residential premises for medium- 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 penalisation in the form of cost of 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 distribution transformer stations	Total
Net book value at 31 December 2020	**94**	**65**	**26**	**1,059**	**351**	**1,595**
Additions	58	13	--	186	35	292
Depreciation expense	(41)	(24)	(2)	(60)	(28)	(155)
Net book value at 31 December 2021	**111**	**54**	**24**	**1,185**	**358**	**1,732**
Additions	35	50	--	11	27	123
Depreciation expense	(43)	(24)	(3)	(60)	(31)	(161)
Net book value at 31 December 2022	**103**	**80**	**21**	**1,136**	**354**	**1,694**

Lease liability	2022	2021
Current lease liabilities	192	182
Non-current lease liabilities	1,580	1609
Total lease liabilities	**1,772**	**1791**

Lease liability at 1 January	**1,791**	**1636**
Lease payments	(142)	(137)
Interest paid	(55)	(48)
Total cash flows	**(197)**	**(185)**
Lease increase and modifications	123	292
Interest expense	55	48
Total non-cash flows	**178**	**340**
Lease liability at 31 December	**1,772**	**1,791**

As at 31 December 2022 and in relation to the application of IFRS 16, the Group reported the following in its income statement:

	2022	2021
Amortisation of the right-of-use	161	155
Interest expense	55	48
Expenses for short-term leases and leases with an exemption for low-value underlying assets	8	7

In 2022, the total cash flows relating to leases was MCZK 197 (2021: MCZK 185). As at 31 December 2022, the Group applied interest rate from 1.39% to 7.06% depending on the length of the contractual relation and the underlying asset (as at 31 December 2021: from 0.84% to 3.64%). 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 32.

(18) Subsidiaries and joint ventures (MCZK)

Joint ventures

On 31 May 2022, PREnetcom, a.s. acquired a 50% share in NETFIN Infrastructure, a.s., which is a joint venture between FINEP HOLDING, SE, and PREnetcom, a.s. The joint venture NETFIN Infrastructure, a.s., was established to cooperate on the real estate projects of the FINEP Group, especially in e-mobility and optical network connections, and potentially other areas. Equity securities are reflected in "Share in joint venture" in non-current assets. The share in the profit or loss determined using the equity method is immaterial for the Group.

Subsidiaries

Subsidiary	Principal activity	2022	2021
PREdistribuce, a.s.	Distribution of electricity in Prague and Roztoky	100%	100%
eYello CZ, k.s.	Electricity and gas trading	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%
PRE VTE Částkov, s.r.o.	Generation of electricity from renewable resources	100%	100%
PRE FVE Nové Sedlo, s.r.o.	Construction and operation of solar energy production plant	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.

On 6 October 2021, PRE FVE Nové Sedlo, s.r.o. was established with the aim of preparing, constructing, and operating a solar energy production plant. PREměření, a.s. has a 100% interest in PRE FVE Nové Sedlo, s.r.o.

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.

Net cash flows upon the acquisition of subsidiaries	2022	2021
Consideration transferred upon the acquisition of subsidiaries	--	--
Cash equivalents of the subsidiaries over whom control has been acquired	--	--
Balance of outstanding amount of purchase price *)	(1)	(18)
Net cash outflows upon the acquisition of subsidiaries	**(1)**	**(18)**

*) 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	2022	2021
Balance at 1 Jan	214	214
Additions from business combinations performed during the year	--	--
Change in goodwill following the purchase price allocation	--	--
Balance at 31 December	**214**	**214**

Goodwill after the companies	2022	2021
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.	1	1
Balance at 31 December	**214**	**214**

In compliance with the accounting policies, an impairment test was conducted in respect of goodwill, during which no impairment indicators were identified.

The Group does not record any movements in goodwill in 2022 and 2021.

Annually at the balance sheet date, the Group sets the value of the recoverable sum 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 the value in use is higher for all cash-generating units to which goodwill is allocated than their carrying amount as at the balance sheet date, the recoverable amount of each cash-generating unit is based on its value in use, and the fair value reduced by the cost of sale is not calculated.

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 Group 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 Group 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 Group sets the future price for electric energy delivery into the grid in accordance with the price decision No. 11/2022 of the Energy Regulatory Office, or used the prices quoted on EEX.

In the third case scenario, the Group sets the useful life at 25 years from the day of putting each individual renewable energy manufacturer into operation.

In drawing up the cash flow plan, the Group considered the relatively low complexity of processes in photovoltaic power plants and wind power plants over their entire lifetime, assuming an expenses indexation of 10% p.a. in 2023, 5% p.a. in 2024 and 2025, and then in line with the CNB‘s long-term inflation target of 2% p.a. Regarding revenues from supported sources, their year-on-year growth is limited by a cap of 4%, which affects revenues between 2023 and 2025. Subsequent revenue developments are again in line with the CNB‘s inflation target of 2% p.a.

The discount rate before tax is between c/a 12.6% and 14.1% p.a., depending on the manufacturer (as at 31 December 2021, between c/a 9.5% and 12.1% p.a.).

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 Group 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 Group 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 Group sets the term of business activity for an indefinite period, with the Group considering a 10-year outlook and perpetuity thereafter.

The Group creates the cash flows plan for the above-mentioned period, and for the period not included in the Group's mid-term business plan, i.e., from 2026 onwards, the Group 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 c/a 11.2% and 11.7% p.a., depending on the manufacturer (as at 31 December 2021, between c/a 10.9% and 13.4% p.a.).

Impact of changes in key expectations on the recoverable amount

The Group analysed the impact of changes in key expectations on the recoverable amount. The Group 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 (MCZK)

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	**2022**	**2021**
Uninvoiced supplies of electricity and gas – gross	5,949	4379
Less: Advances received	(5,247)	(3742)
Uninvoiced supplies of electricity and gas – net	702	637
Uninvoiced distribution of electricity – gross	446	389
Less: Advances for distribution received	(446)	(366)
Uninvoiced distribution of electricity – net	--	23
Uninvoiced orders	51	14
Total	**753**	**674**

Balance of contract assets at 31 December 2020	**484**
Invoicing of recognised contract assets during 2021	(504)
Uninvoiced supplies of 2021, less advances received	699
Impairment in compliance with IFRS 9 requirements	(5)
Balance of contract assets at 31 December 2021	**674**
Invoicing of recognised contract assets during 2022	(699)
Uninvoiced supplies of 2022, less advances received	766
Impairment in compliance with IFRS 9 requirements	12
Balance of contract assets at 31 December 2022	**753**

Impairment of contract assets in compliance with IFRS 9	
Balance at 31 December 2020	**20**
Additions and release in the current year	5
Balance at 31 December 2021	**25**
Additions and release in the current year	(12)
Balance at 31 December 2022	**13**

(20) Receivables from revaluation of derivatives (MCZK)

Receivables from the revaluation of non-current derivatives	2022	2021
Receivables from the revaluation of commodity derivatives for trading	14	--
Receivables from the revaluation of hedging commodity derivatives	440	252
Receivables from the revaluation of hedging interest rate derivatives	262	160
Total	**716**	**412**

Receivables from the revaluation of current derivatives	2022	2021
Receivables from the revaluation of commodity derivatives for trading	2,785	2,179
Receivables from the revaluation of hedging commodity derivatives	1,806	1,456
Receivables from the revaluation of hedging interest rate derivatives	110	41
Total	**4,701**	**3,676**

(21) Trade and other receivables (MCZK)

Non-current trade and other receivables	2022	2021
Principal amounts paid, primarily for electricity trading	126	69
Advances paid	22	22
Other non-financial assets	83	81
Total	**231**	**172**

Current trade and other receivables	2022	2021
Receivables from electricity and gas supplies	3,289	1,404
Receivables related to supplies of distribution services	65	95
Other trade receivables	56	69
Margin deposits with the power exchanges	434	1,044
Other receivables – gross	1,275	1,514
Less: Advances provided	(506)	(460)
Other receivables – net	769	1,054
Other tax receivables	12	370
Other non-financial assets	166	154
Total	**4,791**	**4,190**

Compared to the initial recognition, the credit risk did not increase significantly. In respect of non-current and current principals and margin deposit, the loss allowances were established for expected credit losses at an amount of 12-month credit losses (stage 1 of the impairment model) at MCZK 0.2.

Of the current trade receivables, gross receivables past their due date totalled MCZK 531 (2021: MCZK 428). Outstanding portions usually bear no interest. The following loss allowances were created for the current trade receivables:

Balance at 31 December 2020	**432**
Additions and utilisation in the current year	(60)
Balance at 31 December 2021	**372**
Additions and utilisation in the current year	64
Balance at 31 December 2022	**436**

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 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.

		2022		
	% net allowance	Gross	Loss allowance	Net
Receivables within due date	2	3,315	66	3,249
Receivables up to 1 month past due	6	130	8	122
Receivables between 1 and 3 months past due	25	27	7	20
Receivables between 4 and 6 months past due	60	27	16	11
Receivables between 7 and 12 months past due	86	24	20	4
Receivables over 12 months past due	99	323	319	4
Total trade receivables		**3,846**	**436**	**3,410**

		2021		
	% net allowance	Gross	Loss allowance	Net
Receivables within due date	2	1,512	30	1,482
Receivables up to 1 month past due	4	71	3	68
Receivables between 1 and 3 months past due	25	12	3	9
Receivables between 4 and 6 months past due	60	9	5	4
Receivables between 7 and 12 months past due	86	15	13	2
Receivables over 12 months past due	99	321	318	3
Total trade receivables		**1,940**	**372**	**1,568**

(22) Inventories (MCZK)

	2022	2021
Material	255	113
Products and work in progress	4	1
Goods *)	801	230
Total	**1,060**	**344**

*) Of which gas supply at fair value of MCZK 769 (2021: MCZK 219). The fair value is determined by a valuation model using inputs at level 2 (the market price index of an organised short-term commodity market). The valuation model considers and the resulting valuation reflects the Company's actual ability to deliver gas stored in underground gas storage to the distribution grid in the context of contractually agreed mining curves.

Cost of purchased material, services and energy and other gains and losses in the income statement include costs of sold and consumed inventories of MCZK 389 (2021: MCZK 281).

Given their limited use, inventories were written down to their net realisable value with the loss allowance amounting to MCZK 1 (2021: MCZK 1). The adjustment to the net realisable value is reported in other gains and losses.

(23) Cash and cash equivalents (MCZK)

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. Loss allowances are not recognised due to their immateriality.

	2022	2021
Current bank accounts	2,301	1,978
Cash in hand, stamps and vouchers	8	7
Total	**2,309**	**1,985**

At the Company request, banks issued payment bank guarantees of MCZK 892 in favour of OTE, a.s., and Dopravní podnik hl. m. Prahy, akciová společnost (2021: MCZK 7 in favour of APCS Power Cleaning and Settlement AG).

(24) Loans (MCZK)

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".

	2022			2021		
	Amount	Interest rate	Due date	Amount	Interest rate	Due date
Loan 1	1,007	Fix 1.40%	1/7/2024	1,000	Fix 1.40%	1/7/2024
Loan 2	--			1,006	Fix 1.16%	8/7/2022
Loan 3	550	6M PRIBOR+0.30%	18/11/2027	550	6M PRIBOR+0.30%	18/11/2027
Loan 4	571	6M PRIBOR+0.25%	18/11/2027	550	6M PRIBOR+0.25%	18/11/2027
Loan 5	--			630	Fix 4.10%	3/1/2022
Loan 6	520	6M PRIBOR+0.25%	2/7/2029			
Loan 7	519	6M PRIBOR+0.25%	2/7/2029			
Authorised overdraft of current accounts						
ČSOB	--	--	--	431	O/N PRIBOR+0,35%, at least 0,00%	--
Česká spořitelna	--	--	--	170	O/N PRIBOR+0,30%, at least 0,00%	--
Total	**3,167**			**4,337**		
Non-current loans	3,100			3,100		
Current loans	67			1,237		
Total	**3,167**			**4,337**		

		Cash flows			
	31 December 2021	Drawing	Repayment	Other	31 December 2022
Total loans	4,337	1,748	(2,980)	62	3,167

		Cash flows			
	31 December 2020	Drawing	Repayment	Other	31 December 2021
Total loans	3,772	1,231	(666)	--	4,337

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 2022, undrawn loan facilities amounted to MCZK 6,930 (as at 31 December 2021: MCZK 1,989).

Loans are carried at their amortised cost. The fair value of loans 1, 3, 4, 6 and 7 differs from their amortised cost by MCZK 423, and this value amounts to MCZK 2,744. In 2021, the fair value of loans 1, 2, 3 and 4 differed from their amortised cost by MCZK 235, and this value amounted to MCZK 2,871. In respect of other loans, their amortised cost does not differ from their fair value in particular due to their short-term character.

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.

