

**EP Energy, a.s.**

**Annual report for the year ended**

**31 December 2019**

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## **I. Independent Auditor's Report**



**KPMG Česká republika Audit, s.r.o.**

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

## **Independent Auditor's Report to the Shareholder of EP Energy, a.s.**

### ***Opinion***

We have audited the accompanying separate financial statements of EP Energy, a.s. ("the Company"), prepared in accordance with Czech accounting legislation, which comprise the separate balance sheet as at 31 December 2019, and the separate income statement, the separate statement of changes in equity and the separate cash flow statement for the year then ended, and notes to the separate financial statements, including a summary of significant accounting policies and other explanatory notes. Information about the Company is set out in Note 1 to the separate financial statements.

In our opinion, the accompanying separate financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with Czech accounting legislation.

### ***Basis for Opinion***

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

### ***Other Information***

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

Our opinion on the financial statements does not cover the other information. In connection with our audit of the financial statements, our responsibility is to read the



other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. In addition, we assess whether the other information has been prepared, in all material respects, in accordance with applicable 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 financial statements is, in all material respects, consistent with the 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 Company obtained in the audit, on whether the other information contains any material misstatement. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement.

#### ***Responsibilities of the Statutory Body and Supervisory Board for the Separate Financial Statements***

The statutory body is responsible for the preparation and fair presentation of the financial statements in accordance with Czech accounting legislation 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.



***Statutory Auditor Responsible for the Engagement***

Karel Charvát is the statutory auditor responsible for the audit of the separate financial statements of EP Energy, a.s. as at 31 December 2019, based on which this independent auditor's report has been prepared.

Prague 29 May 2020

*KPMG Česká republika Audit*

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

A handwritten signature in blue ink, appearing to read 'Karel Charvát', with a stylized flourish at the end.

Ing. Karel Charvát  
Partner  
Registration number 2032

## II. Board of Directors' Report on Business Activities and Company Assets

### Company information

Name of the Company: EP Energy, a.s. (the "Company")  
Registered office: Pařížská 130/26, Josefov, 110 00 Prague 1  
Identification number: 292 59 428  
Legal form: joint-stock company

Recorded in the Commercial Register maintained by the Municipal Court in Prague, section B, file number 21733.

### Composition of the Company's bodies

*Members of the Board of Directors as at 31 December 2019:*

- Ing. Mgr. Tomáš David (chairman)
- Mgr. Petr Sekanina (vice-chairman)
- William David George Price (member)
- Marek Spurný (member)
- Pavel Horský (member)
- Jiří Feist (member)

*Members of the Supervisory Board as at 31 December 2019:*

- Ing. Jan Špringl (chairman)
- Ing. Milan Jalový (member)
- Ing. Filip Bělák (member)

### Description of the Business and Company assets

The Company's principal activity is the management of its own assets.

The Company's assets are presented in the financial statements as at 31 December 2019 as well as in the notes to the financial statements.

### Important Company decisions

No decisions with a significant impact on the Company or its shareholder were made in 2019. The decisions of the Company's bodies related to the ordinary agenda associated with the Company's activities and the fulfilment of obligations imposed on these bodies by the applicable legislation and the Company's articles of association.

Prague, 29 May 2020



Pavel Horský

Member of the Board of Directors



Marek Spurný

Member of the Board of Directors



### **III. Other information**

#### **Expected development of the Company**

The Company intends to continue in its business operations, the management of its own assets, and providing financial support.

This annual report is issued at difficult times in the light of the coronavirus pandemic posing great challenges for many aspects of our society including business matters of the Company and its subsidiaries (further also „the Group“). From the very beginning of the outbreak, the Company has been continuously identifying potential risks and implemented appropriate measures to mitigate or decrease the impact on the business as well as on the Company's stakeholders, having two central objectives in mind: guaranteeing the health and safety of employees of the Group, which remains the Company's top priority and safeguarding the continuity of the essential energy security service in the countries where the Group operates. In terms of maintaining operations of run critical infrastructure assets, precautionary measures have been implemented, special teams have been set up to manage the situation and critical employees strictly divided into smaller teams.

Despite the potential temporary challenges, the management believes that the Company and the Group operations are resilient to withstand the current situation with no substantial disruptions in supplies of key commodities to our customers.

In spite of the current demanding situation, the Company and the Group will continue to place its emphasis on maintaining strong financial results coupled with a continued cash conversion profile. As the majority of the Group is regulated and/or long-term contracted, profitability is expected to remain stable, but some deviations might occur depending on development of the coronavirus pandemic, weather and overall market conditions during 2020.

#### **Significant subsequent events**

The Company's management is not aware of any significant events that have occurred subsequent to the balance sheet date except those disclosed in the Notes to financial statements for year 2019 that would have a material impact on the annual report.

#### **Foreign branches**

The Company had no organisational unit or another branch abroad in 2019.

#### **Research and development activities**

The Company did not carry out any research and development activities and as a result did not incur any research and development costs.

#### **Acquisition of own shares or own ownership interests**

During 2019, the Company did not acquire any of its own shares or ownership interests.

**Information on environmental protection activities and employment relations**

The Company complies with all applicable environmental and labour-law legislation.

#### **IV. Report on Relations**

## **REPORT ON RELATIONS**

between the controlling and controlled entities and on relations between the controlled entity and other entities controlled by the same controlling entity (related entities)

prepared by the board of directors of **EP Energy, a.s.**, with its registered office at Pařížská 130/26, Josefov, 110 00 Praha 1, ID No.:

110 00 Prague 1, IČ: 292 59 428, in accordance with Section 82 (1) of the Corporations Act (Act No. 90/2012 Coll., as amended)

**(“the Report”)**

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### **I. Preamble**

The Report has been prepared pursuant to Section 82(1) of the Corporations Act (Act No. 90/2012 Coll., as amended).

The Report has been submitted for review to the Company’s supervisory board in line with Section 83(1) of the Corporations Act (Act No.90/2012 Coll., as amended), and the supervisory board’s position will be communicated to the Company’s general meeting which will decide on the approval of the Company’s ordinary financial statements and the distribution of the Company’s profit or the settlement of its loss.

The Report has been prepared for the 2019 accounting period.

### **II. Structure of relationships between related parties CONTROLLED ENTITY**

The controlled entity is EP Energy, a.s., with its registered office at Pařížská 130/26, Josefov, 110 00 Praha 1, ID No.: 292 59 428, registered in the Commercial Register maintained by the Municipal Court in Prague, section B, insert 21733.

#### **DIRECTLY CONTROLLING ENTITIES:**

EP Infrastructure, a.s.

Registered office: Pařížská 130/26, Josefov, 110 00  
Praha 1, Czech Republic  
Reg. No.: 02413507

#### **INDIRECTLY CONTROLLING ENTITIES:**

EPIF Investments a.s.

Registered office: Pařížská 130/26, Josefov, 110 00  
Praha 1, Czech Republic  
Reg. No.: 05711452

Energetický a průmyslový holding, a.s.

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

Reg. No.: 28356250

EP Investment S.a r.l.

Registered office: 39, Avenue J.F. Kennedy, L – 1855  
Luxembourg City,  
Luxembourg  
Reg. No.: B 184488

## **OTHER CONTROLLED ENTITIES**

The companies controlled by the same controlling entities are disclosed in notes to the Report.

### **III.**

#### **Role of the controlled entity; method and means of control**

##### **Role of the Controlled Entity**

- strategic management of the development of a group of directly or indirectly controlled entities
- providing financing and developing financing systems for group entities
- optimising the services utilised/provided in order to improve the entire group's performance
- managing, acquiring and treating the Company's ownership interests and other assets

##### **Method and means of control**

The controlling entities hold a majority share of voting rights in EP Energy, a.s., and exercise a controlling influence over EP Energy, a.s.

### **IV.**

#### **Overview of actions pursuant to Section 82 (2)(d) of Act No. 90/2012 Coll., the Corporations Act**

In 2019, no other actions were taken at the initiative or in the interest of the controlling entity that would concern assets exceeding 10% of the controlled entity's equity as determined from the most recent financial statements.

### **V.**

#### **Contracts entered into between EP Energy, a.s. and other related entities**

##### **V.1.1.**

**In 2019, the following loan agreements were in force:**

On 7 December 2009, a loan agreement, including valid amendments, was signed by and between Energetický a průmyslový holding, a.s., as the creditor, and VTE Moldava II, a.s.,



(formerly Czech Wind Holding a.s.), as the debtor. On 30 December 2010, the receivable was assigned to EP Energy, a.s. based on a receivable assignment agreement.

On 9 December 2009, a loan agreement, including valid amendments, was signed by and between Energetický a průmyslový holding, a.s., as the creditor, and VTE Moldava II, a.s., (formerly Czech Wind Holding a.s.), as the debtor. On 30 December 2010, the receivable was assigned to EP Energy, a.s. based on a receivable assignment agreement.

On 4 February 2010, a loan agreement, including valid amendments, was signed by and between Energetický a průmyslový holding, a.s., as the creditor, and VTE Moldava II, a.s., (formerly Czech Wind Holding a.s.), as the debtor. On 30 December 2010, the receivable was assigned to EP Energy, a.s. based on a receivable assignment agreement.

On 27 May 2010, a loan agreement was signed by and between Energetický a průmyslový holding, a.s., as the creditor, and VTE Moldava, a.s., as the debtor. On 30 December 2010, the receivable was assigned to EP Energy, a.s. based on a receivable assignment agreement. In 2015, VTE Moldava II, a.s. became the legal successor of VTE Moldava a.s.

On 23 June 2010, a loan agreement, including valid amendments, was signed by and between Energetický a průmyslový holding, a.s., as the creditor, and CHIFFON ENTERPRISES LIMITED, as the debtor. On 30 December 2010, the receivable was assigned to EP Energy, a.s. based on a receivable assignment agreement. On 26 September 2012, the receivable was assigned to EP Renewables, a.s. based on a receivable assignment agreement. In 2015, EP Energy, a.s. became the legal successor of EP Renewables a.s.

On 3 November 2010, a loan agreement, including valid amendments, was signed by and between EP Renewables a.s. (formerly Czech Wind Holding, a.s.), as the creditor, and Greeninvest Energy, a.s., as the debtor. In 2015, EP Energy, a.s. became the legal successor of EP Renewables a.s.

On 21 August 2012, a loan agreement, including valid amendments, was signed by and between EP Energy, a.s., as the creditor, and CHIFFON ENTERPRISES LIMITED, as the debtor. On 26 September 2012, the receivable was assigned to EP Renewables, a.s. based on a receivable assignment agreement. In 2015, EP Energy, a.s. became the legal successor of EP Renewables a.s.

