part of eex group

pxe

Annual Report 2019
POWER EXCHANGE CENTRAL EUROPE, a.s.

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1. Company profile

POWER EXCHANGE CENTRAL EUROPE (PXE) is the Prague-based centre of competence for the Central and Eastern European power markets. As part of EEX Group, PXE is committed to further developing products and services in the region of Central and Eastern Europe and newly in the Balkans.

PXE was established on 8 January 2007 as Energetická burza Praha and, since then, offered services on the electricity markets, namely providing anonymous trading in and settlement of standardised power products.

PXE was established on 8 January 2007 (under the name Energetická burza Praha) and is now part of the EEX Group, associating international energy and commodities markets with more than 670 participants from 38 countries worldwide. Energy products provided by PXE are traded on the platform of the EEX trading system, therefore, thanks to PXE, EEX trading participants have, apart from Western European markets, also access to trading in Czech, Slovak, Hungarian, Polish, Bulgarian, Romanian, Slovenian and Serbian power futures.

PXE also organises trading in gas in the form of derivative products delivered to a virtual trading point in the Czech Republic. The trading is realised in the PEGAS CEGH Czech Market, fully integrated into the EEX group since January 2020.

Trading in the above-mentioned derivative products is realised under the licence and within the trading system of EEX; in fact, however, the relevant market segments in which these products are offered are administered and serviced by PXE[1]. Thanks to this setting, all participants trading in the EEX and Powernext exchanges can trade PXE products without having to enter another exchange and unnecessarily incur related expenses. As compensation for using the licences of the above-mentioned exchanges, PXE distributes a portion of the revenues generated from trading in the products administered by PXE to these exchanges.

PXE also enables end customers – in particular municipalities, firms, government organisations and any large consumers in general – to find the most suitable electricity and natural gas supplier via electronic auctions at the best price possible and under fully transparent conditions.

PXE continues to cooperate closely with entities of the PX group, which includes the Prague Stock Exchange (Burza cenných papírů Praha, PSE) – one-third owner of PXE, and the Central Securities Depository Prague (Centrální depozitář cenných papírů, CSD Prague) and Energy Clearing Counterparty a.s. (EnCC). PSE is the largest and oldest securities market organiser in the Czech Republic. CSD Prague, which has a dominant position in settlement of securities trades on the Czech capital market and maintains a central register of dematerialised securities issued in the Czech Republic. PXE also cooperates with the CEESEG, which includes the Vienna Stock Exchange (Wiener Börse) as well as PSE and CSD Prague. PXE has no branches abroad.

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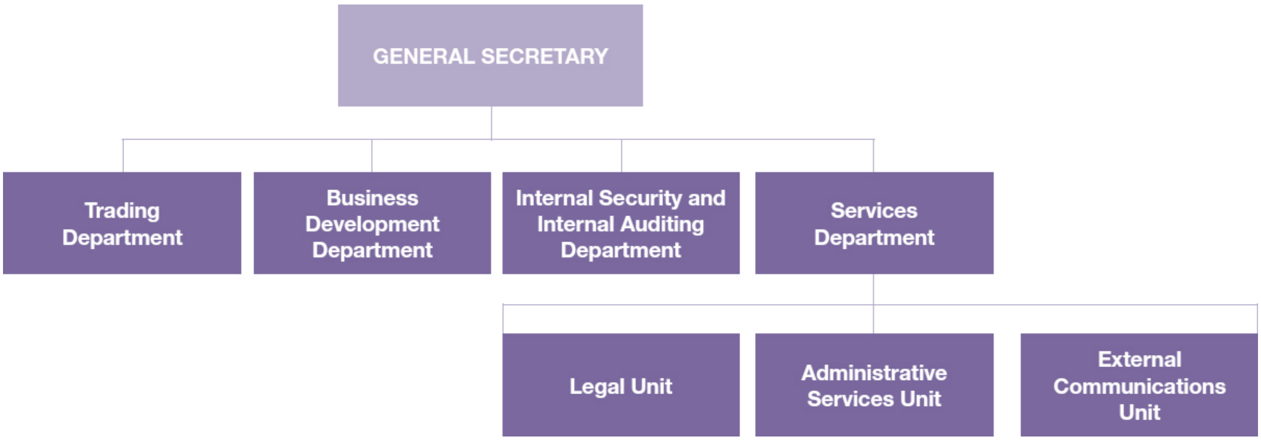
[1] *To reflect this fact, the volume of trades with these derivative contracts is included in the trading volumes presented in this annual report. These products are identified in the annual report by their original names, which include the "PXE" abbreviation.*