(25) Contract liabilities (MCZK)

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	2022	2021
Investment contributions	1,778	1,648
Total	**1,778**	**1,648**

Current contract liabilities	2022	2021
Advances received for the supply of electricity and gas from customers – gross	7,595	4,937
Less: Uninvoiced supplies	(5,247)	(3,742)
Advances received for the supply of electricity and gas from customers – net	2,348	1,195
Advances received for the supply of distribution services – gross	496	388
Less: Uninvoiced distribution services	(446)	(366)
Advances received for the supply of distribution services – net	50	22
Investment contributions	186	176
Total	**2,584**	**1,393**

Balance of contract liabilities at 31 December 2020	**2,752**
Increase in contract liabilities in the current year (investment contributions received, advance payments, partial invoicing)	1,401
Recognition of contract liabilities in revenues in the current year	(1,112)
Balance of contract liabilities at 31 December 2021	**3,041**
Increase in contract liabilities in the current year (investment contributions received, advance payments, partial invoicing)	2,714
Recognition of contract liabilities in revenues in the current year	(1,393)
Balance of contract liabilities at 31 December 2022	**4,362**

The amount of MCZK 1,393 which in 2021 was recognised as contract liability, was reported in revenues for the period ended 31 December 2022 (the contract liability of MCZK 1,112 reported as at 1 January 2020 was reported as revenue for the period ended 31 December 2021).

The Group has no revenue relating to the satisfaction or partial satisfaction of performance obligations in prior accounting periods.

(26) Payables from revaluation of derivatives (MCZK)

Payables from the revaluation of non-current derivatives	2022	2021
Payables from the revaluation of commodity derivatives for trading	15	407
Payables from the revaluation of hedging commodity derivatives	375	229
Total	**390**	**636**

Payables from the revaluation of current derivatives	2022	2021
Payables from the revaluation of commodity derivatives for trading	3,259	2,024
Payables from the revaluation of hedging commodity derivatives	1,073	959
Payables from the revaluation of hedging foreign exchange derivatives	310	121
Total	**4,642**	**3,104**

(27) Trade and other payables (MCZK)

Non-current trade and other payables	2022	2021
Other financial liabilities	2	2
Other non-financial liabilities	8	8
Total	**10**	**10**

Current trade and other payables	2022	2021
Uninvoiced supplies of electricity and gas from suppliers – gross	519	469
Less: Advances provided for the supply of electricity and gas	(506)	(460)
Uninvoiced supplies of electricity and gas from suppliers – net	13	9
Trade payables	1,943	948
Payables to employees *)	76	69
Social security and health insurance liabilities	41	39
Other tax payables**)	446	134
Other financial liabilities	309	314
Other non-financial liabilities	363	333
Total	**3,191**	**1,846**

*) 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 MCZK 1 (2021: MCZK 2). All overdue payables were settled during January 2023.

In respect of liabilities that are carried at amortised cost, this value corresponds with their fair value.

(28) Provisions (MCZK)

	2022	2021
Employee benefits	239	294
Other provisions	267	223
Total	**506**	**517**
Non-current provisions	259	323
Current provisions	247	194
Total	**506**	**517**

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 2020	**341**	**87**	**149**	**577**
Additions in the current year	75	8	165	248
Utilisation in the current year	(34)	--	(130)	(164)
Release in the current year	(88)	(37)	(19)	(144)
Balance at 31 December 2021	**294**	**58**	**165**	**517**
Additions in the current year	79	43	172	294
Utilisation in the current year	(33)	--	(149)	(182)
Release in the current year	(101)	(11)	(11)	(123)
Balance at 31 December 2022	**239**	**90**	**177**	**506**
Non-current liabilities – provisions	212	47	--	259
Current liabilities – provisions	27	43	177	247
Total	**239**	**90**	**177**	**506**

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:

	2022	2021
Discount rate	5.04%	2.85%
Average retirement age (years)	64.9	64.9
Probability of continuance	0.72	0.71

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) p.p.	Difference	1 p.p.	Difference
Sensitivity of the provision to the change in discount rate	239	262	22	220	(19)

	Basis	(0.10)	Difference	0.10	Difference
Sensitivity of the provision to the change in probability of continuance	239	214	(25)	252	13

The creation of provisions for employee benefits includes interest expense of MCZK 5 (2021: MCZK: 3) and running cost relating to these benefits of MCZK 75 (2021: MCZK 72). The release of provisions in 2022 then primarily comprises the revaluation of provisions for employee benefits due to a change in assumptions (in particular the discount rate), of which MCZK 47 (2021: MCZK 41) is recorded in other comprehensive income. The utilisation of provisions then comprises the payments of employee benefits.

(29) Share capital (MCZK)

Share capital

There are 3,869,443 registered shares in the nominal value of CZK 1,000 per share (2021: 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.

(30) Reserves and other funds (MCZK)

	2022	2021
Reserve fund	774	774
Other reserves	383	383
Cash flow hedge	744	1,491
Revaluation of net payables from defined benefits	54	16
Total	**1,955**	**2,664**

The Group's reserve fund has been created in the amount of 20% (MCZK 774) 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 MCZK 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:

	2022	2021
Revaluation of hedging commodity derivatives	876	1 779
Effect of deferred tax	(166)	(338)
Revaluation of hedging foreign exchange derivatives	(330)	(139)
Effect of deferred tax	63	26
Revaluation of hedging interest rate derivatives	372	201
Effect of deferred tax	(71)	(38)
Revaluation of payables from defined benefits	67	20
Effect of deferred tax	(13)	(4)
Total	**798**	**1,507**

(31) Government grants (MCZK)

The Group registers grant claims of MCZK 118 (2021: MCZK 170), 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.

(32) Financial instruments (MCZK)

Categories of financial instruments

Financial assets (net)	Cat.:	2022	2021
(a) Receivables from the revaluation of commodity derivatives for trading	iii.	2,799	2,179
(b) Receivables from the revaluation of hedging commodity derivatives	ii.	2,246	1,708
(c) Receivables from the revaluation of hedging foreign exchange derivatives	ii.	--	--
(d) Receivables from the revaluation of hedging interest rate derivatives	ii.	372	201
(e) Cash and cash equivalents	i.	2,309	1,985
(f) Margin deposit	i.	434	1,044
(g) Trade and other receivables, except for the above	i.	4,305	2,691

Financial liabilities	Cat.:	2022	2021
(i) Payables from the revaluation of commodity derivatives for trading	iii.	3,274	2,431
(j) Payables from the revaluation of hedging commodity derivatives	ii.	1,448	1,188
(k) Payables from the revaluation of hedging foreign exchange derivatives	ii.	310	121
(l) Payables from the revaluation of hedging interest rate derivatives	ii.	--	--
(m) Loans received	iv.	3,167	4,337
(n) Lease liabilities	iv.	1,772	1,791
(o) Financial liabilities carried at amortised cost, except for the above	iv.	2,267	1,273

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 (stage 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		2022	2021
Gain/loss from the revaluation of commodity derivatives in the trading portfolio *)	(a, i)	286	(13)
Interest received outside of the Group	(e)	73	4
Borrowing costs (except for the interest on employee benefits)	(m, n)	(132)	(84)
Loss allowances for trade receivables and other financial assets	(e, f, g)	(52)	57
Write-offs of doubtful debts	(g)	(14)	(16)
Hedge ineffectiveness	(b, j)	(2)	(4)

*) Included in the margin on trading

Hedge accounting *)		2022	2021
Creation of the equity fund from the cash flow hedge	(b, c, d, j, k, l)	674	1,709
Reversal of the fund from cash flow hedge in the income statement *)	(b, c, d, j, k, l)	(1,597)	90

*) Included in the costs of purchased electricity.

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.

	2022	2021
Total assets	43,359	39,618
Equity	22,595	21,712
Equity/total assets	**52%**	**55%**

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; and,
..... 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 Group 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 (MCZK)		Liabilities (MCZK)	
	2022	2021	2022	2021
Receivables and payables from the revaluation of commodity derivatives for trading	2,799	2,179	3,274	2,431
Receivables and payables from the revaluation of hedging commodity derivatives	2,246	1,708	1,448	1,188
Receivables and payables from the revaluation of hedging foreign exchange derivatives	--	--	310	121
Non-derivative financial assets for currency risk management (cash)	1,326	796	--	--
Cash and cash equivalents	128	189	--	--
Margin deposit	434	1,044	--	--
Trade receivables and payables and other receivables and payables	685	169	1,432	568
Total in EUR	**7,618**	**6,085**	**6,463**	**4,308**
Other currencies	--	--	--	--
Total	**7,618**	**6,085**	**6,464**	**4,308**

Currency derivatives and non-derivative financial assets open at the balance sheet date:

	Average exchange CZK/EUR		Value (MEUR)		Value (MCZK)		Fair value (MCZK)	
Purchase of EUR through currency derivatives	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Purchase of EUR up to 1 month	25.64	25.63	32	40	821	1,026	(47)	(30)
Purchase of EUR from 1 to 3 months	24.94	25.57	210	121	5,237	3,094	(128)	(65)
Purchase of EUR from 3 to 12 months	25.03	25.72	317	56	7,936	1,440	(135)	(26)
Total			**559**	**217**	**13,994**	**5,560**	**(310)**	**(121)**

	Average exchange CZK/EUR		Value (MEUR)		Value (MCZK)		Revaluation (MCZK)	
Cash in EUR used to hedge currency risk	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
EUR used up to 1 month	24.35	25.44	5	6	122	153	(1)	(3)
EUR used from 1 to 3 months	24.50	25.39	40	2	980	51	(15)	(1)
EUR used from 3 to 12 months	24.47	25.43	10	24	245	610	(4)	(14)
Total			**55**	**32**	**1,347**	**814**	**(20)**	**(18)**

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.

	2022	2021
Profit/(loss)	(7)	6
Equity	(91)	(33)

Interest rate risk

Medium- and long-term external funds of the Company include loans maturing in two, five 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 as the Company is the payer of the fixed payment on the interest rate swap. As at 31 December 2022, the Group concluded interest rate swaps to hedge external loans of MCZK 2,100 repayable in 2027 a 2029. 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. 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 counterparty and the Company's credit risk is insignificant. The credit rating of 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 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 Group 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. 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 (MCZK)		Liabilities (MCZK)	
	2022	2021	2022	2021
Receivables and payables from the revaluation of hedging interest rate derivatives	372	201	--	--
Receivables and payables from the revaluation of hedging foreign exchange derivatives	--	--	310	121
Total	**372**	**201**	**310**	**121**

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.

	2022	2021
Profit/(loss)	--	--
Equity	16	21

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 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, mainly 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 Group 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, the Group concluded that they are balanced.

2) Quantitative analysis: using the simple method of scenario analysis, the Group 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 its business activities, the Group carries out trading transactions with commodity derivatives. As at 31 December 2022, 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 (MCZK)		Liabilities (MCZK)	
	2022	2021	2022	2021
Receivables and payables from the revaluation of commodity derivatives for trading	2,799	2 179	3,273	2 431
Receivables and payables from the revaluation of hedging commodity derivatives	2,246	1 708	1,448	1 188
Total	**5,045**	**3 887**	**4,721**	**3 619**

Open commodity derivatives for hedging as at the balance sheet date:

	Commodity contracts for purchase				Commodity contracts for sale			
	Nominal value (MEUR)		Nominal value (MCZK)		Nominal value (MEUR)		Nominal value (MCZK)	
	2022	2021	2022	2021	2022	2021	2022	2021
Futures								
Settlement up to 12 months	25	38	603	949	--	1	--	23
Settlement from 1 to 2 years	4	1	85	36	--	--	--	--
Settlement from 2 to 3 years	--	1	--	16	--	--	--	--
Total	**29**	**40**	**688**	**1,001**	**--**	**1**	**--**	**23**
OTC forward								
Settlement up to 12 months	159	33	3,834	830	113	12	2,724	309
Settlement from 1 to 2 years	17	8	398	188	5	4	110	111
Settlement from 2 to 3 years	1	7	31	183	--	5	--	114
Settlement from 3 to 4 years	--	--	--	--	--	--	--	--
Settlement from 4 to 5 years	--	--	--	--	--	--	--	--
Total	**177**	**48**	**4,263**	**1,201**	**118**	**21**	**2,834**	**534**

Open commodity own use contracts:

	Nominal value (MEUR)		Nominal value (MCZK)	
	2022	2021	2022	2021
Own use contracts – electricity *)	974	561	23,563	13,982
Own use contracts – gas *)	19	29	446	729
Total	**993**	**590**	**24,009**	**14,711**

*) Contracts which were concluded and are held due to acceptance or failure to deliver non-financial item relating to expected purchase, sale or use.

Open commodity trading contracts:

	Commodity contracts for purchase				Commodity contracts for sale			
	Nominal value (MEUR)		Nominal value (MCZK)		Nominal value (MEUR)		Nominal value (MCZK)	
	2022	2021	2022	2021	2022	2021	2022	2021
Futures								
Settlement up to								
12 months	--	--	--	--	--	--	--	--
Total	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**
OTC forward								
Settlement up to								
12 months	78	40	1,882	983	91	29	2,201	730
Settlement from								
1 to 2 years	--	--	--	--	--	5	--	134
Settlement from								
2 to 3 years	--	--	--	--	--	--	--	--
Total	**78**	**40**	**1,882**	**983**	**91**	**34**	**2,201**	**864**

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.

	2022	2021
Profit/(loss) *)	--	(1)
Equity	20	34

*) In assessing the impact of a change in commodity price, the trading gas inventory acquired under the gas trading business model is also considered and measured at fair value. The Company's trading gas inventory is not considered a financial instrument.

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. The Group awarded customers points in line with relevant facts (risk segment, due date, payment issues in the past) and a calculated impairment risk index for each receivable.