On 15 October 2012, a loan agreement, including valid amendments, was signed by and between EP Renewables a.s., as the creditor, and CHIFFON ENTERPRISES LIMITED, as the debtor. In 2015, EP Energy, a.s. became the legal successor of EP Renewables a.s.

On 30 October 2012, a loan agreement was signed by and between EP Energy, a.s., as the creditor, and United Energy, a.s., as the debtor.

On 30 October 2012, a loan agreement was signed by and between EP Energy, a.s., as the creditor, and Elektrárny Opatovice, a.s., as the debtor.

On 30 December 2013, a loan agreement was signed by and between EP Energy, a.s., as the creditor, and United Energy, a.s., as the debtor.

On 3 March 2014, a loan agreement, including valid amendments, was signed by and between EP Energy, a.s., as the creditor, and EP ENERGY HR d.o.o., as the debtor.

On 1 April 2014, a loan agreement, including valid amendments, was signed by and between EP Energy, a.s., as the creditor, and VTE Moldava II, a.s., as the debtor.

On 14 December 2015, a loan agreement, including valid amendments, was signed by and between EP Energy, a.s., as the creditor, and Alternative Energy, s.r.o., as the debtor.

On 3 June 2016, a loan agreement, including valid amendments, was signed by and between EP Energy, a.s., as the creditor, and Alternative Energy, s.r.o., as the debtor.

On 5 August 2016, a loan agreement was signed by and between EP Energy, a.s., as the creditor, and POWERSUN a.s., as the debtor.

On 31 October 2016, a loan agreement was signed by and between EP Energy, a.s., as the creditor, and Alternative Energy, s.r.o., as the debtor.

On 1 December 2016, a loan agreement was signed by and between EP Energy, a.s., as the creditor, and BUDAPESTI ERŐMŰ ZÁRTKÖRŰEN MŰKÖDŐ RÉSZVÉNYTÁRSASÁG, as the debtor.

On 19 January 2017, a loan agreement was signed by and between EP Energy, a.s. as the creditor and ARISUN, s.r.o. as the debtor.

On 19 January 2017, a loan agreement was signed by and between EP ENERGY, a.s. as the creditor and Triskata, s.r.o. as the debtor.

On 31 January 2017, a loan agreement was signed by and between EP Hungary, a.s. as the creditor and BUDAPESTI ERŐMŰ ZÁRTKÖRŰEN MŰKÖDŐ RÉSZVÉNYTÁRSASÁG as the debtor. EP ENERGY, a.s. became the legal successor of EP Hungary a.s.

On 31 July 2017, a loan agreement was signed between EP Energy, a.s. as the creditor and MR TRUST, a.s. as the debtor.

On 23 January 2018, a loan agreement was signed between EP Energy, a.s. as the creditor and Claymore Equity, s.r.o. as the debtor.

On 5 April 2018, a loan agreement was signed between EP Energy, a.s. as the creditor and VTE Pchery s.r.o. as the debtor.

On 20 April 2018, a loan agreement, including valid amendments, was signed between EP Infrastructure, a.s. as the creditor and EP Energy, a.s. as the debtor.

On 19 October 2018, a loan agreement was signed between Pražská teplárenská Holding a.s. as the creditor and EP Energy, a.s. as the debtor.

On 14 October 2019, a loan agreement was signed by and between EP Infrastructure, a.s., as the creditor, and EP Energy, a.s., as the debtor.

On 18 October 2019, a loan agreement was signed by and between EP Infrastructure, a.s., as the creditor, and EP Energy, a.s., as the debtor.

On 25 October 2019, a loan agreement was signed by and between EP Energy, a.s., as the creditor, and Elektrárny Opatovice, a.s., as the debtor.

#### **V.1.2.**

**In 2019, the following agreements on the set-off of receivables and payables were concluded:**

On 3 July 2019, an agreement on the set-off of receivables was signed by and between EP Energy, a.s., Pražská teplárenská Holding a.s. and PT-Holding Investment B.V.

On 22 October 2019, an agreement on the set-off of receivables was signed by and between EP Energy, a.s., Pražská teplárenská Holding a.s. and PT-Holding Investment B.V.

On 29 October 2019, an agreement on the set-off of receivables was signed by and between EP Energy, a.s. and United Energy, a.s.

On 29 October 2019, an agreement on the set-off of receivables was signed by and between EP Energy, a.s. and Elektrárny Opatovice, a.s.

#### **V.1.3.**

**Other agreements effective in 2019:**

On 1 August 2013, the ISDA 2002 Master Agreement and the Schedule to the 2002 Master Agreement were signed by and between Energetický a průmyslový holding, a.s. and EP Energy, a.s.

On 29 June 2015, an agreement on the distribution of benefits from physical reciprocal cash-pooling within a group of financially related entities was signed by and between EP Energy, a.s., United Energy, a.s., Plzeňská energetika a.s., EP ENERGY TRADING, a.s., Elektrárny Opatovice, EP Sourcing, a.s. and Severočeská teplárenská, a.s.

On 23 September 2015, a request for the accession of a new party to an agreement on the distribution of benefits from physical reciprocal cash-pooling within a group of financially related entities was signed by and between EP Energy, a.s. and PT Koncept, a.s.

On 23 September 2015, a request for the accession of a new party to an agreement on the distribution of benefits from physical reciprocal cash-pooling within a group of financially related entities was signed by and between EP Energy, a.s. and PT Transit, a.s.

On 23 September 2015, a request for the accession of a new party to an agreement on the distribution of benefits from physical reciprocal cash-pooling within a group of financially related entities was signed by and between EP Energy, a.s. and TERMONTA PRAHA a.s.

On 9 December 2015, a request for the accession of a new party to an agreement on the distribution of benefits from physical reciprocal cash-pooling within a group of financially related entities was signed by and between EP Energy, a.s. and EP Cargo a.s.

On 28 December 2015, a master agreement on the provision of guarantees, including valid amendments, was signed by and between EP Energy, a.s. and EP Energy Trading, a.s.

On 1 December 2016, an agreement on a long-term deposit was signed by and between EP Energy, a.s. and BUDAPESTI ERŐMŰ ZÁRTKÖRŰEN MŰKÖDŐ RÉSZVÉNYTÁRSASÁG.

On 4 January 2016 an agreement on the distribution of benefits from physical reciprocal cash-pooling within a group of financially related entities was signed by and between EP Energy, a.s., United Energy, a.s., Plzeňská energetika a.s., EP ENERGY TRADING, a.s., Elektrárny Opatovice a.s., EP Sourcing, a.s. and EP Cargo a.s.

On 2 May 2017, a request for the accession of a new party to an agreement on the distribution of benefits from physical reciprocal cash-pooling within a group of financially related entities was signed by and between EP Energy, a.s. and AISE, s.r.o.

On 2 May 2017, a request for the accession of a new party to an agreement on the distribution of benefits from physical reciprocal cash-pooling within a group of financially related entities was signed by and between EP Energy, a.s. and AISE, s.r.o.

On 22 January 2018, a request for the accession of a new party to an agreement on the distribution of benefits from physical reciprocal cash-pooling within a group of financially related entities was signed by and between EP Energy, a.s. and Pražská teplárenská a.s.

On 22 January 2018, a request for the accession of a new party to an agreement on the distribution of benefits from physical reciprocal cash-pooling within a group of financially related entities was signed by and between EP Energy, a.s. and PT měření, a.s.

On 22 January 2018, a request for the accession of a new party to an agreement on the distribution of benefits from physical reciprocal cash-pooling within a group of financially related entities was signed by and between EP Energy, a.s. and Teplo Neratovice, spol. s r.o.

On 18 September 2018, an agreement on financial assistance was signed between EP Energy, a.s. as the creditor and VTE Moldava II, a.s. as the debtor.

On 30 August 2019, a request for the accession of a new party to an agreement on the distribution of benefits from physical reciprocal cash-pooling within a group of financially related entities was signed by and between EP Energy, a.s. and Pražská teplárenská a.s.

On 25 October 2019, an agreement on the provision of a surcharge outside the registered capital was signed by and between EP Energy, a.s., as the shareholder and United Energy, a.s.

On 25 October 2019, an agreement on the provision of a surcharge outside the registered capital was signed by and between EP Energy, a.s., as the shareholder and Elektrárny Opatovice, a.s.

#### **V.1.4.**

**In 2019, the following operating agreements were effective:**

A technical advisory agreement signed by and between Elektrárny Opatovice, a.s. and EP Energy, a.s. on 2 January 2014.

A technical advisory agreement signed by and between United Energy, a.s. and EP Energy, a.s. on 2 January 2014.

A technical advisory agreement signed by and between Plzeňská energetika a.s. and EP Energy, a.s. on 2 January 2014 including all amendments.

An agreement on providing professional assistance signed by and between EP Investment Advisors, s.r.o. and EP Energy, a.s. on 2 January 2015 including all amendments.

A cooperation agreement signed by and between Elektrárny Opatovice, a.s. and EP Energy, a.s., Pražská teplárenská, a.s., United Energy, a.s. and Plzeňská teplárenská a.s. on 20 April 2019.

A sublease agreement signed by and between EP Investment Advisors, s.r.o. and EP Energy, a.s. on 15 June 2017 including all amendments.

#### **V.2.**

#### **Other juridical acts made between EP Energy, a.s. and other related entities**

Except for the above, no other agreements were concluded by and between EP Energy, a.s. and related entities, and no supplies or considerations were provided or received between EP Energy, a.s. and related entities.

EP Energy, a.s. did not take or adopt any other juridical acts or measures in the interest or at the initiative of related entities.

### **VI.**

We hereby declare that we have included in this report on relations between related entities of EP Energy, a.s., prepared pursuant to Section 82 (1) of the Corporations Act (Act No. 90/2012 Coll., as amended) for the accounting period from 1 January 2019 to 31 December 2019, all information regarding:


- agreements between related entities;
- supplies and considerations provided to related entities;
- other juridical acts carried out in the interest of related entities; and
- all measures adopted or implemented in the interest or at the initiative of related entities;

In addition, the board of directors of EP Energy, a.s. declares that EP Energy, a.s. incurred no damage as a result of the actions of the controlling entity or of any entity controlled by the same entity. All transactions between the controlled entity and the controlling entity/entities



controlled by the same controlling entity were concluded at arm's length. The contractual and other relations with related entities resulted in no damage or financial advantage or disadvantage to EP Energy, a.s.

