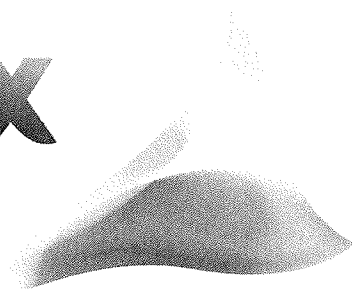


Vemex

ENERGIE



ANNUAL REPORT 2023

Preface by the Board of Directors

Dear shareholders and business partners of the Company:

As we reflect on the past year, we are pleased to report that the aftermath of the 2021-2023 energy crisis has led to a period of stability and decreasing prices across the energy markets. This stability has been a welcome change from the volatility we have previously navigated. Our company, as a supplier of natural gas and electricity to households and small businesses in the Czech Republic, has taken decisive steps to leverage this newfound stability to our advantage.

In 2023, we focused intently on expanding our customer base through all available sales channels. Our efforts were geared towards not only retaining our existing customers but also attracting new clients by enhancing our product offerings and services. This expansion strategy was part of a broader initiative to diversify our offerings and provide more comprehensive solutions to meet the evolving needs of our market.

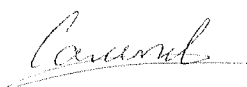
Operational efficiency was another cornerstone of our work this year. We invested some resources into process optimization and IT modernization, which have both contributed to a more agile and responsive operational framework. These improvements have not only increased our productivity but have also enhanced our capability to deliver broader range of products to our clients.

This year, we also focused on strengthening our team by bringing in new talents. The highly competitive labour market environment does not make this an easy task, however we will continue to focus on this to further enhance our team especially in the area of sales.

It's a pleasure to share that our focused efforts throughout 2023 resulted in a profitable year. This profitability not only helps us to partially recover from past financial challenges but also builds a platform for future growth. The increase in our customer base is a clear indicator of our growing market presence, and we expect this to boost our sales in 2024.

We highly appreciate the continued financial support from one of our major shareholders, which enables us to keep aiming higher. We would also like to express most heartfelt gratitude to members of the supervisory board for their support and to the dedicated team of our employees whose hard work and commitment have been essential to our achievements. Looking ahead, we are eager to expand our operations and improve shareholder returns. We are thankful for your ongoing trust and support, which are crucial to our success.

Sincerely,



Viacheslav Salychev
Chairman of the Board of Directors



Ing. Oldřich Jandl
Member of the Board of Directors

1. Company details

Company: VEMEX Energie a.s. (hereinafter „the Company“)
Registered office: Evropská 2591/33e, 160 00 Prague 6
ID Number: 289 03 765
Registered: Commercial Register kept at Municipal Court in Prague, Section B, Insert 15299

1.1. Structure of shareholders and their share on share capital

The share capital value is CZK 100 million; the share capital is fully paid-up. The capital consists of 500 registered shares in book-entry form with a nominal value of CZK 200,000 each.

Shareholders:

No.	Name	Shareholding (%)	Paid (%)
1.	VEMEX s.r.o.	51	100
2.	GEEN Holding a.s.	49	100

1.2. Statutory bodies and management of the Company

Board of Directors:

Chairman Viacheslav Salychev
Member Ing. Oldřich Jandl

Supervisory Board:

Chairman Mikhail Valerevich Shirokov
Member Alexey Klimanov
Member Olaf Engelhardt

Top Company management:

Sales Director Svetozar Pokorný
Purchasing Director Alexej Khlamov

2. Report on the Company's business activities and on the state of its assets

2.1. Purchase of electricity and gas

In the reported period the Company purchased electricity mainly from the company Slovenské elektrárne, a.s. (32%) and ČEZ, a.s. (49%). Daily purchases were executed at OTE, a.s. Share of electricity from renewable resources was negligible.

Purchase of gas in 2023 was executed mainly from the company WINGAS GmbH (45%) and ČEZ, a.s. (13%). Daily purchases were executed at OTE, a.s. (42%).

2.2. Sale of electricity and gas

The total energy volume sold to end customers in 2023 was 304,344 MWh, of which 85,957 MWh was in the form of electricity and 218,387 MWh was in the form of natural gas.

In 2023, despite price regulation, the Company managed to create interesting product offers for both customers and external sales channels. This led to an increase in the number of active external sales representatives and ultimately to excellent sales results exceeding the sales plan. In the total of existing and new customers, a volume of more than 235 GWh was contracted in commodity natural gas and more than 107 GWh in commodity electricity.

3. Customer care

3.1 Customers and consumption points

At the end of 2023, electricity and natural gas were supplied to a total of 18,113 supply points, including 11,694 supply points for electricity and 6,419 supply points for natural gas. Year-on-year, there was therefore a total increase in the number of supply points by approx. 2.2%. In the case of electricity, there was an increase in the number of supply points by approx. 0.6%. In the case of natural gas, there was an increase in the number of supply points by approx. 5.3%. The gradual increase in the number of take-off points was mainly caused by the calming down of price developments on the energy market, which made it possible to offer customers more favourable prices and thereby increase the success of the sales department.

As of December 31, 2023, the Company had a total of 14,183 customers, of which 1,766 were corporate and 12,417 in the household segment. The number of corporate customers and households has therefore increased year-on-year.

3.2 Back Office

The year 2023 was once again marked by increasing and improving the pro-customer approach. Back Office received and processed 16,249 contracts, supplements to contracts or extensions of contracts. It solved 20,191 administrative steps, which arose either from our customers or from our business partners.