2. Organisational structure



3. Report of the exchange chamber on business activities and the state of assets

3.1 Introduction

Dear Madams, dear Sirs,

2019 was marked by new record results in all business spheres of POWER EXCHANGE CENTRAL EUROPE, a.s. (“PXE”). The Company reported its best trading volumes, record sales, and just as last year, it was the best financial year in the entire history of the Company. I am pleased that we were able to achieve record results for the third time in a row.

The volume of trades in PXE power derivatives, registered under the licence of our majority shareholder European Energy Exchange AG (“EEX”), slightly exceeded 186 TWh, which is a year-on-year increase of more than 80%. The volume of trades in gas products grew by a quarter and reached 9.6 TWh. PXE is thus still going through the most dynamic period of development since its establishment.

PXE continues in its very close cooperation with both shareholders – all trading in PXE products is realised in a trading system and under the EEX regulated market licence, with the PSE environment providing administrative support to PXE. In 2019, we further extended the offer of traded products by power derivatives with place of delivery in Bulgaria, Serbia and Slovenia. These products were also listed in the EEX system under the PXE brand.

As part of its responsibility for the Eastern European clients within the EEX Group, PXE focused on acquiring new clients in Poland, Romania, Bulgaria and other Balkan countries last year. We managed to obtain nine new trading participants that expanded the number of traders and helped to achieve record trading volumes.

PXE also continued offering services to end customers. This product line is primarily intended for cities, municipalities, state authorities as well as commercial entities. In our trading platform serving these customers, we were able to improve the functionality of the increasingly popular gradual price fixation method, providing our clients with full transparency when performing individual fixation steps. Such a transparent functionality is offered only by PXE, probably at a global level. In terms of trading volumes, PXE also reported record results in 2019, with a total volume of trades of 2.3TWh, representing a year-on-year increase of 24%.

We hold great expectations for 2020 and trust that we will further improve our services. We would like to thank you for your interest in PXE’s activities and are looking forward to the next phases of the development of the European energy market.

David Kučera
General Secretary of PXE

3.2 Key data

	2019	2018
Number of exchange days	**253**	**253**
Power Futures		
Trading volume (MWh)	**186 404 150**	**102 213 121**
base load	184 835 918	100 355 017
peak load	1 568 232	1 858 104
Trading volume (MEUR)	**10 179**	**5 397**
base load	10 075	5 278
peak load	104	119
Number of contracts (MW)	**278 494**	**48 002**
base load	274 567	46 445
peak load	3 927	1 557
Number of trades	**32 231**	**7 286**
base load	31 845	7 181
peak load	386	105
Gas Futures		
Trading volume (MWh)	**2 553 665**	**4 209 813**
base load	2 553 665	4 209 813
peak load	0	0
Trading volume (MEUR)	**45**	**92**
base load	45	92
peak load	0	0
Number of contracts (MW)	**2 195**	**1 851**
base load	2 195	1 851
peak load	0	0
Number of trades	**130**	**388**
base load	130	388
peak load	0	0
Gas Spot		
Trading volume (MWh)	**7 012 237**	**3 483 320**
base load	7 012 237	3 483 320
peak load	0	0
Trading volume (MEUR)	**97**	**85**
base load	97	85
peak load	0	0
Number of contracts (MW)	**240 018**	**123 531**
base load	240 018	123 531
peak load	0	0
Number of trades	**4 572**	**2 500**
base load	4 572	2 500
peak load	0	0