Prague, 31 March 2020



.....  
Mgr. Marek Spurný  
Member of the Board of Directors



.....  
Mgr. Pavel Horský  
Member of the Board of Directors

<b>Company</b>	<b>Country of incorporation</b>
ABS Property Ltd	Ireland
Adconcretum real estate Ltd.	Serbia
Aerodis, S.A.	France
AISE, s.r.o.	Czech Republic
Alternative Energy, s.r.o.,	Slovakia
Arisun s.r.o.	Slovakia
Biomasse Crotone S.p.A.	Italy
Biomasse Italia S.p.A.	Italy
Biomasse Servizi S.r.l.	Italy
Bohr & Brunnenubau GmbH	Germany
Budapesti Erőmű Zrt (BERT)	Hungary
Central European Gas HUB AG	Austria
Centro Energia Ferrara S.p.A.	Italy
Centro Energia Teverola S.p.A.	Italy
Centrum pre vedu a výskum, s. r. o.	Slovakia
Claymore Equity, s. r. o.	Slovakia
CNG Holdings Netherlands B.V.	Netherlands
CNG LLC	Ukraine
CR-EP s.r.o.	Czech Republic
Czech Gas Holding Investment B.V.	Netherlands
Czech Gas Holding N.V.	Netherlands
CZECH MEDIA INVEST a.s.	Czech Republic
DCR INVESTMENT a.s.	Czech Republic
eastring B.V.	Netherlands
Eggborough Power Ltd	Great Britain
Elektrárny Opatovice, a.s.	Czech Republic
Elektroenergetické montáže s.r.o. (EEM)	Slovakia
ENERGOPROJEKTA plan s.r.o.	Czech Republic
Energotel a.s.	Slovakia
Energotel, a. s.	Slovakia
Energy Scanner Ltd	Great Britain
ENERGZET SERVIS a.s.	Czech Republic
EOP & HOKA s.r.o.	Czech Republic
EOP HOKA POLSKA SPÓŁKA Z OGRANICZONA ODPOWIEDZIALNOSCIA	Poland
EOP HOKA SK, s.r.o.	Slovakia
EP Auto, s.r.o.	Czech Republic
EP Ballylumford Limited	Great Britain
EP Cargo a.s.	Czech Republic
EP Cargo Deutschland GmbH	Germany
EP Cargo Invest, a.s.	Czech Republic
EP CARGO POLSKA s.a.	Poland
EP COAL TRADING POLSKA S.A. (dříve UNITED ENERGY COAL TRADING POLSKA S.A.)	Poland
EP Coal Trading, a.s. (dříve EP Coal a. s.)	Czech Republic
EP Commodities, a.s.	Czech Republic
EP ENERGY HR d.o.o.	Croatia
EP ENERGY TRADING, a.s.	Czech Republic
EP Fleet, k.s.	Czech Republic

EP France S.A.S. (Uniper France S.A.S.)	France
EP Germany GmbH	Germany
EP Group Investments a.s.	Czech Republic
EP Hagibor, a.s.	Czech Republic
EP Infrastructure, a.s.	Czech Republic
EP Intermodal a.s.	Czech Republic
EP Invest Limited	Great Britain
EP Investments Advisors, s.r.o.	Czech Republic
EP Kilroot Limited	Great Britain
EP Langage Limited (Centrica Langage Limited)	Great Britain
EP Logistics International, a.s.	Czech Republic
EP Mehrum GmbH	Germany
EP Merseburg Transport und Logistik GmbH	Germany
EP New Energies GmbH (Blitz B19-604 GmbH)	Germany
EP New Energy Italia S.r.l.	Italy
EP Power Europe, a.s.	Czech Republic
EP Produzione S.p.A.	Italy
EP Produzione Centrale Livorno Ferraris S.p.A.	Italy
EP Properties, a.s.	Czech Republic
EP Resources AG	Switzerland
EP SHB Limited (Centrica SHB Limited)	Great Britain
EP Slovakia B.V.	Netherlands
EP Sourcing, a.s.	Czech Republic
EP UK Finance Limited	Great Britain
EP UK Investments Ltd	Great Britain
EP UK Power Development Ltd	Great Britain
EP Ukraine B.V. (EP Sophievskia B.V.)	Netherlands
EP Yuzivska B.V.	Netherlands
EPH Financing CZ, a. s.	Czech Republic
EPH Financing SK, a. s.	Slovakia
EPH Gas Holding B.V.	Netherlands
EPPE Germany a.s.	Czech Republic
Ergosud S.p.A.	Italy
eustream, a.s.	Slovakia
EVO - Komofany, a. s.	Czech Republic
Fernwärme GmbH Hohenmölsen - Webau	Germany
Fiume Santo S.p.A.	Italy
Fores Italia S.r.l.	Italy
Fusine Energia S.r.l.	Italy
GABIT spol. s r.o.	Czech Republic
GALA-MIBRAG-Service GmbH (GALA)	Germany
GALANTATERM spol. s r.o.	Slovakia
Gazel Energie Generation S.A.S. (Uniper France Power S.A.S.)	France
Gazel Energie Renouvelables S.A.S. (Uniper Energies Renouvelables S.A.S.)	France
Gazel Energie Solaire S.A.S. (Uniper Climate & Renewables France Solar S.A.S.)	France
Gazel Energie Solutions S.A.S. (Uniper France Energy Solutions S.A.S.)	France
GEOTERM KOŠICE, a.s.	Slovakia
GMB GmbH	Germany

Greeninvest Energy, a.s.	Czech Republic
Helmstedter Revier GmbH ( HSR) (Buschhaus)	Germany
HG1 s.r.o.	Czech Republic
HG5 s.r.o.	Czech Republic
Humberland Limited	Great Britain
CHIFFON ENTERPRISES LIMITED	Cyprus
Ingenieurbüro für Grundwasser GmbH	Germany
JTSD Braunkohlebergbau GmbH	Germany
Kardašovská Properties a.s.	Czech Republic
Karotáz a cementace, s. r. o.	Czech Republic
KÓBÁNYAHÓ Kft.	Hungary
Kraftwerk Mehrum GmbH	Germany
Kraftwerk Schkopau Betriebsgesellschaft mbH	Germany
Kraftwerk Schkopau GbR	Germany
Kraftwerk Schwarze Pumpe	Germany
Lausitz Energie Bergbau AG	Germany
Lausitz Energie Kraftwerke AG	Germany
Lausitz Energie Verwaltungs GmbH	Germany
Lausitz Energie Verwaltungsgesellschaft Brandenburg mbH (Lausitz Energie Erneuerbare Verwaltungs GmbH)	Germany
Lausitz Energie Verwaltungsgesellschaft Sachsen mbH	Germany
Lausitz Energie Vorsorge- und Entwicklungsgesellschaft Brandenburg GmbH & Co. KG (juwi Wind Germany 188 GmbH & Co. KG)	Germany
Lausitz Energie Vorsorge- und Entwicklungsgesellschaft Sachsen mbH & Co. KG	Germany
LEAG Holding, a.s.	Czech Republic
LOCON BENELUX B.V.	Netherlands
LOCON Logistik & Consulting AG	Germany
LOCON Personalservice GmbH	Germany
LOCON Service GmbH	Germany
LokoTrain s.r.o.	Czech Republic
Lynemouth Power Limited	Great Britain
MACKAREL ENTERPRISES LIMITED	Cyprus
MIBRAG Consulting International GmbH	Germany
MIBRAG Neue Energie GmbH (MNE)	Germany
Mining Services and Engineering Sp. z o.o.	Poland
Mitteldeutsche Braunkohlen Gesellschaft mbH (MIBRAG )	Germany
Mitteldeutsche Umwelt- und Entsorgung GmbH (MUEG)	Germany
MR TRUST s.r.o.	Czech Republic
Nadácia EPH	Slovakia
NADURENE 2 a.s.	Czech Republic
NADURENE a.s.	Czech Republic
NAFTA a.s.	Slovakia
NAFTA Bavaria GmbH	Germany
Nafta Exploration s.r.o.	Slovakia
NAFTA Germany GmbH	Germany
NAFTA International B.V.	Netherlands
NAFTA RV	Ukraine
NAFTA Services, s.r.o.	Czech Republic
NAFTA Speicher GmbH & CO. KG (DEA Speicher Holding GmbH & Co. KG)	Germany

NAFTA Speicher Inzenham GmbH (DEA Speicher GmbH)	Germany
NAFTA Speicher Management GmbH (DEA Speicher Management GmbH)	Germany
Norddeutsche Gesellschaft zur Ablagerung von Mineralstoffen mbH (NORGAM mbH )	Germany
Nová Invalidovna, a.s.	Czech Republic
Nové Modřany, a.s.	Czech Republic
NPTH,a.s.	Czech Republic
Ochrana a bezpečnosť SE, a. s.	Slovakia
PGP Terminal, a.s.	Czech Republic
PLAZMA LIPTOV, a.s.	Slovakia
Plynárenská metrológia, s. r. o.	Slovakia
Plzeňská teplárenská a.s.	Czech Republic
Plzeňská teplárenská SERVIS IN a.s	Czech Republic
Plzeňská teplárenská, AUTODOPRAVA s.r.o.	Czech Republic
POWERSUN a.s.	Czech Republic
POZAGAS a.s.	Slovakia
Pražská teplárenská	Czech Republic
Pražská teplárenská Holding a.s.	Czech Republic
Przedsiębiorstwo Górnicze Silesia	Poland
PT Distribuční, s.r.o. (Devátá energetická, s.r.o.)	Czech Republic
PT Holding Investment B.V.	Netherlands
PT Koncept, a.s. (Pražská teplárenská Trading, a.s.)	Czech Republic
PT měření, a.s.	Czech Republic
PT Properties I, a.s.	Czech Republic
PT Properties II, a.s.	Czech Republic
PT Properties III, a.s.	Czech Republic
PT Properties IV, a.s.	Czech Republic
PT Real Estate, a.s.	Czech Republic
PT Transit, a.s.(Energotrans SERVIS a.s.)	Czech Republic
RAILSPED, s.r.o.	Czech Republic
REAKTORTEST, s. r. o.	Slovakia
RM LINES, a.s.	Czech Republic
RPC, a.s.	Czech Republic
RUBY Equity Investments S.à. r. l.	Luxembourg
RVA Consulting Engineers Ltd	Great Britain
RVA Engineering Solutions Ltd	Great Britain
RVA GmbH	Germany
RVA Group Ltd	Great Britain
Saale Energie GmbH	Germany
SAJDOK a.s.	Czech Republic
SE Služby inžinierskych stavieb, s. r. o.	Slovakia
Seattle Holding B.V	Netherlands
Sedilas Enterprises limited	Cyprus
Severočeská teplárenská, a.s.	Czech Republic
SGC-LOGISTIC GmbH	Germany
Slovak Gas Holding B.V.	Netherlands
Slovak Power Holding B.V.	Netherlands
Slovenské elektrárne - energetické služby, s.r.o. (SE Predaj, s. r. o.)	Slovakia
Slovenské elektrárne Czech Republic, s.r.o.	Czech Republic



