



Annual Report
2022
innogy Energo



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by MVM

Key Ratios (according to CAS)

	2022
Total sales (CZK m)	1 807.5
EBITDA (CZK m)	400.6
Operating result (CZK m)	293.2
Profit before taxation (CZK m)	276.4
Profit after taxation (CZK m)	222.9
Investments (CZK m)	144.2
Number of employees (FTE)	111

Wherever used in the text, the term Company or innogy Energo refers to innogy Energo, s.r.o.

Abbreviations

CAS	Czech Accounting Standards
CEO	Chief Executive Officer
COO	Chief Operations Officer
CNG	Compressed natural gas
CHS	Centralized heating system
EBITDA	Earnings before interest, taxes, depreciation, and amortization
kWt	Kilowatt – unit of measurement for heat
kWe	Kilowatt – unit of measurement for electricity
kWp	Kilowatt – peak; unit of measurement of the nominal power of a solar panel
LDS	Local Distribution System
SLA	Service level agreement

Table of content

1	The chairman's statement	4	
2	Corporate information	6	
2.1	General Information	6	
2.2	Shareholders	7	
2.3	Statutory Body	7	
2.4	Persons Responsible for the Annual Report and Audit of the Financial Statements	8	
3	Management report for 2022	10	
3.1	Results	10	
3.2	Strategy and Business Activities	11	
3.3	Marketing and Communication Activities	13	
3.4	Human Resources	14	
3.5	Occupational Health and Safety and Environmental Protection	16	
3.6	Subsequent Events	17	
3.7	Outlook	18	
4	Financial section	20	3
4.1	Financial Statements	20	
4.2	Notes to Financial Statements	25	
5	Independent auditor's report	40	
6	Report on relations for the accounting period of 2022	42	

The Annual Report has been prepared in the Czech language and in English. In all matters of interpretation of information, views or opinions, the Czech version of the Annual Report takes precedence over the English version.

1 The chairman's statement

Ladies and Gentlemen,

Another exceptionally turbulent year is behind us. It was a year marked by an energy crisis, during which we once again faced unprecedented situations for which it is impossible to be fully prepared. During the reported year, the entire energy supply sector, including all of our consumers, was affected by an unprecedented surge in energy prices.

Caused by the armed conflict in Ukraine, the crisis subsequently escalated in response to gradual restrictions placed on natural gas supplies from Russia to the EU. The resulting panic on energy markets culminated in August, when gas and electricity prices attacked all-time records, reaching levels multiple times higher compared to 2021. Apart from high prices, we also faced a high volatility of natural gas purchase prices within the span of individual days.

Despite the complicated situation, we completed a strategic acquisition involving TTS Martin, a Slovak manufacturer of cogeneration units and backup power supply solutions. This way, innogy Energo enlarged its operations beyond the Czech borders, and increased the size of its workforce by the addition of 55 Slovak employees. The acquisition has not only allowed us to enter the market for CHP technologies, but we also added backup power supply solutions to our product portfolio.

The surge in purchase prices for natural gas had the most negative impact on our business in the heat supply sector. Already in the middle of the year, we had to reflect the dramatic increase in commodity costs in heat prices and to adjust preliminary prices for 2022. That included increasing prepayments to prevent customers from having to make excessively high payments to cover the balance for heat supplied in 2022.

In the clean mobility segment, we also faced an extraordinary increase in and volatility of gas purchase costs, which resulted in significantly higher CNG prices and the need to make adjustments nearly on a daily basis. We managed to cope with the complicated situation and ensured that innogy remains the market leader. We significantly enlarged our charging infrastructure for electromobility. As part of the Park & Charge Net and Olife Energy Net projects, we put into service 40 new charging points for electric cars throughout the Czech Republic last year, as the total number of innogy's charging facilities exceeded 100.

The growing energy prices and uncertainty concerning gas supplies in the reported year accelerated demand on the part of both residential and business customers for solar power systems, including battery storage solutions. Driven by efforts to increase energy security, the demand by far exceeded the installation capacity available on the market. In response to the surge, we optimized our service portfolio and the order fulfillment process. Once again, we doubled the number of installations year-over-year. In total, the reported year saw us build 750 solar power plans with an output of 6 MWp, where all contracted time limits were duly met. As part of sustainable growth, we plan to focus on further improving the quality of service, reducing delivery times, and pursuing fair business policies, so as to differentiate our operations from new aggressive newcomers to the market. We successfully

completed large projects in the B2B segment. For example, last year we built a 950 kWp power plant for Čepro, one of the biggest rooftop installations in the Czech Republic.

Significant growth was recorded in the segment of support services through a so-called aggregation block, which has become an integral part of our business operations in the combined heat and power segment. In this area, we plan to further reinforce our position by building additional cogeneration units. In 2023, an electrode boiler unit will be put into operation in Náchod to provide negative service when required.

I want to thank all innogy Energo Group employees for their hard work in performing everyday tasks. I trust that we will together successfully cope with the demanding challenges we will face in 2023.



Zdeněk Kaplan

Chairman of the Executive Directors, CEO

2 Corporate information

2.1 General Information

Business name:	innogy Energo, s.r.o.
Registered office:	Limuzská 3135/12, Strašnice, 108 00 Praha 10
Company No.:	251 15 171
Legal form:	limited liability company

Establishment and Inception

innogy Energo, s.r.o. was established on 21 March 1997 under the business name of DAUBER, s.r.o. Its business name was changed to Harpen ČR, s.r.o. on 16 October 1997 and to KA Contracting ČR s.r.o. in 2006.

Effective as of 1 January 2013, KA Contracting ČR s.r.o. merged by amalgamation with RWE Plynoprojekt, s.r.o. The successor company in the merger was KA Contracting ČR s.r.o. As part of the in-progress integration of the RWE Group's business in the Czech Republic, the Company was renamed RWE Energo, s.r.o. effective on 1 April 2013.

On 9 October 2014, RWE Energo, s.r.o. and TEPLO Rumburk, s.r.o. carried out a domestic merger by amalgamation, executed under a notarial deed, whereby the subsidiary TEPLO Rumburk, s.r.o. was dissolved as of 1 January 2015 and its assets were transferred to RWE Energo, s.r.o., the successor company.

In connection with the establishment of the innogy Group within the RWE Group, of which the Company is a member, the Company's business name was changed from RWE Energo, s.r.o. to innogy Energo, s.r.o. effective as of 1 October 2016.

The legal effects of the merger of CNGvitall s.r.o. with innogy Energo, s.r.o. occurred as at 1 July 2019. Furthermore, the Company spun off some of its assets and liabilities to the subsidiary innogy Energetika Plhov – Náchod, s.r.o. effective as of 1 August 2019.

With effect as at 1 July 2020, innogy Energo, s.r.o., the successor company, carried out mergers by amalgamation with the dissolving company TEPLO T s.r.o. and the dissolving company Areal Blansko LDS a.s. As part of the mergers, the assets of both of the dissolving companies, TEPLO T s.r.o. and Areal Blansko LDS a.s., were transferred to innogy Energo, s.r.o. with the decisive day on 1 January 2020.

Corporate Profile

The Company's core business consists of the production and distribution of heat, the generation, distribution, and trading of electricity, the sale of gas (CNG), the lease of real estate, and construction.

Organizational Units

The Company has no organizational units abroad.

Research and Development

The Company does not carry out research and development.

2.2 Shareholders

Ownership Structure

As at 31 December 2022, the sole shareholder of innogy Energo, s.r.o. was innogy Česká republika a.s., with registered office at Limuzská 3135/12, 100 98 Prague 10 – Strašnice, Czech Republic.

2.3 Statutory Body

Executive Directors as at 31 December 2022

Zdeněk Kaplan

Chairman of the Executive Directors, CEO

Date of birth:

7 November 1974

Education:

University of Economics, Prague, Faculty of Business Administration

Other board memberships and commitments:

Chairman of the innogy Energetika Plhov – Náchod, s.r.o. Supervisory Board, Chairman of the Board of Directors of Olife Energy Net, a.s., Executive Director of Energo TTS s.r.o., Executive Director of Ginger Teplo, s.r.o.

Other business activities:

None

Jiří Šimek

Executive Director, COO

Date of birth:

9 October 1974

Education:

University of Johannes Kepler, Linz, Faculty of Corporate Economics

Other board memberships and commitments:

Chairman of the Executive Directors of innogy Energetika Plhov – Náchod, s.r.o., Chairman of the Olife Energy Net, a.s. Supervisory Board, Executive Director of Energo TTS s.r.o., Executive Director of TTS Martin, s.r.o., Executive Director of TTS Steel, s.r.o., TTS Servis, s.r.o., Executive Director of Ginger Teplo, s.r.o.

Other business activities:

None

The composition of the Company's Executive Directors did not change in 2022.

2.4 Persons Responsible for the Annual Report and Audit of the Financial Statements

Auditor and Audit Firm Responsible for Auditing the Financial Statements of innogy Energo for 2022

Audit firm:

Deloitte Audit s.r.o.
Represented by Zuzana Gerbocová
(Representative acting under power of attorney)
Churchill I, Italská 2581/67, 120 00, Praha 2 – Vinohrady
Registered in the Register of Audit Firms
of the Czech Chamber of Auditors, Registration No. 079

Auditor in charge:

Zuzana Gerbocová
Statutory Auditor, Registration No. 2122

Person Responsible for Accounting

Slávka Šimkovičová

Manager, Asset Accounting, Payments & Taxes, innogy Česká republika a.s.
Appointed under SLA entered into with innogy Česká republika a.s.

Persons Responsible for the 2022 Annual Report of innogy Energo

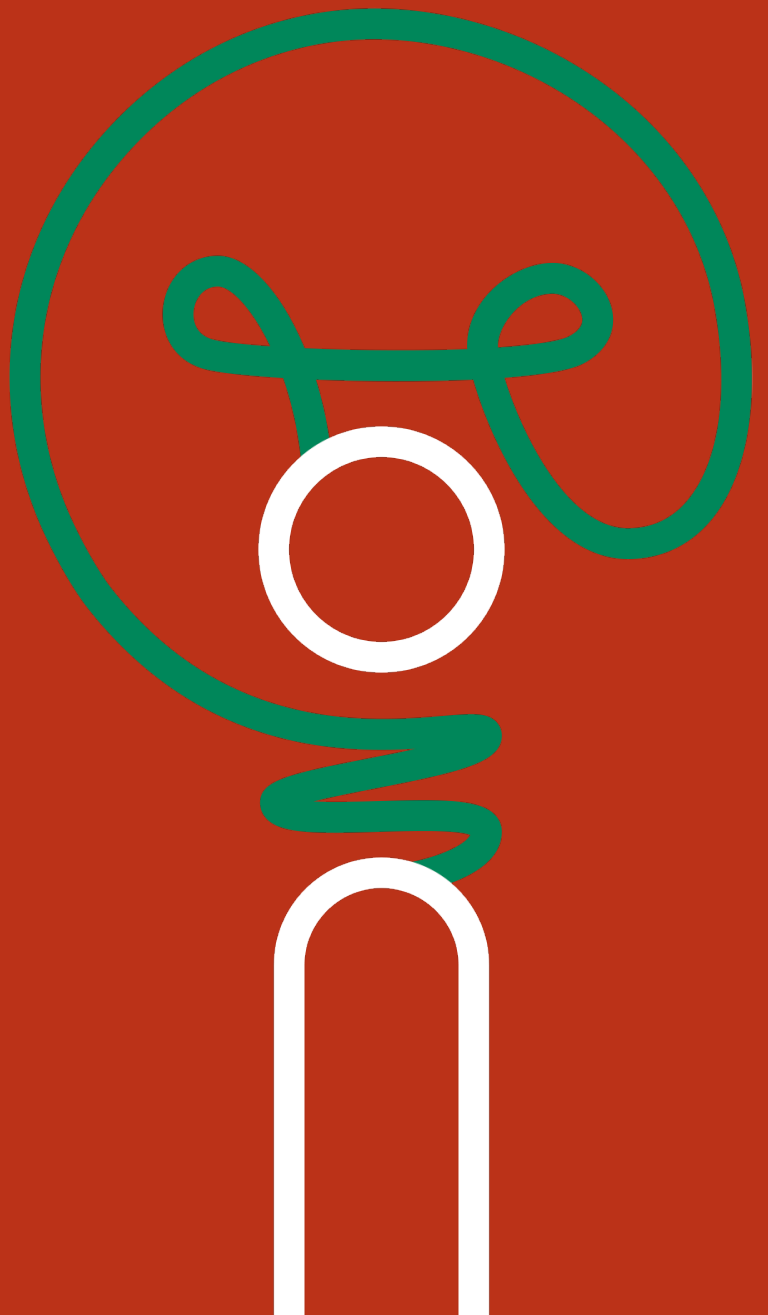
We, the undersigned, hereby affirm that information disclosed in this Annual Report is true and that no facts of material importance have been omitted or misrepresented.