3.3 Financial performance

In 2019, POWER EXCHANGE CENTRAL EUROPE, a.s. (PXE) generated revenues from own services of TCZK 68 040 (2018: TCZK 59 383). The structure of revenues was as follows:

(TCZK)	2019	2018
Energy trading fees and related services	39 188	25 748
Gas trading fees and related services	2 183	1 397
Annual fixed fee to EEX	9 070	18 214
ECC transaction settlement	11 052	8 729
Auction fee charged to end participants	6 539	5 269
Other services	8	26
Revenue from own services	**68 040**	**59 383**

The Company increased its revenues from its own services by a total of TCZK 8 657, i.e. 14.6 % year-on-year. The revenue growth was mainly due to higher trading volumes in the market of power futures, and related fees.

In the current period of 2019, the Company recognised a profit after tax of TCZK 16 415 (2018: TCZK 17 719), which is a decrease of 7.4 % and is caused by an increase in personal and service expenses.

Total assets of the Company as at 31 December 2019 amounted to TCZK 64 141 (2018: TCZK 65 748). The structure of assets is as follows:

(TCZK)	2019	2018
Fixed assets (net)	8 539	496
Receivables and other current assets (net)	14 465	6 387
Short-term financial assets (net)	41 137	58 865
Total assets	**64 141**	**65 748**

In the current period of 2019, the general meeting of the Company held on 10 April 2019 decided on a share in profit of TCZK 17 700 to be paid out and on a transfer of the remaining portion to retained earnings.

The average FTE number of employees was 10.5 in 2019 (2018: 9.8). The Company complies with all applicable labour laws and regulations.

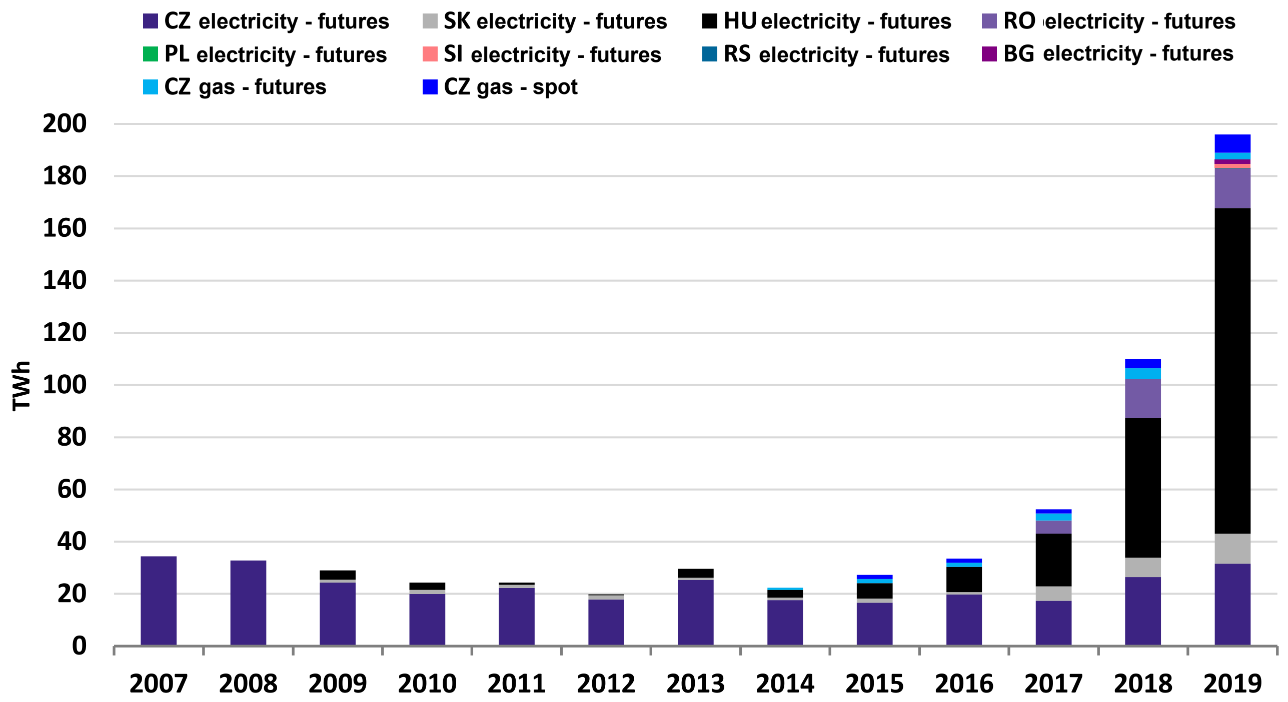
The Company does not conduct any research and development activity. All necessary services in this area are provided under an agreement on the provision of support services between related parties. As the Company's activity is inherently environmentally friendly, no special activities are conducted in this area.