Slovenské elektrárne, a.s.	Slovakia
SLOVGEOTHERM a.s.	Slovakia
SLUGGERIA .a.s.	Czech Republic
Société des Eaux de l'Est S.A.	France
SPEDICA GROUP COMPANIES, s.r.o.	Czech Republic
SPEDICA LOGISTIC, .s.r.o.	Czech Republic
SPEDICA, s.r.o.	Czech Republic
SPP – distribúcia Servis, s.r.o.	Slovakia
SPP – distribúcia, a.s.	Slovakia
SPP Infrastructure Financing B.V.	Netherlands
SPP Infrastructure, a.s.	Slovakia
SPP Storage, s.r.o.	Czech Republic
SPV100, s.r.o.	Slovakia
SPX s.r.o.	Slovakia
SSE - CZ spol. s r. o.	Czech Republic
SSE - MVE, s.r.o.	Slovakia
SSE - Solar s.r.o.	Slovakia
Stredoslovenská distribučná, a.s. (Stredoslovenská energetika - Distribúcia, a.s.)	Slovakia
Stredoslovenská energetika - Metrológia s .r. o. (SSE-M)	Slovakia
Stredoslovenská energetika - Projekt Development spol. s r.o. (SSE-PD)	Slovakia
Stredoslovenská energetika Holding, a.s.(Stredoslovenská energetika a.s.)	Slovakia
Stredoslovenská energetika, a. s.(Stredoslovenská energetika Obchod, a. s.)	Slovakia
Surschiste, S.A.	France
Teplo Neratovice spol. s r.o.	Czech Republic
Termonta Praha a.s.	Czech Republic
Terrakomp GmbH	Germany
Transport- und Speditionsgesellschaft Schwarze Pumpe mbH	Germany
Triskata, s.r.o.	Slovakia
Tynagh Energy Limited	Ireland
ÚJV Řež a. s.	Czech Republic
United Energy , a.s.	Czech Republic
United Energy Invest a.s.	Czech Republic
United Energy Moldova,s.r.o.	Czech Republic
V A H O s.r.o.	Czech Republic
VESA EQUITY INVESTMENT S.à.r.l.	Luxembourg
VTE Moldava II, a.s.	Czech Republic
VTE Pchery s.r.o.	Czech Republic
WOOGEL LIMITED	Cyprus

**V. Statutory Financial Statements and Notes to the Statutory Financial Statements**

**EP Energy, a.s.**

**STATUTORY FINANCIAL STATEMENTS**

**Year ended 31 December 2019**

**BALANCE SHEET**

full version

EP Energy, a.s.  
Corporate ID 292 59 428As of  
31.12.2019  
(in CZK thousand)Pařížská 130/26  
Josefov  
110 00 Praha 1

		31.12.2019			31.12.2018
		Gross	Adjustment	Net	Net
	<b>TOTAL ASSETS</b>	<b>41 663 395</b>	<b>548 462</b>	<b>41 114 933</b>	<b>43 929 740</b>
<b>B.</b>	<b>Fixed assets</b>	<b>37 187 249</b>	<b>300 079</b>	<b>36 887 170</b>	<b>33 994 002</b>
<i>B.I.</i>	<i>Intangible fixed assets</i>	<i>277</i>	<i>277</i>		
<i>B.I.2.</i>	<i>Valuable rights</i>	<i>277</i>	<i>277</i>		
<i>B.I.2.1.</i>	<i>Software</i>	<i>277</i>	<i>277</i>		
<i>B.I.2.2.</i>	<i>Other valuable rights</i>				
<i>B.II.</i>	<i>Tangible fixed assets</i>	<i>683</i>	<i>599</i>	<i>84</i>	<i>64</i>
<i>B.II.2.</i>	<i>Tangible movable assets and sets of tangible movable assets</i>	<i>683</i>	<i>599</i>	<i>84</i>	<i>64</i>
<i>B.III.</i>	<i>Non-current financial assets</i>	<i>37 186 289</i>	<i>299 203</i>	<i>36 887 086</i>	<i>33 993 938</i>
<i>B.III.1.</i>	<i>Equity investments - controlled or controlling entity</i>	<i>37 185 990</i>	<i>299 203</i>	<i>36 886 787</i>	<i>33 993 639</i>
<i>B.III.7.</i>	<i>Other non-current financial assets</i>	<i>299</i>		<i>299</i>	<i>299</i>
<i>B.III.7.2.</i>	<i>Prepayments for non-current financial assets</i>	<i>299</i>		<i>299</i>	<i>299</i>
<b>C.</b>	<b>Current assets</b>	<b>4 476 139</b>	<b>248 383</b>	<b>4 227 756</b>	<b>9 935 628</b>
<i>C.II.</i>	<i>Receivables</i>	<i>4 005 193</i>	<i>248 383</i>	<i>3 756 810</i>	<i>8 325 481</i>
<i>C.II.1.</i>	<i>Long-term receivables</i>	<i>2 595 589</i>	<i>248 383</i>	<i>2 347 206</i>	<i>1 366 414</i>
<i>C.II.1.2.</i>	<i>Receivables - controlled or controlling entity</i>	<i>2 589 489</i>	<i>248 383</i>	<i>2 341 106</i>	<i>1 360 314</i>
<i>C.II.1.5.</i>	<i>Receivables - other</i>	<i>6 100</i>		<i>6 100</i>	<i>6 100</i>
<i>C.II.1.5.4.</i>	<i>Sundry receivables</i>	<i>6 100</i>		<i>6 100</i>	<i>6 100</i>
<i>C.II.2.</i>	<i>Short-term receivables</i>	<i>1 409 604</i>		<i>1 409 604</i>	<i>6 959 067</i>
<i>C.II.2.1.</i>	<i>Trade receivables</i>	<i>257</i>		<i>257</i>	<i>265</i>
<i>C.II.2.2.</i>	<i>Receivables - controlled or controlling entity</i>	<i>1 379 048</i>		<i>1 379 048</i>	<i>6 917 963</i>
<i>C.II.2.4.</i>	<i>Receivables - other</i>	<i>30 299</i>		<i>30 299</i>	<i>40 839</i>
<i>C.II.2.4.3.</i>	<i>State - tax receivables</i>	<i>25 960</i>		<i>25 960</i>	<i>29 499</i>
<i>C.II.2.4.4.</i>	<i>Short-term prepayments made</i>	<i>1 976</i>		<i>1 976</i>	<i>6 234</i>
<i>C.II.2.4.6.</i>	<i>Sundry receivables</i>	<i>2 363</i>		<i>2 363</i>	<i>5 106</i>
<i>C.IV.</i>	<i>Cash</i>	<i>470 946</i>		<i>470 946</i>	<i>1 610 147</i>
<i>C.IV.1.</i>	<i>Cash on hand</i>	<i>33</i>		<i>33</i>	<i>33</i>
<i>C.IV.2.</i>	<i>Cash at bank</i>	<i>470 913</i>		<i>470 913</i>	<i>1 610 114</i>
<b>D.</b>	<b>Other assets</b>	<b>7</b>		<b>7</b>	<b>110</b>
<i>D.1.</i>	<i>Deferred expenses</i>	<i>7</i>		<i>7</i>	<i>110</i>

		31.12.2019	31.12.2018
	<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>41 114 933</b>	<b>43 929 740</b>
<b>A.</b>	<b>Equity</b>	<b>19 429 298</b>	<b>16 461 891</b>
<i>A.I.</i>	<i>As of</i>	<i>13 000 449</i>	<i>13 000 449</i>
A.I.1.	Share capital	13 000 449	13 000 449
<i>A.II.</i>	<i>Share premium and capital funds</i>	<i>4 694 055</i>	<i>4 700 606</i>
A.II.1.	Share premium	3 213 312	3 213 312
A.II.2.	<i>Capital funds</i>	<i>1 480 743</i>	<i>1 487 294</i>
A.II.2.1.	Other capital funds	2 279	2 279
A.II.2.2.	Gains or losses from the revaluation of assets and liabilities (+/-)	80 861	87 412
A.II.2.3.	Gains or losses from the revaluation upon transformations of business corporations (+/-)	1 398 191	1 398 191
A.II.2.4.	Gains or losses from transformations of business corporations (+/-)	-588	-588
<i>A.IV.</i>	<i>Retained earnings (+/-)</i>	<i>-1 239 164</i>	<i>1 719 325</i>
A.IV.1.	Accumulated profits or accumulated loss brought forward (+/-)	-1 239 164	1 719 325
A.V.	<i>Profit or loss for the current period (+/-)</i>	<i>2 973 958</i>	<i>-2 958 489</i>
<b>B.+C.</b>	<b>Liabilities</b>	<b>21 685 570</b>	<b>27 467 508</b>
<b>C.</b>	<b>Payables</b>	<b>21 685 570</b>	<b>27 467 508</b>
C.I.	<i>Long-term payables</i>	<i>6 900 642</i>	<i>7 656 448</i>
C.I.6.	Payables - controlled or controlling entity	6 438 220	6 431 250
C.I.8.	Deferred tax liability	175 615	924 066
C.I.9.	<i>Payables - other</i>	<i>286 807</i>	<i>301 132</i>
C.I.9.3.	Sundry payables	286 807	301 132
C.II.	<i>Short-term payables</i>	<i>14 784 928</i>	<i>19 811 060</i>
C.II.1.	<i>Bonds issued</i>		<i>12 953 376</i>
C.II.1.2.	Other bonds		12 953 376
C.II.2.	Payables to credit institutions	794 980	319 403
C.II.4.	Trade payables	4 701	24 823
C.II.6.	Payables - controlled or controlling entity	13 983 680	6 511 832
C.II.8.	<i>Other payables</i>	<i>1 567</i>	<i>1 626</i>
C.II.8.4.	Social security and health insurance payables	41	41
C.II.8.5.	State - tax payables and subsidies	82	83
C.II.8.6.	Estimated payables	266	62
C.II.8.7.	Sundry payables	1 178	1 440
<b>D.</b>	<b>Other liabilities</b>	<b>65</b>	<b>341</b>
D.1.	Accrued expenses	65	341