8

Prague, 10 March 2023

Zdeněk Kaplan
Chairman of the Executive Directors, CEO

Jiří Šimek
Executive Director, COO



3 Management report for 2022

3.1 Results

Revenues, Expenses, Profit

The Company recorded CZK 1,807 million in total revenues. Factors that had a favorable effect on the results included proceeds from CO2 emission allowances (payments permitting the discharge of requirements to reduce greenhouse gas emissions) and colder climatic conditions that resulted in a higher heat consumption and consequently also higher electricity generation. Other favorable factors included revenues from support services (regulation of electric output based on ČEPS requirements) and solar panel installations. Financial results were adversely affected (particularly in the fourth quarter) by high prices of natural gas procured for the CNG segment. In addition, high natural gas prices increased heat generation costs. The increase, however, was compensated by raising selling prices. As per the foregoing, the Company recorded CZK 222.9 million in earnings in 2022.

Assets and Liabilities

The Company's balance sheet total as at 31 December 2022 amounted to CZK 2,394 million.

Investments

During 2022, the Company made investments in the total amount of CZK 144.2 million in accordance with the investment plan. In the heat and electricity cogeneration segment, investments were mainly made into our existing plants in Beroun and Náchod as well as into recently acquired facilities, such as LDS Hořovice, LDS Karlovy Vary, and CHP Kamenice. Likewise, 2022 saw investments into the continuously expanding network of electric charging stations. All investment projects were executed in the Czech Republic.

Financing

In September 2022, the Company signed an Early Loan Repayment and Receivable Offset Agreement with the parent undertaking, innogy Česká republika, a.s. As at 31 December 2022, the total unpaid part of loans amounted to zero. In the reported year, innogy Energo, s.r.o. continued to take part in the innogy Group's cash-pooling scheme in the Czech Republic.

Risk Management

Risk management at the Company is the responsibility of the Company's Executive Directors. The Company records all risks in the Catalogue of Risks. Moreover, individual risks are entered into a risk matrix to facilitate the identification of the most serious threats in terms of the probability of their occurrence and the extent of potential financial impact. There is a clearly defined owner responsible for the management of every risk. Risk management is overseen by the Risk Management Committee, which consists of members of the innogy Group's top management and carries out oversight over risk management processes and approves risk management policies. The Risk Management Committee gives recommendations based on which the Company's Executive Directors can approve exemptions from standard risk management rules. Depending on their nature, serious risks are hedged against by insurance, provisions, hedging transactions, risk position caps, contractual terms and conditions, and

various other preventive measures, such as meticulous management and modernization of assets. The Company has also established a Cybersecurity Committee, which is responsible for threats liable to jeopardize the security of information, IT systems, and heat and electricity generation technologies. In 2022, the Company's management identified no risks liable to jeopardize the Company's existence. The Company reevaluates all financial derivative transactions at their fair value as at the balance sheet date. The Company does not use hedge accounting.

3.2 Strategy and Business Activities

The business operations of innogy Energo, s.r.o. mainly focus on heat and electricity generation, clean mobility, the operation of local electricity distribution systems, and the installation of solar panels in combination with battery storage systems. Projects executed by the Company include the comprehensive upgrade of local and long-distance heating systems using cogeneration units, mainly in the form of energy contracting. Energy contracting is an all-inclusive service that comprises the identification of savings, the planning, execution, and financing of projects, and the operation of facilities during a predefined period. Another segment where innogy Energo, s.r.o. conducts business is the construction and operation of local electricity distribution systems in existing industrial complexes and as part of the development of new residential settlements.

Individual facilities are either run by innogy Energo, s.r.o. itself using its resources or through third parties that operate them using their own workers, but under the Company's direct technical supervision and customarily also with our financial assistance. Most facilities featuring combined heat and electricity generation are operated by innogy Energo, s.r.o. directly.

The Company continues expanding its activities in the district heat supply segment. New development projects were successfully connected to the district heat supply network in various localities, including Na Máčovně in Beroun, in Hlinky, and the Multipurpose House in Králův Dvůr.

Another business segment where the Company directs attention is the construction and operation of local electricity distribution systems (LDS). Last year, a new LDS was put into operation to serve a community of apartment buildings in Hořovice. Another LDS is about to be completed in Karlovy Vary.

In 2022, the Company successfully continued the development of a Power Balance Services project using its own aggregation block (AB). The block was enlarged by two additional plants, specifically cogeneration units in Beroun Centrum and Břidličná. The total output of the aggregation block now amounts to nearly 12 MW. At the same time, the Company successfully passed a test of the Transmission System Operator's new terms and conditions, where all plants provide the MFRR 12.5 service, which means that they are capable of reaching required output within 12.5 minutes. Last year was exceptionally effective both in terms of the success rate of offers made for reserved export capability and in terms of total revenues. The turbulent developments on the energy market were reflected in the segment of support services, a fact fully taken advantage of by the Company. The Company will continue enlarging the AB model by the addition of services provided using internal resources. In 2023, an electric heating plant is planned to be completed and put into service in Náchod, which will enlarge the aggregation block by our trading partners' plants.

Another major business activity pursued by the Company is the use of alternative fuels in the clean mobility segment. Clean mobility includes activities in the segment of electromobility and compressed natural gas (CNG), most importantly the construction and operation of CNG filling stations, the sale of CNG for transport applications, and the construction and operation of charging stations for electric cars.

In 2022, we operated 65 public CNG filling stations, retaining the Company's status as the biggest operator of its own filling stations on the Czech market. The Company used its own network to supply end users approximately 13.95 million kg CNG in 2022, which is more than a 15% increase over 2021.

Highly effective was a targeted offer of proprietary technological know-how for the installation and operation of CNG stations, which saves time and money to corporate clients. Moreover, the technology is fully adaptable to customers' needs. One of such projects was the delivery of CNG technology for a CNG station operated by Colsys Company in Kladno and the delivery of technology for a bioCNG station in Mladá Boleslav. Additional projects are currently in progress, with delivery planned in the course of 2023. The Company was also very successful as regards the lease of mobile CNG technologies, specifically in Poland and Slovakia.

The entire year was marked by changes in the CNG pricing policy, as the Company strived to maintain advantageous prices of this alternative fuel for its customers despite the turbulent situation on the natural gas market.

12

The current trend in the CNG segment shows a growing share of biomethane vis-à-vis regular natural gas. In 2022, bioCNG accounted for an extraordinary 70% of the Company's total CNG sales. BioCNG is a renewable energy source that is gradually gaining popularity among consumers.

In the electromobility segment, we continued building private and public charging stations for the needs of the innogy Group as well as for other companies operating a fleet of electric cars. At the end of 2022, the Company operated charging stations in 60 localities throughout the Czech Republic. These facilities included nine fast-charging DC stations, for example in Prague, Tábor, Nepomuk, and Dolní Morava, and 102 public AC stations located throughout the country. During the year, innogy's two largest charging hubs were put into service. They included a charging facility in Dolní Morava with one DC and 10 AC units, and a charging facility adjacent to the Mirakulum Amusement Park with 10 AC units.

Charging stations served for as many as 9,283 charges, where supplied electricity was in excess of 227 MWh. Plans for 2023 include completing construction of the remaining charging stations as part of Park & Charge Net and Olife Energy Net, projects co-financed by the European Union through subsidies disbursed by the Ministry of Transport of the Czech Republic. The objective is to reinforce considerably the Company's position on the electromobility market. Close cooperation continued with MVM Mobiliti Kft.

In the solar power segment, the Company performed in 2022 more than 750 installations on family homes with over 6 MWp in aggregated output, a year-over-year increase by more than 66%. Thus, 2022 confirmed the trend of gradually increasing installed capacity that began in previous years. At present, the standard installation involves output of 6-8 kWp in combination with a 10 kWh battery. The number of hybrid systems has now completely surpassed systems without batteries, as 98.3% of installations performed by the Company were hybrid systems, as the total capacity of installed accumulation amounted to over 8 MWh. In 2023, the Company plans to carry out at least another thousand new installations on family homes. In total, we have put into operation over 1,500 installations with total output of approximately 9 MWp. Thus far, these facilities have produced about 13 GWh of clean electricity.

In 2022, a restructuring took place within the innogy Group, whereupon the Company replaced innogy Energie as a direct contractor for solar power plants on the B2C market.

The Company makes every effort to be a reliable partner to customers. All components are kept in stock with the objective of maintaining stable long-term growth in this segment. Priorities in 2023 will include reducing the lead time, which currently amounts to approximately six months.

In the segment of industrial customers, the Company successfully completed several ventures, most notably a project contracted in 2021 consisting of the installation of a 950 kWp solar power plant for ČEPRO, a.s. at one of its storage facilities. In addition, the Company signed contracts for several new projects involving power output in excess of 3 MWp.

3.3 Marketing and Communication Activities

In 2022, the Company mainly concentrated on promoting CNG use in transport. The most important event was the Gas Mobility Day, held under the auspices of the Czech Gas Association in September, where the Company was one of the main partners. The event was organized for industry specialists, corporations, government authorities, and the media.

Another major event was a conference titled Challenges Faced by Modern Public Transport held in December to celebrate the 30th anniversary of the founding of the Czech Association of Transport Companies.

In the reported year, the Company supported several important cultural projects. They included the Summer Cinema organized by the Beroun Municipal Culture Center and the autumn theater season in the Plzeňka Culture House in Beroun. Another important event was the Náchodská Prima Sezóna nation-wide student art festival.

Another important event was Talich's Beroun, an international music festival organized by the city of Beroun in the fall, where the Company acted as the general partner. The Company plans to provide sizeable support for cultural events once again in 2023.

Support for sports was another important area for the Company. As in previous years, the Company provided assistance to the AERO Odolena Voda Volleyball Club, the Králův Dvůr Football Club, and the Tišnov Amateur Football Club.

3.4 Human Resources

During 2022, we continued digitizing employment records and converting personnel processes into electronic form in consideration of the Company's needs and targets. In addition, we launched a project replacing the entire HR information system.

In 2022, innogy Group companies placed second in the Employer of the Year and first in the TOP Employer contests (first place in the energy sector category and in the category of large corporations with more than 1,000 employees). This way, the innogy Group in the Czech Republic followed in the footsteps of awards received in 2021, specifically the first place in the category of employers with over 500 employees in the Fair Employer contest organized by the Atmoskop.cz portal.

As regards training and personal development in 2022, we organized a series of training events. Unlike in 2021, during which training activities continued to be considerably affected by the COVID-19 pandemic, a larger number of training courses were conducted on an in-house basis, as opposed to being delivered online. As to centralized training events, we continued developing the competences and values laid down under the competence model, namely responsibility, cooperation, trust, customer orientation, and engagement. These competences were reinforced by micro-learning activities using the My Journey application that regularly provides employees with inspiration regarding not only fundamental values, but also other topics, such as digital skills, assertive communication, personal productivity, and much more. As always, we organized regular inspirational broadcasts for innogy employees under the Brain & Breakfast program throughout 2022.

14

Staffing Levels

In 2022, employee headcount (FTE) in the Company was 111. The increase reflects staff hired to reinforce the solar power and energy efficient solutions team and the team responsible for the operation of heat generation facilities.