The loss allowance amount is determined on this basis. The loss allowance percentage for individual categories of receivable maturities is determined with respect to available historical data based on the actual development in receivable repayments in the last four years. In the past two years, following the covid-19 pandemic and the volatility of the energy markets, the Group expected a significant deterioration in customer payment behaviour. However, this risk has not materialised and the risk of non-payment of receivables remains at historical levels for all customer segments. New government instruments such as the Economy Tariff (payment of part of the receivables by the state in October 2022) and the capping of energy prices from the first day of 2023 have contributed to this development. 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 and 21.

The standard practice of the Group is not to require collateral for trade receivables in form of hedging financial assets. As at 31 December 2022, 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, or 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 2022	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	3,274	841	990	1,489	16	3,336
Payables from the revaluation of hedging commodity derivatives	1,448	205	295	585	400	1,485
Payables from the revaluation of hedging foreign exchange derivatives	310	47	128	135	--	310
Payables from the revaluation of hedging interest rate derivatives	--	--	--	--	--	--
Loans received (including interest)	3,167	21	42	190	3,997	4,250
Lease liabilities *)	1,772	17	33	146	2,146	2,342
Financial liabilities carried at amortised cost, except for the above	2,267	1,985	63	217	2	2,267
Total		**3,116**	**1,551**	**2,762**	**6,561**	**13,990**

Liabilities 2021	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	2,431	169	337	1,518	407	2,431
Payables from the revaluation of hedging commodity derivatives	1,188	80	160	719	229	1,188
Payables from the revaluation of hedging foreign exchange derivatives	121	29	65	27	--	121
Loans received (including interest)	4,337	1,240	17	78	3,571	4,906
Lease liabilities *)	1,791	16	31	138	2,077	2,262
Financial liabilities carried at amortised cost, except for the above	1,273	880	124	267	2	1,273
Total		**2,414**	**734**	**2,747**	**6,286**	**12,181**

*) As at 31 December 2022, lease liabilities over 5 years totalled MCZK 1,042 (as at 31 December 2021: MCZK 1,426).

(33) Related party transactions (MCZK)

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	
	2022	2021	2022	2021
Relations with controlling entities and associates	**1,341**	**1,311**	**1,233**	**1,817**
Pražská energetika Holding a.s.	2	1	--	--
Capital City of Prague	337	51	36	30
EnBW Energie Baden-Württemberg AG *)	1,002	1,259	1,197	1,787
Relations with other entities controlled by controlling entities and associates	**1,860**	**1,248**	**436**	**217**
VNG Handel & Vertrieb GmbH	195	11	208	29
Výstaviště Praha, a.s.	20	7	--	--
Želivská provozní a.s.	16	20	--	--
Pražské služby, a.s.	16	10	1	--
Pražské vodovody a kanalizace, a. s.	73	79	9	8
Technická správa komunikací hl. m. Prahy, a. s.	51	46	1	--
MONTESERVIS PRAHA, a.s.	--	4	--	--
Dopravní podnik hl. m. Prahy, akciová společnost	1,387	1,043	6	4
Kongresové centrum Praha, a.s.	29	1	--	--
Kolektory Praha, a.s.	35	--	122	117
Obecní dům, a.s.	9	--	--	--
TRADE CENTRE PRAHA a.s.	3	4	--	2
Pražská plynárenská, a.s.	26	23	89	57
Total	**3,201**	**2,559**	**1,669**	**2,034**

*) EnBW Energie Baden-Württemberg AG is among the top suppliers of electricity and gas. The sales and purchases of this entity enter into a different trading margin and are further used to purchase the commodity.

Receivables from and payables to related parties

	Receivables		Liabilities	
	2022	2021	2022	2021
Relations with controlling entities and associates	**1**	**17**	**164**	**60**
Pražská energetika Holding a.s.	--	--	--	--
Capital City of Prague	1	17	31	2
EnBW Energie Baden-Württemberg AG	--	--	133	58
Relations with other entities controlled by controlling entities and associates	**250**	**62**	**72**	**79**
VNG Handel & Vertrieb GmbH	98	--	--	19
Výstaviště Praha, a.s.	2	1	--	--
Želivská provozní a.s.	3	3	--	--
Pražské služby, a.s.	3	2	--	--
Pražské vodovody a kanalizace, a.s.	--	--	2	3
Technická správa komunikací hl. m. Prahy, a.s.	5	4	--	--
MONTESERVIS PRAHA, a.s.	--	--	--	--
Dopravní podnik hl. m. Prahy, akciová společnost	101	47	38	38
Kongresové centrum Praha, a.s.	--	--	28	5
Kolektory Praha, a.s.	8	2	--	--
Obecní dům, a.s.	1	--	--	--
TRADE CENTRE PRAHA a.s.	--	--	--	--
Pražská plynárenská, a.s.	29	3	4	14
Total	**251**	**79**	**236**	**139**

Business transactions were conducted on an arm's length basis. Outstanding amounts were not collateralised.

Dividends paid

	2022	2021
Pražská energetika Holding a.s.	988	949
EnBW Energie Baden-Württemberg AG	705	677

Executive management

	2022	2021
Number of persons	13	13
Remuneration (MCZK)	47	47

Executives include 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 2022, the Group reports no receivables from executive management (as at 31 December 2021: MCZK 0).

(34) Post balance sheet events

In October 2022, Government Decree No. 298/2022 Coll., on the determination of electricity and gas prices in an extraordinary market situation was issued, setting maximum prices for electricity (5 CZK/kWh excluding VAT) and gas (2.50 CZK/kWh excluding VAT) for customers, thereby capping selling prices. Subsequently, in January 2023, Government Decree No. 5/2023 Coll., on compensation provided for the supply of electricity and gas at fixed prices, was issued. The compensation is intended to compensate suppliers for the loss (and a reasonable profit) caused by the capping of selling prices. Both regulations are expected to remain in force throughout 2023. However, as the compensation decree is very complex, it was neither possible to define and implement all necessary/follow-up processes on time, nor to set up IT systems for all stakeholders (OTE, ERO, commodity suppliers). Therefore, in January, February, and March 2023, compensation was paid as advance payments in the amount determined by an MIT expert estimate, with the first-quarter settlement taking place by the end of April 2023 while starting a routine monthly compensation cycle (supplier's application – ERO check – OTE payment). This alternative advance compensation payment created a great deal of uncertainty for suppliers regarding the first quarter results and estimates of full year result. After taking into account its advance compensation for the first quarter, PRE Group recognises a reasonable margin on commodity deliveries.

One of the instruments to ensure the financing of compensation is a windfall/excess profits tax. Excess profits are the portion of the tax base which exceeds the average of 2018–2021 tax bases increased by 20%. Excess profits for 2023 to 2025 are taxed at an additional rate of 60%. According to the analysis of the approved economic plans for 2023 to 2025, this tax is not expected to significantly burden the PRE Group.

No other events occurred subsequent to the balance sheet date that would have a material impact on the financial statements.

In Prague, 28 April 2023

Signed by

Pavel Elis
chairperson of the Board of Directors

Signed by

Alexander Manfred 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 2022 prepared in compliance with International Financial Reporting Standards (IFRS) as adopted by the EU

Income statement (MCZK)

	Note	2022	2021
Revenue from electricity and gas sold		33,117	18,415
Cost of electricity and gas sold		(30,592)	(16,947)
Gross profit from the sale of electricity and gas	**(4)**	**2,525**	**1,468**
Other operating revenue	(4)	1,034	1,019
Personnel expenses	(6)	(514)	(476)
Amortisation and depreciation	(14, 15)	(214)	(199)
Depreciation of the right-of-use	(16)	(67)	(64)
Cost of purchased services, material and energy	(7)	(1,017)	(854)
Borrowing costs	(8)	(111)	(57)
Revenues from dividends received	(17)	2,129	1,445
Impairment losses (gains) for assets	(9)	(62)	37
Other gains and losses	(10)	512	210
Profit before tax		**4,215**	**2,529**
Income tax	(11)	(406)	(204)
Profit after tax		**3,809**	**2,325**
Basic and diluted earnings per share attributable to ordinary shares (CZK)	(13)	984	601

Statement of comprehensive income (MCZK)

		2022	2021
Profit from ordinary activity after tax		**3,809**	**2,325**
Items that cannot be subsequently reclassified to profit or loss:			
Revaluation of net payables from defined benefits	(28)	10	8
Items that may be subsequently reclassified to profit or loss:			
Cash flow hedges, net of tax	(30)	(748)	1,457
Total other comprehensive income after tax		**(738)**	**1,465**
Comprehensive income attributable to the Company's shareholders		**3,071**	**3,790**

Statement of financial position (balance sheet) (MCZK)

Assets	Note	2022	2021
Property, plant and equipment	(14)	1,900	1,889
Intangible assets	(15)	313	296
Right-of-use	(16)	184	167
Equity investments	(17)	10,076	10,076
Trade and other receivables	(20)	103	51
Receivables from the revaluation of derivatives	(19)	716	412
Loans	(21)	3,894	3,039
Non-current assets		**17,186**	**15,930**
Inventories	(22)	773	218
Tax assets	(11)	-	80
Contract assets	(18)	666	599
Receivables from the revaluation of derivatives	(19)	4,701	3,676
Trade and other receivables	(20)	4,532	3,875
Loans	(21)	2,378	2,152
Cash and cash equivalents	(23)	2,303	1,980
Current assets		**15,353**	**12,580**
Total assets		**32,539**	**28,510**

Liabilities	Note	2022	2021
Share capital	(29)	3,869	3,869
Reserves	(30)	1,914	2,652
Retained earnings		10,995	8,910
Equity attributable to the Company's shareholders		**16,778**	**15,431**
Loans	(24)	3,100	3,100
Payables from revaluation of derivatives	(26)	390	636
Trade and other payables	(27)	2	2
Lease liabilities	(16)	118	106
Provisions	(28)	47	60
Deferred tax liability	(11)	211	494
Non-current liabilities		**3,868**	**4,398**
Loans	(24)	424	1,464
Contract liabilities	(25)	2,071	1,082
Tax liabilities	(11)	325	-
Payables from revaluation of derivatives	(26)	4,642	3,104
Trade and other payables	(27)	4,264	2,900
Lease liabilities	(16)	68	65
Provisions	(28)	99	66
Current liabilities		**11,893**	**8,681**
Total liabilities		**32,539**	**28,510**

Statement of changes in equity (MCZK)

	Share capital	Reserves and other funds	Retained profits	Shareholders' equity
Balance at 31 December 2020	**3,869**	**1,187**	**8,240**	**13,296**
Dividends and directors' fees paid	--	--	(1,655)	(1,655)
Other comprehensive income	--	1,465	--	1,465
Net profit for 2021	--	--	2,325	2,325
Balance at 31 December 2021	**3,869**	**2,652**	**8,910**	**15,431**
Dividends and directors' fees paid	--	--	(1,724)	(1,724)
Other comprehensive income	--	(738)	--	(738)
Net profit for 2022	--	--	3,809	3,809
Balance at 31 December 2022	**3,869**	**1,914**	**10,995**	**16,778**

Statement of cash flows (MCZK)

	Note	2022	2021
Opening balance of cash and cash equivalents	(23)	1,980	1,890
Operating activities			
Accounting profit from ordinary activity, before tax		**4,215**	**2,529**
Amortisation and depreciation	(14, 15, 16)	281	262
Write-offs of doubtful debts	(9)	12	10
Change in loss allowances and provisions	(9, 10)	68	(104)
Gains (losses) from the sale and disposal of fixed assets	(10)	(107)	--
Dividend income		(2,145)	(1,476)
Interest charged to profit or loss		(308)	(109)
Foreign exchange rate gains (losses)		78	80
Settlement of hedging derivatives		(1,181)	1,185
Remeasurement of financial instruments		222	263
Net operating cash flow before changes in working capital		**1,135**	**2,640**
Change in trade receivables and transitional accounts	(20)	(842)	(2,313)
Change in trade payables and transitional accounts	(27)	2,344	611
Change in inventories	(22)	(555)	(200)
Net operating cash flow before tax and interest		**2,082**	**738**
Interest paid		(119)	(55)
Income tax paid		(112)	(224)
Net cash flow from operating activities		**1,851**	**458**
Investing activities			
Acquisition of fixed assets	(14, 15)	(301)	(326)
Acquisition of subsidiaries	(17)	--	(9)
Proceeds from the sale of fixed assets		181	1
Inter-company loans – provided	(21)	(3,447)	(1,609)
Inter-company loans – repaid	(21)	2,411	1,123
Interest received and revenue from securities held		448	159
Dividends received and shares in profit		2,160	1,457
Net cash flow from investing activities		**1,451**	**797**
Financing activities			
Internal loans received	(24)	261	195
Internal loans repaid	(24)	(133)	(131)
External loans received	(24)	1,748	1,231
External loans repaid	(24)	(2,978)	(666)
Lease payments	(16)	(68)	(64)
Dividends and directors' fees paid	(12)	(1,724)	(1,655)
Net cash flow from financing activities		**(2,894)**	**(1,090)**
Change in cash and cash equivalents		408	165
Effect of foreign exchange rate movements		(85)	(76)
Closing balance of cash and cash equivalents	**(23)**	**2,303**	**1,980**

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, postal code 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	2022	2021
Pražská energetika Holding a.s. (PREH)	58.05%	58.05%
EnBW Central and Eastern Europe Holding GmbH (EnBW CEE)	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 CEE (with an equity investment of 49%).