3.3 Front Office

Front Office in 2023 handled 17,315 incoming calls with an average duration of 3:48 minutes. In the form of electronic communication 29,662 e-mails were handled. In total Front Office processed 46,977 customer requests. In 2023 the number of emails was significantly higher than calls. The most frequent questions were about the gradually falling prices in both commodities and their impact on our customers.

3.4 Development of Receivables

		2022 (mil. CZK)	2023 (mil. CZK)	Difference (+/-)
1	Average debt	28.3	28.5	0.2
2	Average advances receivable before collection activities	9.46	5.3	(4.16)
3	Average advances receivable after collection activities	2.87	1.23	(1.64)
4	Success rate of advances collection activities	71.47 %	77.09 %	5.62%

The year 2023 was stable without significant negative fluctuations in the development of receivables.

The debt from invoices remained almost at the same level compared to the previous year. In 2023, it was possible to improve the collection of advances. We entered 2023 with a debt from advances before enforcement of CZK 10 million, and since May the debt from advances has shrunk to the level of CZK 5 million. Compared to 2022, the percentage of success in collecting outstanding advances has increased, which is primarily due to more frequent sending of SMS messages.

In 2023 the Collection Agency was handed on average 8.6 invoices per month with the amount of CZK 182 thousand (in 2022 it was 14.6 invoices with the amount of CZK 341 thousand). In 2023 the Law office was handed on average 24.3 invoices per month with the amount of CZK 503 thousand (in 2022 it was 37.5 invoices with the amount of CZK 522 thousand).

4. Financial results

In 2023, the Company recorded profit, which was a result of stabilization of prices on the energy market and intensive work of all employees of the Company. Similar to previous years, the Company was financially stable. All obligations towards suppliers, customers, employees as well as state institutions were met in due dates.

Aggregated profit and loss statement '000 CZK

Indicator	2022	2023
Revenues from electricity, natural gas & distribution	1,131,152	908,977
Other revenues	29,669	4,890
Total revenues	1,160,821	913,867
Costs of purchasing electricity, natural gas & distribution	1,103,719	763,486
Other costs	88,797	97,905
Total costs	1,192,516	861,391
Profit/(loss) before tax	(31,695)	52,476

Aggregated balance sheet in '000 CZK

Indicator	2022	2023
Fixed assets	2,995	3,145
Current assets	708,765	569,063
Total assets	711,760	572,208
Equity	(172,854)	(120,378)
Liabilities	884,614	692,586
Total liabilities	711,760	572,208

The complete Company's financial results for 2023 are contained in the financial statements attached to this annual report.

5. Human resources

The Company fully complied with all statutory duties towards its employees in 2023. In case of need the Company searched suitable talents on the Czech job market. At the same time opportunity has been given to internal talents that have moved within the Company up the career ladder.

As at 31 December 2023, the company had 37 employees, out of which 3 were on maternity leave.

6. Other information

6.1 Investments of the Company

VEMEX Energie a.s. has no capital investments.

6.2 Expected development of the entity's activities

In 2023, the Company continues with the same business activity as before, i.e. the sale of natural gas and electricity. In 2023, based on customer and market requirements, the company began offering consultations and services in the field of renewable sources and energy solutions. The company's main goal in 2024 remains the acquisition of new customers, to whom the company offers reliable supplies at favourable price terms, and the active management of the existing customer portfolio.

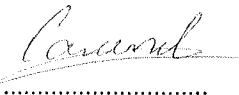
7. Subsequent events

No other events have occurred subsequent to year-end that would have a material impact on the Annual report as at 31 December 2023.

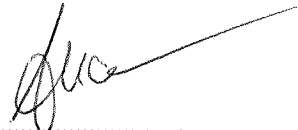
8. Information on persons responsible for preparing the Annual Report

Viacheslav Salychev, as the Chairman of the Board of Directors, and Oldřich Jandl, as a member of the Board of Directors, declare that the information contained in the Annual Report corresponds to the actual state of affairs and that no substantial circumstances have been omitted or concealed.

Prague, 15 May 2024



.....
Viacheslav Salychev
Chairman of the Board of Directors



.....
Ing. Oldřich Jandl
Member of the Board of Directors

Company contact details:

Address: Evropská 2591/33e
160 00 Prague 6
Telephone: +420 222 500 961
Help Line: +420 800 400 420
E-mail: info@vemexenergie.cz
Web: www.vemexenergie.cz

Report on relations

of the company

VEMEX Energie a.s.

Pursuant to Section 82 of the Corporations Act

For the accounting period 2023

The Board of Directors of VEMEX Energie a.s., with its registered office at Prague 6 – Dejvice, Evropská 2591/33e, identification number: 289 03 765, registered in the Commercial Register maintained by the Municipal Court in Prague, Section B, File 15299 (in this Report also the “**Company**”), has prepared the following Report on Relations pursuant to Section 82 of Act No. 90/2012 Coll., the Corporations Act (the “**Corporations Act**”), for the accounting period of the calendar year 2023 (the “**Relevant period**”).

1. Structure of relations

In the Relevant period from 1 January 2023 to 31 December 2023 the Company formed a part of a group (the “**Group**”) in which the controlling party is VEMEX s.r.o. (the “**Controlling party**”).

Information on the entities forming part of the Group is stated as at 31 December 2023 according to the information available to the statutory body of the Company acting with due managerial care.