4. Activities in 2019

4.1 Trading

In 2019, TWh 186.40 of electricity and TWh 9.57 TWh of gas was traded on PXE. In both cases, these are the best results achieved over the existence of PXE.

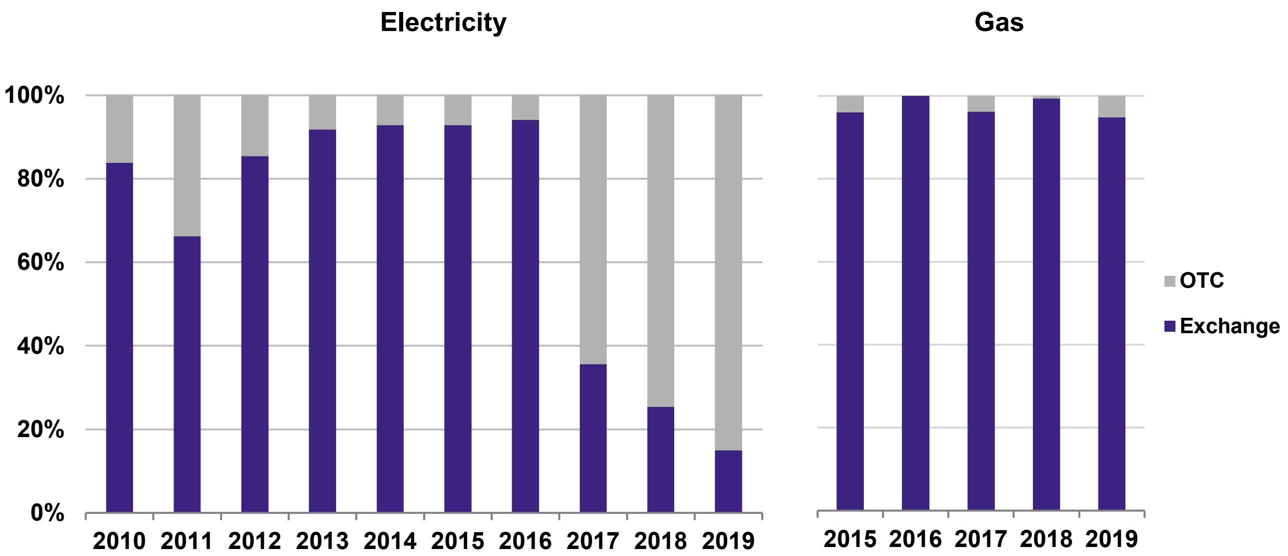
Annual trading volumes on individual markets:



In 2019, PXE drew on the trend of rapidly increasing volumes that already started in mid-2017 when the migration of power futures to the EEX T7 platform was realised. The increase in trading volumes continued primarily in the Hungarian, Romanian and Slovak markets. In 2019, a record volume of TWh 124.72 was traded in the Hungarian market, TWh 15.11 in the Romanian market, and TWh 11.60 in the Slovak market. Due to a lack of bilateral agreements between participants, the increase in volumes corresponded primarily to the increase in the share of OTC registered trades. In June 2019, PXE extended the portfolio of its products by Bulgarian, Serbian and Slovenian power futures contracts of which TWh 3.18 was already traded until the end of the year.