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

**EP Energy, a.s.**  
**Corporate ID 292 59 428**

Year ended  
31.12.2019  
(in CZK thousand)

Pařížská 130/26  
Josefov  
110 00 Praha 1

		Year ended 31.12.2019	Year ended 31.12.2018
I.	Sales of products and services		68
A.	Purchased consumables and services	20 375	27 777
A.2.	Consumed material and energy	61	50
A.3.	Services	20 314	27 727
C.	Own work capitalised (-)		
D.	Staff costs	4 316	4 285
D.1.	Payroll costs	3 600	3 600
D.2.	Social security and health insurance costs and other charges	716	685
D.2.1.	Social security and health insurance costs	716	684
D.2.2.	Other charges		1
E.	Adjustments to values in operating activities	58	75
E.1.	Adjustments to values of intangible and tangible fixed assets	58	75
E.1.1.	Adjustments to values of intangible and tangible fixed assets - permanent	58	75
III.	Other operating income	2	578
III.3.	Sundry operating income	2	578
F.	Other operating expenses	105	-732
F.3.	Taxes and charges		-850
F.5.	Sundry operating expenses	105	118
*	<b>Operating profit or loss (+/-)</b>	<b>-24 852</b>	<b>-30 759</b>
IV.	Income from non-current financial assets - equity investments	3 618 794	8 343 291
IV.1.	Income from equity investments - controlled or controlling entity	3 618 794	8 343 291
G.	Costs of equity investments sold		10 440 831
VI.	Interest income and similar income	369 585	451 259
VI.1.	Interest income and similar income - controlled or controlling entity	364 766	450 167
VI.2.	Other interest income and similar income	4 819	1 092
I.	Adjustments to values and reserves relating to financial activities	83 923	283
J.	Interest expenses and similar expenses	799 308	1 090 404
J.1.	Interest expenses and similar expenses - controlled or controlling entity	173 744	113 562
J.2.	Other interest expenses and similar expenses	625 564	976 842
VII.	Other financial income	641 190	386 341
K.	Other financial expenses	731 622	558 341
*	<b>Financial profit or loss (+/-)</b>	<b>3 014 716</b>	<b>-2 908 968</b>
**	<b>Profit or loss before tax (+/-)</b>	<b>2 989 864</b>	<b>-2 939 727</b>
L.	Income tax	15 906	18 762
L.1.	Due income tax	15 906	18 762
**	<b>Profit or loss net of tax (+/-)</b>	<b>2 973 958</b>	<b>-2 958 489</b>
***	<b>Profit or loss for the current period (+/-)</b>	<b>2 973 958</b>	<b>-2 958 489</b>
*	Net turnover for the current period	4 629 571	9 181 537

# STATEMENT OF CHANGES IN EQUITY

Year ended  
31.12.2019  
(in CZK thousand)

EP Energy, a.s.  
Corporate ID 292 59 428

Pařížská 130/26  
Josefov  
110 00 Praha 1

	Share capital	Share premium	Gains or losses from the revaluation of assets	Gains or losses from the revaluation upon transformations of business corporations	Funds from profit, reserve fund	Capital funds	Accumulated profits brought forward	Profit or loss for the current period	Profit share prepayments declared	TOTAL EQUITY
Balance at 31 December 2017	13 000 449	3 213 312	137 299	1 398 191	-588	2 279	1 084 588	1 922 432	-207 865	20 550 097
Distribution of profit or loss							1 922 432	-1 922 432		
Profit share prepayments declared							-207 865		207 865	
Dividends declared							-1 079 830			-1 079 830
Gains or losses from the revaluation of assets			74 458							74 458
Effect from hedge accounting			-124 345							-124 345
Profit or loss for the current period								-2 958 489		-2 958 489
Balance at 31 December 2018	13 000 449	3 213 312	87 412	1 398 191	-588	2 279	1 719 325	-2 958 489		16 461 891
Distribution of profit or loss							-2 958 489	2 958 489		
Gains or losses from the revaluation of assets			-110 073							-110 073
Effect from hedge accounting			103 522							103 522
Profit or loss for the current period								2 973 958		2 973 958
Balance at 31 December 2019	13 000 449	3 213 312	80 861	1 398 191	-588	2 279	-1 239 164	2 973 958		19 429 298

# CASH FLOW STATEMENT

EP Energy, a.s.  
Corporate ID 292 59 428

Year ended  
31.12.2019  
(in CZK thousand)

Pařížská 130/26  
Josefov  
110 00 Praha 1

		Year ended 31.12.2019	Year ended 31.12.2018
<b>P.</b>	<b>Opening balance of cash and cash equivalents</b>	<b>1 610 147</b>	<b>6 759 182</b>
	<i>Cash flows from ordinary activities (operating activities)</i>		
Z.	Profit or loss from ordinary activities before tax	2 989 864	-2 939 727
A.1.	Adjustments for non-cash transactions	-3 167 045	2 910 304
A.1.1.	Depreciation of fixed assets	58	75
A.1.2.	Change in provisions and reserves	83 923	283
A.1.3.	Profit/(loss) on the sale of fixed assets		5 528 668
A.1.4.	Revenues from profit shares	-3 618 794	-3 431 128
A.1.5.	Interest expense and interest income	429 723	639 145
A.1.6.	Adjustments for other non-cash transactions	-61 955	173 261
<b>A.*</b>	<b>Net operating cash flow before changes in working capital</b>	<b>-177 181</b>	<b>-29 423</b>
A.2.	Change in working capital	-15 839	619 178
A.2.1.	Change in operating receivables and other assets	4 559	-13 353
A.2.2.	Change in operating payables and other liabilities	-20 398	-17 469
A.2.4.	Change in current financial assets		650 000
<b>A.**</b>	<b>Net cash flow from operations before tax</b>	<b>-193 020</b>	<b>589 755</b>
A.3.	Interest paid	-959 934	-1 102 251
A.4.	Interest received	368 994	400 043
A.5.	Income tax paid from ordinary operations	-12 364	-22 721
<b>A.***</b>	<b>Net operating cash flows</b>	<b>-796 324</b>	<b>-135 174</b>
	<i>Cash flows from investing activities</i>		
B.1.	Fixed assets expenditures	-78	-382 146
B.2.	Proceeds from fixed assets sold		1 058 245
B.3.	Loans and borrowings to related parties	583 835	778 426
	Received profit shares	2 871 278	842 086
<b>B.***</b>	<b>Net investment cash flows</b>	<b>3 455 035</b>	<b>2 296 611</b>
	<i>Cash flow from financial activities</i>		
C.1.	Change in payables from financing	-3 797 912	-6 235 622
C.2.	Impact of changes in equity		-1 074 850
C.2.6.	Profit shares paid		-1 074 850
<b>C.***</b>	<b>Net financial cash flows</b>	<b>-3 797 912</b>	<b>-7 310 472</b>
<b>F.</b>	<b>Net increase or decrease in cash and cash equivalents</b>	<b>-1 139 201</b>	<b>-5 149 035</b>
<b>R.</b>	<b>Closing balance of cash and cash equivalents</b>	<b>470 946</b>	<b>1 610 147</b>

# EP Energy, a.s.

## Notes to the Czech statutory financial statements (non-consolidated, translated from the Czech original)

Year ended 31 December 2019

(All amounts are shown in thousands of Czech crowns "TCZK")

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# EP Energy, a.s.

Notes to the Czech statutory financial statements (non-consolidated, translated from the Czech original)

Year ended 31 December 2019

(All amounts are shown in thousands of Czech crowns "TCZK")

## 1. Incorporation and Description of the Business

EP Energy, a.s. ("the Company" or "EPE") was established on 16 December 2010 by subscribing the registered capital in the form of a non-monetary contribution of 100% of shares of Plzeňská energetika a.s., Honor Invest, a.s., EP Renewables a.s. (formerly Czech Wind Holding, a.s.), První energetická a.s., ROLLEON a.s., Czech Energy Holding, a.s. and of a 51% share in AISE, s.r.o.

The Company's principal activity is the management of its own assets.

### *Ownership structure*

The shareholders of the Company as at 31 December 2019 were:

EP Infrastructure, a.s., Id. No.: 024 13 507	100%
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### *Registered office*

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

### *Identification number*

292 59 428

### *Members of the Board of Directors and Supervisory Board as at 31 December 2019*

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

Ing Mgr. Tomáš David (Chairman)  
Mgr. Petr Sekanina (Vice-Chairman)  
William David George Price (Member)  
Pavel Horský (Member)  
Jiří Feist (Member)  
Marek Spurný (Member)

#### *Members of the Supervisory Board*

Ing. Jan Špringl (Chairman)  
Ing. Milan Jalový (Member)  
Ing. Filip Bělák (Member)

# EP Energy, a.s.

## Notes to the Czech statutory financial statements (non-consolidated, translated from the Czech original)

Year ended 31 December 2019

(All amounts are shown in thousands of Czech crowns "TCZK")

### 2. Basis of accounting and general accounting policies applied by the Company

The accompanying financial statements have been prepared in compliance with Act No. 563/1991 Coll., on Accounting, as amended, and relevant regulations and decrees applicable to entrepreneurs, in particular Decree No. 500/2002 Coll., implementing certain provisions of Act No. 563/1991 Coll., on Accounting.

The financial statements have been prepared on the historical cost principle.

All amounts are shown in thousands of Czech crowns unless otherwise stated.

#### (a) Tangible and intangible fixed assets

Fixed assets are understood to be assets with a useful life longer than one year costing more than TCZK 40 for tangible assets on an individual basis and more than TCZK 60 for intangible assets on an individual basis. Tangible fixed assets costing up to TCZK 40 and intangible fixed assets costing up to TCZK 60 are not recognised in the balance sheet and are expensed in the year that they are acquired.

Purchased tangible and intangible fixed assets are stated at acquisition cost less accumulated depreciation and potential adjustments.

Temporary impairment of tangible and intangible fixed assets is shown through adjustments, which are reported in the correction column of the balance sheet along with depreciation.

The cost of technical improvement increases the cost of tangible and intangible fixed assets. Repair and maintenance costs are charged to current year expenses.

#### *Depreciation*

Tangible and intangible fixed assets are depreciated based on their acquisition cost and estimated useful lives on a straight-line and monthly basis. Depreciation starts in the month following the month in which a relevant asset is put into use and ends in the month in which the asset is disposed. For technical improvements that become part of the depreciated assets, depreciation starts in the month in which a relevant technical improvement is put into use (this does not apply to technical improvements made to fixed assets of another).