2. Role of the Company in the Group

The Company trades in energy and its main activities consist of the supply and sale of electricity and natural gas to end consumers, in particular retail customers, throughout the whole territory of the Czech Republic.

3. Other linked companies

The Company requested that the aforementioned Controlling party provides a list of other companies which were controlled by the same Controlling party during the last accounting period. The Company prepared this report on the basis of the report from the Controlling party and other available information. The structure of relations within the Group is graphically illustrated on the last page of this report.

4. Methods and means of control

In the Relevant period the Controlling party controlled the Company through the ownership of 51% shareholdings in the Company’s share capital. The control of the Company occurs in particular through the decisions at the General Meeting.

5. Overview of concluded and valid contracts in the Relevant period

The contracts specified below were concluded between the Company and the Controlling party. The value of activities and considerations during the accounting period between the companies mentioned above is disclosed in notes to the 2023 Financial Statements.

Company	Contract subject
VEMEX s.r.o., Czech Republic	Sublease agreement dated 2 February 2022

6. Other legal acts implemented for the benefit of the Company

In the Relevant period the Company was using guarantees from the company SEFE Securing Energy for Europe GmbH (67% shareholder of the Controlling party) for the purpose of purchase and distribution of electricity and gas.

In the Relevant period the Company had valid contracts with the companies SEFE Securing Energy for Europe GmbH and WINGAS GmbH.

Company	Contract subject
SEFE Securing Energy for Europe GmbH, Germany	Agreement on provision of guarantees dated 15 April 2014
SEFE Securing Energy for Europe GmbH, Germany	Agreement Revolving intercompany loan agreement, dated 13 January 2023 which provides loan in the amount up to EUR 20 mil. until 31 October 2023
SEFE Securing Energy for Europe GmbH, Germany	Amendment 1, dated 31 October 2023 to the Revolving intercompany loan agreement concluded on 13 January 2023, which decreases the amount of the loan and extends the contract until 31 October 2024
WINGAS GmbH, Germany	EFET frame agreement on purchase of gas dated 1 December 2015

7. Overview of performance made at the instigation of or in the interest of the Controlling party

During the Relevant period the Company made below mentioned acts, which would involve assets exceeding in value 10% of the Company's equity (equity of the Company as at 31 December 2022 was -172,854 ths. CZK, therefore all acts) on the basis of contracts listed in section 5.

8. Assessment of a detriment and its compensation

No detriment occurred to the Company on the basis of the agreements entered into and valid in the Relevant period between the Company and the Controlling party.

9. Evaluation of relations and risks within the Group

9.1. Evaluation of advantages and disadvantages of relations within the Group.

The Company benefits from its membership in the Group particularly in terms of shared renting of non-residential premises. No disadvantages have arisen to the Company from the participation within the Group.

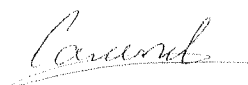
9.2. No risks have arisen to the Company from the relations within the Group.

10. Final statement

This report was prepared by the Board of Directors of the Company and was submitted to the Supervisory Board and the auditor responsible for the audit of the Financial Statements. The Company will issue an Annual Report as required by law, an integral part of which will be the Company's Report on Relations.

The Annual Report will be registered in the Collection of Documents of the Commercial Register at the relevant Court.

15 May 2024



Viacheslav Salychev
Chairman of the Board of Directors



Ing. Oldřich Jandl
Member of the Board of Directors

The structure of relations of the Group as at 31 December 2023

VEMEX s.r.o.

51 %

VEMEX Energie a.s.



Independent Auditor's Report

To the shareholders of VEMEX Energie a.s.

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of VEMEX Energie a.s., with its registered office at Evropská 2591/33e, Praha 6 (the "Company") as at 31 December 2023, and of the Company's financial performance and cash flows for the year ended 31 December 2023 in accordance with Czech accounting legislation.

What we have audited

The Company's financial statements comprise:

- the balance sheet as at 31 December 2023,
- the income statement for the year ended 31 December 2023,
- the statement of changes in equity for the year ended 31 December 2023,
- the statement of cash flows for the year ended 31 December 2023, and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with the Act on Auditors and Standards on Auditing of the Chamber of Auditors of the Czech Republic (together the "Audit regulations"). These standards consist of International Standards on Auditing as supplemented and modified by related application guidance. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted by the Chamber of Auditors of the Czech Republic and with the Act on Auditors. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Act on Auditors.

Other information

The board of directors is responsible for the other information. As defined in Section 2(b) of the Act on Auditors, the other information comprises the annual report but does not include the financial statements and our auditor's report thereon.

PricewaterhouseCoopers Audit, s.r.o., Hvězdova 1734/2c, 140 00 Prague 4, Czech Republic
T: +420 251 151 111, www.pwc.com/cz

PricewaterhouseCoopers Audit, s.r.o., registered seat Hvězdova 1734/2c, 140 00 Prague 4, Czech Republic, Identification Number: 40765521, registered with the Commercial Register kept by the Municipal Court in Prague, Section C, Insert 3637, and in the Register of Audit Companies with the Chamber of Auditors of the Czech Republic under Licence No. 021.

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 about the Company obtained in the audit or otherwise appears to be materially misstated. In addition, we assessed whether the other information has been prepared, in all material respects, in accordance with applicable legal requirements, i.e. whether the other information complies with the legal requirements both in terms of formal requisites and the procedure for preparing the other information in the context of materiality.

Based on the procedures performed in the course of our audit, to the extent we are able to assess it, in our opinion:

- 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 has been prepared in accordance with the applicable legal requirements.