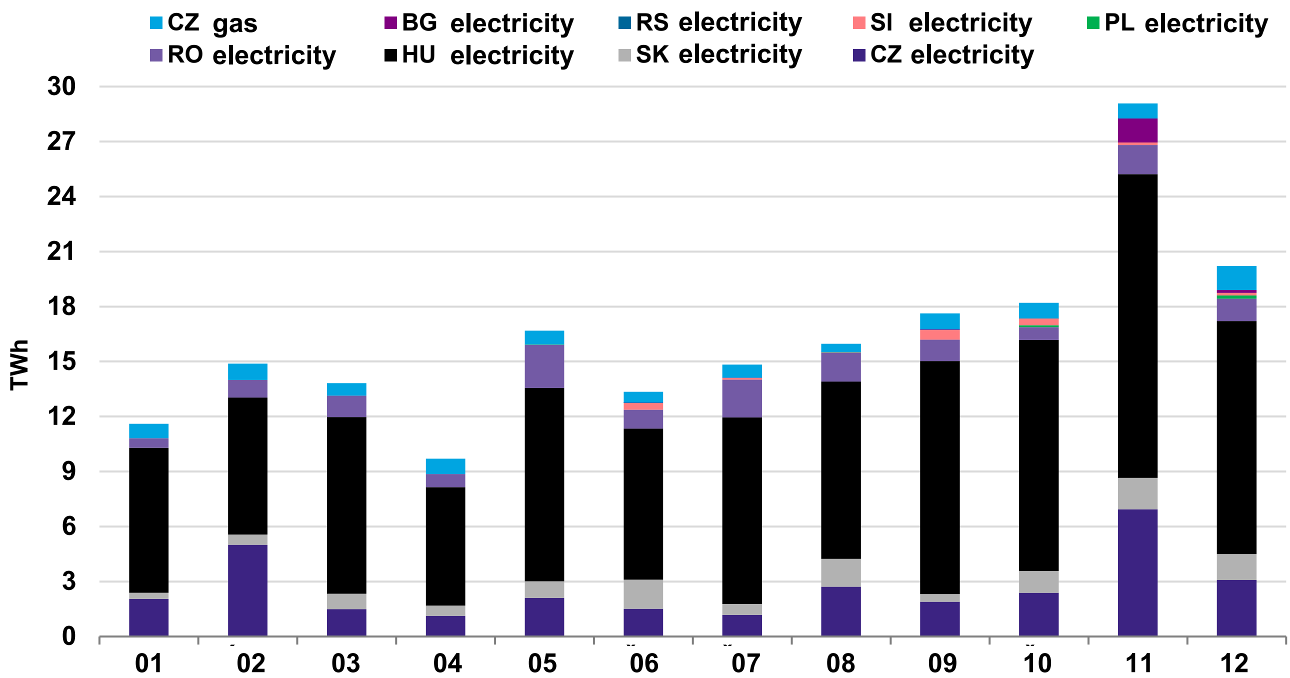
In 2019, we also saw a continuing increase in liquidity in the gas spot market where a record volume of TWh 7.01 was traded. The volume traded in the gas futures market was TWh 2.55.

Share of OTC registered trades in total trading volumes:



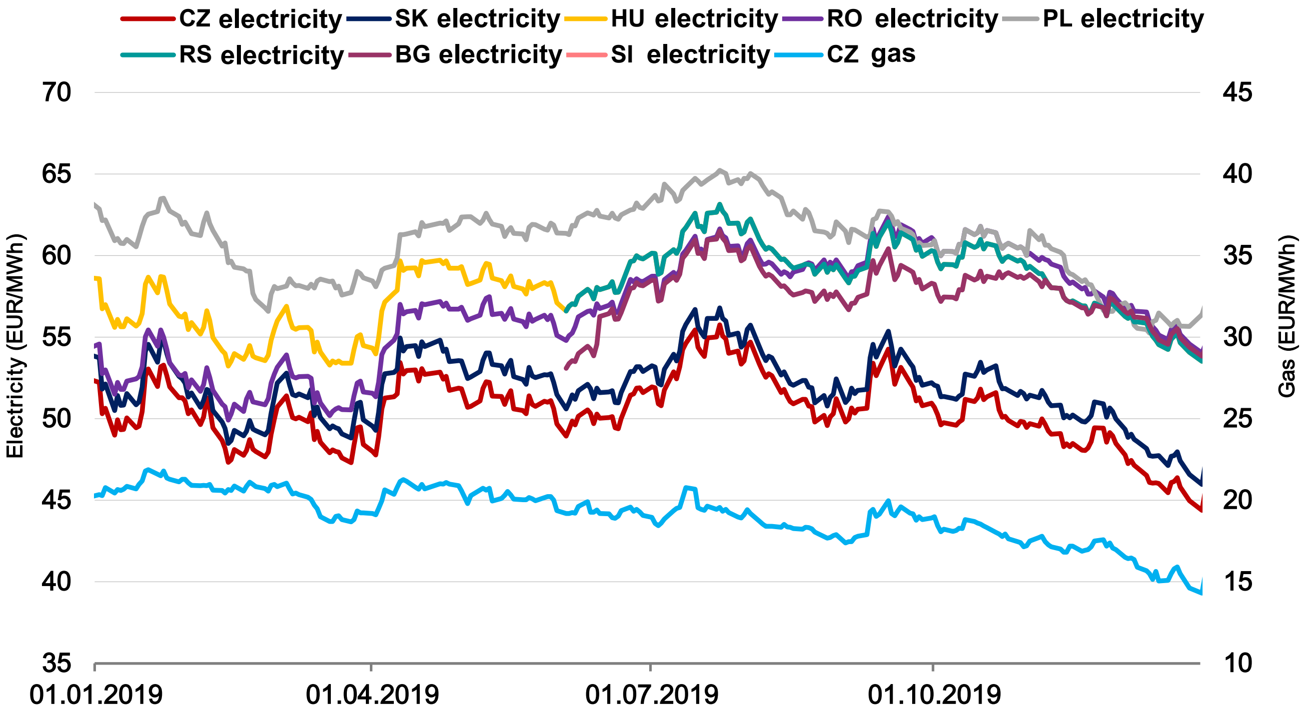
In 2019, not only annual but also monthly record trading volumes were achieved in the market where Hungarian (TWh 16.58), Romanian (TWh 2.36) and Polish (GWh 175) futures are traded; further monthly record trading volumes were achieved in the gas market (TWh 1.32). In November 2019, the best results in the power market over the power exchange's existence were achieved (TWh 28.26).

Monthly trading volumes on individual markets in 2019:



The increase in liquidity in 2019 was further boosted by trading in local spreads, with Czech/German spreads having a volume of TWh 4.61, Czech/Slovak spreads a volume of TWh 3.36, Slovak/German spreads a volume of TWh 1.81 and Hungarian/Slovak spreads a volume of TWh 1.75 (the above data does not include the volumes traded from the implied prices from spreads and OTC registration). Small volumes of Hungarian/German spreads, Hungarian/Italian spreads, Hungarian/Slovenian spreads and Hungarian/Bulgarian spreads were traded as well.