EnBW CEE 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 3 "Reference to the Conceptual Framework"** (effective for annual periods beginning on or after 1 January 2022);
- **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 (effective for annual periods beginning on or after 1 January 2022). No impact on PRE so far.

Based on the entity's assessment, compliance with these standards does not have a material impact on the financial statements.

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

- **IFRS 17 "Leases" and Amendments to IFRS 17** (effective for annual periods beginning on or after 1 January 2023);
  The new standard establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts and replaces IFRS 4 "Insurance Contracts".
  The entity analysed cases that, by their nature, could be relevant to the new IFRS 17.
  The cases identified (e.g., employee benefits, guarantees) were found to be exemptions to IFRS 17. Therefore, the entity does not expect any material impact of IFRS 17 on its financial statements.
- **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 2024);
- **Amendments to IAS 1 "Presentation of Financial Statements and Statements of Compliance"** (effective for the annual IFRS financial statements for annual periods beginning on or after 1 January 2023);
- **Amendments to IAS 8 "Definitions of Accounting Estimates"** (effective for the annual IFRS financial statements for annual periods beginning on or after 1 January 2023);
- **Amendments to IAS 12 "Deferred Tax Relating to Assets and Liabilities Arising from a Single Transaction"** (effective for the annual IFRS financial statements for annual periods beginning on or after 1 January 2023).
  The Company assessed the impact of these amendments, particularly relating to IFRS 16.

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

- ***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); will not be approved by the EU.*

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 the preparation of financial statements

Valuation

The financial statements have been prepared on the historical cost basis except for certain financial instruments described in Note 32. The principal accounting policies are set out below.

Going concern

European businesses are experiencing a period of heightened risks, driven in particular by the recent COVID 19 pandemic and the ongoing war in Ukraine. The result – particularly in the energy sector – is an unsettled energy market with high volatility. Some energy suppliers are not coping well with this situation, and thus more focus is needed to confirm the going concern principle. The Pražská energetika Group has undergone a long historical development and gained key experience which it uses to minimise the risk of unexpected impacts on financial stability. The main pillars are (i) a conservative strategy in establishing medium-term financial plans, (ii) standard practices in hedging commodity purchases and managing foreign exchange risk, and (iii) a strong capital structure with a high equity ratio. To strengthen short-term financial stability, the limit for drawing on bank credit lines was increased in 2022, but as at the date of financial statements, these short-term loans were used minimally, see Note (24). The above matters do not represent events or conditions that create a material uncertainty regarding the entity's going concern. The PRE Group has sufficient resources to continue to develop its activities, and therefore applied the going concern assumption in preparing these financial statements.

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 so as to write off the cost or valuation of assets, other than freehold land and properties under construction, over their estimated useful lives, using the straight-line method:

Asset category	Depreciation period in years
Buildings, halls and other constructions	10, 12, 15, 20, 30, 40, 50, 70
Fibre-optics	30
Working machinery and equipment	2, 5, 10, 12, 20, 30
Telecommunication equipment	3-29
Appliances and special technology equipment	4, 5, 8, 10
Vehicles	5, 6, 8, 10
Fixtures and fittings	4, 5, 8, 10
Hardware	3, 4, 5, 18

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 sufficiently sure 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 asset 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 becomes sufficiently clear the grant will be accepted and the Company will be able to fulfil the project terms and conditions. The grants accepted are recognised in the period in which the Company reports related expenses.

Returnable government grants are reported as changes in net book estimates.

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, is recognised in profit or loss immediately.

Grants for expenses

All grants except grants for non-current assets acquisition are recognised as 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, except for commodity inventories acquired for the purpose of selling them in the near future for a profit based on market price movements, are stated at the lower of cost determined using the weighted 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.

Inventories of a commodity acquired for the purpose of selling it in the near future for a profit based on market price movements are stated at fair value less costs to sell. The change in fair value is recognised in profit or loss in the period in which the change occurs.

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).

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 direct 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 and costs related to the supply and distribution of commodities (MCZK)

Revenue and costs related to the supply and distribution of commodities	2022	2021
Sales of electricity B2B	15,684	5,137
Sales of distribution and system services B2B	2,325	2,355
Sales of electricity B2C	5,704	3,810
Sales of distribution and system services B2C	5,250	5,144
Sales of electricity to dealers	1,604	939
Revenue from electricity and fuels sold	30	6
Sales of electricity for losses at grids	326	298
Total sales of electricity	30,923	17,689
Revenue from the sales of gas B2B and B2C	1,306	533
Sales of gas to dealers	589	207
Total sales of gas	1,895	740
Margin on trading	299	(14)
Total revenues	**33,117**	**18,415**
Costs of purchases of sold electricity	(21,297)	(8,756)
Costs of purchases of distribution and system services	(7,575)	(7,499)
Costs of electricity and distribution services for fuel	(23)	(7)
Costs of purchases of gas	(1,697)	(685)
Total costs	**(30,592)**	**(16,947)**
Gross profit from the sale of electricity and gas	**2,525**	**1,468**

Other operating revenue	2022	2021
Revenue from provided services	1,028	1,015
Other	6	4
Total	**1,034**	**1,019**

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 for 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 2022

Contractual revenue	2023	2024	2025	2026	2027
Supplies of electricity	24,024	12,057	4,490	--	--
Supplies of gas	1,365	96	20	--	--
Other revenue	10	5	2	--	--
Total	**25,399**	**12,158**	**4,512**	**--**	**--**

Supplies of electricity and gas: Contractual revenue comprises the equivalent of supply fixed by a contract, measured at an average planned price. In respect of customers whose supply is not fixed, the supply is estimated for three months.

The government announced the capping of electricity (5 CZK/kWh) and gas (2.50 CZK/kWh) prices for 2023. The gap versus market prices will be eliminated by governmental compensation of eligible costs and reasonable profit. Such compensation has not been included in future contractual revenue, as its amount will depend in particular on the development of market prices and the subsequent development of regulations.

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

Contractual balances	2022	2021
Receivables included in trade and other receivables *)	3,457	1,426
Contract assets *)	666	599
Contract liabilities *)	2,071	1,082

*) For more information see Notes 18, 20, 25.

Total amount of revenue and other revenue (except for the „Margin on trading“ line) stems from contracts with customers.

(5) Segment reporting (MCZK)

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 (MCZK)

	2022	2021
	Staff including management	Staff including management
Average headcount	376	370
Salaries	307	281
Salaries paid depending on the fulfilment of the plan	24	21
Insurance premiums	122	112
Remuneration to the members of the Company's bodies	25	24
Other social expenses *)	36	38
Total	**514**	**476**

*) 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 MCZK 1 (2021: MCZK 3).

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

	2022	2021
Material and own consumed energy	94	63
Repairs of property, plant and equipment	64	55
Consulting services	22	32
Lease payments	6	7
Postage and telecommunication fees	55	46
IT support	186	152
Marketing	94	88
Customer service	309	294
Other *)	187	117
Total	**1,017**	**854**

*) Expenses incurred on external employees, cleaning services, security guard services, storage fees and other services.

(8) Borrowing costs (MCZK)

	2022	2021
Interest on cash pooling	12	1
Interest on loan	94	51
Interest expense on employee benefits	1	1
Interest on leases	4	4
Total	**111**	**57**

(9) Impairment losses (gains) for financial assets (MCZK)

	2022	2021
Write-offs of doubtful debts	12	10
Creation and release of loss allowances for trade receivables	63	(51)
Creation and release of loss allowances for contract assets	(12)	5
Creation and release of loss allowances for inter-company loans	--	1
Creation and release of loss allowances for other financial assets	(1)	(2)
Total	**62**	**(37)**

(10) Other gains and losses (MCZK)

	2022	2021
Gain (loss) from the sale and disposal of fixed assets and inventories	107	--
Foreign exchange rate gains (losses)	29	4
Interest received in the Group	337	162
Interest received outside of the Group	73	4
Share in the profit or loss of eYello CZ, k.s.	16	31
Hedge ineffectiveness	(2)	(4)
Other	(48)	13
Total	**512**	**210**

(11) Income tax (MCZK)

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%.

	2022	2021
Current tax	516	151
Deferred tax	(110)	53
Total income tax	**406**	**204**

		2022		2021
Profit before tax	**4,215**		**2,529**	
Income tax using the effective income tax rate	801	19.00%	481	19.00%
Impact of tax non-deductible dividends received	(405)	(9.60%)	(275)	(10.85%)
Impact of other items that are never tax-deductible	10	0.24%	(2)	(0.06%)
Total income tax/effective tax rate	**406**	**9.64%**	**204**	**8.09%**

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

	2022	Recorded in profit or loss	Recorded in other comprehensive income	2021	Recorded in profit or loss	Recorded in other comprehensive income	2020
Non-current assets	156	(1)	--	157	10	--	147
Inventories	(63)	(93)	--	30	30	--	--
Provisions	(18)	(6)	--	(11)	--	--	(11)
Loss allowances	(29)	(10)	--	(19)	10	--	(29)
Obligation under the Collective Agreement	(10)	--	2	(12)	4	2	(18)
Cash flow hedge	175	--	(175)	349	--	342	8
Total deferred tax liability	**211**	**(110)**	**(173)**	**494**	**54**	**344**	**97**

The estimated current income tax for 2022 of MCZK 514 was reduced by income tax prepayments of MCZK 189 and the net payable was reported in tax liabilities. In 2021, the estimated income tax of MCZK 150 was reduced by income tax prepayments of MCZK 230 and the net receivable was reported in tax receivables.

(12) Dividends (MCZK)

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

	2022	2021
Final dividend for 2022 of CZK 439.96 (2021: CZK 422.55) per share	1,702	1,635

The final amount of the proposed dividend for 2022 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 (MCZK)

Earnings per share are calculated from the net profit for distribution of MCZK 3,809 (2021: TCZK 2,325) attributable to 3,869,443 shares, i.e., the earnings per share amount to CZK 984 (2021: CZK 601).

The Company has no issued instruments diluting the basic earnings per share.

(14) Property, plant and equipment (MCZK)

	Land	Telecom-munication technolo-gies and IT	Admini-strative buildings	e-mobility	Other	Under construction	Total
Cost							
Balance at 31 December 2020	**136**	**982**	**1,835**	**32**	**384**	**133**	**3,502**
Additions *)	14	18	12	55	16	74	189
Disposals	--	(111)	--	(1)	(9)	(1)	(122)
Transfers	37	24	28	27	5	(121)	--
Balance at 31 December 2021	**187**	**913**	**1,875**	**113**	**396**	**85**	**3,569**
Accumulated depreciation							
Balance at 31 December 2020	**(1)**	**(813)**	**(649)**	**(9)**	**(218)**	**--**	**(1,690)**
Depreciation expense	--	(46)	(40)	(9)	(16)	--	(111)
Disposals	--	111	--	1	9	--	121
Transfers	--	--	--	--	--	--	--
Balance at 31 December 2021	**(1)**	**(748)**	**(689)**	**(17)**	**(225)**	**--**	**(1,680)**
Net book value 2020	135	169	1,186	23	166	133	1,812
Net book value 2021	**186**	**165**	**1,186**	**96**	**171**	**85**	**1,889**

	Land	Telecom-munication technolo-gies and IT	Admini-strative buildings	e-mobility	Other	Under construction	Total
Cost							
Balance at 31 December 2021	**187**	**913**	**1,875**	**113**	**396**	**85**	**3,569**
Additions *)	2	13	14	31	20	120	200
Disposals	(25)	--	(64)	--	(42)	--	(131)
Transfers	--	20	14	27	4	(65)	--
Balance at 31 December 2022	**164**	**946**	**1,839**	**171**	**378**	**140**	**3,638**
Accumulated depreciation							
Balance at 31 December 2021	**(1)**	**(748)**	**(689)**	**(17)**	**(225)**	**--**	**(1,680)**
Depreciation expense	--	(43)	(40)	(16)	(17)	--	(116)
Disposals	--	--	33	--	25	--	58
Transfers	--	--	--	--	--	--	--
Balance at 31 December 2022	**(1)**	**(791)**	**(696)**	**(33)**	**(217)**	**--**	**(1,738)**
Net book value 2021	186	165	1,186	96	171	85	1,889
Net book value 2022	**163**	**155**	**1,143**	**138**	**161**	**140**	**1,900**

*) Increase in investments was reduced by the provided grant from the "PRE Backbone Network", "PRE Metropolitan Network" and "Metropolitan Network II" projects totalling MCZK 45 (2021: MCZK 46).

None of the Company's property, plant and equipment were pledged or used as collateral.

The Company anticipates incurring total capital expenditure of MCZK 139 in 2023. Approximately 45% 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 2020	**858**	**18**	**82**	**958**
Additions	10	7	109	126
Disposals	(370)	--	--	(370)
Transfers	79	--	(79)	--
Balance at 31 December 2021	**577**	**25**	**112**	**714**
Accumulated amortisation				
Balance at 31 December 2020	**(692)**	**(7)**	**--**	**(699)9**
Amortisation expense	(86)	(3)	--	(89)
Disposals	370	--	--	370
Transfers	--	--	--	--
Balance at 31 December 2021	**(408)**	**(10)**	**--**	**(418)**
Net book value 2020	166	11	82	259
Net book value 2021	**169**	**15**	**112**	**296**

	Software	Other	Under construction	Total
Cost				
Balance at 31 December 2021	**577**	**25**	**112**	**714**
Additions	21	6	89	116
Disposals	--	(2)	--	(2)
Transfers	108	--	(108)	--
Balance at 31 December 2022	**706**	**29**	**93**	**828**
Accumulated amortisation				
Balance at 31 December 2021	**(408)**	**(10)**	**--**	**(418)**
Amortisation expense	(95)	(4)	--	(99)
Disposals	--	--	--	--
Transfers	--	2	--	2
Balance at 31 December 2022	**(503)**	**(12)**	**--**	**(515)**
Net book value 2021	169	15	112	296
Net book value 2022	**203**	**17**	**93**	**313**

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 2023. Approximately 41% of all planned expenditure was contracted as at the date of preparation of the financial statements.