In addition, in the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the other information. We have nothing to report in this regard.

Responsibilities of the board of directors and supervisory board of the Company for the financial statements

The board of directors is responsible for the preparation of the financial statements that give a true and fair view in accordance with Czech accounting legislation and for such internal control as the board of directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the board of directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The supervisory board of the Company is responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors.
- Conclude on the appropriateness of the board of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors and supervisory board 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.

15 May 2024

PricewaterhouseCoopers Audit, s.r.o.
represented by Partner



Tomáš Bašta
Statutory Auditor, Licence No. 1966

VEMEX Energie a.s.

Financial statements

31 December 2023

Company name: VEMEX Energie a.s.

Identification number: 28903765

Legal form: Joint-Stock Company

Primary business: Gas and electricity distribution

Balance sheet date: 31 December 2023

Date of preparation of the financial statements: 15 May 2024

BALANCE SHEET

(in thousand Czech crowns)

Ref.	ASSETS	Row	31.12.2023			31.12.2022
			Gross	Provision	Net	Net
a	b	c	1	2	3	4
	TOTAL ASSETS	001	614,140	(41,932)	572,208	711,760
B.	Fixed assets	003	20,481	(17,336)	3,145	2,995
B. I.	Intangible fixed assets	004	15,605	(13,486)	2,119	1,633
B. I. 2.	Royalties	006	15,605	(13,486)	2,119	1,633
B. I. 2. 1.	Software	007	15,605	(13,486)	2,119	1,633
B. II.	Tangible fixed assets	014	4,876	(3,850)	1,026	1,362
B. II. 1.	Land and constructions	015	348	(34)	314	336
B. II. 1. 2.	Constructions	017	348	(34)	314	336
B. II. 2.	Equipment	018	4,528	(3,816)	712	1,026
C.	Current assets	037	574,841	(24,596)	550,245	695,511
C. I.	Inventories	038	86,705	-	86,705	114,996
C. I. 1.	Raw materials	039	30	-	30	-
C. I. 3.	Finished goods and goods for resale	041	86,675	-	86,675	114,996
C. I. 3. 2.	Goods for resale	043	86,675	-	86,675	114,996
C. II.	Receivables	046	451,953	(24,596)	427,357	497,804
C. II. 1.	Long-term receivables	047	27,830	-	27,830	28,599
C. II. 1. 5.	Receivables - other	052	27,830	-	27,830	28,599
C. II. 1. 5. 2.	Long-term advances paid	054	27,830	-	27,830	28,599
C. II. 2.	Short-term receivables	057	424,123	(24,596)	399,527	469,205
C. II. 2. 1.	Trade receivables	058	75,042	(24,596)	50,446	90,741
C. II. 2. 4.	Receivables - other	061	349,081	-	349,081	378,464
C. II. 2. 4. 4.	Short-term advances paid	065	64,425	-	64,425	73,073
C. II. 2. 4. 5.	Estimated receivables	066	284,303	-	284,303	304,913
C. II. 2. 4. 6.	Other receivables	067	353	-	353	478
C. IV.	Cash	075	36,183	-	36,183	82,711
C. IV. 2.	Cash at bank	077	36,183	-	36,183	82,711
D.	Prepayments and accrued income	078	18,818	-	18,818	13,254
D. 1.	Prepaid expenses	079	18,532	-	18,532	13,051
D. 3.	Accrued income	081	286	-	286	203

Ref.	LIABILITIES AND EQUITY	Row	31.12.2023	31.12.2022
a	b	c	5	6
	TOTAL LIABILITIES AND EQUITY	082	572,208	711,760
A.	Equity	083	(120,378)	(172,854)
A. I.	Share capital	084	100,000	100,000
A. I. 1.	Share capital	085	100,000	100,000
A. III.	Reserves from profit	096	1,968	1,968
A. III. 1.	Other reserve funds	097	1,968	1,968
A. IV.	Retained earnings / Accumulated losses	099	(274,822)	(243,127)
A. IV. 1.	Retained earnings or (accumulated losses)	100	(274,822)	(243,127)
A. V.	Profit / (loss) for the current period	102	52,476	(31,695)
B. + C.	Liabilities	104	692,586	884,614
B.	Provisions	105	4,181	3,965
B. 4.	Other provisions	109	4,181	3,965
C.	Payables	110	688,405	880,649
C. II.	Short-term payables	126	688,405	880,649
C. II. 3.	Short-term advances received	131	258,797	274,022
C. II. 4.	Trade payables	132	69,242	173,713
C. II. 6.	Liabilities - subsidiaries and controlling party	134	234,888	325,553
C. II. 8.	Liabilities - other	136	125,478	107,361
C. II. 8. 3.	Liabilities to employees	139	1,568	1,469
C. II. 8. 4.	Liabilities for social security and health insurance	140	899	808
C. II. 8. 5.	Taxes and state subsidies payable	141	7,411	9,848
C. II. 8. 6.	Estimated payables	142	111,976	91,197
C. II. 8. 7.	Other liabilities	143	3,624	4,039

Company name: VEMEX Energie a.s.
Identification number: 28903765
Legal form: Joint-Stock Company
Primary business: Gas and electricity distribution
Balance sheet date: 31 December 2023
Date of preparation of the financial statements: 15 May 2024

INCOME STATEMENT

(in thousand Czech crowns)