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

Asset	Number of years
Computer systems	3 - 5 years
Fixtures and fittings	3 - 10 years
Other tangible fixed assets	5 - 20 years
Software	3 years

Gains or losses from the sale or disposal of fixed assets are determined as the difference between revenues from sale and the net book value of the relevant assets as at the date of sale and are charged to profit or loss.

# EP Energy, a.s.

## Notes to the Czech statutory financial statements (non-consolidated, translated from the Czech original)

Year ended 31 December 2019

(All amounts are shown in thousands of Czech crowns "TCZK")

### (b) Non-current financial assets

Non-current financial assets comprise equity investments in subsidiaries and associated companies, debt securities that the Company has the intent and ability to hold to maturity, and other long-term securities for which the Company's intent is not known upon acquisition.

Securities are initially stated at cost defined under Section 48 of Decree No. 500/2002 Coll. The cost of securities does not comprise interest on loans taken for their acquisition and expenses associated with their holding.

Equity investments contributed to the Company's registered capital were valued by an independent expert appointed by the court.

As at the balance sheet date, equity investments are recognised at acquisition cost, and if a particular investment has been impaired, an adjustment is established.

If securities are held in foreign currencies, they are translated as at the balance sheet date using the current rates of exchange announced by the Czech National Bank against the revaluation of assets and liabilities in equity.

### (c) Receivables

Receivables are accounted for at their nominal value. Assigned receivables are stated at acquisition cost including other related costs (Section 25 of Act No. 563/1991 Coll.). As at the balance sheet date, temporary impairment of doubtful receivables is accounted for using adjustments that are debited to expenses and are shown in the correction column in the balance sheet. Adjustments are established to receivables that are more than 180 days overdue and to receivables identified based on an analysis of the credit status of individual customers.

The value of receivables from provided loans is increased by uncollected interest (except for default interest).

### (d) Loans received

Short-term and long-term loans are initially recorded at their nominal value. Upon the preparation of the financial statements the loan balances are increased by unpaid interest charged by banks or other parties. The Company classifies as short-term any part of long-term loans that is due within one year of the balance sheet date.

### (e) Derivatives

#### *Trading derivatives*

As at the balance sheet date, derivatives held for trading are recognised at fair value under "Sundry receivables" or "Sundry payables", and gains (losses) from changes in their fair values are recorded in profit or loss.

#### *Hedging derivatives*

The Company uses hedging derivatives (interest rate swaps) to mitigate interest rate risks relating to payments of interest on loans received. Hedging derivatives are recognised at fair value. The hedge is fully in line with the Company's risk management strategy. All interest rate swap transactions are documented and their effectiveness is evaluated on a continuous basis.

# EP Energy, a.s.

## Notes to the Czech statutory financial statements (non-consolidated, translated from the Czech original)

Year ended 31 December 2019

(All amounts are shown in thousands of Czech crowns "TCZK")

The realised portion of financial derivatives is recognised under Other financial expenses/revenues in the income statement. As at the balance sheet date, the unrealised portion is recorded in the revaluation of assets and liabilities and recognised as part of equity.

### *Cash flow hedges – hedging foreign exchange risk with non-derivative financial liabilities*

The Company applies hedge accounting in order to hedge the risk of changes in exchange rates from highly probable future transactions denominated in foreign currency with defined non-derivative financial liabilities serving as hedging instruments. The hedge is fully in line with the Company's risk management strategy. All hedging transactions are documented and the effectiveness of each transaction is regularly reviewed.

In the case of cash flow hedges, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in equity and the ineffective portion of the gain or loss on the hedging instrument is recognised in profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then the hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, the balance in equity is reclassified to profit or loss.

#### (f) Foreign currency transactions

The Company applies the Czech National Bank official rate effective on the date of acquisition of an asset or the occurrence of a liability to foreign currency transactions. During the year foreign exchange gains and losses are only recognised when realised at the time of settlement.

As at the balance sheet date, foreign currency monetary assets and liabilities are translated at the prevailing Czech National Bank official rates. All foreign exchange gains and losses are recognised in financial revenues or expenses.

#### (g) Recognition of expenses and revenues

Revenues and expenses are recognised on an accrual basis, i.e. in the period to which they relate in terms of substance and timing. In compliance with the principle of prudence, provisions and adjustments are created to cover all risks, losses and impairment known as at the balance sheet date and are debited to expenses.

#### (h) External financing costs

Costs incurred to obtain external financing (including other associated costs) are charged to current year expenses on a one-off basis.

#### (i) Income tax

Current income tax is calculated using the effective tax rate and the accounting profit increased or decreased by permanent or temporary non-deductible expenses and non-taxable revenues (e.g. the creation and utilisation of other provisions and adjustments, representation costs, differences between accounting and tax depreciation).

An income tax provision is established as the financial statements are prepared before the tax liability is determined. In the subsequent accounting period, the Company releases this provision and records the actual tax liability determined.



# EP Energy, a.s.

## Notes to the Czech statutory financial statements (non-consolidated, translated from the Czech original)

Year ended 31 December 2019

(All amounts are shown in thousands of Czech crowns "TCZK")

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

Deferred income tax is determined for companies constituting a group of companies and for all accounting units to which the duty to have their financial statements audited applies. Deferred tax is based on all temporary differences between the carrying and tax value of assets and liabilities, and other temporary differences (tax losses carried forward, if any), multiplied by the tax rate expected to be valid for the period in which the tax asset/liability is utilised.

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

### (j) Consolidation

The consolidated financial statements of the narrowest group of entities for 2019 is prepared by EP Infrastructure, a.s. with its registered office at Pařížská 130/26, Josefov, 110 00 Prague 1, Czech Republic.

The consolidated financial statements of the widest group of entities are prepared by EP Investment S.à r.l., with its registered office at 39, Avenue John F. Kennedy, L-1855 Luxembourg. The consolidated financial statements for 2019 will be stored at the registered office of EP Investment S.à r.l.

### (k) Loans, bonds and other short-term financial assistance

The Company classifies as short-term any part of long-term loans, bonds and financial assistance that is due within one year of the balance sheet date.

### (l) Dividends

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established. Profit share prepayments received are recognised in revenues for the current period, i.e. in the period in which a decision to distribute profit share prepayments was made.

## 3. Change in accounting policies and procedures

In 2019, no changes were made to the Company's accounting policies and procedures.

## 4. Cash flow statement

The cash flow statement was prepared using the indirect method. Cash equivalents include current liquid assets easily convertible into cash in an amount agreed in advance.

Cash and cash equivalents can be analysed as follows:

	(in TCZK)	
	Balance at	Balance at
	31/12/2019	31/12/2018
Cash on hand	33	33
Cash at bank	470 913	1 610 114
<b>Total cash and cash equivalents</b>	<b>470 946</b>	<b>1 610 147</b>

Cash flows from operating, investment and financial activities presented in the cash flow statement are not offset.

# EP Energy, a.s.

Notes to the Czech statutory financial statements (non-consolidated, translated from the Czech original)

Year ended 31 December 2019

(All amounts are shown in thousands of Czech crowns "TCZK")

## 5. Non-current financial investments

As at 31 December 2019 and 31 December 2018

Equity investments - controlled or controlling entity					
Company name	Total profit (+) / loss (-) for 1/1/2019 - 31/12/2019 (in thousands of CZK/ EUR/HRK/HUF)	Equity at 31/12/2019 (in thousands of CZK/ EUR/HRK/HUF)	Currency	Net amount of investment at 31/12/2019 (in TCZK)	Net amount of investment at 31/12/2018 (in TCZK)
AISE, s.r.o.*	10 521	60 238	CZK	34 381	34 381
ARISUN, s.r.o.*	208	491	EUR	36 495	31 238
Elektrárny Opatovice, a.s.*	-432 045	5 852 728	CZK	10 678 032	8 178 032
EP Cargo a.s.*	57 722	59 922	CZK	266 700	266 700
EP ENERGY HR d.o.o.*	-110 057	-570 115	HRK	68	69
EP ENERGY TRADING, a.s.*	32 152	506 444	CZK	1 217 637	1 042 576
ENERGZET SERVIS a.s.*	-402	14 920	CZK	2 000	2 000
Greeninvest Energy, a.s.*	31 626	105 839	CZK	41 162	50 817
CHIFFON ENTERPRISES LIMITED*	-672	-1 378	EUR	-	-
VTE Moldava II, a.s.*	-344	188 774	CZK	161 350	87 695
Powersun a.s.*	22 791	74 056	CZK	125 562	152 184
PT Holding Investment B.V.*	23	230	EUR	36 058	36 058
Stredoslovenská energetika Holding, a.s.**	221 198	997 568	EUR	8 761 847	8 870 205
Triskata, s.r.o.*	252	657	EUR	39 610	36 086
United Energy, a.s.*	27 868	2 026 394	CZK	4 912 988	4 626 947
VTE Pchery, s.r.o.*	3 327	13 373	CZK	47 562	51 602
EP Sourcing, a.s.*	39 478	49 478	CZK	112 452	112 452
Budapesti Erőmű Zrt („BERT“)*	4 038 819	7 991 102	HUF	196 961	198 676
Pražská teplárenská a.s.	580 069	6 290 448	CZK	10 134 777	10 134 777
PT měření, a.s.	4 654	53 515	CZK	81 145	81 144
<b>Total</b>				<b>36 886 787</b>	<b>33 993 639</b>

\* Data derived from unaudited financial statements as at 31 December 2019.

\*\* Data derived from unaudited consolidated financial statements as at 31 December 2019.

Except for AISE, s.r.o. (80%), Greeninvest Energy, a.s. (41.7%), Stredoslovenská energetika Holding, a.s. (49%), VTE Pchery, s.r.o. (64 %) and Budapesti Erőmű Zrt (95.62%), all equity investments were fully owned as at 31 December 2019.