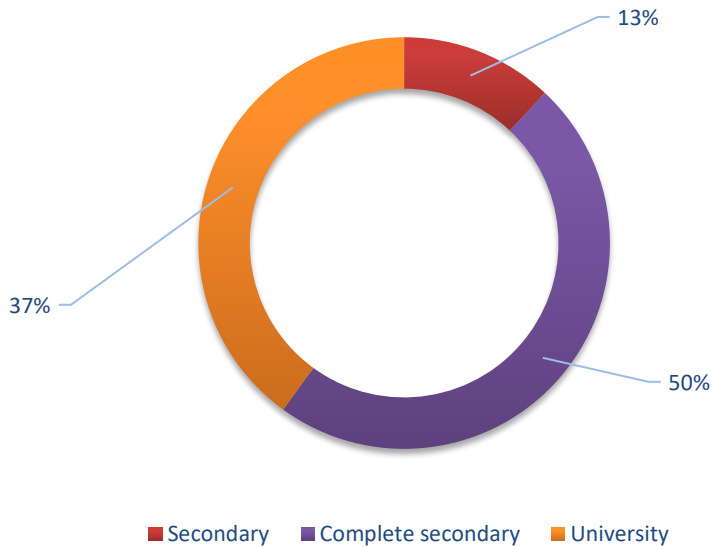
Development of Employee Headcount (FTE)

Year	2022	2021	2020	2019	2018
Employee headcount	111	84	75	73	69

Staff Structure by Education

Company	Secondary	Complete secondary	University	Elementary	Total
innogy Energo	12.9%	50.0%	37.1%	0.0%	100.0%

Employee Structure by Education in the Year Ended 31 December 2022



Wages

The development of wages in 2022 fully reflected the Company's needs and the current situation on the labor market in line with the top management's human resources plans and strategy. During the year, all remuneration rules and wage increase principles agreed in the current Collective Agreement were observed.

15

Professional Training and Development

In 2022, the Company spent 1.39% of wage costs on training and personal development programs, organizing 1,211 learning projects for 1,381 trainees. The average annual training cost per employee amounted to approximately CZK 9,961. The number of trainees increased, mainly due to mandatory training requirements relating to employee qualifications.

This sum includes e-learning courses.

Social Policy

The Company fulfilled all obligations relating to working conditions and employee benefits agreed under the innogy Group Collective Agreement.

The Company offers all employees the option to draw an annual contribution of CZK 27,000 through the Benefit Portal and to obtain a wide range of other benefits (training, vacation, health, and financial benefits), including discounts on the prices of products and services offered by external partners under the "Employee Specials" program.

3.5 Occupational Health and Safety and Environmental Protection

Occupational Health and Safety

Like in the preceding year, the beginning of 2022 was marked by efforts to curb the COVID-19 pandemic and to protect our customers and employees. During the first quarter, tasks performed to the foregoing effect mainly included implementing new legal requirements, formulating internal policies (company-wide employee testing, rules for third-party entry to the Company's premises), defining regimens, and purchasing certified antigen tests and personal protective equipment to ensure maximum protection for the health of all of our employees.

In 2022, neither innogy Energo, s.r.o. nor its suppliers recorded any occupational injuries.

In 2022, the Regional Occupational Safety Inspectorate carried out two inspections at CNG stations. The inspections identified no shortcomings.

In the course of the year, the Company performed occupational safety inspections in individual localities, preventative fire-safety checks, and regular reviews of work processes aimed at identifying and assessing risk factors relating to occupational health. The inspections identified no deficiencies liable to endanger lives, health, or property.

We began using the iBezpečně (iSafety) application to carry out occupational safety inspections, preventative fire-safety inspections, inspections carried out by supervisory employees, reports of occupational injuries, and near misses. The application accelerates and streamlines communication between operations and the HSE Department.

Efforts in the area of occupational health and safety included projects targeting workplace ergonomics with the aim of preventing excessive spine load, back pain, headaches, and fatigue. Aiming to promote health, we organized first aid training courses. In the area of automobile transport, we continued activities from previous years and organized defensive driving courses and pursued active communication with employees.

Environmental Protection

A responsible, proactive attitude to environmental protection is an integral part of the fundamental principles of the Company's business strategy and corporate social responsibility endeavors. The Company provides continuing active support for preventive measures and deploys modern technologies with the aim of continuously reducing the adverse impact of our operations and services on the environment. Emphasis is placed on fulfilling and complying with legislative requirements and improving employee awareness of the environmental impact of their actions and the Company's operations.

innogy companies have signed a voluntary agreement with the Czech government represented by the Ministry of Industry and Trade to increase energy efficiency by the year 2030. Tasks undertaken under the agreement aim to improve the energy efficiency of the Czech national economy and to promote cooperation in achieving energy savings by end consumers across all sectors. innogy Energo takes part

in a project under which consulting and other services are provided regarding ways of achieving energy savings.

Last year, the Náchod Heating Plant, the Company's largest heat generating facility, underwent a ČSN EN ISO 50001 recertification energy management audit. The issue of a new certificate underscored our compliance with all requirements of the relevant standard and demonstrated our commitment to efficient energy management aimed at reducing costs, greenhouse gas emissions, and other harmful environmental impacts.

The Company currently operates 65 CNG filling stations, and ranks among the biggest operators of CNG facilities in the Czech Republic. In addition, we supply proprietary technology for CNG filling stations, which guarantees their safe and reliable operation. In the clean mobility segment, the Company focuses on the development and construction of the charging infrastructure. The Company's fleet includes 58 vehicles, 80% of which are CNG driven. Their use contributes to reducing greenhouse gas production by approximately 30% compared to traditional fuels.

The Company complied with duties relating to the placement on the market of industrial packaging through the authorized packaging management company EKO-KOM, a.s. Electronic and electrical waste is recycled under agreements with ASEKOL a.s.

In 2022, two inspections of air protection and integrated prevention were carried out by government authorities. The inspections ascertained no violations of legislative requirements laid down under the applicable environmental protection laws.

There was no incident with an adverse impact on the environment in the reported year caused by the Company's operations.

3.6 Subsequent Events

On 16 December 2022, the Company concluded a loan agreement with its subsidiary, innogy Energetika Plhov – Náchod, s.r.o., in the amount of CZK 9,300 thousand, which will be drawn on 3 April 2023.

On 26 January 2023, Zdeněk Kaplan, Chairman of Executive Directors, resigned as Executive Director of the Company. His resignation included positions in other statutory and supervisory bodies of subsidiaries of innogy Energo, s.r.o. The sole member of innogy Energo, s.r.o. exercising the powers of the General Meeting, specifically the Board of Directors of innogy Česká republika a.s., reviewed his resignation and terminated his term of office as Executive Director of innogy Energo, s.r.o. at his request as of 31 March 2023. At the same time, the sole member exercising the powers of the General Meeting appointed Pavel Špaček as Executive Director of innogy Energo, s.r.o. At the same time, Pavel Špaček was appointed to the other positions in statutory and supervisory bodies of subsidiaries of innogy Energo, s.r.o. from which Zdeněk Kaplan resigned.

3.7 Outlook

In the clean mobility segment, the Company will focus on completing the Park & Charge Net and Olife Energy Net projects, which consist of building public charging infrastructure using EU subsidies. In addition, search will continue for additional suitable localities for enlarging the innogy charging network. Completing the implementation of the payment system used by the Company in the framework of internal cooperation within the MVM Group will be of key importance for securing a convenient solution to finding charging locations and remitting payments. On the CNG market, the Company will focus on strengthening partnerships with public transport operators and continuing the growth of Transdev, including six filling stations the Company took over as of 1 January 2023. Likewise, the Company will continue the current trend as regards using biomethane and increasing supplies of bioCNG.

In the heat supply sector, the ongoing modernization of heat generation facilities in Náchod, Beroun, and Břeclav will proceed. At the same time, the installation of additional cogeneration units will continue. The Company will also focus on further enlarging the portfolio of facilities constituting the aggregation block and on developing support services provided to ČEPS.

As regards last year's acquisition of TTS Martin, the Company will work to further integrate its operations into innogy's processes and, simultaneously, to enlarge the portfolio of products and services by the addition of cogeneration units and backup power supply solutions, including support services. Overall, the Company plans to introduce novel services consisting of measuring and assessing energy consumption by customers and designing energy saving solutions, including ways of reinforcing self-sufficiency. An integral part of efforts to that effect will be offering and delivering the relevant solutions. Likewise, we will pursue further organic growth in the segment of solar power systems, where wall boxes for vehicle charging will be added to our portfolio.



4 Financial section

4.1 Financial Statements

BALANCE SHEET full version as of 31.12.2022 (in CZK thousand)		31.12.2022			31.12.2021
		Gross	Adjustment	Net	Net
	TOTAL ASSETS	3,757,491	1,363,117	2,394,374	1,829,252
B.	Fixed assets	2,890,357	1,347,866	1,542,491	1,365,844
<i>B.I.</i>	<i>Intangible fixed assets</i>	<i>37,021</i>	<i>23,597</i>	<i>13,424</i>	<i>1,245</i>
B.I.2.	Valuable rights	34,412	23,597	10,815	719
B.I.2.1.	Software	28,906	18,443	10,463	252
B.I.2.2.	Other valuable rights	5,506	5,154	352	467
B.I.4.	Other intangible fixed assets	2,127		2,127	526
B.I.5.	Prepayments for intangible fixed assets and intangible fixed assets under construction	482		482	
B.I.5.2.	Intangible fixed assets under construction	482		482	
<i>B.II.</i>	<i>Tangible fixed assets</i>	<i>2,605,199</i>	<i>1,324,269</i>	<i>1,280,930</i>	<i>1,248,501</i>
B.II.1.	Land and structures	881,936	340,615	541,321	541,046
B.II.1.1.	Land	10,396	-	10,396	10,356
B.II.1.2.	Structures	871,540	340,615	530,925	530,690
B.II.2.	Tangible movable assets and sets of tangible movable assets	1,533,351	923,576	609,775	644,203
B.II.3.	Valuation difference on acquired assets	39,173	48,656	(9,483)	(10,404)
B.II.4.	Other tangible fixed assets	244	63	181	199
B.II.4.3.	Other tangible fixed assets	244	63	181	199
B.II.5.	Prepayments for tangible fixed assets and tangible fixed assets under construction	150,495	11,359	139,136	73,457
B.II.5.1.	Prepayments for tangible fixed assets	23,261	-	23,261	7,029
B.II.5.2.	Tangible fixed assets under construction	127,234	11,359	115,875	66,428
<i>B.III.</i>	<i>Non-current financial assets</i>	<i>248,137</i>	<i>-</i>	<i>248,137</i>	<i>116,098</i>
B.III.1.	Equity investments - controlled or controlling entity	218,611	-	218,611	115,787
B.III.2.	Loans and borrowings - controlled or controlling entity	29,295		29,295	
B.III.3.	Equity investments in associates	20		20	20
B.III.7.	Other non-current financial assets	211		211	291
B.III.7.1.	Sundry non-current financial assets	211		211	291
C.	Current assets	823,524	15,251	808,273	455,581
<i>C.I.</i>	<i>Inventories</i>	<i>214,447</i>	<i>-</i>	<i>214,447</i>	<i>79,098</i>
C.I.1.	Material	129,570		129,570	31,436
C.I.2.	Work in progress and semifinished goods	80,710		80,710	47,662
C.I.3.	Products and goods	3		3	
C.I.3.2.	Goods	3		3	
C.I.5.	Prepayments for inventories	4,164		4,164	
<i>C.II.</i>	<i>Receivables</i>	<i>601,437</i>	<i>15,251</i>	<i>586,186</i>	<i>368,677</i>
C.II.1.	Long-term receivables	2,347	-	2,347	54
C.II.1.1.	Trade receivables	1,592		1,592	
C.II.1.5.	Receivables - other	755		755	54
C.II.1.5.2.	Long-term prepayments made	78		78	54
C.II.1.5.4.	Sundry receivables	677		677	
<i>C.II.2.</i>	<i>Short-term receivables</i>	<i>599,090</i>	<i>15,251</i>	<i>583,839</i>	<i>368,623</i>
C.II.2.1.	Trade receivables	175,881	9,766	166,115	102,196
C.II.2.2.	Receivables - controlled or controlling entity	250,894	-	250,894	96,068
C.II.2.4.	Receivables - other	172,315	5,485	166,830	170,359
C.II.2.4.3.	State - tax receivables				943
C.II.2.4.4.	Short-term prepayments made	132		132	567
C.II.2.4.5.	Estimated receivables	158,245	-	158,245	168,492
C.II.2.4.6.	Sundry receivables	13,938	5 485	8 453	357
<i>C.IV.</i>	<i>Cash</i>	<i>7 640</i>	<i>-</i>	<i>7 640</i>	<i>7 806</i>
C.IV.1.	Cash on hand	5		5	5
C.IV.2.	Cash at bank	7 635		7 635	7 801
D.	Other assets	43,610	-	43,610	7,827
D.1.	Deferred expenses	41,087		41,087	7,797
D.3.	Accrued income	2,523		2,523	30