Ref.	TEXT	Row	Accounting period	
			2023	2022
			1	2
a	b	c		
I.	Sales of products and services	01	196,612	273,719
II.	Sales of goods	02	712,726	857,884
A.	Cost of sales	03	794,936	1,132,095
A. 1.	Cost of goods sold	04	567,297	830,451
A. 2.	Raw materials and consumables used	05	571	571
A. 3.	Services	06	227,068	301,073
D.	Staff costs	09	31,945	27,582
D. 1.	Wages and salaries	10	23,308	20,324
D. 2.	Social security, health insurance and other costs	11	8,637	7,258
D. 2. 1.	Social security and health insurance costs	12	7,891	6,805
D. 2. 2.	Other costs	13	746	453
E.	Value adjustments in operating activities	14	4,675	3,237
E. 1.	Value adjustments of fixed assets	15	1,250	1,321
E. 1. 1.	Depreciation, amortisation and write off of fixed assets	16	1,250	1,321
E. 3.	Provision for impairment of receivables	19	3,425	1,916
III.	Operating income - other	20	2,322	3,151
III. 1.	Sales of fixed assets	21	-	10
III. 2.	Sales of raw materials	22	2	-
III. 3.	Other operating income	23	2,320	3,141
F.	Operating expenses - other	24	1,163	(911)
F. 3.	Taxes and charges	27	126	1,603
F. 4.	Operating provisions and complex prepaid expenses	28	216	(2,985)
F. 5.	Other operating expenses	29	821	471
*	Operating result	30	78,941	(27,249)
VI.	Interest and similar income	39	2,207	3,022
VI. 2.	Other interest and similar income	41	2,207	3,022
J.	Interest and similar expenses	43	18,955	11,327
J. 1.	Interest and similar expenses - subsidiaries or controlling party	44	18,955	11,327
VII.	Other financial income	46	-	23,045
K.	Other financial expenses	47	9,717	19,186
*	Financial result	48	(26,465)	(4,446)
**	Net profit / (loss) before tax	49	52,476	(31,695)
**	Net profit / (loss) after tax	53	52,476	(31,695)
***	Net profit / (loss) for the financial period	55	52,476	(31,695)
*	Net turnover for the financial period	56	913,867	1,160,821

Company name: VEMEX Energie a.s.
Identification number: 28903765
Legal form: Joint-Stock Company
Primary business: Gas and electricity distribution
Balance sheet date: 31 December 2023
Date of preparation of the financial statements: 15 May 2024

STATEMENT OF CASH FLOWS

(in thousand Czech crowns)

Ref.	TEXT	Accounting period	
		2023	2022
a	b	1	2
	Cash flows from operating activities		
	Net profit /(loss) before tax	52,476	(31,695)
A. 1.	Adjustments for non-cash movements:	21,639	8,547
A. 1. 1.	Depreciation and amortisation of fixed assets	1,250	1,321
A. 1. 2.	Change in provisions and provisions for impairment	3,641	(1,069)
A. 1. 3.	(Profit)/loss from sales of fixed assets	-	(10)
A. 1. 5.	Net interest expense/(income)	16,748	8,305
A *	Net cash flow from operating activities before tax and changes in working capital	74,115	(23,148)
A. 2.	Non-cash working capital changes:	(11,830)	(104,715)
A. 2. 1.	Change in receivables and prepayments	61,458	(69,786)
A. 2. 2.	Change in payables and accruals	(101,579)	80,067
A. 2. 3.	Change in inventories	28,291	(114,996)
A **	Net cash flow from operating activities before tax	62,285	(127,863)
A. 3.	Interest paid	(18,955)	(11,327)
A. 4.	Interest received	2,207	3,022
A ***	Net cash flow from operating activities	45,537	(136,168)
	Cash flows from investing activities		
B. 1.	Acquisition of fixed assets	(1,400)	(372)
B. 2.	Proceeds from sale of fixed assets	-	10
B ***	Net cash flow from investing activities	(1,400)	(362)
	Cash flows from financing activities		
C. 1.	Change in long- and short-term liabilities from financing activities	(90,665)	198,767
C ***	Net cash flow from financing activities	(90,665)	198,767
	Net increase/(decrease) in cash and cash equivalents	(46,528)	62,237
	Cash and cash equivalents at the beginning of the year	82,711	20,474
	Cash and cash equivalents at the end of the year	36,183	82,711

Company name: VEMEX Energie a.s.
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STATEMENT OF CHANGES IN EQUITY

(in thousand Czech crowns)

	Share capital	Other reserve funds	Accumulated losses	Total
As at 1 January 2022	100,000	1,968	(243,127)	(141,159)
Net profit/(loss) for the current period	-	-	(31,695)	(31,695)
As at 31 December 2022	100,000	1,968	(274,822)	(172,854)
Net profit/(loss) for the current period	-	-	52,476	52,476
As at 31 December 2023	100,000	1,968	(222,346)	(120,378)

1. General information

1.1. Introductory information about the Company

VEMEX Energie a.s. (“the Company”) was incorporated on 26 May 2009 by the Municipal Court in Prague, Section B, Insert 15299 and has its registered office at Evropská 2591/33e, Dejvice, 160 00 Prague 6, Czech Republic. The Company’s primary business activity is retail of electricity and gas.

The Company is not a shareholder with unlimited liability in other legal entities.

1.2. Current economic situation

The current economic situation is being impacted mainly by the war in Ukraine which broke out on 24 February 2022, including the related sanctions against Russia, then by disrupted supply chains, an energy crisis, uncertainty on the commodities and financial markets and finally by negative trends in key macroeconomic indicators with consequences on business, such as the inflation rate, growth of interest rates, volatility of foreign exchange rates and others.