(16) Right-of-use and lease liabilities (MCZK)

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
Net book value at 31 December 2020	**95**	**66**	**161**
Additions	58	11	69
Depreciation expense	(41)	(22)	(63)
Net book value at 31 December 2021	**112**	**55**	**167**
Additions	35	49	84
Depreciation expense	(43)	(24)	(67)
Net book value at 31 December 2022	**104**	**80**	**184**

Total lease liabilities	2022	2021
Non-current lease liabilities	118	106
Current lease liabilities	68	65
Total lease liabilities	**186**	**171**
Lease liabilities as at 1 January	**171**	**164**
Lease payments	(68)	(64)
Interest paid	(4)	(4)
Total cash flows	**(72)**	**(68)**
Interest expense	4	4
Lease increase and modifications	83	71
Total non-cash flows	**87**	**75**
Lease liabilities as at 31 December	**186**	**171**

In relation to the application of IFRS 16, the Company reported in its income statement:

	2022	2021
Depreciation of the right-of-use	67	64
Interest expense	4	4
Expenses for leases where the Company applies the exemption for leases with low-value underlying assets	6	7

In 2022, the total cash flows relating to leases were MCZK 72 (2021: MCZK 68). As at 31 December 2022, the Company applied interest rate from 2.21% to 7.06% (2021: from 0.84% to 3.15%) depending on the length of the contractual relation 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 32.

(17) Equity investments (MCZK)

		2022		2021	
	Note	Investment	Equity investment	Investment	Equity investment
PREdistribuce, a.s.	Non-marketable	100%	9,514	100%	9,514
PREměření, a.s.	Non-marketable	100%	313	100%	313
eYello CZ, k.s.	Non-marketable	90%	9	90%	9
KORMAK Praha a. .	Non-marketable	100%	107	100%	107
PREservisní, s.r.o.	Non-marketable	100%	24	100%	24
PREzákaznická, a.s.	Non-marketable	100%	10	100%	10
VOLTCOM, spol. s r.o.	Non-marketable	100%	99	100%	99
Total			**10,076**		**10,076**

PREměření, a.s., holds a 10% equity investment in eYello CZ, k.s.

The parent company controls all its subsidiaries. Dividends received include recognised and paid shares in profit from PREdistribuce, a.s., of MCZK 1,778 (2021: MCZK 1,239), KORMAK Praha a.s. of MCZK 24 (2021: MCZK 24), PREzákaznická, a.s. of MCZK 27 (2021: MCZK 23), PREměření, a.s. of MCZK 270 (2021: MCZK 150), VOLTCOM, spol. s r.o. of MCZK 10 (2021: MCZK 9), and PREservisní, s.r.o. of MCZK 20 (no dividends in 2021).

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.

	2022	2021
Registered office: Svornosti 3199/19a, Prague 5		
ID No.: 27376516		
Average number of employees	470	469
Economic data (MCZK)		
Registered capital	17,708	17,708
Equity	18,988	19,497
Profit after tax	1,280	1,259
Sales of goods and services	9,082	9,519

Business entity: PREměření, a.s.

The company provides the reading, purchases and sale, review 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 and wind energy. Since 2013, the Company has been offering services in turnkey assemblies of photovoltaic power plants.

	2022	2021
Registered office: Na Hroudě 2149/19, Prague 10		
ID No.: 25677063		
Average number of employees	244	246
Economic data (MCZK)		
Registered capital	35	35
Equity	966	1,023
Profit after tax	215	243
Sales of goods, services and solar energy generation	614	608

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.

	2022	2021
Registered office: Kubánské náměstí 1391/11, Prague 10		
ID No.: 25054040		
Average number of employees	11	10
Economic data (MCZK)		
Equity	7	7
Profit after tax	--	--
Sales of electricity, gas and services	1,626	1,016

Business entity: KORMAK Praha a.s.

KORMAK Praha a.s. is engaged in the construction and repair of distribution facilities.

	2022	2021
Registered office: náměstí Bratří Jandusů 34/34, Prague 10		
ID No.: 48592307		
Average number of employees	68	69
Economic data (MCZK)		
Registered capital	2	2
Equity	26	28
Profit after tax	24	27
Total revenue from own products and services	224	208

Business entity: PREservisní, s.r.o.

PREservisní, s.r.o. is engaged in the lease and administration of real estate, apartments, and non-residential premises and provides service for other entities of the PRE Group.

	2022	2021
Registered office: Na Hroudě 1492/4, Prague 10		
ID No.: 02065801		
Average number of employees	87	90
Economic data (MCZK)		
Registered capital	10	10
Equity	48	61
Profit after tax	7	15
Sales of goods and services	543	483

Business entity: PREzákaznická, a.s.

PREzákaznická, a.s. provides customer service for other entities of the PRE Group.

	2022	2021
Registered office: Na Hroudě 1492/4, Prague 10		
ID No.: 06532438		
Average number of employees	267	257
Economic data (MCZK)		
Registered capital	10	10
Equity	45	38
Profit after tax	35	28
Sales of goods and services	581	547

Business entity: VOLTCOM, spol. s r.o.

VOLTCOM spol. s r.o. is engaged in the construction and repair of distribution facilities.

	2022	2021
Registered office: Prague 6, Otevřená 1092/2		
ID No.: 44794274		
Average number of employees	71	68
Economic data (MCZK)		
Registered capital	2	2
Equity	21	21
Profit after tax	11	13
Sales of goods and services	186	154

(18) Contract assets (MCZK)

Contract assets	2022	2021
Receivables from electricity and gas supplies – gross	5,335	4,004
Less: Advances received	(4,669)	(3,405)
Total	**666**	**599**

Creation and release of contract assets

Balance of contract assets at 31 December 2020	**411**
Invoicing of recognised contract assets during 2021	(430)
Uninvoiced supplies of 2021, less advances received	624
Impairment in compliance with IFRS 9 requirements	(5)
Balance of contract assets at 31 December 2021	**599**
Invoicing of recognised contract assets during 2022	(624)
Uninvoiced supplies of 2022, less advances received	679
Impairment in compliance with IFRS 9 requirements	12
Balance of contract assets at 31 December 2022	**666**

Impairment of contract assets

Balance at 31 December 2020	**19**
Utilisation/release	5
Balance at 31 December 2021	**25**
Utilisation/release	(12)
Balance at 31 December 2022	**13**

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) Receivables from revaluation of derivatives (MCZK)

Non-current receivables from revaluation of derivatives	2022	2021
Receivables from the revaluation of commodity derivatives for trading	14	--
Receivables from the revaluation of hedging commodity derivatives	440	252
Receivables from the revaluation of hedging interest rate derivatives	262	160
Receivables from the revaluation of hedging foreign exchange derivatives	--	--
Total	**716**	**412**

Current receivables from revaluation of derivatives	2022	2021
Receivables from the revaluation of commodity derivatives for trading	2,785	2,179
Receivables from the revaluation of hedging commodity derivatives	1,806	1,456
Receivables from the revaluation of hedging interest rate derivatives	110	41
Receivables from the revaluation of hedging foreign exchange derivatives	--	--
Total	**4,701**	**3,676**

(20) Trade and other receivables (MCZK)

Non-current trade and other receivables	2022	2021
Principal amounts paid	103	51
Total	**103**	**51**

Current trade and other receivables	2022	2021
Receivables from electricity and gas supplies	3,210	1,347
Margin deposits with the power exchanges	434	1,044
Other trade receivables	247	79
Other receivables – gross	873	1,303
Less: Advances provided	(295)	(304)
Other receivables – net	578	999
Other tax receivables	--	335
Other non-financial assets	63	71
Total	**4,532**	**3,875**

Compared to the initial recognition, the credit risk with other receivables did not increase significantly. In respect of other receivables (long-term and short-term securities and margin deposits), 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):

Loss allowances for other receivables	
Balance at 31 December 2020	**3**
Additions and release in the current year	(2)
Balance at 31 December 2021	**1**
Additions and release in the current year	(1)
Balance at 31 December 2022	**--**

Of the above current trade receivables, gross receivables past their due date totalled MCZK 435 (2021: MCZK 352). Outstanding portions usually bear no interest. The following loss allowances were created for trade receivables:

Loss allowances for current trade receivables	
Balance at 31 December 2020	**352**
Additions and release in the current year	(51)
Balance at 31 December 2021	**301**
Additions and release in the current year	62
Balance at 31 December 2022	**363**

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 carrying amount of trade and other receivables corresponds to their fair value.

			2021	
	% of loss allowance	Gross	Loss allowance	Net
Receivables within due date *)	2	1,375	26	1,349
Receivables up to 1 month past due	4	64	3	61
Receivables between 2 and 3 months past due	25	11	3	8
Receivables between 4 and 6 months past due	60	7	4	3
Receivables between 7 and 12 months past due	86	13	11	2
Receivables over 12 months past due	99	257	254	3
Obchodní pohledávky celkem		**1 727**	**301**	**1 426**

			2022	
	% of loss allowance	Gross	Loss allowance	Net
Receivables within due date *)	2	3,385	63	3,322
Receivables up to 1 month past due	6	109	7	102
Receivables between 2 and 3 months past due	25	24	6	18
Receivables between 4 and 6 months past due	60	24	15	9
Receivables between 7 and 12 months past due	86	21	18	3
Receivables over 12 months past due	99	257	254	3
Total trade receivables		**3,820**	**363**	**3,457**

*) The gross value of receivables in the Group of MCZK 247 (2021: MCZK 79) was added to the receivables within due date category.

Receivables are considered credit impaired if they are more than 3 months past due.

(21) Loans granted (MCZK)

	2022			2021		
	Amount	Interest rate p. a.	Maturity date	Amount	Interest rate p. a.	Maturity date
Loan granted in Group 1	--	Fix 4.38%	29/2/2022	2	Fix 4.38%	29/2/2022
Loan granted in Group 2	7	Fix 4.63%	29/2/2023	35	Fix 4.63%	29/2/2023
Loan granted in Group 3	7	Fix 4.93%	29/2/2024	11	Fix 4.93%	29/2/2024
Loan granted in Group 4	11	Fix 4.93%	29/2/2024	20	Fix 4.93%	29/2/2024
Loan granted in Group 5	612	CZK IRS 3Y+3.10%	18/6/2026	612	CZK IRS 3Y+3.10%	18/6/2026
Loan granted in Group 6	702	CZK IRS 3Y+3.00%	28/11/2026	702	CZK IRS 3Y+3.00%	28/11/2026
Loan granted in Group 8	8	Fix 3.48%	18/12/2024	12	Fix 3.48%	18/12/2024
Loan granted in Group 9	1,431	CZK IRS 3Y+2.50%	29/6/2027	1,431	CZK IRS 3Y+2.50%	29/6/2027
Loan granted in Group 10	54	Fix 3.27%	29/10/2024	81	Fix 3.27%	29/10/2024
Loan granted in Group 11	12	Fix 3.27%	29/10/2024	18	Fix 3.27%	29/10/2024
Loan granted in Group 12	18	Fix 3.17%	29/10/2023	35	Fix 3.17%	29/10/2023
Loan granted in Group 13	14	Fix 3.17%	29/10/2023	27	Fix 3.17%	29/10/2023
Loan granted in Group 14	52	Fix 3.27%	29/10/2024	78	Fix 3.27%	29/10/2024
Loan granted in Group 15	1	Fix 2.21%	29/7/2026	1	Fix 2.21%	29/7/2026
Loan granted in Group 16	5	Fix 3.52%	10/4/2027	6	Fix 3.52%	10/4/2027
Loan granted in Group 17	25	Fix 4.53%	30/11/2027	31	Fix 4.53%	30/11/2027
Loan granted in Group 18	73	Fix 3.62%	22/12/2027	87	Fix 3.62%	22/12/2027
Loan granted in Group 19	1	Fix 4.96%	31/1/2025	1	Fix 4.96%	31/1/2025
Loan granted in Group 20	--	Fix 4.47%	2/5/2023	--	Fix 4.47%	2/5/2023
Loan granted in Group 21	--	Fix 4.47%	31/7/2023	--	Fix 4.47%	31/7/2023
Loan granted in Group 22	--	Fix 4.99%	28/2/2024	1	Fix 4.99%	28/2/2024
Loan granted in Group 23	--	Fix 4.99%	30/3/2024	1	Fix 4.99%	30/3/2024
Loan granted in Group 24	48	Fix 4.43%	2/9/2027	63	Fix 4.43%	2/3/2028
Loan granted in Group 25	1	Fix 2.99%	15/8/2028	1	Fix 2.99%	15/8/2028
Loan granted in Group 26	1	Fix 3.97%	28/2/2025	1	Fix 3.97%	28/2/2025
Loan granted in Group 27	--	Fix 4.85%	22/7/2022	11	Fix 4.85%	22/7/2022
Loan granted in Group 28	--	Fix 4.72%	22/6/2022	15	Fix 4.72%	22/6/2022
Loan granted in Group 29	8	Fix 6.66%	15/6/2034	--	--	--
Loan granted in Group 30	1,036	CZK IRS 3Y+1.40%	15/7/2034	--	--	--