Prices of base load annual delivery in 2019:

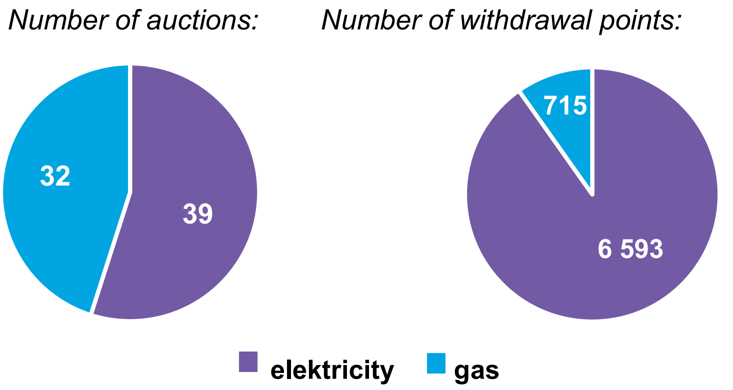


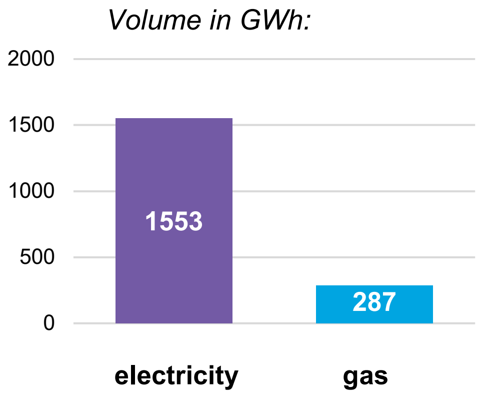
The growing trend for power prices that had started in 2016 reversed in 2019. The reversal of the trend was primarily caused by a decrease in the coal and gas prices as well as the neutral development of emission right prices. In the course of 2019, power prices decreased approximately by 16%. The price of Czech electricity base loads with annual delivery in 2020 was at its annual maximum of EUR/MWh 55.77 on 23 July 2019 and fell to EUR/MWh 44.38 before the end of the year on 27 December 2019.

We also saw a decrease in gas prices by approx. 30% which corresponded with the development in coal prices, significant inventories of gas in Europe and prevailing warm weather. On 18 January 2019, the price grew to the annual maximum of EUR/MWh 21.875. The annual minimum of EUR/MWh 14.300 was achieved on 27 December 2019.

4.2 Electricity and natural gas auctions for end consumers (PXE auctions)

In 2019, a total of 65 electricity auctions and 44 natural gas auctions for end customers were successfully organised on the PXE in 66 exchange days. A total of 1 811 089 MWh of electricity and 470 228 MWh of natural gas was traded, accounting for 7 359 electricity withdrawal points and 1 355 gas withdrawal points. Customers purchased the two commodities primarily for 2020, but a significant portion of transactions related to 2021 – 2024 as well.





Most auction organisers were customers from the government sector, i.e. regions, cities and municipalities. By using PXE auctions, these entities comply with the tender conditions and requirements stipulated by the Public Procurement Act. In addition to these organisers, a number of commercial entities also utilised PXE's services.

In 2019, the major customer, with a total volume of MWh 1 343 952 achieved in a power auction, was Správa železniční dopravní cesty (Railway Infrastructure Administration), making use of an option of gradual purchases to ensure the delivery of power until the end of 2020. Owing to gradual purchases, i.e. the division of purchases into more steps, customers may respond to changes in the market and minimise the risk of purchasing the commodity at the wrong time.

Two new suppliers entered the end consumer market in 2019, increasing the number of renowned suppliers to 16. All suppliers participating in the exchange trades participate in the wholesale market and meet all conditions stipulated in the Public Procurement Act.

In view of the current trend, we expect continuing growth in the number of electricity and natural gas auctions in 2020. In 2019, we successfully put into operation the extended version of the PARC application which allows for the monitoring of product prices in the wholesale market and delivery price fixation directly in the application for on-line listed wholesale prices.