		31.12.2022	31.12.2021
	TOTAL LIABILITIES & EQUITY	2,394,374	1,829,252
A.	Equity	1,807,244	624,360
A.I.	<i>Share capital</i>	280,000	280,000
A.I.1.	Share capital	280,000	280,000
A.II.	<i>Share premium and capital funds</i>	1,197,654	237,654
A.II.2.	<i>Capital funds</i>	1,197,654	237,654
A.II.2.1.	Other capital funds	1,197,654	237,654
A.IV.	<i>Retained earnings (+/-)</i>	106,706	97,893
A.IV.1.	Accumulated profits or losses brought forward (+/-)	106,706	97,893
A.V.	<i>Profit or loss for the current period (+/-)</i>	222,884	8,813
B.+C.	Liabilities	504,189	1,174,091
B.	Reserves	44,405	10,397
B.II.	Income tax reserve	32,274	
B.IV.	Other reserves	12,131	10,397
C.	Payables	459,784	1,163,694
C.I.	<i>Long-term payables</i>	30,460	871,107
C.I.4.	Trade payables	2,474	4,183
C.I.6.	Payables - controlled or controlling entity		860 000
C.I.8.	Deferred tax liability	27,986	6,924
C.II.	<i>Short-term payables</i>	429,324	292,587
C.II.3.	Short-term prepayments received	1,917	1,804
C.II.4.	Trade payables	204,709	108,884
C.II.6.	Payables - controlled or controlling entity	12,947	14,171
C.II.8.	<i>Other payables</i>	209,751	167,728
C.II.8.3.	Payables to employees	6,533	5,244
C.II.8.4.	Social security and health insurance payables	3,387	2,686
C.II.8.5.	State - tax payables and subsidies	8,874	922
C.II.8.6.	Estimated payables	190,781	158,745
C.II.8.7.	Sundry payables	176	131
D.	Other liabilities	82,941	30,801
D.1.	Accrued expenses	23	5 876
D.2.	Deferred income	82,918	24,925

PROFIT AND LOSS ACCOUNT structured by the nature of expense method Year ended 31.12.2022 (in CZK thousand)		innogy Energo,s.r.o. Corporate ID 251 15 171 Limuzská 3135/12 108 00 Praha 10	
		Year ended 31.12.2022	Year ended 31.12.2021
I.	Sales of products and services	1,807,484	1,033,049
II.	Sales of goods	762	
A.	Purchased consumables and services	1,523,370	912 764
A.1.	Costs of goods sold	547	
A.2.	Consumed material and energy	1,232,247	760,628
A.3.	Services	290,576	152,136
B.	Change in internally produced inventory (+/-)	(33,048)	(28,486)
C.	Own work capitalised (-)	(13,757)	(10,778)
D.	Staff costs	127,571	92,558
D.1.	Payroll costs	92,497	66,656
D.2.	Social security and health insurance costs and other charges	35,074	25,902
D.2.1.	Social security and health insurance costs	30,728	22,533
D.2.2.	Other charges	4,346	3,369
E.	Adjustments to values in operating activities	107,449	117,510
E.1.	Adjustments to values of intangible and tangible fixed assets	108,224	111,408
E.1.1.	Adjustments to values of intangible and tangible fixed assets - permanent	106,112	102,116
E.1.2.	Adjustments to values of intangible and tangible fixed assets - temporary	2,112	9,292
E.3.	Adjustments to values of receivables	(775)	6,102
III.	Other operating income	234,197	109,081
III.1.	Sales of fixed assets	9,946	3,897
III.3.	Sundry operating income	224,251	105,184
F.	Other operating expenses	37,688	22,597
F.1.	Net book value of sold fixed assets	8,360	3,905
F.3.	Taxes and charges	3,698	3,316
F.4.	Reserves relating to operating activities and complex deferred expenses	1,734	(254)
F.5.	Sundry operating expenses	23,896	15,630
*	Operating profit or loss (+/-)	293,170	35,965
IV.	Income from non-current financial assets - equity investments	3,034	3,123
IV.1.	Income from equity investments - controlled or controlling entity	3,034	3,123
VI.	Interest income and similar income	4,849	187
VI.1.	Interest income and similar income - controlled or controlling entity	4,602	179
VI.2.	Other interest income and similar income	247	8
J.	Interest expenses and similar expenses	23,387	31,080
J.1.	Interest expenses and similar expenses - controlled or controlling entity	23,387	31,043
J.2.	Other interest expenses and similar expenses		37
VII.	Other financial income	1,236	422
K.	Other financial expenses	2,552	812
*	Financial profit or loss (+/-)	(16,820)	(28,160)
**	Profit or loss before tax (+/-)	276,350	7,805
L.	Income tax	53,466	(1,008)
L.1.	Due income tax	32,404	
L.2.	Deferred income tax (+/-)	21,062	(1,008)
**	Profit or loss net of tax (+/-)	222,884	8,813
***	Profit or loss for the current period (+/-)	222,884	8,813
*	Net turnover for the current period	2,051,562	1,145,862

STATEMENT OF CHANGES IN EQUITY					innogy Energo, s.r.o.
Year ended 31.12.2022 (in CZK thousand)					Corporate ID 251 15 171 Limuzská 3135/12 108 00 Praha 10
	Share capital	Other capital funds	Accumulated profits or losses brought forward	Profit or loss for the current period	TOTAL EQUITY
Balance at 31 December 2020	280,000	242,688	98,129	(236)	620,581
Distribution of profit or loss			(236)	236	
Elimination of business share in CNGvital s.r.o.		(5,034)			(5,034)
Profit or loss for the current period				8,813	8,813
Balance at 31 December 2021	280,000	237,654	97,893	8,813	624,360
Distribution of profit or loss			8,813	(8,813)	
Increase of other capital funds		960,000			960,000
Profit or loss for the current period				222,884	222,884
Balance at 31 December 2022	280,000	1,197,654	106,706	222,884	1,807,244

CASH FLOW STATEMENT Year ended 31.12.2022 (in CZK thousand)		innogy Energo, s.r.o. Corporate ID 251 15 171 Limuzská 3135/12 108 00 Praha 10	
		Year ended 31.12.2022	Year ended 31.12.2021
P.	Opening balance of cash and cash equivalents	7,806	5,192
	<i>Cash flows from ordinary activities (operating activities)</i>		
Z.	Profit or loss before tax	276,350	7,805
A.1.	Adjustments for non-cash transactions	154,544	162,914
A.1.1.	Depreciation of fixed assets	106,112	102,116
A.1.2.	Change in provisions and reserves	3,071	15,140
A.1.3.	Profit/(loss) on the sale of fixed assets	(1,586)	8
A.1.4.	Revenues from profit shares	(3,034)	(3,123)
A.1.5.	Interest expense and interest income	18,538	30,893
A.1.6.	Adjustments for other non-cash transactions	31,443	17,880
A.*	Net operating cash flow before changes in working capital	430,894	170,719
A.2.	Change in working capital	(199,479)	18,500
A.2.1.	Change in operating receivables and other assets	(253,817)	(65,716)
A.2.2.	Change in operating payables and other liabilities	189,687	132,761
A.2.3.	Change in inventories	(135,349)	(48,545)
A.**	Net cash flow from operations before tax	231,415	189,219
A.3.	Interest paid	(29,240)	(31,079)
A.4.	Interest received	2,356	174
A.5.	Income tax paid from ordinary operations	813	(490)
A.6.	Received profit shares	3,034	3,123
A.***	Net operating cash flows	208,378	160,947
	<i>Cash flows from investing activities</i>		
B.1.	Fixed assets expenditures	(287,486)	(157,670)
B.2.	Proceeds from fixed assets sold	9,946	3,897
B.3.	Loans and borrowings to related parties	(29,295)	
B.***	Net investment cash flows	(306,835)	(153,773)
	<i>Cash flow from financial activities</i>		
C.1.	Change in payables from financing	(861,709)	474
C.2.	Impact of changes in equity	960,000	(5,034)
C.2.5.	Payments from capital funds	960,000	(5,034)
C.***	Net financial cash flows	98,291	(4,560)
F.	Net increase or decrease in cash and cash equivalents	(166)	2,614
R.	Closing balance of cash and cash equivalents	7,640	7,806

4.2 Notes to Financial Statements

1. General Information

1.1 Introductory information about the Company

innogy Energo, s.r.o. (the “Company”) was incorporated on 21 March 1997 by the Municipal Court in Prague, Section C, insert 50971 and has its registered office at Limuzská 3135/12 Prague 10 – Strašnice. The Company’s main business activities are the production and distribution of heat, the production and distribution of electric power, the sale of gas (CNG), the lease of real estate, both apartments and non-residential premises, manufacture, installation, and repair of electrical, electronic and telecommunications equipment, and production, trade and services not included in Appendices 1 to 3 of the trade Licensing Act. Identification number of the Company is 251 15 171.

Executive Directors as of 31 December 2022:

Zdeněk Kaplan	Chairman of the Executive Directors
Jiří Šimek	Executive Director

The Company is not a shareholder having unlimited liability in any other undertaking.

Other information

The Company’s business in 2021 was substantially impacted by the price development in the wholesale energy market. Wholesale gas and electricity prices were gradually growing from the start of the year, being twice as high in the middle of the year. From September, the prices continued to multiply.

The year 2022 was significantly affected by the energy crisis, which hit the entire energy market. The gradual reduction of natural gas supplies from Russia has further increased gas and electricity prices to levels many times higher than in previous years. Despite these difficult conditions, the Company was able to respond and adapt quickly to this situation throughout the year.

2. Accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with Generally Accepted Accounting Principles in the Czech Republic relevant for large companies and have been prepared under the historical cost convention.

2.2 Intangible and tangible fixed assets

All intangible (and tangible) assets with a useful life longer than one year and a unit cost of more than CZK 60 thousand (CZK 10 thousand) are treated as intangible (and tangible) fixed assets.

Purchased intangible and tangible fixed assets are initially recorded at cost, which includes all costs related to its acquisition. Own work capitalised is recorded at cost.

Intangible fixed assets are amortised applying the straight-line method over their estimated useful lives as follows (unless the related agreement or license conditions stipulate a shorter or a longer period):

Intangible fixed assets	Estimated useful life
Software	3 years
Valuable rights	6 years
Other intangible fixed assets	6 years

Other intangible rights are amortised applying the straight-line method over their estimated useful life.

Tangible fixed assets, except for land and works of art, which are not depreciated, are depreciated applying the straight-line method. Leased projects are depreciated over the lease term duration. Assets used in projects operated by the Company are depreciated based on the duration of the project.

Other tangible assets are amortised applying the straight-line method over their estimated useful life as follows:

Tangible fixed assets	Estimated useful life
Buildings and constructions	12 to 45 years
Machinery, equipment, furniture, and fittings	4 years
Computers, cars	3 to 5 years
Machines	5 to 15 years

26

The amortisation plan is updated during the useful life of the intangible and tangible fixed assets based on the expected useful life.

Intangible fixed assets with a unit cost less than CZK 60 thousand are expensed upon acquisition.

Tangible assets with a useful life exceeding one year, which are not considered as fixed assets according to the Company's internal regulations, are treated as inventory. Such assets with a purchase price exceeding CZK 2 thousand are recorded in operating records and are subject to stock counting.

A provision for impairment is created when the carrying value of an asset is greater than its estimated recoverable amount. The estimated recoverable amount is determined based on expected future cash flows generated by the asset.

Repairs and maintenance expenditures of tangible fixed assets are expensed as incurred. Technical improvements of tangible and intangible fixed assets are capitalised.

Emission allowances are presented by the Company as other intangible fixed assets, divided into allocated and purchased emission allowances.

Emission allowances allocated to the Company by the National Allocation Plan are recorded to the account of other intangible fixed assets and to the account State - tax payables and subsidies upon being credited to the Company in the Register of Emission Allowances in the Czech Republic. The allocated emission allowances are used only to cover the CO₂ emissions in the production of heat. The Company uses purchased emission allowances to cover insufficient number of allocated emission allowances or creates a reserve in such situation.

Emission allowances allocated to the Company free of charge are recorded at replacement cost. Purchased emission allowances are recorded at cost, which includes the purchase price and related costs. The Company acquires emission allowances in order to cover the estimated CO₂ emission related to production of electricity in the disclosed period, or in order to cover CO₂ emission related to production of heat in case of deficit of allocated emission allowances.

The consumption of emission allowances is recorded to other operating expenses on the basis of an expert estimation of actual CO₂ emission produced in the period. At the same time, the emission allowance liability recorded under State - tax payables and subsidies is released and recorded to other operating income, in case of the allocated emission allowances. A reserve is created for the deficit in emission allowances to cover the total estimate of actual CO₂ emission in the disclosed period.