## EP Energy, a.s.

Notes to the Czech statutory financial statements (non-consolidated, translated from the Czech original)

Year ended 31 December 2019

(All amounts are shown in thousands of Czech crowns "TCZK")

Registered offices of the companies as at 31 December 2019:

AISE, s.r.o.	Broučková 7165, Zlín, Czech Republic
ARISUN, s.r.o.	Pribinova 25, Bratislava, Slovakia
Pražská teplárenská, a.s.	Partyzánská 7, Praha 7, Czech Republic
PT měření, a.s.	Střelnická 2221/50, Libeň, Praha 8
Budapesti Erőmű Zrt	Budafoki út 52, 1117 Budapest, Hungary
Elektrárny Opatovice, a.s.	Opatovice nad Labem – Pardubice 2, Czech Republic
EP Cargo, a.s.	náměstí Hrdinů 1693/4a – Praha 4 – Nusle, Czech Republic
EP ENERGY HR d.o.o.	Svačićeva 10, Grad Split, Split, Croatia
EP ENERGY TRADING, a.s.	Klimentská 1216/46, Praha 1, Czech Republic
ENERGZET SERVIS a.s.	Příkop 843/4, Zábřovice, 602 00 Brno, Czech Republic
Greeninvest Energy, a.s.	Příkop 843/4, Zábřovice, 602 00 Brno, Czech Republic
CHIFFON ENTERPRISES LIMITED	Strovolos 59-61, Savvides Centere 2021, Nicosia, Cyprus
VTE Moldava II, a.s.	Pafížská 130/26, Josefov, Praha 1, Czech Republic
Powersun a.s.	Pafížská 130/26, Josefov, Praha 1, Czech Republic
PT Holding Investment B.V.	Schiphol Boulevard 477 Tower C4, 1118 BK Schiphol, Netherlands
Stredoslovenská energetika Holding, a.s.	Pri Rajčianke 8591/4B, Žilina, Slovakia
Triskata, s.r.o.	Pribinova 25, 811 09 Bratislava, Slovakia
United Energy, a.s.	Teplárenská 2, 434 03 Most – Komořany, Czech Republic
VTE Pchery, s.r.o.	Pafížská 130/26, Josefov, Praha 1, Czech Republic
EP Sourcing, a.s.	Teplárenská 2, 434 03 Most – Komořany, Czech Republic

Adjustments were created to the following investments: VTE Moldava II, a.s. (TCZK 279 000) and CHIFFON ENTERPRISES LIMITED (TCZK 20 203).

*In 2019, non-current financial assets changed as follows:*

On 25 October 2019, a contribution was made outside the register capital of the subsidiary United Energy, a.s. of TCZK 1 000 000 and of the subsidiary Elektrárny Opatovice, a.s. of TCZK 2 500 000. These contributions were offset with the loans provided.

On 31 December 2019, a contribution was made outside of the registered capital of the subsidiary VTE Moldava II, a.s. of TCZK 150 829; this contribution was offset with the loan provided.

# EP Energy, a.s.

## Notes to the Czech statutory financial statements (non-consolidated, translated from the Czech original)

Year ended 31 December 2019

(All amounts are shown in thousands of Czech crowns "TCZK")

As at 31 December 2019 the Company recorded in its balance sheet a change in deferred tax arising from revaluation difference recognized as a consequence of the merger and the related adjustment to fixed assets.

### 6. Long-term receivables

Long-term receivables – controlled or controlling entity primarily included loans provided to related parties (see Note 12(a)).

As at 31 December 2019, the Company created an adjustment of TCZK 248 383 (as at 31/12/2018: TCZK 39 334) for these receivables.

### 7. Short-term receivables

Short-term receivables primarily comprised loans provided to related parties and cash-pool receivables (see Note 12(b)).

#### *Ageing structure of trade receivables*

None of trade receivables were due in more than five years as at the balance sheet date.

As at 31 December 2019, sundry receivables included, among others, positive fair values from derivatives (as shown in the table below).

Fixed-term contract presented in Sundry receivables in TCZK	Counterparty	Due date	Fair value at 31/12/2019	Fair value at 31/12/2018	Nominal value (in TEUR)
Currency forward (trading)	ČSOB	20/1/2020	1 777	-	21 000
<b>Total derivatives</b>			<b>1 777</b>	<b>-</b>	

### 8. State - tax receivables

The Company reported a receivable relating to value added tax and a receivable relating to corporate income tax prepayments. Receivable from income tax prepayments was reduced by income tax provision. (see Note 18).

### 9. Equity

The change in "Gains or losses from the revaluation of assets and liabilities" was mainly due to foreign exchange differences arising from the revaluation of foreign currency ownership interests and related hedge derivatives

On 11 June 2019, the General Meeting decided to transfer the profit for 2018 of TCZK 2 958 489 to retained profits.

# EP Energy, a.s.

Notes to the Czech statutory financial statements (non-consolidated, translated from the Czech original)

Year ended 31 December 2019

(All amounts are shown in thousands of Czech crowns "TCZK")

*Changes in fair value recorded in accounting group 41 (Gains or losses from the revaluation of assets and liabilities) during the accounting period*

	Revaluation of equity investments denominated in foreign currency	Cash flow hedges (foreign exchange risk)	Cash flow hedges (foreign exchange risk) – deferred tax	Interest rate swap (hedge)	Interest rate swap (hedge) – deferred tax	Total
<b>Balance at 31/12/2018</b>	<b>-557 741</b>	<b>902 006</b>	<b>-171 381</b>	<b>-105 521</b>	<b>20 049</b>	<b>87 412</b>
Revaluation of equity investments denominated in foreign currency	-110 073	-	-	-	-	-110 073
Utilisation of cash flow hedge	-	-147 816	-	-	-	-147 816
Revaluation of cash flow hedge	-	170 100	-	-	-	170 100
Deferred tax – cash flow hedge	-	-	-4 234	-	-	-4 234
Deferred tax – interest rate swap	-	-	-	-	-20 049	-20 049
Termination of hedge accounting	-	-	-	105 521	-	105 521
<b>Balance at 31/12/2019</b>	<b>-667 814</b>	<b>924 290</b>	<b>-175 615</b>	<b>-</b>	<b>-</b>	<b>80 861</b>

As at the date of the approval of these financial statements the distribution of current year's profit is not prepared yet. The proposal will be prepared by the board of directors for the Company's shareholders and further discussed and approved at the General Meeting.

## 10. Long-term payables

As at 31 December 2019, long-term payables comprised loans received from the parent company of TCZK 6 438 220 repayable in 2022-2023. The loans are presented in Payables – controlled or controlling entity (as at 31/12/2018: TCZK 6 431 250).

A deferred tax liability of TCZK 948 349 (at 31/12/2018: TCZK 924 066) is described in detail in Note 18.

### *Cash flow hedges – hedging foreign exchange risk with non-derivative financial liabilities*

The Company applied hedge accounting to hedging instruments designated to hedge foreign exchange risks of revenues denominated in foreign currency (EUR). The Company designated relevant parts of the nominal value of loans received and bonds denominated in EUR amounting to MEUR 540 as hedging instruments (2018: MEUR 540). Hedged cash flows from dividends from subsidiaries in EUR, considered highly probable by the Company, are expected between 2020 and 2035; the part for 2016-2019 was already utilised. The impact on profit or loss is also expected in that period. As at 31 December 2019, TCZK 924 290 (as at 31/12/2018: TCZK 902 006) from this hedge relationship was recognised in the Company's equity including a related deferred tax of TCZK 175 615 (as at 31/12/2018: TCZK 171 381). In 2019, as a result of the utilisation of cash flow hedge, TCZK 147 816 of the amount recorded in equity in connection with the application of hedge accounting was reclassified to revenues (2018: TCZK 5 419).

# EP Energy, a.s.

Notes to the Czech statutory financial statements (non-consolidated, translated from the Czech original)

Year ended 31 December 2019

(All amounts are shown in thousands of Czech crowns "TCZK")

As at 31 December 2019, the following liabilities from derivatives (sundry payables) were presented in long-term payables (see the table below).

Fixed-term contracts reported in Sundry payables in TCZK	Counterparty	Due date	Fair value at 31/12/2019	Nominal value (in TEUR)	Due date	Fair value at 31/12/2018	Nominal value (in TEUR)
Interest rate swap	ČSOB	29/12/2022	54 236	50 000	29/12/2022	56 511	50 000
Interest rate swap	ČSOB	29/12/2022	112 845	100 000	29/12/2022	118 830	100 000
Interest rate swap	ČSOB	29/12/2022	113 088	100 000	29/12/2022	119 153	100 000
<b>Total derivatives</b>			<b>280 169</b>			<b>294 494</b>	

## *Cash flow hedge – hedging the interest rate risk with interest rate swap*

The Company decided to terminate hedge accounting during 2019 in respect of interest rate risk hedging. The Company believes that the expected transactions are no longer highly probable, therefore all balances accumulated in equity were transferred to the income statement.

## 11. Short-term payables

In 2019, the Company repaid principals of bonds (as at 31/12/2018: TCZK 12 827 771) and interest accrued on issued bonds (as at 31/12/2018: TCZK 125 605).

Payables to credit institutions comprise a short-term cash-pool overdraft of TCZK 794 980 (as at 31/12/2018: TCZK: 319 403).

Payables to related parties arising from received loans of TCZK 13 983 680 (as at 31/12/2018: TCZK 6 511 832) are described in more detail in Note 12(d).

As at 31 December 2019, sundry payables included, among others, negative fair values from derivatives (as shown in the table below).

Fixed-term contracts reported in Sundry payables in TCZK	Counterparty	Due date	Fair value at 31/12/2019	Fair value at 31/12/2018	Nominal value (in TEUR)
Currency forward (trading)	UniCredit Bank	16/1/2020	953	-	9 116
<b>Total derivatives</b>			<b>953</b>	<b>-</b>	

# EP Energy, a.s.

Notes to the Czech statutory financial statements (non-consolidated, translated from the Czech original)

Year ended 31 December 2019

(All amounts are shown in thousands of Czech crowns "TCZK")

## 12. Related parties

In compliance with Section 39b(8) of Decree No. 500/2002 Coll., the Company does not disclose transactions (revenues and expenses) between related entities within the EPE consolidated group that are wholly owned by the Company.

### (a) Long-term receivables from provided loans

#### 31 December 2019

Company name	Due date	Balance at 31/12/2019
Arisun, a.s.	2024	7 065
Alternative Energy, s.r.o.	2024	185 733
Greeninvest Energy, a.s.	2022	196 396
POWERSUN a.s.	2024	83 827
Triskata, s.r.o.	2022	3 172
MR TRUST s.r.o.	2024	7 430
VTE Pchery, s.r.o.	2029	91 160
Elektrárny Opatovice, a.s.	2023	1 719 088
CHIFFON ENTERPRISES LIMITED	2022	295 618
<b>Total at 31/12/2019</b>		<b>2 589 489</b>

#### 31 December 2018

Company name	Due date	Balance at 31/12/2018
Arisun, a.s.	2024	12 201
Alternative Energy, s.r.o.	2021	184 899
Greeninvest Energy, a.s.	2022	183 070
POWERSUN a.s.	2024	95 829
Triskata, s.r.o.	2024	8 260
VTE Moldava II, a.s.	2024	150 830
MR TRUST s.r.o.	2024	6 942
Claymore Equity, s.r.o.	2020	141
Budapesti Erőmű Zrt (BERT)	2020	641 200
VTE Pchery, s.r.o.	2024	116 276
<b>Total at 31/12/2018</b>		<b>1 399 648</b>

Based on an internal analysis of the credit status of the counterparties, the Company created an adjustment of TCZK 248 383 (as at 31/12/2018: TCZK 39 334).