	2022			2021		
	Amount	Interest rate p. a.	Maturity date	Amount	Interest rate p. a.	Maturity date
Cash pooling receivables						
PREdistribuce, a.s.	1,654	O/N PRIBOR+0.75 %		1,739	O/N PRIBOR+0.75 %	
PREměření, a.s.	81	O/N PRIBOR+0.75%		--	O/N PRIBOR+0.75%	
KORMAK Praha a.s.	48	O/N PRIBOR+0.75%		30	O/N PRIBOR+0.75%	
SOLARINVEST – GREEN ENERGY, s.r.o.	41	O/N PRIBOR+0.75%		41	O/N PRIBOR+0.75%	
PREservisní, s.r.o.	264	O/N PRIBOR+0.75%		67	O/N PRIBOR+0.75%	
VOLTCOM, spol. s r.o.	49	O/N PRIBOR+0.75%		18	O/N PRIBOR+0.75%	
eYello CZ, k.s.	--	O/N PRIBOR+0.75%		18	O/N PRIBOR+0.75%	
FRONTIER TECHNOLOGIES, s.r.o.	4	O/N PRIBOR+0.75%		--	O/N PRIBOR+0.75%	
PRE FVE Nové Sedlo, s.r.o.	3	O/N PRIBOR+0.75%		--	O/N PRIBOR+0.75%	
PRE FVE Světlík, s.r.o.	7	O/N PRIBOR+0.75%		--	O/N PRIBOR+0.75%	
Loss allowances for inter-company loans	(6)			(5)		
Total	**6,272**			**5,191**		
Of which:						
Non-current	3,894			3,039		
Current	2,378			2,152		

Granted loans are carried at their amortised cost. The fair value of loans 1-30 differs from their amortised cost by MCZK 10, and this value amounts to MCZK 4,118. In 2021, the fair value of loans 1-28 differed from their amortised cost by MCZK 6, and this value amounted to MCZK 3,279. In respect of other loans, their amortised cost does not differ from their fair value in particular due to their short-term character.

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 (phase 1 of the impairment model):

Balance at 31 December 2020	**4**
Additions and release in the current year	1
Balance at 31 December 2021	**5**
Additions and release in the current year	--
Balance at 31 December 2022	**6**

(22) Inventories (MCZK)

	2022	2021
Material	4	5
Goods	769	213
Of which: gas inventory at fair value	769	213
Total	**773**	**218**

Cost of purchased material, services and energy and other gains and losses in the income statement include costs of sold and consumed inventories of MCZK 80 (2021: MCZK 49). The fair value is determined by a valuation model using inputs at level 2 (spot market price index of an organised short-term commodity market).

The valuation model considers and the resulting valuation reflects the Company's actual ability to deliver gas stored in underground gas storage to the distribution grid in the context of contractually agreed mining curves.

(23) Cash and cash equivalents (MCZK)

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. Loss allowances are not recognised due to their immateriality.

	2022	2021
Current bank accounts	2,300	1,978
Cash in hand	2	1
Stamps and vouchers	1	1
Total	**2,303**	**1,980**

At the Company's request, banks issued payment bank guarantees of MCZK 892 in favour of OTE, a.s., and Dopravní podnik hl. m. Prahy, akciová společnost (2021: MCZK 7 in favour of APCS Power Cleaning and Settlement AG).

(24) Loans received (MCZK)

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".

	2022			2021		
	Amount	Interest rate	Due date	Amount	Interest rate	Due date
Loan 1	1,007	Fix 1.40%	1/7/2024	1,000	Fix 1.40%	1/7/2024
Loan 2	--	Fix 1.16%	8/7/2022	1,006	Fix 1.16%	8/7/2022
Loan 3	550	6M PRIBOR+0.30%	18/11/2027	550	6M PRIBOR+0.30%	18/11/2027
Loan 4	571	6M PRIBOR+0.25%	18/11/2027	550	6M PRIBOR+0.25%	18/11/2027
Loan 5	--	Fix 4.10%	3/1/2022	630	Fix 4.10%	3/1/2022
Loan 6	520	6M PRIBOR+0.25%	2/7/2029			
Loan 7	520	6M PRIBOR+0.25%	2/7/2029			
Authorised overdraft	--	O/N PRIBOR+0.35%,		431	O/N PRIBOR+0.35%,	
of current accounts – ČSOB		at least 0.00%			at least 0.00%	
Česká spořitelna	--	O/N PRIBOR+0.35%,		170	O/N PRIBOR+0.35%,	
		at least 0.00%			at least 0.00%	
Cash pooling payables:						
PREdistribuce, a.s.	--	O/N PRIBOR-0.35%,		--	O/N PRIBOR-0.35%,	
		at least 0.00%			at least 0.00%	
eYello CZ, k.s.	235	O/N PRIBOR-0.35%,		--	O/N PRIBOR-0.35%,	
		at least 0.00%			at least 0.00%	
PREměření, a.s.	--	O/N PRIBOR-0.35%,		77	O/N PRIBOR-0.35%,	
		at least 0.00%			at least 0.00%	
PREzákaznická, a.s.	73	O/N PRIBOR-0.35%,		93	O/N PRIBOR-0.35%,	
		at least 0.00%			at least 0.00%	
PREnetcom, a.s.	43	O/N PRIBOR-0.35%,		40	O/N PRIBOR-0.35%,	
		at least 0.00%			at least 0.00%	
PREservisní, s.r.o.	--	O/N PRIBOR-0.35%,		--	O/N PRIBOR-0.35%,	
		at least 0.00%			at least 0.00%	
PRE FVE Světlík, s.r.o.	--	O/N PRIBOR-0.35%,		6	O/N PRIBOR-0.35%,	
		at least 0.00%			at least 0.00%	
PRE VTE Částkov, s.r.o.	5	O/N PRIBOR-0.35%,		9	O/N PRIBOR-0.35%,	
		at least 0.00%			at least 0.00%	
FRONTIER TECHNOLOGIES, s.r.o.	--	O/N PRIBOR-0.35%,		2	O/N PRIBOR-0.35%,	
		at least 0.00%			at least 0.00%	
VOLTCOM, spol. s r.o.	--	O/N PRIBOR-0.35%,		--	O/N PRIBOR-0.35%,	
		at least 0.00%			at least 0.00%	
PRE FVE Nové Sedlo, s.r.o.	--	O/N PRIBOR-0.35%,		--	O/N PRIBOR-0.35%,	
		at least 0.00%			at least 0.00%	
Total	**3,524**			**4,564**		
Of which:						
Non-current loans	3,100			3,100		
Current loans	424			1,464		

		Cash flows			
	31 December 2021	Drawing	Repayment	Other	31 December 2022
Non-group loans	4,337	1,748	(2,979)	62	3168
Inter-company loans	227	261	(134)	2	356
Total loan cash flows	4,564	2,009	(3,113)	64	3,524

		Cash flows			
	31 December 2020	Drawing	Repayment	Other	31 December 2021
Non-group loans	3,772	1,231	(666)	--	4,337
Inter-company loans	163	195	(132)	1	227
Total loan cash flows	3,935	1,426	(798)	1	4,564

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 2022, undrawn loan facilities amounted to MCZK 6,930 (as at 31 December 2021: MCZK 1,989).

Loans are carried at their amortised cost. The fair value of loans 1, 3, 4, 6 and 7 differs from their amortised cost by MCZK 2,744, and this value amounts to MCZK 423. In 2021, the fair value of loans 1, 2, 3 and 4 differed from their amortised cost by MCZK 2,871, and this value amounted to MCZK 235. In respect of other loans, their amortised cost does not differ from their fair value in particular due to their short-term character.

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.

(25) Contract liabilities (MCZK)

Current contract liabilities	2022	2021
Advances received for the supply of electricity and gas from customers – gross	6,740	4,487
Less: Uninvoiced supplies	(4,669)	(3,405)
Total	**2,071**	**1,082**

Creation and release of contract liabilities

Balance of contract liabilities at 31 December 2020	**830**
Recognition of contract liabilities in revenues in the current year	(830)
Increase in contract liabilities in the current year (advance payments, partial invoicing)	1,082
Balance of contract liabilities at 31 December 2021	**1,082**
Recognition of contract liabilities in revenues in the current year	(1,082)
Increase in contract liabilities in the current year (advance payments, partial invoicing)	2,071
Balance of contract liabilities at 31 December 2022	**2,071**

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 Company has no revenue relating to the satisfaction or partial satisfaction of performance obligations in prior accounting periods.

(26) Payables from revaluation of derivatives (MCZK)

Non-current payables from revaluation of derivatives	2022	2021
Payables from the revaluation of commodity derivatives for trading	15	407
Payables from the revaluation of hedging commodity derivatives	375	229
Total	**390**	**636**

Current payables from revaluation of derivatives	2022	2021
Payables from the revaluation of commodity derivatives for trading	3,259	2,024
Payables from the revaluation of hedging commodity derivatives	1,073	959
Payables from the revaluation of hedging foreign exchange derivatives	310	121
Total	**4,642**	**3,104**

(27) Trade and other payables (MCZK)

Non-current trade and other payables	2022	2021
Other financial liabilities	2	2
Total	**2**	**2**

Current trade and other payables	2022	2021
Uninvoiced supplies of electricity and gas from suppliers – gross	308	313
Less: Advances provided for the supply of electricity and gas	(295)	(304)
Uninvoiced supplies of electricity and gas from suppliers – net	13	9
Trade payables	1,720	780
Payables to employees *)	19	19
Social security and health insurance liabilities	10	10
Intercompany payables **)	1,749	1,885
Other tax liabilities	329	18
Other financial liabilities	158	19
Other non-financial liabilities	266	160
Total	**4,264**	**2,900**

*) Includes December wages paid in January.

**) For detailed breakdown refer to Note 33.

In respect of liabilities that are carried at amortised cost, this value corresponds with their fair value.

(28) Provisions (MCZK)

	2022	2021
Employee benefits	54	66
Other	59	60
Business risks	33	--
Total	**146**	**126**
Non-current provisions	47	60
Current provisions	99	66
Total	**146**	**126**

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 31 December 2020	**96**	**59**	**28**	**183**
Additions in the current year	6	60	--	66
Utilisation in the current year	(7)	(48)	--	(55)
Release in the current year	(29)	(11)	(28)	(68)
Balance at 31 December 2021	**66**	**60**	**--**	**126**
Additions in the current year	8	58	33	99
Utilisation in the current year	(6)	(53)	--	(59)
Release in the current year	(14)	(6)	--	(20)
Balance at 31 December 2022	**54**	**59**	**33**	**146**
Non-current	47	--	--	47
Current	7	59	33	99
Total	**54**	**59**	**33**	**146**

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 government 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:

	2022	2021
Discount rate	5.04%	2.85%
Average retirement age (years)	64.9	64.9
Probability of continuance	0.72	0.71

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.	Difference	1 p.p.	Difference
Sensitivity to the change in discount rate	54	59	5	49	(5)

	Basis	(0.10)	Difference	0.10	Difference
Sensitivity to the change in probability of continuance	54	48	(6)	57	3

The creation of provisions for employee benefits includes interest expense of MCZK 2 (2021: MCZK: 1), running cost relating to these benefits of MCZK 19 (2021: MCZK 15), and revaluation of the liabilities from defined benefits reported in the total comprehensive income of MCZK (12) (2021: MCZK (10)). The utilisation of provisions then comprises the payments of employee benefits.

(29) Share capital (MCZK)

Registered capital

There are 3,869,443 registered shares in the nominal value of CZK 1,000 per share (2021: 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.

(30) Reserves and other funds (MCZK)

	2022	2021
Reserve fund	774	774
Other reserves	383	383
Cash flow hedge	743	1,491
Revaluation of net payables from defined benefits	14	4
Total	**1,914**	**2,652**

The Company's reserve fund has been created in the amount of 20% (MCZK 774) 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 MCZK 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:

	2022	2021
Revaluation of hedging commodity derivatives	876	1,779
Effect of deferred tax	(166)	(338)
Revaluation of hedging foreign exchange derivatives	(330)	(139)
Effect of deferred tax	63	26
Revaluation of hedging interest rate derivatives	372	201
Effect of deferred tax	(71)	(38)
Revaluation of payables from defined benefits	17	5
Effect of deferred tax	(3)	(1)
Total	**758**	**1,495**

(31) Government grants (MCZK)

The Company registers grant claims of MCZK 118 (2021: MCZK 154), 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.