The FIFO method is applied for all disposals of emission allowances. Sales of emission allowances are recorded as other operating income and are stated at the selling price. At the same time, their book value is disposed from assets.

A provision for impairment is created when the carrying value of emission allowances is greater than its estimated recoverable amount as at the balance sheet date.

Valuation differences arising upon the acquisition of Teplárna Náchod, CNGvitall s.r.o. and Areal Blansko LDS a.s. represent the difference between the fair value of the enterprise acquired, in accordance with the Commercial Code, and the aggregate carrying amount of assets and liabilities acquired as recorded in the accounts of the original owner.

Such differences are amortised on a straight-line basis over a period of 15 years.

2.3 Investments in subsidiaries and investments in associates

Investments in subsidiaries represent ownership interests in enterprises that are controlled by the Company (the “subsidiary”).

Investments in associates represent ownership interests in enterprises over which the Company has significant influence, but not control (the “associate”).

Investments in subsidiaries and associates are recorded at cost less a provision for impairment.

The acquisition cost of investments includes internal and external acquisition costs relating to, for example, participation in due diligence, etc. Internal acquisition costs predominantly include payroll costs of employees participating in the acquisition process. External acquisition costs are the costs of advisory provided by consulting companies, etc. If an investment is finally not acquired due to objective reasons, it is a so-called thwarted investment and assets are charged to expenses.

2.4 Inventories

Purchased inventories are stated at cost net of provisions. The cost includes all costs relating to the acquisition of these inventories (mainly transport costs, customs duty, etc.). The FIFO method is applied for all disposals.

Inventories generated from own production cannot be stored (heat and electric power) and therefore are not recorded as inventories.

Inventories relating to the photovoltaic work in progress and other projects in progress are valued at the direct costs incurred.

2.5 Change in presentation of prepayments made and received

In 2022, the presentation of prepayments made and received changed as follows. When prepayments are made for supplies and services with performance in the current period, they are presented net related estimated payables. Where prepayments are made for supplies and services with future period performance, they are reclassified to deferred expenses. Prepayments received are treated in similar manner. Prepayments received for supplies and services to be performed in the current period are presented net of the related estimated receivables. Prepayments received for supplies and services that are to be performed in a future period are reclassified to deferred income.

2.6 Receivables

Receivables are stated at nominal value less a provision for doubtful amounts. A provision for doubtful amounts is created on the basis of an ageing analysis and individual evaluation of the creditworthiness of the customers.

The Company does not create a provision for receivables from related parties.

2.7 Foreign currency translation

Transactions denominated in a foreign currency are translated and recorded at the rate of exchange as at the transaction date.

Cash, receivables and liabilities balances denominated in foreign currencies have been translated at the exchange rate published by the Czech National Bank as at the balance sheet date. All exchange rate gains and losses on cash, receivables and liabilities balances are recorded in the income statement.

2.8 Reserves

The Company recognises reserves to cover its obligations or expenses when the nature of the obligations or expenses is clearly defined and it is probable or certain as at the balance sheet date that they will be incurred, however their precise amount or timing is not known. The reserve recognised as at the balance sheet date represents the best estimate of expenses that will be probably incurred or the amount of liability that is required for their settlement.

The Company recognises a reserve for its income tax payable which is presented net of prepayments made for the income tax. If prepayments made are higher than the estimated income tax payable, the difference is recognised as a short-term receivable.

The Company recognises mainly a reserve relating to untaken holidays and rewards and bonuses of employees.

2.9 Revenue recognition

Revenues from the sale of heat, cold and electricity comprise of actually billed revenues based on real consumption measured in sampling points (meter reading is performed at least once a year) and revenues from the so-called “unbilled supplies.” The value of unbilled supplies is booked via estimated receivables on the basis of actual energy consumption. Settlement of the estimated items is performed in the following year.

Revenue from leases is also recorded via estimated receivables on a monthly basis based on lease contracts. Settlement is performed in the end of the accounting period.

Revenue from the sale of compressed gas (CNG) is recognised on the basis of regular monthly billing for real consumption of compressed gas.

Revenue from other services provided is recognised at the date of the service provision net of discounts and value added tax.

2.10 Related parties

The Company’s related parties are considered to be the following:

- Parties, which directly or indirectly control the Company, their subsidiaries and associates,
- Parties, which have directly or indirectly significant influence on the Company, Members of the Company’s or parent company’s statutory and supervisory boards and management and parties close to such members, including entities in which they have a controlling or significant influence,
- Subsidiaries and associates and joint-venture companies.

Material transactions and outstanding balances with related parties are disclosed in Note 13.

2.11 Interest expenses

All interest expenses are charged to expenses.

2.12 Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. A deferred tax asset is recognised if it is probable that sufficient future taxable profit will be available against which the asset can be utilised.

2.13 Cash-flow statement

The Company has prepared a cash-flow statement using the indirect method. Cash equivalents represent short-term liquid investments, which are readily convertible for a known amount of cash.

2.14 Subsequent events

The effects of events, which occurred between the balance sheet date and the date of preparation of the financial statements, are recognised in the financial statements in the case that these events provide further evidence of conditions that existed as at the balance sheet date.

Where significant events occur subsequent to the balance sheet date but prior to the preparation of the financial statements, which are indicative of conditions that arose subsequent to the balance sheet date, the effects of these events are quantified and disclosed but are not themselves recognised in the financial statements.

3. Intangible fixed assets

(CZK'000)	1 January 2022	Additions / transfers	Disposals	31 December 2022
Cost				
Valuable rights	23,327	11,085	0	34,412
Other intangible fixed assets	526	17,589	(15,988)	2,127
Prepayments for intangible fixed assets and intangible fixed assets under construction	0	482	0	482
Total	23,853	29,156	(15,988)	37,021
Accumulated amortisation				
Valuable rights	(22,608)	(989)	0	(23,597)
Total	(22,608)	(989)	0	(23,597)
Net book value	1,245			13,424

(CZK'000)	1 January 2021	Additions / transfers	Disposals	31 December 2021
Cost				
Valuable rights	25,161	882	(2,716)	23,327
Other intangible fixed assets	1,926	10,938	(12,338)	526
Total	27,087	11,820	(15,054)	23,853
Accumulated amortisation				
Valuable rights	(24,314)	(1,010)	2,716	(22,608)
Total	(24,314)	(1,010)	2,716	(22,608)
Net book value	2,773			1,245

As at 31 December 2022, other intangible fixed assets include CZK 2,127 thousand relating to emission allowances (as at 31 December 2021: CZK 526 thousand).

4. Tangible fixed assets

(CZK'000)	1 January 2022	Additions / transfers	Disposals	31 December 2022
Cost				
Land	10,356	40	0	10,396
Structures	845,705	27,718	(1,883)	871,540
Tangible movable assets and sets of tangible movable assets	1,495,976	51,160	(13,785)	1,533,351
Other tangible fixed assets	244	0	0	244
Prepayments for tangible fixed assets and tangible fixed assets under construction	82,473	69,945	(1,923)	150,495
Valuation difference on acquired assets	39,173	0	0	39,173
Total	2,473,927	148,863	(17,591)	2,605,199
Accumulated depreciation and provision				
Structures	(315,015)	(27,438)	1,838	(340,615)
Tangible movable assets and sets of tangible movable assets	(850,017)	(77,504)	5,470	(922,051)
Other tangible fixed assets	(45)	(18)		(63)
Provision	(10,772)	(2,805)	693	(12,884)
Valuation difference on acquired assets	(49,577)	921	0	(48,656)
Total	(1,225,426)	(106,844)	8,001	(1,324,269)
Net book value	1,248,501			1,280,930

(CZK'000)	1 January 2021	Additions / transfers	Disposals	31 December 2021
Cost				
Land	10,343	13	0	10,356
Structures	808,351	37,379	(25)	845,705
Tangible movable assets and sets of tangible movable assets	1,422,246	83,879	(10,149)	1,495,976
Other tangible fixed assets	244	0	0	244
Prepayments for tangible fixed assets and tangible fixed assets under construction	90,501	-6,370	(1,658)	82,473
Valuation difference on acquired assets	39,173	0	0	39,173
Total	2,370,858	114,901	(11,832)	2,473,927
Accumulated depreciation and provision				
Structures	(289,750)	(25,290)	25	(315,015)
Tangible movable assets and sets of tangible movable assets	(780,628)	(75,633)	6,244	(850,017)
Other tangible fixed assets	(27)	(18)		(45)
Provision	(1,480)	(10,772)	1,480	(10,772)
Valuation difference on acquired assets	(50,498)	921	0	(49,577)
Total	(1,122,383)	(110,792)	7,749	(1,225,426)
Net book value	1,248,475			1,248,501

Valuation difference on acquired assets in the amount of CZK 2,462 thousand was taken over in domestic merger by amalgamation with Areal Blansko LDS a.s. As at 31 December 2022, the net book value of the valuation difference was CZK 1,641 thousand (as at 31 December 2021: CZK 1, thousand). The valuation difference is amortised on a straight-line basis over 15 years in line with Regulation No. 500/2002 Coll.

Valuation difference on acquired assets in the amount of CZK (16,279) thousand was taken over in a domestic merger by amalgamation with CNGvital s.r.o. As at 31 December 2022, the net book value of the valuation difference was CZK (11,124) thousand (as at 31 December 2021: CZK (12,209) thousand). The valuation difference is amortised on a straight-line basis over 15 years in line with Regulation No. 500/2002 Coll.

Valuation difference on acquired assets in the amount of CZK 52,990 thousand was created in 2003 due to the purchase of Teplárna Náchod and was fully depreciated in 2018.

As at 31 December 2022, the Company released a provision for the mobile container for CNG transport in the amount of CZK 555 thousand due to a sale (as at 31 December 2021: CZK 1,480 thousand).

As at 31 December 2022, the provision was reduced by the annual depreciation of tangible assets in use in the amount of CZK 138 thousand (as at 31 December 2021: CZK 0 thousand).

As at 31 December 2022, the Company created a provision for the technological container of the CNG station in the amount of CZK 2,805 thousand, and recognises a provision in the aggregate amount of CZK 12,884 thousand (as at 31 December 2021: CZK 10,772 thousand) to tangible fixed assets under construction and CZK 1,525 thousand to tangible fixed assets in use (as at 31 December 2021: CZK 9,016 thousand and CZK 1,756 thousand).

No assets of the Company are pledged.

5. Investments in subsidiaries and investments in associates

	Cost (CZK'000)	Carrying value (CZK'000)	% of capital	2022 net profit/(loss)* (CZK'000)	Equity* 2022 dividend (CZK'000)	2022 dividend income (CZK'000)
As at 31 December 2022						
Domestic						
innogy Energetika Plhov – Náchod, s.r.o.	91,285	91,285	93	3,202	132,025	3,034
Ginger Teplo, s.ro.	400	400	100	0	380	0
Olife Energy Net, a.s.	24,078	24,078	100	(3,070)	20,054	0
Energo TTS s.r.o.	102,848	102,848	80	(202)	121,307	0
TEPLO Votice, s.r.o.	20	20	20	5,414	12,259	0
Total	218,631	218,631				3,034

*Information was not audited as of the date of financial statements preparation

	Cost (CZK'000)	Carrying value (CZK'000)	% of capital	2021 net profit/(loss)* (CZK'000)	Equity* 2021 dividend (CZK'000)	2021 dividend income (CZK'000)
As at 31 December 2021						
Domestic						
innogy Energetika Plhov – Náchod, s.r.o.	91,285	91,285	93	3,358	132,086	3,123
Ginger Teplo, s.ro.	400	400	100	0	380	0
Olife Energy Net, a.s.	24,102	24,102	100	(1,401)	23,124	0
TEPLO Votice, s.r.o.	20	20	20	2,846	6,845	0
Total	115,807	115,807				3,123

There are no differences between the percentage of ownership and the percentage of voting rights in any subsidiary or any associate.

On 23 April 2022, the Company acquired a share in Energo TTS s.r.o. with its registered office at Rakovo 92, Rakovo 038 42, Slovak Republic at the acquisition cost of CZK 99 thousand.

On 21 July 2021, the Company acquired a share in Olife Energy Net, a.s. with its registered office at Lazarská 11/6, 120 00 Prague 2 – Nové Město at the acquisition cost of CZK 8,300 thousand. On 25 August 2021, the registered office changed to Limuzská 3135/12, 108 00 Prague 10 – Strašnice.