The Company’s management has evaluated the impact of the current economic situation on its business with the following conclusion: The Company regularly monitors the situation on the energy markets and flexibly adjusts prices of its products depending on market prices of commodities and prices of competitors.

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 middle sized companies and have been prepared under the historical cost convention.

2.2. Tangible and intangible fixed assets

All intangible (and tangible) assets with a useful life longer than one year and a unit cost of more than CZK 80 thousand (CZK 80 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 their acquisition.

Intangible and tangible fixed assets are amortised/depreciated applying the straight-line method over their estimated useful lives.

The amortisation / depreciation plan is updated during the useful life of the intangible and tangible fixed assets in the case of change of expected useful life change.

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 this asset.

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

2.3. 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 an individual evaluation of the credit worthiness of the customers. Receivables from related parties have not been provided for.

2.4. Foreign currency translation

Transactions denominated in a foreign currency are translated and recorded at the rate of exchange set by the Czech National Bank ruling as at day before 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 gains and losses on cash, receivables and liabilities balances are recorded in the income statement and presented net since 2023.

The Company treats advances paid for the acquisition of fixed assets or inventories as part of these assets and therefore these assets are not translated as at the balance sheet date.

2.5. Provisions

Provisions are recognised when the Company has a present obligation, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

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

2.6. Revenue recognition

Sales are recognised upon the delivery of products and customer acceptance and are stated net of discounts and value added tax.

Revenues invoiced after the balance sheet date are recognized through estimated receivables (see Note 2.13).

In 2023, the Company refined the presentation of electricity and gas distribution costs and related revenues and presents these transactions as Services and Sales of products and services. For comparability of the financial statements this change was also reflected in the comparatives.

Gas

Revenues from sales of gas are based on valuation of commodity on the principal of purchase price of gas and gross margin. Selling price for end costumers consists of price of delivered gas and other services (transportation, structuring), price of distribution and price of services of OTE (market operator).

Billing of delivered gas in category of wholesale customers (further as "VO") is processed monthly according to measured consumption. Billing of delivered gas in category of retail customers (further as "MOP") and households (further as "DOM") is performed periodically based on measurement of consumption at individual points of supply.

Revenues in category MOP and DOM consist of revenues actually invoiced and revenues from so called unbilled gas. The methodology for unbilled gas revenue recognition is described in Note 2.13. Revenues in category VO are represented by invoices actually issued.

Electricity

Revenues from sales of electricity are determined based on valuation of commodity on the principal of purchase price of electricity and the gross margin.

Billing of delivered electricity in category of wholesale customers (further as “VO”) is performed on a monthly basis according to measured consumption. Billing of delivered electricity in category of retail customers (further as “MOP”) and households (further as “DOM”) is performed periodically based on measurement of consumption at individual points of supply.

Revenues in category MOP and DOM consist of revenues actually invoiced and revenues from so called unbilled electricity. The methodology for unbilled electricity revenue recognition is described in Note 2.13. Revenues in category VO are represented by invoices actually issued.

2.7. 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; and/or
- subsidiaries.

Material transactions and outstanding balances with related parties are disclosed in Note 9.

2.8. Leases

The costs of assets held under both finance and operating leases are not capitalised as fixed assets. Lease payments are expensed evenly over the life of the lease. Future lease payments not yet due are disclosed in the notes but not recognised in the balance sheet.

2.9. Interest expense

All borrowing costs are expensed.

2.10. 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.

2.11. Cash-flow statement

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

2.12. 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.

2.13. Significant accounting estimates

Estimated receivables for unbilled gas and electricity supplies to customers

Unbilled gas and electricity supplies to customers are recognized on the line “Estimated receivables”. Calculation of estimates is based on the anticipated payments for consumed gas and electricity for individual supply points as at the balance sheet date, adjusted for the consumption balance kept by OTE. Past customer behaviour experience is reflected in the estimate of consumption. The Company based its estimates on sales in kWh, the amount of the commodity and amount for distribution in CZK. The price entry for calculation of estimates is composition of prices from standard price lists and contracts prices with individual pricing, including the impact of potential discounts.

Estimated payables for unbilled gas and electricity supplies from suppliers

Unbilled gas and electricity deliveries from suppliers are recognized on the line “Estimated payables”. The Company determines the amount of accruals for unbilled purchases of commodities based on trade dispatching, purchase balance and sales balance kept by OTE and the offsetting of price variation from the previous month. Calculation of the commodity distribution accrual is based on anticipated payments for distribution in individual supply points as at the balance sheet date, adjusted for the consumption balance kept by OTE.