# EP Energy, a.s.

Notes to the Czech statutory financial statements (non-consolidated, translated from the Czech original)

Year ended 31 December 2019

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## (b) Short-term receivables from provided loans and cash pool

Company name	Balance at 31/12/2019	Balance at 31/12/2018
<i>Short-term receivables from provided loans</i>		
EP ENERGY HR d.o.o. usluge	2 414	1 929
Elektrárny Opatovice, a.s.	-	4 485 002
Chiffon Enterprises Limited	-	283 704
United Energy, a.s.	-	1 047 869
Budapesti Erőmű Zrt (BERT)	426 190	13 760
PT Holding Investment B.V.	-	-
Claymore Equity, s.r.o.	153	-
VTE Pchery, s.r.o.	12 566	-
<b>Total - Short-term receivables from provided loans</b>	<b>441 323</b>	<b>5 832 264</b>
<i>Short-term receivables – cash pool</i>		
Subsidiaries	839 821	986 288
Related companies	97 904	99 411
<b>Total - Short-term receivables – cash pool</b>	<b>937 725</b>	<b>1 085 699</b>
<b>Total</b>	<b>1 379 048</b>	<b>6 917 963</b>

## (c) Long-term payables from received loans

As at 31 December 2019, the Company recorded loans plus accessions of TCZK 6 438 220 in respect of EP Infrastructure, a.s. (as at 31/12/2018: TCZK 6 431 250) repayable in 2022-2023.

## (d) Short-term payables from received loans

Company name	Balance at 31/12/2019	Balance at 31/12/2018
<i>Short-term payables from received loans</i>		
Pražská teplárenská Holding a.s.	7 702	2 480 016
EP Infrastructure, a.s.	10 457 910	87 097
<b>Total - Short-term payables from received loans</b>	<b>10 465 612</b>	<b>2 567 113</b>
<i>Short-term payables – cash pool</i>		
Subsidiaries	2 004 690	2 645 843
Related companies	1 513 378	1 298 876
<b>Total - Short-term payables – cash pool</b>	<b>3 518 068</b>	<b>3 944 719</b>
<b>Total</b>	<b>13 983 680</b>	<b>6 511 832</b>

## (e) Interest income and expense

	2019		2018	
	Interest income	Interest expense	Interest income	Interest expense
Controlling entities	-	100 722	3 122	87 821
Subsidiaries	352 974	17 459	434 795	5 484
Related companies	11 792	55 563	12 250	20 257
<b>Total</b>	<b>364 766</b>	<b>173 744</b>	<b>450 167</b>	<b>113 562</b>



# EP Energy, a.s.

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### (f) Income from equity investments - controlled or controlling entity

#### *Dividend income*

Company name	2019	2018
Stredoslovenská energetika Holding, a.s.	112 080	81 744
PT Holding Investment B.V.	2 509 994	635 369
EP Sourcing, a.s.	41 522	56 883
AISE, s.r.o.	10 000	8 000
EP Cargo, a.s.	39 784	16 664
Plzeňská energetika a.s.	-	270 000
Energzet a.s.	-	2 198
NPTH, a.s.	-	2 360 270
POWERSUN a.s.	25 000	-
ARISUN s.r.o.	5 089	-
EP ENERGY TRADING, a.s.	99 236	-
PT měření, a.s.	21 000	-
Triskata, a.s.	5 089	-
Pražská teplárenská, a.s.	750 000	-
<b>Total</b>	<b>3 618 794</b>	<b>3 431 128</b>

#### *Income from sale of equity investments*

Company name	2019	2018
EP Infrastructure a.s.	-	1 058 245
Pražská teplárenská Holding a.s.	-	3 853 918
<b>Total</b>		<b>4 912 163</b>

Income from sale of equity investments is described in more detail in Note 5.

### 13. Cost of services

These costs primarily included costs incurred for legal and accounting advisory and services rendered by experts.

### 14. Other interest and similar expense

Other interest and similar expense primarily comprised interest on bonds.

### 15. Other financial expenses and revenues

Other financial revenues or expenses primarily included foreign exchange gains and revenues from derivatives or foreign exchange losses and expenses for derivatives revaluation.

### 16. Employees and executives

As at 31 December 2019, the Company had no employees (as at 31/12/2018: 1 employee).

Remuneration paid to directors and supervisory board members of EP Energy, a.s. for the performance of their functions was TCZK 3 600 (as at 31/12/2018: TCZK 3 300).

Social security and health insurance liabilities were not overdue.

# EP Energy, a.s.

## Notes to the Czech statutory financial statements (non-consolidated, translated from the Czech original)

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(All amounts are shown in thousands of Czech crowns "TCZK")

### 17. Fees payable to statutory auditors

This information will be disclosed in the notes to the parent company financial statements as at 31 December 2019.

### 18. Income tax

#### *Current tax*

The current income tax estimate and overview of income tax prepayments as at 31 December 2019 and as at 31 December 2018 are shown below:

	Balance at 31/12/2019	Balance at 31/12/2018
Current income tax estimate	14 477	19 679
Current income tax prepayments	40 106	48 849
<b>Income tax provision (+) / State - tax receivables (-)</b>	<b>-25 629</b>	<b>-29 170</b>

Expenses of TCZK 15 906 related to current income tax on ordinary activities for 2019 represented the income tax provision created of TCZK 14 477 and the difference between the tax liability for 2018 and the release of the income tax provision created as at 31 December 2018 of TCZK 1 429.

Expenses of TCZK 18 762 related to current income tax on ordinary activities for 2018 represented the income tax provision created of TCZK 19 679 and the difference between the tax liability for 2017 and the release of the income tax provision created as at 31 December 2017 of TCZK 917.

#### *Deferred tax*

The deferred tax liability consists of the following items:

Deferred tax arising from	Balance at 31/12/2019	Balance at 31/12/2018
Revaluation of fixed assets as part of the mergers	0	781 749
Non-current financial investments	0	-9 015
Revaluation of hedging instruments	175 615	151 332
<b>Total</b>	<b>175 615</b>	<b>924 066</b>

In accordance with the accounting policies described in Note 2 (i), a tax rate of 19% was used to calculate deferred tax (2018 – 19%).

### 19. Significant off-balance sheet transactions

The Company reported an off-balance sheet liability from derivative transactions in the nominal value of TCZK 7 117 756 (as at 31/12/2018: TCZK 7 386 475) and an off-balance sheet receivable from derivative transactions in the nominal value of TCZK 7 119 060 (as at 31/12/2018: TCZK 7 371 030).

# EP Energy, a.s.

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The Company reported off-balance sheet a receivable from guarantees provided to group companies totalling TCZK 577 936 (as at 31/12/2018: TCZK 787 099) and an accepted bank stand-by credit of TCZK 1 746 020 (as at 31/12/2018: TCZK 2 253 098).

### 20. Significant subsequent events

On 21 January 2020, the Company acquired equity investments of 36% in VTE Pchery, s.r.o., thus becoming a sole owner of this company.

On 31 January 2020, the Company acquired a 90% equity investment in Alternative Energy, s.r.o.

#### *Pandemic of coronavirus*

Outbreak of new human-to-human airborne virus ("COVID-19") was described by World Health Organization as pandemic on 11 March 2020. Followed by state of emergency declared by Czech Government and Slovak Government on 12 March 2020 and 15 March 2020 respectively. Government authorities of both countries introduced various restrictions including restriction on cross-border movement of people, on free movement of people and their gathering, closing of retailers except those necessary to serve basic needs (as food, pharmacy, cleaning agents and similar), closing of restaurants, museums, cinemas, theatres, sport facilities, etc. Except the restrictions introduced by Government authorities, economies of both countries will be influenced also by voluntary temporary shutdown of some factories (mainly automotive) or voluntary limitation of business operations.

Within few days, the spread of COVID-19 has caused a serious situation across the whole society and global economy. The Company's management has been critically monitoring and evaluating the impacts with having implemented relevant measures, primarily in relation to the Company's subsidiaries (further also "the Group"). Main focus of the Company is guaranteeing health and safety of employees, which remains the Company's top priority, and safeguarding the continuity of the essential energy services in the countries where Group operates.

The Company has performed analysis of a range of possible risks in connection with COVID-19 and has been implementing appropriate measures across the whole Group to mitigate the impact on employees and on the Company's operations. The risks are monitored regularly and taken measures are adjusted accordingly, as the situation remains unclear and volatile. Main measures implemented by management and management of Company's investments notably include:

- Implementation of extensive home office program, where employees that do not necessarily have to work from office are asked to work from home;
- Special regime for employees working in critical infrastructure – mainly dispatchers. Separation of these critical employees from others and restriction of access of other personnel to dispatching premises;
- Employees in production department have been trained to adhere to very strict precautionary standards including social distancing and increased disinfection.

# EP Energy, a.s.

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Based on information available currently, despite potential short-term results' volatility caused by the pandemic, the Company's and the Group's performance is not expected to be significantly impaired in the medium- to long-term as the majority of its cash flows in the Group remains regulated and/or long-term contracted with high quality counterparties. Furthermore, the Group's high cash conversion ability coupled with controls over counterparty credit risk should give the Group the ability to operate without significant financial difficulties and as such the Company should not get into secondary liquidity problems due to lack of cash flow from the Group members as well as the Company has very limited volume of own cash outflows.

The management cannot however preclude the possibility that extended lock down periods, an escalation in the severity of measures imposed by Government authorities, or a consequential adverse impact of such measures on the economic environment where the Company and the Group operate will have an adverse effect on the Company, and its financial position and operating results, in the medium and longer term. The Company continues to monitor the situation closely and will respond to mitigate the impact of such events and circumstances as they occur.

Apart from the above matters disclosed in the notes to the financial statements, the Company's management is not aware of any events that have occurred subsequent to the balance sheet date that would have a material impact on the financial statements as at 31 December 2019.

Prepared on: 29 May 2020



Pavel Horský  
Member of the Board of Directors



Marek Spurný  
Member of the Board of Directors