6. Inventories

Inventory represents mainly supplies of material and work in progress for photovoltaics, CNG stations and light fuel oil.

The Company did not create a provision for inventories as at 31 December 2022 or 31 December 2021.

7. Receivables

(CZK'000)	31 December 2022	31 December 2021
Trade receivables - due	159,191	97,374
- overdue	16,690	15,362
Total trade receivables	175,881	112,736
Provision for doubtful receivables	(9,766)	(10,540)
Net book value of trade receivables	166,115	102,196
Receivables – controlled or controlling entity	250,894	96,068
Receivables - other		
Total sundry receivables	13,938	5,842
Provision for doubtful receivables	(5,485)	(5,485)
Sundry receivables - net	8,453	357
State – tax receivables	0	943
Short-term prepayments made	132	567
Estimated receivables (see Note 8)	158,245	168,492
Net book value of other receivables	166,830	170,359
Total net book value of short-term receivables	583,839	368,623
Trade receivables	1,592	0
Long-term prepayments made	78	54
Sundry receivables	677	0
Total net book value of long-term receivables	2,347	54
Total net book value of short-term and long-term receivables	586,186	368,677

Receivables - controlled or controlling entity includes cash-pooling receivables (see note 13 Related party transactions).

As at 31 December 2022, short-term prepayments made for heat and electricity in the amount of CZK 7,670 thousand (31 December 2021: CZK 889 thousand) were presented net of the estimated payables.

As at 31 December 2022, short-term prepayments made primarily for B2B and B2C services in the amount of CZK 39,240 thousand (31 December 2021: CZK 6,176 thousand) were reclassified to deferred expenses.

As at 31 December 2022, estimated receivables for heat in the amount of CZK 435,940 thousand (31 December 2021: CZK 267,828 thousand) were presented net of short-term prepayments received.

Receivables have not been secured and none of them are due after more than 5 years.

The Company has no receivables or contingent receivables which are not included in the balance sheet.

The provision for receivables as at 31 December 2022 was CZK 15,251 thousand (as at 31 December 2021: CZK 16,025 thousand). As at 31 December 2021, a provision was created against other receivables from GOLEM Velké Hamry, a.s. in the amount of CZK 5,485 thousand which was made subject to insolvency proceedings and for which a bankruptcy petition was filed.

8. Equity

The Company is fully owned by innogy Česká republika a.s., incorporated in the Czech Republic, with its registered office at Limuzská 3135/12, 100 98 Prague 10 – Strašnice, identification number: 242 75 051.

The Company is part of a consolidation group where MVM Energetika Zártkörűen Működő Részvénytársaság, with its registered office at 1031 Budapest, Szentendrei út 207-209, Hungary, is the parent company. The consolidated financial statements can be obtained at its registered office.

As at 22 March 2022, the sole shareholder approved the Company's financial statements for 2021 and decided about the allocation of the profit of CZK 8,813 thousand generated in 2021 in the form of transfer to accumulated profits brought forward.

Until the date of preparation of these financial statements, the Company has not proposed distribution of the profit generated in 2022.

On 14 April 2022, the sole shareholder decided on an additional equity contribution in the amount of CZK 100,000 thousand. On 9 September 2022, the sole shareholder decided on an additional equity contribution of CZK 860,000 thousand.

9. Reserves

As at 31 December 2022, income tax reserve in the amount of CZK 32,401 thousand (31 December 2021: CZK 0) was offset against income tax prepayments made in the amount of CZK 127 thousand (31 December 2021: CZK 943 thousand). The difference is recognised as an income tax reserve (as at 31 December 2021: as a short-term receivable).

As at 31 December 2022 other reserves consist of reserves for employment benefits of CZK 10,397 thousand (as at 31 December 2021: CZK 7,728 thousand).

For an analysis of the current and deferred income tax, see Note 16 Income tax.

10. Payables, commitments, and contingent liabilities

(CZK'000)	31 December 2022	31 December 2021
Trade payables:		
- due	199,108	108,808
- overdue	5,601	76
Total trade payables	204,709	108,884
Payables – controlled or controlling entity	12,947	14,171
Liabilities - other		
Short-term prepayments received	1,917	1,804
State – tax payables and subsidies	8,874	922
Payables to employees	6,533	5,244
Estimated payables	190,781	158,745
Other liabilities	3,563	2,817
Total short-term payables	429,324	292,587
Trade payables - retention rights	2,474	4,183
Payables – controlled or controlling entity	0	860,000
Deferred tax liability	27,986	6,924
Total long-term payables	30,460	871,107
Total short-term and long-term payables	459,784	1,457,278

Payables have not been secured against any assets of the Company and are not due after more than 5 years.

Estimated payables are mainly represented by unbilled purchases of energy and services.

The management of the Company is not aware of any contingent liabilities as at 31 December 2022 and 31 December 2021.

36

11. Revenue recognition

Revenues may be analysed as follows:

(CZK'000)	2022	2021
Revenues from heat, cold, electric power and LDS	826,743	591,655
Revenues from CNG	570,870	277,769
Revenues from photovoltaics	198,370	88,024
Revenues from SLA – related parties	48,657	41,290
Other revenues	163,606	34,311
Total revenues	1,808,246	1,033,049

12. Related party transactions

The Company was involved in the following transactions with related parties:

(CZK'000)	2022	2021
Income		
Sales of goods and services	669,967	343,222
Interest on loan and cash-pooling	4,602	179
Total	674,569	343,401
Expenses and purchases		
Purchase of services and energy	1,079,402	662,882
Purchase of inventories and assets	8,728	10,295
Interest on loan and cash-pooling	23,387	31,043
Purchase of emission allowances	13,366	2,016
Total	1,124,883	706,236

The following related party balances were outstanding as at:

(CZK'000)	31 December 2022	31 December 2021
Receivables		
Trade receivables	120,655	69,331
Estimated receivables	60,243	59,005
Long-term and short-term receivables – loans and cash-pooling	250,894	96,068
Accrued income	2,523	30
Total	434,315	224,434
Liabilities		
Trade payables	94,906	34,757
Estimated payables	148,793	120,820
Long-term and short-term payables - loans and cash-pooling	12,947	874,171
Prepayments received	509	1,804
Accrued expenses	23	5,876
Total	257,178	1,037,428

On 5 July 2022, the Company decided to contribute cash to the capital funds of Energo TTS s.r.o. in the amount of CZK 98,923 thousand.

On 16 December 2021, the Company entered into a Loan Agreement with the subsidiary Innogy Energetika Plhov - Náchod, s.r.o. in the amount of CZK 32,550 thousand which was used on 2 March 2022 in accordance with the Appendix No. 1 of 2 March 2022. Under the instalment schedule set out in Appendix No. 1, the principal of CZK 3,255 thousand is payable once a year. The first instalment is due on 28 February 2023 and the last instalment on 27 February 2032. The loan bears interest of 6.33 % p.a. The total outstanding amount of the loan as at 31 December 2022 is CZK 32,550 thousand.

37

On 3 November 2022, the Company entered into a Revolving Loan Agreement with the related company TTS Martin, s.r.o. in the amount of EUR 1,000 thousand. The first use took place on 9 November 2022 in the amount of EUR 500 thousand. The loan is payable by 31 December 2023 at the latest and bears interest of 1M EURIBOR+1.8% p.a.

On 12 September 2022, the Company entered into an Agreement on Early Repayment of Loans and Offsetting of Receivables with the parent company innogy Česká republika, a.s., on the basis of which the liabilities arising from outstanding loans at a total nominal value of CZK 860,000 thousand as at 30 September 2022 were offset against a receivable arising from the parent company's obligation to provide an additional equity contribution to other capital funds in the amount of CZK 860,000 thousand. The total outstanding amount of the loan granted by the parent company innogy Česká republika, a.s. on 15 July 2020 in the amount of CZK 150,000 thousand amounts to CZK 0 as at 31 December 2022 (31 December 2021: CZK 150,000 thousand). The total outstanding amount of the loans granted by the parent company innogy Česká republika, a.s. on 30 March 2020 the amount of CZK 210,000 thousand and CZK 500,000 thousand, respectively, amounts to CZK 0 as at 31 December 2022 (31 December 2021: CZK 210,000 thousand and CZK 500,000 thousand, respectively).

On 17 December 2021, the Company provided its subsidiary, Olife Energy Net, a.s., with a monetary contribution to other capital funds of CZK 23,000 thousand.

On 13 December 2021, the Company concluded an agreement on the provision of a financial guarantee of CZK 50,000 thousand with its parent company, innogy Česká republika a.s., to secure debts in connection with the purchase of components and accessories for photovoltaic power stations from BayWa r.e. Solar Systems s.r.o.

On 2 August 2021, the Company concluded a borrowing agreement with its subsidiary, Olife Energy Net, a.s., of CZK 500 thousand, due on 31 August 2021. The borrowing bore interest at 1.16% p.a. and was repaid on 31 August 2021.

Received profit shares for 2022 and 2021 are disclosed in Note 5 Investments in subsidiaries and investments in associates.

Neither the shareholder nor the management members received any borrowings, credits, deposits or other benefits other than those disclosed herein. Company cars are made available for use by management. A long-term motivational programme established for the management members was terminated on 31 January 2021, and the related reserves were fully used as of this date.

In 2022, the Company purchased 8,000 pieces of emission allowances in the total amount of CZK 13,366 thousand from Innogy Energie, s.r.o. In 2022, the Company used 6,988 pieces of emission allowances in the total amount of CZK 11,765 thousand, which were purchased from Innogy Energie, s.r.o. in 2021 and 2022. In 2021, the Company purchased 1,000 pieces of emission allowances in the total amount of CZK 2,016 thousand from Innogy Energie, s.r.o. In 2021, the Company used 2,028 pieces of emission allowances in the total amount of CZK 2,330 thousand, which were purchased from Innogy Energie, s.r.o. in 2019 and 2021.

13. Employees

	2022	2021
Average recalculated number of employees	111	84
Total number of employees	111	84
(CZK'000)	2022	2021
Wages and salaries	92,497	66,656
Social security costs	30,728	22,533
Other social costs	4,346	3,369
Total staff costs	127,571	92,558

In line with Section 39b(6)(d) of Implementing Regulation No. 500/2002 Coll., the Company does not present the remuneration of the Statutory Body separately.

14. Fee to the audit company

Information on the fee to the audit firm, Deloitte Audit, s.r.o., is provided in the notes to the consolidated financial statements of MVM Energetika Zártkörűen Működő Részvénytársaság, the parent company of the single consolidation group to which the Company belongs.

15. Income tax

The income tax expense can be analysed as follows:

(CZK'000)	2022	2021
Tax payable	32,401	0
Adjustment of the previous year's tax expense according to the tax return filed	3	0
Deferred tax	21,062	(1,008)
Total income tax expense	53,466	(1,008)

Current tax can be analysed as follows:

(CZK'000)	2022	2021
Profit or loss before tax	276,350	7,805
Tax non-deductible expenses	46,745	36,354
Tax non-deductible income	(40,053)	(23,830)
Difference between tax and accounting depreciation/amortisation	(112,458)	(20,329)
Tax base	170,584	0
Donations	(50,000)	0
Tax base reduction	170,534	0
Corporate income tax of 19%	32,401	0

Estimation of income tax is recorded as a reserve. Due to a nil tax base, the reserve for 2021 was not created.

The deferred tax was calculated at 19% (the rate enacted for 2022 and subsequent years).

Deferred tax liability can be analysed as follows:

(CZK'000)	31 December 2022	31 December 2021
Deferred tax asset(+)/liability(-) arising from:		
Difference between accounting and tax net book value of fixed assets	(32,602)	(11,912)
Accounting provisions for receivables	2,311	3,012
Other reserves	2,305	1,975
Net deferred tax liability	(27,986)	(6,924)

As at 31 December 2022 and 2021, the Company does not recognise any tax losses which could be utilised in the following years.

16. Subsequent events

On 16 December 2022, the Company concluded a loan agreement with its subsidiary, Innogy Energetika Plhov – Náchod, s.r.o., in the amount of CZK 9,300 thousand, which will be drawn on 3 April 2023.

There were no other subsequent events that would have a material impact on the financial statements as at 31 December 2022.

10 March 2023

Zdeněk Kaplan
Chairman of the Executive Directors

Jiří Šimek
Executive Director

5 Independent auditor's report



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INDEPENDENT AUDITOR'S REPORT

To the Partner of innogy Energo, s.r.o.