3. Intangible fixed assets

(CZK'000)	1 January 2023	Additions / transfers	Disposals	31 December 2023
Cost				
Software	14,293	1 312	-	15 605
Total	14,293	1 312	-	15 605
Accumulated amortisation				
Software	(12,660)	(826)	-	(13 486)
Total	(12,660)	(826)	-	(13 486)
Net book value	1,633			2 119

(CZK'000)	1 January 2022	Additions / transfers	Disposals	31 December 2022
Cost				
Software	13,921	372	-	14,293
Total	13,921	372	-	14,293
Accumulated amortisation				
Software	(11,811)	(849)	-	(12,660)
Total	(11,811)	(849)	-	(12,660)
Net book value	2,110			1,633

4. Tangible fixed assets

(CZK'000)	1 January 2023	Additions / transfers	Disposals	31 December 2023
Cost				
Constructions	348			348
Equipment	4,016	512	-	4 528
Total	4,364	512	-	4 876
Accumulated depreciation				
Constructions	(12)	(22)	-	(34)
Equipment	(2,990)	(826)	-	(3 816)
Total	(3,002)	(848)	-	(3 850)
Net book value	1,362			1 026

(CZK'000)	1 January 2022	Additions / transfers	Disposals	31 December 2022
Cost				
Constructions	-	348	-	348
Equipment	3,826	190	-	4,016
Advances paid and tangible fixed assets in the course of construction	348	(348)	-	-
Total	4,174	190	-	4,364
Accumulated depreciation				
Constructions	-	(12)	-	(12)
Equipment	(2,340)	(650)	-	(2,990)
Total	(2,340)	(662)	-	(3,002)
Net book value	1,834			1,362

The information on operating lease commitments is disclosed in Note 8.

5. Receivables

Overdue receivables as at 31 December 2023 amounted to CZK 28 774 thousand (as at 31 December 2022: CZK 28,371 thousand).

The provision for doubtful receivables as at 31 December 2023 was CZK 24 596 thousand (as at 31 December 2022: CZK 21,171 thousand). The receivables from other companies within the consolidation group are presented in Note 9.

Estimated receivables include mainly unbilled deliveries of gas including distribution in the amount of CZK 126 819 thousand (as at 31 December 2022: CZK 138,143 thousand) and unbilled deliveries of electricity including distribution in the amount of CZK 157 044 thousand (as at 31 December 2022: CZK 166,770 thousand), refer to Note 2.13.

Prepaid expenses as at 31 December 2023 and as at 31 December 2022 include mainly deferred commission cost paid to agents for new clients' acquisitions.

Short-term and long-term advances paid as at 31 December 2023 and as at 31 December 2022 include mainly advances paid to suppliers of electricity and gas in relation to purchases and distribution of those commodities.

Unsettled receivables as at 31 December 2023 have not been covered by guarantees and none of them are due after more than 5 years.

The Company has no receivables nor provided any guarantees which are not included in the balance sheet.

6. Equity

Authorized and issued share capital:

	31 December 2023		31 December 2022	
	No. of pieces	Carrying value (CZK'000)	No. of pieces	Carrying value (CZK'000)
Ordinary shares of CZK 200 thousand, fully paid	500	100 000	500	100,000

Shareholders:

(in %)	31 December 2023	31 December 2022
VEMEX s.r.o.	51	51
GEEN Holding a.s.	49	49
Total	100	100

The Company VEMEX s.r.o. is no longer obliged to prepare the consolidated financial statements. At the same time the company SEFE Securing Energy for Europe GmbH (67% shareholder of VEMEX s.r.o.) does not consolidate the company VEMEX s.r.o. and therefore the Company does not form any longer a part of any consolidation group.

The Company is fully governed by the new Corporations Act and used the option to create a reserve fund.

The Company continues to create a reserve fund and its use is governed by its Articles of Association and may be used to offset losses of the Company only.

The Company during the year ended 31 December 2023 recorded profit of CZK 52,476 thousand and at the same time the Company's negative equity amounted to CZK 120,378 thousand. This event represents uncertainty which may cast significant doubt on the Company's ability to continue as a going concern. SEFE Securing Energy for Europe GmbH (current 67 % shareholder of VEMEX s.r.o.) has expressed its intention to support the Company in the letter of support dated 10 May 2024, including financial support in order to further continue in its business activities. For this reason, the Company's management is convinced that the Company will continue to operate continuously for a period of at least 12 months from the date of signing these financial statements (the "going concern" assumption will be met).

The general meeting of shareholders approved the financial statements for 2022 on 19 September 2023 and decided about the allocation of the loss generated in 2022 of CZK 31,695 thousand.

Up to the date of preparation of these financial statements the Company has not proposed distribution of the profit generated in 2023.

7. Provisions

Other provisions as at 31 December 2023 included the provision for pending legal disputes in the amount of CZK 3,611 thousand (as at 31 December 2021: CZK 3,611 thousand), the provision for untaken holiday in the amount of CZK 396 thousand (as at 31 December 2022: CZK 354 thousand) and provision for redundancy of CZK 174 thousand (as at 31 December 2022: CZK 0 thousand).

8. Payables, commitments and contingent liabilities

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

Total non-cancellable future commitments in respect of operating leases (not recorded in the balance sheet) amounted to CZK 4,870 thousand as at 31 December 2023 (as at 31 December 2022: CZK 3,644 thousand).

The total amount of future liabilities not included in the balance sheet, which is based on concluded contracts for the future purchase of commodities with physical settlement as at 31 December 2023, amounts to CZK 531,709 thousand (as at 31 December 2022: CZK 90,732 thousand). The breakdown of this amount in the table below according to the expected settlement of the given trades:

	0 – 3 months	3 – 6 months	6 – 9 months	9 months – 1 year	More than 1 year	Total
Purchase contracts for gas treated in the regime of exception for own use						
Expected financial outflow (CZK '000) as at 31 December 2023	103,317	37,713	29,835	13,081	9,421	193,367
Expected financial outflow (CZK '000) as at 31 December 2022	16,239	5,231	5,288	15,137	-	41,895

	0 – 3 months	3 – 6 months	6 – 9 months	9 months – 1 year	More than 1 year	Total
Purchase contracts for electricity treated in the regime of exception for own use						
Expected financial outflow (CZK '000) as at 31 December 2023	108,855	76,585	65,580	65,609	21,713	338,342
Expected financial outflow (CZK '000) as at 31 December 2022	14,278	11,434	11,560	11,565	-	48,837

Contracts for the future purchase of commodities are used together with gas stocks in reservoirs to close sales positions. The level of closing of sales positions as at 31 December 2022 and 31 December 2023 is sufficient and has no impact on the assessment of the Company's financial situation.