(32) Financial instruments (MCZK)

Categories of financial instruments

Financial assets (net)	Cat.:	2022	2021
(a) Receivables from the revaluation of commodity derivatives for trading	iii.	2,799	2,179
(b) Receivables from the revaluation of hedging commodity derivatives	ii.	2,246	1,708
(c) Receivables from the revaluation of hedging foreign exchange derivatives	ii.	--	--
(d) Receivables from the revaluation of hedging interest rate derivatives	ii.	372	201
(e) Cash and cash equivalents	i.	2,303	1,980
(f) Margin deposit	i.	434	1,044
(g) Loans granted and cash pooling	i.	6,272	5,191
(h) Trade and other receivables, except for the above	i.	4,136	2,476

Financial liabilities	Cat.:	2022	2021
(i) Payables from the revaluation of commodity derivatives for trading	iii.	3,274	2,431
(j) Payables from the revaluation of hedging commodity derivatives	ii.	1,448	1,188
(k) Payables from the revaluation of hedging foreign exchange derivatives	ii.	310	121
(l) Payables from the revaluation of hedging interest rate derivatives	ii.	--	--
(m) Loans received	iv.	3,167	4,337
(n) Cash pooling liabilities	iv.	356	228
(o) Lease liabilities	iv.	187	170
(p) Financial liabilities carried at amortised cost, except for the above	iv.	3,642	2,696

Categories of financial instruments:

i. Financial assets measured at amortised cost
ii. Financial assets 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		**2022**	**2021**
Gain/loss from the revaluation of commodity derivatives in the trading portfolio *)	(a, i)	286	(14)
Interest received in the Group	(g)	337	162
Interest received outside of the Group and revenue from securities held	(e)	73	4
Borrowing costs (except for the interest on employee benefits)	(m, n, o)	(109)	(56)
Loss allowances for trade receivables and other financial assets	(e, f, g, h)	(50)	46
Write-offs of doubtful debts	(h)	(12)	(10)
Hedge ineffectiveness	(b, j)	(2)	(4)

*) Included in the margin on trading.

Hedge accounting		**2022**	**2021**
Creation of the equity fund from the cash flow hedge	(b, c, d, j, k, l)	674	1,709
Reversal of the fund from cash flow hedge in the income statement *)	(b, c, d, j, k, l)	(1,597)	90

*) 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.

	2022	**2021**
Total assets	32,539	28,511
Equity	16,778	15,431
Equity/total assets	**52%**	**54%**

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 forwards and futures to hedge the changes in prices of these commodities;
..... currency forwards to hedge the changes in exchange rates; and
..... nterest rate swaps to hedge the interest expense amount for external loans received; and,
..... funds denominated in EUR acquired by a spot purchase on the money market to hedge exchange rates.

The Company's exposure to market risk is measured by several 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 and the Company'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 (MCZK)		Liabilities (MCZK)	
	2022	2021	2022	2021
Receivables and payables from the revaluation of commodity derivatives for trading	2,799	2,179	3,274	2,431
Receivables and payables from the revaluation of hedging commodity derivatives	2,246	1,708	1,448	1,188
Receivables and payables from the revaluation of hedging foreign exchange derivatives	--	--	310	121
Non-derivative financial assets for currency risk management (cash)	1,326	796	--	--
Cash and cash equivalents	127	188	--	--
Margin deposit	434	1,044	--	--
Trade receivables and payables and other receivables and payables	685	169	1,432	568
Total in EUR	**7,617**	**6,084**	**6,464**	**4,308**
Other currencies	--	--	--	--
Total	**7,617**	**6,084**	**6,464**	**4,308**

Currency derivatives and non-derivative financial assets open at the balance sheet date:

	Average exchange rate CZK/EUR		Value (MEUR)		Value (MCZK)		Revaluation (MCZK)	
Cash in EUR used to hedge currency risk	2022	2021	2022	2021	2022	2021	2022	2021
EUR used up to 1 month	24.35	25.44	5	6	122	153	(1)	(3)
EUR used from 1 to 3 months	24.50	25.39	40	2	980	51	(15)	(1)
EUR used from 3 to 12 months	24.47	25.43	10	24	245	610	(4)	(14)
Total			**55**	**32**	**1,347**	**814**	**(20)**	**(18)**

	Average exchange rate CZK/EUR		Value (MEUR)		Value (MCZK)		Fair value (MCZK)	
Purchase of EUR through currency derivatives	2022	2021	2022	2021	2022	2021	2022	2021
Purchase of EUR up to 1 month	25.64	25.63	32	40	821	1,026	(47)	(29)
Purchase of EUR from 1 to 3 months	24.94	25.57	210	121	5,237	3,094	(128)	(65)
Purchase of EUR from 3 to 12 months	25.03	25.72	317	56	7,936	1,440	(135)	(27)
Purchase of EUR over 12 months	--	--	--	--	--	--	--	--
Total			**559**	**217**	**13,994**	**5,560**	**(310)**	**(121)**

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.

	2022	2021
Profit/(loss)	(7)	6
Equity	(91)	(33)

Interest rate risk

Medium- and long-term external funds of the Company include loans maturing in two, five 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 as the Company is the payer of the fixed payment on the interest rate swap. As at 31 December 2022, the Company concluded interest rate swaps to hedge external loans of MCZK 2,100 repayable in 2027 a 2029. 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. In this context, the Company has introduced hedge accounting. The Company monitors the hedge effectiveness in hedge accounting. The hedging 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 counterparty and the Company's credit risk is insignificant. The credit rating of 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 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 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 (MCZK)		Liabilities (MCZK)	
	2022	2021	2022	2021
Receivables and payables from the revaluation of hedging interest rate derivatives	372	201	--	--
Receivables and payables from the revaluation of hedging foreign exchange derivatives	--	--	310	121
Total	**372**	**201**	**310**	**121**

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.

	2022	2021
Profit/(loss)	--	--
Equity	16	21

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 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, mainly 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 and the Company'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 and the Company'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 2022, 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 (MCZK)		Liabilities (MCZK)	
	2022	2021	2022	2021
Receivables and payables from the revaluation of commodity derivatives for trading	2,799	2,179	3,273	2,431
Receivables and payables from the revaluation of hedging commodity derivatives	2,246	1,708	1,448	1,188
Total	**5,045**	**3,887**	**4,721**	**3,619**

Open commodity derivatives for hedging as at the balance sheet date:

	Commodity contracts for purchase				Commodity contracts for sale			
	Nominal value (MEUR)		Nominal value (MCZK)		Nominal value (MEUR)		Nominal value (MCZK)	
	2022	2021	2022	2021	2022	2021	2022	2021
Futures								
Settlement up to 12 months	25	38	603	949	--	1	--	23
Settlement from 1 to 2 years	4	1	85	36	--	--	--	--
Settlement from 2 to 3 years	--	1	--	16	--	--	--	--
Total	**29**	**40**	**688**	**1,001**	**--**	**1**	**--**	**23**
OTC forward								
Settlement up to 12 months	159	33	3,834	830	113	12	2,724	309
Settlement from 1 to 2 years	17	8	398	188	5	4	110	111
Settlement from 2 to 3 years	1	7	31	183	--	5	--	114
Settlement from 3 to 4 years	--	--	--	--	--	--	--	--
Settlement from 4 to 5 years	--	--	--	--	--	--	--	--
Total	**177**	**48**	**4,263**	**1,201**	**118**	**21**	**2,834**	**534**

Open commodity "own-use" contracts:

	Nominal value (MEUR)		Nominal value (MCZK)	
	2022	2021	2022	2021
Own use contracts – electricity *)	974	561	23,563	13,982
Own use contracts – gas *)	19	29	446	729
Total	**993**	**590**	**24,009**	**14,711**

*) Contracts which were concluded and are held due to acceptance or failure to deliver non-financial item relating to expected purchase, sale or use.

Open commodity trading contracts:

	Commodity contracts for purchase				Commodity contracts for sale			
	Nominal value (MEUR)		Nominal value (MCZK)		Nominal value (MEUR)		Nominal value (MCZK)	
	2022	2021	2022	2021	2022	2021	2022	2021
Futures								
Settlement up to 12 months	--	--	--	--	--	--	--	--
Total	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**
OTC forward								
Settlement up to 12 months	78	40	1,882	983	91	29	2,201	730
Settlement from 1 to 2 years	--	--	--	--	--	5	--	134
Settlement from 2 to 3 years	--	--	--	--	--	--	--	--
Settlement from 3 to 4 years	--	--	--	--	--	--	--	--
Settlement from 4 to 5 years	--	--	--	--	--	--	--	--
Total	**78**	**40**	**1,882**	**983**	**91**	**34**	**2,201**	**864**

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.

	2022	2021
Profit/(loss) *)	--	(1)
Equity	20	34

*) In assessing the impact of a change in commodity price, the trading gas inventory acquired under the gas trading business model is also considered and measured at fair value. The Company's trading gas inventory is not considered a financial instrument.

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 Company bases the monitoring of credit risk development on the ageing structure of receivables and on the customer segment risk. Accordingly, the Company awarded its customers points in line with relevant facts (risk segment, due date, payment issues in the past) and a calculated impairment risk index for each receivable.

The loss allowance amount is determined on this basis. The loss allowance percentage for individual categories of receivable maturities is determined with respect to available historical data based on the actual development in receivable repayments in the last four years. In the past two years, following the COVID 19 pandemic and the volatility of the energy markets, the Group expected a significant deterioration in customer payment behaviour. However, this risk has not materialised and the risk of non-payment of receivables remains at historical levels for all customer segments. New government instruments such as the Economy Tariff (payment of part of the receivables by the state in October 2022) and the capping of energy prices from the first day of 2023 have contributed to this development.

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 23 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 2022, the Group 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 2022	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	3,274	841	990	1,489	16	3,336
Payables from the revaluation of hedging commodity derivatives	1,448	205	295	585	400	1,485
Payables from the revaluation of hedging foreign exchange derivatives	310	47	128	135	0	310
Loans received	3,167	21	42	190	3,997	4,250
Cash pooling liabilities	356	356	--	--	--	356
Lease liabilities	187	6	12	52	140	210
Financial liabilities carried at amortised cost, except for the above	3,642	1,787	340	1,513	2	3,642
Total		**3,263**	**1,807**	**3,964**	**4,555**	**13,589**

Liabilities 2021	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	2,431	169	337	1,518	407	2,431
Payables from the revaluation of hedging commodity derivatives	1,188	80	160	720	229	1,188
Payables from the revaluation of hedging foreign exchange derivatives	121	29	66	26	--	121
Loans received	4,337	1,240	17	78	3,571	4,906
Cash pooling liabilities	228	228	--	--	--	228
Lease liabilities	170	6	11	48	111	176
Financial liabilities carried at amortised cost, except for the above	2,696	889	335	1,469	2	2,696
Total		**2,641**	**926**	**3,859**	**4,320**	**11,746**

(33) Related party transactions (MCZK)

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	
	2022	2021	2022	2021
Relations with controlling entities and associates	**1,323**	**1,294**	**1,216**	**1,803**
Pražská energetika Holding a.s.	2	1	--	--
Capital City of Prague	319	34	19	16
EnBW Energie Baden-Württemberg AG *)	1,002	1,259	1,197	1,787
Relations with other entities	**1,387**	**744**	**293**	**87**
VNG Handel & Vertrieb GmbH	195	11	208	29
Výstaviště Praha, a.s.	15	4	--	--
Želivská provozní a.s.	16	20	--	--
Technická správa komunikací hl. m. Prahy, a.s.	51	46	--	--
Kongresové centrum Praha, a.s.	29	--	--	--
Dopravní podnik hl. m. Prahy, akciová společnost	1019	655	1	1
Pražské služby, a.s.	16	8	--	--
Kolektory Praha, a.s.	35	--	--	--
Obecní dům, a.s.	9	--	--	--
TRADE CENTRE PRAHA a.s.	--	--	--	2
Pražská plynárenská, a.s.	2	--	84	55
Total	**2,710**	**2,038**	**1,509**	**1,890**

*) EnBW Energie Baden-Württemberg AG is among the top suppliers of PRE electricity and gas. The sales and purchases of this entity enter into a different trading margin and are further used to purchase the commodity.

Receivables from and payables to related parties

	Receivables		Liabilities	
	2022	2021	2022	2021
Relations with controlling entities and associates	**--**	**16**	**163**	**58**
Capital City of Prague	--	16	30	--
EnBW Energie Baden-Württemberg AG	--	--	133	58
Relations with other entities	**216**	**38**	**67**	**63**
VNG Handel & Vertrieb GmbH	98	--	--	19
Výstaviště Praha, a.s.	2	1	--	--
Želivská provozní a.s.	3	3	--	--
Pražské služby, a.s.	3	1	--	--
Technická správa komunikací hl. m. Prahy, a.s.	5	4	--	--
Kongresové centrum Praha, a.s.	--	--	28	5
Dopravní podnik hl. m. Prahy, akciová společnost	96	27	38	38
Kolektory Praha, a.s.	8	2	--	--
Obecní dům, a.s.	1	--	--	--
Pražská plynárenská, a.s.	--	--	1	1
Total	**216**	**54**	**230**	**121**

Business transactions were conducted on an arm's length basis. Outstanding amounts were not collateralised.

Dividends paid

	2022	2021
Pražská energetika Holding a.s.	988	949
EnBW Energie Baden-Württemberg AG	705	677

Remuneration to the statutory bodies, Supervisory Board and top management

	2022	2021
Number of persons	13	13
Remuneration (MCZK)	43	42

Managers include members of the Board of Directors, the Company's directors and members of the Supervisory Board.

Selected members of the executive management are allowed to use company cars for private purposes.