Having its registered office at: Limuzská 3135/12, Strašnice, 108 00 Praha 10

Opinion

We have audited the accompanying financial statements of innogy Energo, s.r.o. (hereinafter also the "Company") prepared on the basis of accounting regulations applicable in the Czech Republic, which comprise the balance sheet as at 31 December 2022, and the profit and loss account, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of innogy Energo, s.r.o. as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with accounting regulations applicable in the Czech Republic.

40

Basis for Opinion

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

Other Information in the Annual Report

In compliance with Section 2(b) of the Act on Auditors, the other information comprises the information included in the Annual Report other than the financial statements and auditor's report thereon. Statutory Executives are responsible for the other information.

Our opinion on the financial statements does not cover the other information. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. In addition, we assess whether the other information has been prepared, in all material respects, in accordance with applicable law or regulation, in particular, whether the other information complies with law or regulation in terms of formal requirements and procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with these requirements could influence judgments made on the basis of the other information.

Based on the procedures performed, to the extent we are able to assess it, we report that:

- The other information describing the facts that are also presented in the financial statements is, in all material respects, consistent with the financial statements; and
- The other information is prepared in compliance with applicable law or regulation.

In addition, our responsibility is to report, based on the knowledge and understanding of the Company obtained in the audit, on whether the other information contains any material misstatement of fact. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement of fact.

Responsibilities of the Company's Statutory Executives for the Financial Statements

The Statutory Executives are responsible for the preparation and fair presentation of the financial statements in accordance with accounting regulations applicable in the Czech Republic and for such internal control as the Statutory Executives 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 Executives are 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 Executives either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the above law or regulation, we exercise professional judgment and maintain professional 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 Executives.
- Conclude on the appropriateness of the Statutory Executives' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Statutory Executives regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

In Prague on 10 March 2023

Audit firm:

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



Statutory auditor:

Zuzana Gerbočová
registration no. 2122



6 Report on relations for the accounting period of 2022

This Report on transactions carried out during the fiscal year 2022 between the Company and controlling parties and between the Company and other parties controlled by the same controlling parties ("related parties") has been prepared by the Executive Directors of innogy Energo, s.r.o. ("Company") in accordance with Section 82 et seq. of Act 90/2012 Coll. on Business Corporations and Cooperatives (Business Corporations Act), insofar as such parties are known to the Company. The Report is attached to the Company's 2022 Annual Report. The Company's member has the right to examine the Report at the same time and under the same conditions as the Financial Statements.

1 Structure of relations

The Company is a member of the MVM Group. The Company is subject to interlocking directorates within the meaning of Section 79 of the Business Corporations Act, where at least one key area or activity of the Group's business was coordinated and managed in an addressed manner with the aim of promoting the Group's long-term interests in line with uniform Group-wide policies. The Company's membership in the MVM Group is disclosed on the Company's website.

a) *Controlling parties*

In the past accounting period, the Company was controlled by the following controlling persons:

- i. Directly
 - innogy Česká republika a.s., with its registered office at Limuzská 3135/12, Praha 10 - Strašnice, Post Code 100 98, Company No. 242 75 051, which was the sole shareholder of the Company,
- ii. Indirectly
 - MVM Energetika Zártkörűen Működő Részvénytársaság, with its registered office at 1031 Budapest, Szentendrei út 207-209, Hungary, which was the sole Shareholder of the company and ultimate controlling person.

The Executive Directors are aware of no other parties exercising control over the Company.

b) *Other controlled parties*

The Company requested the above controlling parties to provide a list of the other parties that were controlled by the controlling parties in the past accounting period. The Executive Directors have drawn up this Report on the basis of the information provided by the controlling parties and other information available to the Executive Directors. The structure of related parties within the MVM Group as at 31 December 2022 is disclosed in Annex No. 1 to this Report.

c) *Role of the Controlled Party*

In the framework of the MVM Group, the Company was responsible for building, financing, upgrading, and operating district and local heat supply networks and for generating electricity, where main focus concentrated on comprehensive district and local heat supply network upgrade projects using cogeneration units, that is projects involving the combined generation of heat and power.

Another no less important business activity was the construction and operation of filling stations for compressed natural gas (CNG), the sale of CNG for transport applications, and the execution of projects in the segments of solar power and energy services.

d) *Method and means for Exercising Control*

The controlled party was controlled by the controlling party through the general meeting, the powers of which were exercised by the controlling party as the sole member exercising the rights and powers of the general meeting of the controlled party.

2 Overview of Transactions

In the last accounting period, the Company made, upon suggestion and/or in the interest of the related parties under point 1 above, the following legal acts concerning assets exceeding CZK 62,436.00 thousand and representing 10% of the Company's equity determined on the basis of the financial statements as at 31 December 2021:

- loans received and provided in the framework of the Group-wide cash-pooling scheme exceeding the above amount.

3 Overview of mutual agreements

In the last accounting period, or at least a part thereof, there were contractual relations between the Company and related parties within the meaning of point 1 of this report arising from the agreements listed in Annex 2.

4 Advantages and disadvantages arising from relationships between the Group entities

During the past accounting period, the Company benefited from the advantages stemming from the Group-wide financing arrangements, which ensure stability in the provision of funds. The Company is not aware of any disadvantages arising from its membership of the MVM Group. The Company has identified no risks arising from relations between the parties within the Group.

43

5 Confidentiality

This Report does not contain any information constituting the Company's trade secret.

6 Conclusion

This Report was approved by the Company's Executive Directors on 10 March 2023.

Prague, 10 March 2023

Zdeněk Kaplan
Chairman of the Executive Directors, CEO

Jiří Šimek
Executive Director, COO

Annex 1: Structure of persons related within the MVM Group

<i>Level</i>	<i>Company name</i>	<i>Country</i>	<i>Company Share %</i>	<i>MVM Share %</i>
0	MVM Zrt.	Hungary		
1	MAVIR ZRt.	Hungary	100.00	100.00
2	M-IT Services Kft.	Hungary	100.00	100.00
2	HUPX Zrt.	Hungary	100.00	100.00
3	CEEGEX Zrt.	Hungary	100.00	100.00
2	HUDEX Energiatőzsde Zrt.	Hungary	100.00	100.00
2	Római Irodaház Kft.	Hungary	50.00	100.00
2	MVM Energetikai Ágazati Képzőközpont Nonprofit Kft.	Hungary	2.04	100.00
1	MVM Paksi Atomerőmű Zrt.	Hungary	100.00	100.00
2	ATOMIX Kft.	Hungary	100.00	100.00
2	MVM NUKA Zrt.	Hungary	25.00	100.00
1	MVM Partner Zrt.	Hungary	100.00	100.00
2	MVM Partner Serbia d.o.o. Beograd	Serbia	100.00	100.00
2	MVM Partner d.o.o.	Croatia	100.00	100.00
2	MVM Partner DOOEL Skopje	Macedonia	100.00	100.00
2	POWERFORUM Zrt.	Hungary	100.00	100.00
1	MVMI Zrt.	Hungary	100.00	100.00
1	Római Irodaház Kft.	Hungary	50.00	100.00
1	Magyar Földgáztároló Zrt.	Hungary	100.00	100.00
1	MVM OVIT Zrt.	Hungary	100.00	100.00
2	MVM OVIT Építő Kft.	Hungary	100.00	100.00
2	MVM OVIT Rentra Kft.	Hungary	100.00	100.00
2	MVM OVIT Beton Kft.	Hungary	100.00	100.00
2	MVM Energetikai Ágazati Képzőközpont Nonprofit Kft.	Hungary	2.04	100.00
1	MVM MIFŰ Kft.	Hungary	100.00	100.00
1	MVM Zöld Generáció Kft.	Hungary	100.00	100.00
2	MVM ZG Solar Kft.	Hungary	95.70	100.00
2	Raaba Energy Kft.	Hungary	100.00	100.00
3	MVM ZG Solar Epsilon Kft.	Hungary	100.00	100.00
2	MVM ZG Solar Service Kft.	Hungary	100.00	100.00
2	MVM ZG SOLAR STAR Kft.	Hungary	100.00	100.00
2	Kom Hull Villamosenergia Kereskedő Kft.	Hungary	100.00	100.00
2	MVM Vízerőmű Kft.	Hungary	100.00	100.00
1	MVM ZG Solar Kft.	Hungary	4.30	100.00
1	MVM CEEnergy Zrt.	Hungary	100.00	100.00
2	MFGK Austria GmbH	Austria	100.00	100.00
2	MVM CEEnergy SLOVAKIA s.r.o.	Slovakia	100.00	100.00
2	MVM CEEnergy Croatia d.o.o.	Croatia	100.00	100.00
2	MVM CEEnergy CZ s.r.o.	Czech Republic	100.00	100.00
2	Corvinus Energy Kft.	Hungary	50.00	50.00
3	HHE Sarkad Kft.	Hungary	100.00	50.00
1	NRG Finance Kft.	Hungary	100.00	100.00
2	Rába Energiaszolgáltató Kft.	Hungary	96.67	96.67
1	MVM ERBE Zrt.	Hungary	100.00	100.00
2	MVM ERBE ENGINEERING Zrt.	Hungary	100.00	100.00
2	FERMANDOR Kft.	Hungary	100.00	100.00
1	Vértesi Erőmű ZRT.	Hungary	100.00	100.00
1	MVM Hotel Panoráma Kft.	Hungary	100.00	100.00

1	MVM Balance Zrt.	Hungary	100.00	100.00
2	MVM Tisza Erőmű Kft.	Hungary	100.00	100.00
1	MVM Smart Future Lab Zrt.	Hungary	100.00	100.00
1	MVM Titán Zrt.	Hungary	100.00	100.00
1	MVM Services Zrt.	Hungary	100.00	100.00
2	MVM BSZK Zrt.	Hungary	100.00	100.00
2	MVM Energetikai Ágazati Képzőközpont Nonprofit Kft.	Hungary	83.67	100.00
1	MVM Mobiliti Kft.	Hungary	100.00	100.00
2	e-Mobi Nonprofit Kft.	Hungary	100.00	100.00
2	Mobiliti VOLÁNBUSZ Kft.	Hungary	95.00	95.00
1	Kapos CNG Kft.	Hungary	99.64	99.64
1	MVM Otthon Plusz Zrt.	Hungary	100.00	100.00
1	MVM Xpert Zrt.	Hungary	100.00	100.00
2	MVM ENERGO-MERKUR Kft.	Hungary	100.00	100.00
2	MVM Energetikai Ágazati Képzőközpont Nonprofit Kft.	Hungary	2.04	100.00
1	MVM ESCO Zrt.	Hungary	100.00	100.00
2	MVM ESCO Urban Kft.	Hungary	100.00	100.00
1	Grape Solutions Zrt.	Hungary	100.00	100.00
2	ART Program SRL	Romania	100.00	100.00
1	MVM Mátra Energy Zrt.	Hungary	100.00	100.00
2	MVM Mátra Gép Kft.	Hungary	100.00	100.00
2	MVM Mátra Mélyépítő Kft.	Hungary	100.00	100.00
2	Bakony-Sol Kft.	Hungary	100.00	100.00
2	MVM Energetikai Ágazati Képzőközpont Nonprofit Kft.	Hungary	2.04	100.00
1	Geosol Kft.	Hungary	100.00	100.00
1	MVM Next Energiakereskedelmi Zrt.	Hungary	100.00	100.00
2	MVM Démász Áramhálózati Kft.	Hungary	100.00	100.00
3	MVM Ügyfélkapcsolati Kft.	Hungary	24.00	100.00
3	MVM Energetikai Ágazati Képzőközpont Nonprofit Kft.	Hungary	2.05	100.00
2	MVM Főgáz Kft.	Hungary	100.00	100.00
3	MVM Ügyfélkapcsolati Kft.	Hungary	12.00	100.00
3	MVM Energetikai Ágazati Képzőközpont Nonprofit Kft.	Hungary	2.04	100.00
2	MVM Ügyfélkapcsolati Kft.	Hungary	52.00	100.00
2	Flogiston Kft.	Hungary	67.00	67.00
2	Komunálinfó Zrt.	Hungary	42.40	42.40
2	MVM EÉ Ügyfélkapcsolati Kft.	Hungary	96.70	100.00
1	MVM Optimum Zrt.	Hungary	100.00	100.00
2	Sysco-Lux Kft.	Hungary	60.00	60.00
3	Sysco-Lux GmbH	Austria	100.00	60.00
1	MVM Égáz-Dégáz Zrt.	Hungary	100.00	100.00
2	MVM Ügyfélkapcsolati Kft.	Hungary	12.00	100.00
2	MVM Energetikai Ágazati Képzőközpont Nonprofit Kft.	Hungary	2.04	100.00
1	MVM OTSZ Zrt.	Hungary	100.00	100.00
1	MVM Watt Eta Kft.	Hungary	100.00	100.00
1	MVM NUKA Zrt.	Hungary	75.00	100.00
1	MVM EGI Zrt.	Hungary	100.00	100.00
2	EGI Cooling System Tr. (Beijing)	China	100.00	100.00
2	EGI Cooling System (China)	China	100.00	100.00
1	MVM Energy Romania SA	Romania	0.01	100.00
2	MVM Future Energy Technology SRL	Romania	100.00	100.00
1	MVM Switzerland AG	Switzerland	100.00	100.00
2	MVM Energy Romania SA	Romania	99.99	100.00
3	MVM Future Energy Technology SRL	Romania	100.00	100.00