The Company did not provide any guarantees which were not recorded in the balance sheet or disclosed in notes to financial statements.

The management of the Company is not aware of any contingent liabilities as at 31 December 2023.

Estimated payables include mainly uninvoiced purchases of electricity and distribution in the amount of CZK 3,637 thousand (as at 31 December 2022: CZK 3,784 thousand) and uninvoiced purchases of gas and distribution in the amount of CZK 98,138 thousand (as at 31 December 2022: CZK 78,802 thousand), refer to Note 2.13.

Short-term advances received as at 31 December 2023 include mainly advances received from customers in relation to deliveries of gas and electricity in the amount of CZK 258,797 thousand (as at 31 December 2022: CZK 274,018 thousand).

9. Related-party transactions

All material transactions with related parties are presented in this note.

(CZK'000)	2023	2022
Revenues		
Sales of services	240	240
Total	240	240
Costs		
Purchase of goods for resale - WINGAS GmbH	51,498	173,277
Purchase of services	-	27
Interest expense	18,955	11,327
Fees for guarantees received	4,074	5,766
Total	74,527	190,397

(CZK'000)	31 December 2023	31 December 2022
Liabilities		
Liabilities to related parties	248,700	334,786
Out of which:		
Trade payables	13,812	9,233
Loan payable	234,888	325,553
Total	248,700	334,786

Loans payable are subject to market interest rates and are payable as at 31 October 2024.

No loans were provided to the members of the Board of Directors and Supervisory Board as at 31 December 2023 and 31 December 2022.

Company cars are made available for use by Board of Directors and some managers.

10. Employees

	2023		2022	
	number	CZK'000	number	CZK'000
Emoluments to members of the Supervisory Board	3	0	3	492
Wages and salaries to management	5	7,219	5	6,158
Wages and salaries to other employees	32	16,089	30	13,674
Social security costs		5,775		4,979
Health insurance costs		2,116		1,826
Other social costs		746		453
Wages and salaries total	40	31,945	38	27,582

Company in accordance with §39b, par. 6d) of the Decree 500/2002 does not disclose the emoluments of Statutory Body separately. The emoluments of the Statutory Body are disclosed in total with other management.

The Company's management includes members of Board of Directors and senior staff members directly reporting to the Board of Directors.

Other transactions with the Company's management are described in Note 9 – Related-party transactions.

11. Income tax

The deferred tax was calculated at 21% (the rate enacted for 2024 and subsequent years).

The deferred tax asset / (liability) can be analysed as follows:

(CZK'000)	31 December 2023	31 December 2022
Deferred tax asset / (liability) arising from:		
Difference between accounting and tax net book value of fixed assets	(77)	(16)
Provisions	2,317	1,118
Tax losses carried forward	22,666	35,095
Net deferred tax asset	24,906	36,197

A potential net deferred tax asset of CZK 24,906 thousand as at 31 December 2023 (as at 31 December 2022: CZK 36,197 thousand) has not been recognised as it is not probable that future taxable profit will be available against which the unused tax credits can be utilised.

The Company has tax losses as at 31 December 2023 of CZK 86,800 thousand, which can be utilized up to 2026 and tax losses in the amount of CZK 21,132 thousand, which can be utilized up to 2027.

COMPENSATORY TAXES

Act No. 416/2023 Coll. on Top-up taxes for large multinational groups and large domestic groups was adopted based on EU Council Directive 2022/2523 on ensuring a global minimum level of taxation for multinational enterprise groups and large-scale domestic groups. The aim of the Top-up taxes is to eliminate competition between states over different corporate tax rates by introducing a single minimum tax rate to ensure equal conditions for entities around the world and allow states to better protect their tax bases. Top-up taxes will be collected if the calculated effective tax rate in the given jurisdiction is lower than 15 %. Companies in the group whose consolidated annual revenues reported in the consolidated financial statements of the highest parent entity amount to EUR 750 mil. in at least 2 of the 4 reporting periods immediately preceding the given tax period are liable for Top-up taxes.

The Company expects to become a payer of the top-up taxes in the period immediately following the current period. Based on an assessment of the amount of tax rates, the occurrence of specific items for additional tax and differences in accounting standards, the Company assumes that the additional tax will not lead to additional tax liability.

12. Other facts not presented in the financial statements

Guarantees issued for the Company (in CZK'000):

Counterparty	2023	2022
Commerzbank Praha	30,000	50,000
Commerzbank Berlin	7,000	11,800
SEFE Securing Energy for Europe GmbH	160,712	127,810
Total	197,712	189,610

Guarantees have been issued in relation with purchases of goods and services from major suppliers and distributors of electricity and gas. Bank guarantees from Commerzbank Praha and Commerzbank Berlin were issued based on counter guarantee from SEFE Securing Energy for Europe GmbH.

13. Subsequent events

No other events have occurred subsequent to year-end that would have a material impact on the financial statements as at 31 December 2023.

15 May 2024



Viacheslav Salychev
Chairman of the Board of Directors



Ing. Oldřich Jandl
Member of the Board of Directors