Receivables from and payables to subsidiaries

	PRE's trade and other receivables as at 31 December		PRE's trade and other payables as at 31 December	
	2022	2021	2022	2021
PREdistribuce, a.s. *)	91	--	1 730	1 876
PREměření, a.s.	8	8	1	--
eYello CZ, k.s.	152	84	--	--
KORMAK Praha a.s.	4	3	3	5
PREservisní, s.r.o.	8	8	--	--
PREzákaznická, a.s.	--	6	8	--
PREnetcom, a.s.	--	--	7	1
FRONTIER TECHNOLOGIES, s.r.o.	--	--	1	4
PRE VTE Částkov, s.r.o.	--	--	1	1
Loss allowances for receivables	(1)	--	--	--
Total	**262**	**109**	**1,751**	**1,887**

*) The liability represents estimate for distribution services provided.

	Loans and receivables from PRE's cash pooling as at 31 December		Loans and liabilities from PRE's cash pooling as at 31 December	
	2022	2021	2022	2021
PREdistribuce, a.s.	5,435	4,484	--	--
PREměření, a.s.	336	408	--	77
eYello CZ, k.s.	--	18	235	--
PREservisní, s.r.o.	278	73	--	--
KORMAK Praha a.s.	48	30	--	--
PRE FVE Světlík, s.r.o.	32	31	73	6
SOLARINVEST - GREEN ENERGY, s.r.o.	45	73	--	--
PREzákaznická, a.s.	--	--	--	93
PREnetcom, a.s.	--	--	43	41
VOLTCOM, spol. s r.o.	49	18	--	--
FRONTIER TECHNOLOGIES, s.r.o.	4	--	--	2
PRE VTE Částkov, s.r.o.	48	63	5	9
PRE FVE Nové Sedlo, s.r.o.	3	--	--	--
Loss allowances	(6)	(5)	--	--
Total	**6,272**	**5,192**	**356**	**228**

Expenses incurred with and revenue generated from the subsidiaries

	Revenue/income of PRE		Expenses/costs of PRE	
	2022	2021	2022	2021
PREdistribuce, a.s.	**2,925**	**2,197**	**5,561**	**5,817**
Of which: Electricity and distribution services	326	298	5,550	5,808
Services	532	525	11	9
Dividends	1,778	1,239	--	--
Interest on loans	289	135	--	--
PREměření, a.s.	**415**	**292**	**60**	**45**
Of which: Services	127	124	10	7
Sale of electricity	--	--	42	34
Investments	--	--	7	4
Dividends	270	150	--	--
Interest on loans	18	18	1	--
eYello CZ, k.s.	**888**	**394**	**5**	**--**
Of which: Electricity and gas and distribution services	855	349	--	--
Services	13	14	--	--
Interest on loans	4	--	5	--
Transfer of the share in profit or loss	16	31	--	--
KORMAK Praha a.s.	**44**	**38**	**15**	**11**
Of which: Dividends	24	24	--	--
Services	15	13	--	--
Investments	--	--	15	11
Interest on loans	5	1	--	--
PREservisní, s.r.o.	**92**	**60**	**29**	**33**
Of which: Dividends	20	--	--	--
Services	62	59	27	22
Investments	--	--	--	7
Inventories *)	--	--	2	4
Interest on loans	10	1	--	--
PRE FVE Světlík, s.r.o.	**2**	**2**	**--**	**4**
Of which: Sale of electricity	--	--	--	4
Interest on loans	2	2	--	--
PREzákaznická, a.s.	**252**	**261**	**313**	**295**
Of which: Services	225	238	309	294
Interest on loans	--	--	4	1
Dividends	27	23	--	--
PREnetcom, a.s.	**11**	**9**	**21**	**12**
Of which: Services	11	9	12	11
Investments	--	--	7	1
Interest on loans	--	--	2	--
SOLARINVEST - GREEN ENERGY, s.r.o.	**3**	**1**	**--**	**--**
Of which: Interest on loans	3	1	--	--

FRONTIER TECHNOLOGIES, s.r.o.	**--**	**--**	**20**	**13**
Of which: Services	--	--	19	11
Investments	--	--	1	2
VOLTCOM, spol. s r.o.	**16**	**10**	**--**	**1**
Of which: Services	3	--	--	--
Investments	--	--	--	1
Interest on loans	3	--	--	--
Dividends	10	10	--	--
PRE VTE Částkov, s.r.o.	**2**	**3**	**9**	**6**
Of which: Sale of electricity	--	--	9	6
Interest on loans	2	3	--	--
Total	**4 650**	**3 267**	**6 033**	**6 237**

*) Profit from material sold.

All transactions with subsidiaries were undertaken on an arm's length basis.

(34) Post balance sheet events

In October 2022, Government Decree No. 298/2022 Coll., on setting electricity and gas prices in an extraordinary market situation was issued, setting maximum prices for electricity (5 CZK/kWh excluding VAT) and gas (2.50 CZK/kWh excluding VAT) for customers, thereby capping selling prices. Subsequently, in January 2023, Government Decree No. 5/2023 Coll., on compensation provided for the supply of electricity and gas at fixed prices, was issued. The compensation is intended to compensate suppliers for the loss (and a reasonable profit) caused by the capping of selling prices. Both regulations are expected to remain in force throughout 2023. However, as the compensation decree is very complex, it was neither possible to define and implement all necessary/follow-up processes on time, nor to set up IT systems for all stakeholders (OTE, ERO, commodity suppliers). Therefore, in January, February, and March 2023, compensation was paid as advance payments in the amount determined by an MIT expert estimate, with the first-quarter settlement taking place by the end of April 2023 while starting a routine monthly compensation cycle (supplier's application - ERO check - OTE payment). This alternative advance compensation payment created a great deal of uncertainty for suppliers regarding the first quarter results and estimates of full year result. After taking into account its advance compensation for the first quarter, PRE Group recognises a reasonable margin on commodity deliveries.

One of the instruments to ensure the financing of compensation is a windfall/excess profits tax. Excess profits are the portion of the tax base which exceeds the average of 2018-2021 tax bases increased by 20%. Excess profits for 2023 to 2025 are taxed at an additional rate of 60%. According to the analysis of the approved economic plans for 2023 to 2025, this tax is not expected to significantly burden the PRE Group.

No other events occurred subsequent to the balance sheet date that would have a material impact on the financial statements.

In Prague, 28 April 2023

Signed by

Pavel Elis
chairperson of the Board of Directors

Signed by

Alexander Manfred 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 2022, 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, 28 April 2023

Signed by

Pavel Elis
chairperson of the Board of Directors

Signed by

Alexander Manfred 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 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) 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. The construction of the new administration building was completed.

1998

..... A subsidiary, PREměření, a.s., (formerly Cejchovna elektroměrů Praha, a.s.) was founded.

2000

..... The 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 Pražská plynárenská, a.s., 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 (on 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.
..... The Electricity Works of the Royal Capital City of Prague 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.
..... The Electricity Works of the Royal Capital City of Prague The Dačice photovoltaic power plant and the Mikulov photovoltaic power plant with the total installed capacity of 5.79 MWp were acquired on 1 December.

2015

..... On 30 March, the Pozořice photovoltaic power plant with the installed capacity of 4.59 MWp was acquired.
..... 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.

2017

..... PRE held several social gatherings and marketing events to mark the 120th anniversary of its existence.
..... On 1 June, the PRE Call Centre launched a new free line 800 550 055.
..... On 1 November, PREzákaznická, a.s., was founded, taking over all direct customer services.
..... On 27 March, 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 free telephone 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

..... Two projects of 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.

..... 19 December saw the acquisitions of WINDING WE NORTH a.s. and its subsidiary PRE VTE Částkov, s.r.o.

2020

..... In September, a pilot project involving the installation of 13 EV ready lamp posts was launched in Prague's Vinohrady (the first EV charge points installed on lamp posts)

..... On 2 October, the 100th smart distribution station has come into operation in the Velká Ohrada housing estate in Prague 13

2021

..... On 13 October, Bohemia Energy entity, s.r.o., the largest alternative energy supplier in the entire Czech Republic, ceases operations. A total of 65 thousand customers are immediately transferred to PRE, acting as a supplier of last resort. During the following months, several more alternative energy suppliers shut down and further thousands customers are newly served by PRE, one of the suppliers of last resort.

..... The price of electricity hit its all-time high in December, exceeding EUR 300/MWh.

..... In November, roaming for electric vehicle charging was launched in the whole country, involving three of the most prominent networks of public charging stations. A single chip is required to be able to charge vehicles using infrastructures y PRE, ČEZ and E.ON.

2022

..... The PRE brand was awarded the label of excellent reputation Czech Superbrands for the fifth year in a row.

..... In January, PRE inaugurated the most powerful and fastest public charging station for electric vehicles. Hypercharger Alpitronic is located close to the D1 motorway Prague-Šeberov and offers super-fast charging with an output of 300 kW.

..... As part of the roaming network of public charging stations, PRE launched its own system of charging chips allowing drivers to charge their cars in other European countries, including Slovakia, Poland, Slovenia, Croatia and Italy.

..... In June, PRE opened its largest charging hub for electric vehicles in Prague – the charging infrastructure located in the parking lot near the Prague Congress Center (Kongresové centrum) can charge up to 16 e-vehicles at the same time.

..... The PREpoint network has grown to encompass 440 public charging stations.

..... The energy crisis hit the entire country: with electricity and gas prices steadily on the rise, electricity prices on the wholesale market culminated in 2023, exceeding 1,000 EUR/MWh.

..... In autumn, PRE encouraged its customers to reduce their electricity consumption with its new programme PRÉMIE – households with reduced consumption over the winter heating period receive special financial bonuses.

List of abbreviations

AMM	Advanced (Smart) Metering Management
B2B	Big customers (Business-to-Business)
B2C	Small customers (Business-to-Customer)
B2G	Government customers (Business-to-Government)
CMS	Compliance Management System
ČVUT FEL a FIT	Faculty of Electrical Engineering and Faculty of Information Technology of the Czech Technical University in Prague
EEX	European Energy Exchange
EnBW	EnBW Energie Baden-Württemberg AG
EnBW CEE	EnBW Central and Eastern Europe Holding GmbH, 100% subsidiary EnBW
EnMS	energy management
EPC	Energy Performance Contracting
ERÚ	Energy Regulatory Office (Energetický regulační úřad)
ESO	efficient municipality administration
EU	European Union
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
FTTH	Fiber-to-the-home
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
kW	kilowatt
kWp	Kilowatt-peak
LV	low voltage
MPO	Ministry of Industry and Trade
MV	medium voltage
MW	Megawatt
MWh	Megawatt hour
MWp	Megawatt-peak
NETFIN	NETFIN Infrastructure, a.s., a 50% subsidiary of PREnetcom
OHS	Occupational health and safety
OSEP	Occupational safety and environmental protection
PRE FVE Nové Sedlo	PRE FVE Nové Sedlo, s.r.o., a 100% subsidiary of PREm
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
RES	renewable energy sources
SAIDI/SAIFI	electricity supply reliability indicators
Solarinvest	SOLARINVEST – GREEN ENERGY, s.r.o., a 100% subsidiary of PREm
TS	110/22 kV transformer station
TTF	Title Transfer Facility
Voltcom	VOLTCOM, spol. s r.o., a 100% subsidiary of PRE

Contact information

	Address	Postal code	Telephone
Pražská energetika, a.s. ID No.: 60193913	Prague 10, Na Hroudě 1492/4 www.pre.cz e-mail: pre@pre.cz	100 05	800 550 055 For calls from abroad: +420 267 055 555
Press relations	Prague 10, Na Hroudě, 1492/4	100 05	267 051 102
PREdistribuce, a.s. ID No.: 27376516	Prague 5, Svornosti 3199/19a www.predistribuce.cz e-mail: info@predistribuce.cz	150 00	800 550 055 For calls from abroad: +420 267 055 555
Distribution emergency line:	Praha 2, Kateřinská 1528/9 e-mail: poruchy@predistribuce.cz	120 00	Emergency line: 800 823 823
PREzákaznická, a.s. ID No.: 06532438	Prague 10, Na Hroudě 1492/4 www.prezakaznicka.cz e-mail: pre@pre.cz	100 05	800 550 055 For calls from abroad: +420 267 055 555
PRE Customer Centre	Prague 1, Jungmannova 36/31 Prague 4, Vladimírova 64/18	110 00 140 00	
PRE Call Centre	Prague 10, Kubánské náměstí 1391/11	100 00	800 550 055
PREměření, a.s. ID No.: 25677063	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
Emergency line	for PRE customers in case of main circuit-breaker failures: www.premereni.cz/opravy		733 143 143
PRE Costumer Centre	Prague 1, Jungmannova 747/28 e-mail: centrum.sluzeb@pre.cz	110 00	
PREmobilita Orders of energy services	e-mail: premobilita@pre.cz email: servis.premh@pre.cz		
eYello CZ, k.s. ID No.: 25054040	Prague 10, Kubánské náměstí 1391/11 www.yello.cz e-mail: yello@yello.cz	100 00	267 056 704
PREservisní, s.r.o. ID No.: 02065801	Prague 10, Na Hroudě 1492/4 www.pre.cz e-mail: pre@pre.cz	100 05	800 550 055 For calls from abroad: +420 267 055 555

	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	267 051 635
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	277 002 346
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	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 FVE Nové Sedlo, s.r.o. ID No.: 11911913	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
NETFIN Infrastructure, a.s. ID No.: 17093881	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

Pražská energetika, a.s.
Na Hroudě 1492/4
100 05 Prague 10
www.pre.cz