1	NIKER d.o.o.	Croatia	100.00	100.00
1	innogy Česká republika a.s	Czech Republic	100.00	100.00
2	innogy Zákaznické služby s.r.o.	Czech Republic	100.00	100.00
2	innogy Energie s.r.o	Czech Republic	100.00	100.00
2	innogy Energo s.r.o	Czech Republic	100.00	100.00
3	Ginger TEPLO s.r.o	Czech Republic	100.00	100.00
3	innogy Energetika Plhov - Náchod s.r.o.	Czech Republic	93.00	93.00
3	Olife Energy Net, a.s.	Czech Republic	100.00	100.00
3	Energo TTS s.r.o	Slovakia	80.00	80.00
4	TTS Martin, s.r.o	Slovakia	100.00	80.00
4	TTS Steel, s.r.o	Slovakia	100.00	80.00
4	TTS Servis, s. r. o	Slovakia	100.00	80.00
1	Panrusgáz Zrt. "v.a."	Hungary	50.00	50.00
1	MVM Ingatlankezelő Kft.	Hungary	100.00	100.00
1	MVM ÉMÁSZ Áramhálózati Kft.	Hungary	100.00	100.00
2	MVM EÉ Ügyfélkapcsolati Kft.	Hungary	3.30	100.00
2	MVM Energetikai Ágazati Képzőközpont Nonprofit Kft.	Hungary	2.04	100.00
1	MVM Lumen Kft.	Hungary	100.00	100.00
1	EKS-Service Kft.	Hungary	50.00	50.00
1	NGBS Hungary Kft.	Hungary	100.00	100.00
1	MVM NET Zrt.	Hungary	100.00	100.00
1	E.ON Áramszolgáltató Kft.	Hungary	100.00	100.00
1	European Power Services Zrt.	Hungary	50.00	50.00

Company Share % shows the business share held by the direct owner of the company
MVM Share % shows the business share owned directly and/or indirectly by MVM Zrt according to Hungarian Civil Code

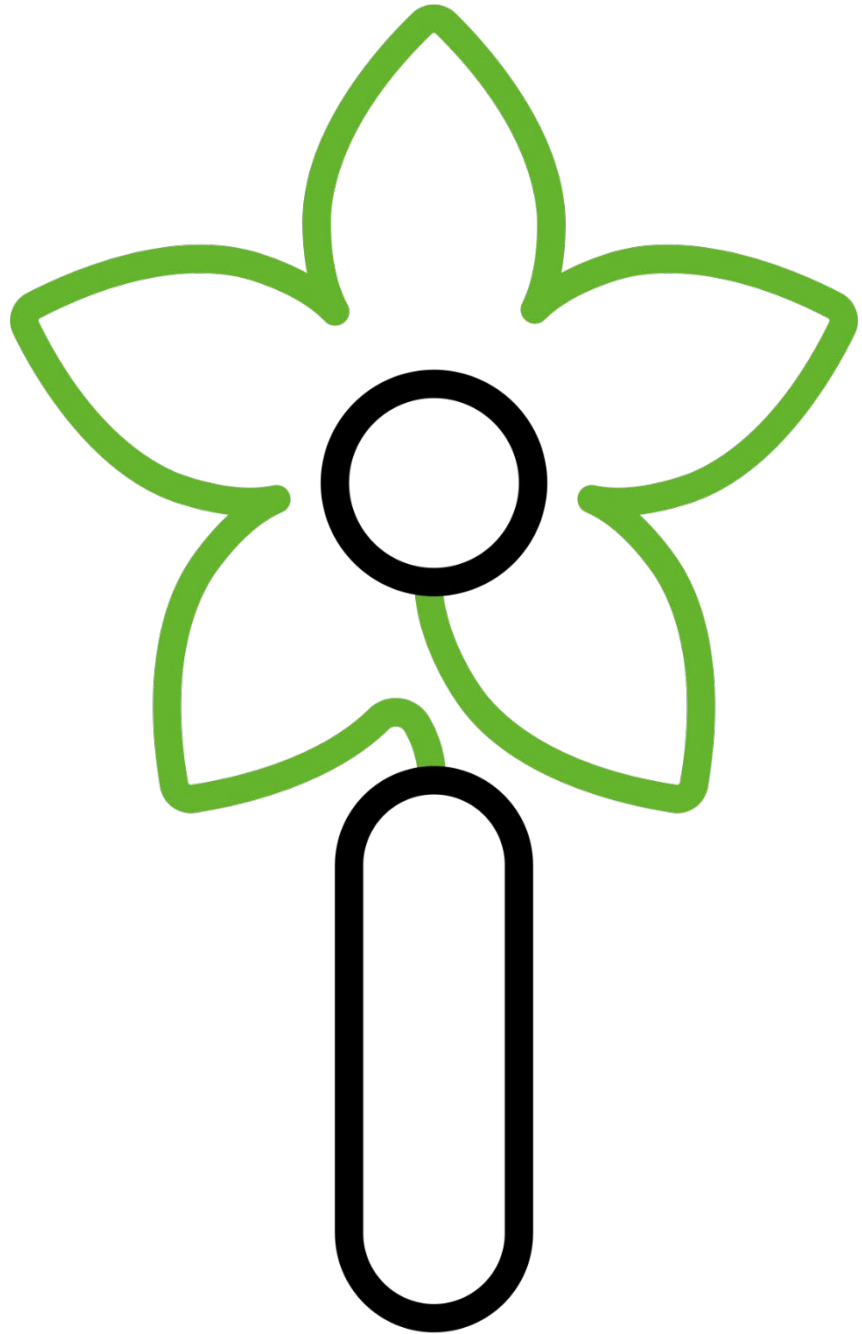
Annex no. 2: Overview of mutual agreements between the Company and Related Parties within the MVM Group as at 31 December 2022

Contracting party	Type/purpose of agreement	Quantity
innogy Česká republika a.s.	Master Agreement for Entry into Service Level Agreements for Corporate Services	1
	Amendment 1 to Master Agreement for Entry into Service Level Agreements for Corporate Services	1
	Service Level Agreement for Corporate Services	1
	Amendments 1 to 4 to Service Level Agreement for Corporate Services	4
	Commercial Lease Agreement	1
	Amendments 1 to 14 to Commercial Lease Agreement	14
	Sublease Agreement for Installation and Operation of CNG Filling Station	1
	Amendment 1 to Sublease Agreement for Installation and Operation of CNG Filling Station	1
	Agreement on Sublease of Business Space Premises	2
	Amendment 1 to Agreement on Sublease of Business Space Premises	1
	Amendments 1 and 2 to Agreement on Sublease of Business Space Premises	2
	Agreement on Sublease of Non-Residential Business Premises	2
	Amendment 1 to Agreement on Sublease of Non-Residential Business Premises	1
	Agreement on Insurance Premium Payment	1
	Trademark Use Consent	1
	Loan Agreement	1
	Loan Agreement	1
	Agreement on Not-for-Profit Assignment of Jointly Used Services relating to Electricity Supply from Secondary Meter	1
	Loan Agreement	2
	Amendment 1 to Loan Agreement Contract	2

Contracting party	Type/purpose of agreement	Quantity
	Agreement on Supplementary Payment to Additional Paid in Capital	2
	Amendment 1 to Agreement on Supplementary Payment to Additional Paid in Capital	1
	Agreement on Early Repayment of Loans and Setoff of Claims	1
	Finance Security Agreement	1
	Agreement on Electricity, Heat and Cooling Supply	3
	Amendments 1 and 2 to Agreement on Electricity, Heat and Cooling Supply	2
	Trigeneration Lease Agreement	1
	Amendment 1 to Trigeneration Lease Agreement	1
	Master Agreement on Contracts for Information Technology and Electronic Communications Services	1
	Contract for Information Technology and Electronic Communications Services	1
	Amendments 1 to 5 to Contract for Information Technology and Electronic Communications Services	5
	Personal Data Processing Agreement	2
	Licence Agreement with Agreement on Basic Maintenance of and Support for the ZIS SoD Application	1
	Amendment 1 to Licence Agreement with Agreement on Basic Maintenance of and Support for the ZIS SoD Application	1
	Land Sublease Agreement	1
	Amendments 1 and 2 to Land Sublease Agreement	2
	Service Level Agreement – SCADA	1
innogy Energie, s.r.o.	Service Level Agreement for Marketing Services	2
	Agreement on Application Use and Payment of Costs of the Mervis System	1
	Agreement on the Re-Billing of Costs of the Mervis System	1
	Agreement on Costs Allocation for Mervis System Development	2
	Emission Allowance Purchase Agreement	1

Contracting party	Type/purpose of agreement	Quantity
	Master Agreement for SLA for Photovoltaics Services	1
	SLA for Photovoltaics Services	2
	Amendments 1 and 2 to SLA for Photovoltaics Services	2
	Contract for Work for Renovation of Source of Heat and Cooling	1
	Amendment 1 to Contract for Work for Renovation of Source of Heat and Cooling	1
	Contract for Work for Development of Local Distribution System	1
	Amendment 1 to Contract for Work for Development of Local Distribution System	1
	Agreement on Electricity Supply	1
	Master Agreement on Conclusion of Agreements on Services Provided by innogy Energo, s.r.o.	1
	Agreement on Services Provided by innogy Energo, s.r.o.	1
	Electricity Distribution Agreement from LV with Electricity Trader	1
	Cooperation Agreement	1
	Personal Data Processing Agreement	2
	Agreement on Bundled Electricity Supply Services	7
	Amendment 1 to Agreement on Bundled Electricity Supply Services	5
	Amendment 2 to Agreement on Bundled Electricity Supply Services	1
	Agreement on Bundled Gas Supply Services	7
	Amendment 1 to Agreement on Bundled Gas Supply Services	1
TTS Martin, s.r.o.	Contract for Work	1
	Revolving Loan Agreement	1
innogy Zákaznické služby, s.r.o.	Master Agreement for Entry into Service Level Agreements by innogy Zákaznické služby, s.r.o.	1
	Service Level Agreement for Services Provided by innogy Zákaznické služby, s.r.o. (2021, FVE and 2022)	3

Contracting party	Type/purpose of agreement	Quantity
	Personal Data Processing Agreement	1
Olife Energy Net, a.s.	Master Agreement for Entry into Service Level Agreements by innogy Energo, s.r.o.	1
	Service Level Agreement for Services Provided by innogy Energo, s.r.o.	1
	Amendment 1 to Service Level Agreement for Services Provided by innogy Energo, s.r.o.	1
innogy Energetika Plhov – Náchod, s.r.o.	Gas Asset Lease Agreement	1
	Amendment 1 to Gas Asset Lease Agreement	1
	Water Supply and Waste Water Disposal Agreement	3
	Real Estate Lease Agreement	2
	Service Level Agreement for Corporate Services	1
	Amendments 1 to 3 to SLA for Corporate Services	3
	Loan Agreement	3
	Amendment 1 do Loan Agreement	1
	Master Agreement for Entry into Service Level Agreements for Corporate Services	1
	Service Level Agreement for Operation, Maintenance, Repair, and Investment Services	1
	Amendments 1 to 3 to Service Level Agreement for Operation, Maintenance, Repair, and Investment Services	3
	Electricity Cost Re-Billing Agreement	1
	Heat Supply Agreement	1
	Natural Gas Cost Re-Billing Agreement	1
	MVM Energetika Zártkörűen Működő Részvénytársaság	One-Way Zero-Balancing Cash Pooling – ČSOB
Amendments 2-3 to One-Way Zero-Balancing Cash Pooling – ČSOB		2



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