5. List of exchange members

Exchange members as at 31 December 2019:

- Burza cenných papírů Praha, a.s., id.no.: 471 15 629, with its registered office at Rybná 14/682, 110 05 Praha 1 (founder, shareholder)
- European Energy Exchange AG, with its registered office at Augustusplatz 9, 04109 Leipzig, Germany, recorded under no. HRB 18409 in the Commercial Register B kept by the Leipzig Court (member admitted by the exchange chamber, shareholder)
- European Commodity Clearing AG, with its registered office at Augustusplatz 9, 04109 Leipzig, Germany, recorded under no. HRB 22362 in the Commercial Register B kept by the Leipzig Court (member admitted by the exchange chamber)
- doc. JUDr. Bohumil Havel PhD. (representative of the state in the exchange chamber)

6. Private and trading officers, exchange court of arbitration

PXE trading officers as at 31 December 2019:

- Lukáš Melichar
- Jana Horová
- Tomáš Krejčí
- Jolana Slifková
- Dina Lašová
- Lenka Jonáková
- Tomáš Otáhal

Private officers do not operate on the PXE and there is no PXE exchange court of arbitration.

7. Activities assigned by PXE to third persons

As from 1 January 2016, the Prague Stock Exchange (PSE, Burza cenných papírů Praha, a.s.) ensures for the PXE the following activities:

- bookkeeping
- advisory and consulting services
- IT infrastructure development, support and maintenance
- Office management services
- PR
- Other communication and support services

8. Report on relations

Report on relations between the controlling entity and the controlled entity and between the controlled entity and other entities controlled by the same controlling entity for the 2019 accounting period

In accordance with Section 82 of Act No. 90/2012 Coll., Act on Corporations and Cooperatives (Act on Business Corporations), as amended ("BCA"), the Stock Exchange Chamber of **POWER EXCHANGE CENTRAL EUROPE, a.s.** has prepared this report on relations between

the controlling entity **European Energy Exchange AG**, with its registered office in Augustusplatz 9, 041 09 Leipzig, Germany, identification No. HRB 18409, recorded in the Commercial Register maintained by the Leipzig Court (“**EEX**” or the “**Controlling Entity**”),

and

the controlled entity **POWER EXCHANGE CENTRAL EUROPE, a.s.**, with its registered office in Praha 1, Rybná 682/14, identification No. 278 65 444, recorded in the Commercial Register maintained by the Municipal Court in Prague, section B, insert 15362 (the "**Controlled Entity**" or "**PXE**")

for the 2019 accounting period.

EEX’s parent company is **Deutsche Börse AG**, with its registered office in Frankfurt am Main. The Stock Exchange Chamber is not aware of any contractual relationships between PXE and the parent company EEX or any performance rendered on any other grounds for 2019.

The report also contains information on relations with other entities controlled by the same Controlling Entity. These were:

- **European Commodity Clearing AG,** with its registered address at Augustusplatz 9, 04109 Leipzig, Germany (“**ECC AG**”),
- **European Commodity Clearing Luxembourg S.á.r.l.,** with its registered address at 42, Avenue JF Kennedy, L-1855 Luxembourg, the Grand Duchy of Luxembourg (“**ECC Lux**”),
- **Powernext S.A.S.**, with its registered address 5 Boulevard Montmartre, 75002 Paris, France (“**Powernext**“),
- **PEGAS CEGH Gas Exchange Services GmbH**, with its registered address at Floridsdorfer Hauptstrasse 1, 1210 Vienna, Austria (“**CEGH**“).

The **structure of relations** between the above entities is characterised by the participation interest which EEX holds in
a) ECC AG, amounting to 100%; ECC AG also holds 100% in EEC Lux,
b) Powernext, amounting to 100%; Powernext also holds 51% in CEGH.

Pursuant to Section 82 (2) (b) and (c) of BCA, **control was exercised** through a share in the voting rights representing no less than 66,67% of all votes in a business corporation (Section 75 (3) of BCA).

The Stock Exchange Chamber of PXE is aware that a shareholders’ agreement was concluded between PXE shareholders (EEX and Burza cenných papírů Praha, a.s.) in 2016, containing, inter alia, an agreement on the majority of votes necessary for the general meeting of PXE to decide on individual matters of the Controlled Entity. The Stock Exchange Chamber of PXE is further aware that the content of the shareholders' agreement has been reflected in the statutes of the Controlled Entity.

The Controlled Entity can be considered an independent and highly autonomous company which is a controlled entity by definition and whose principal activity is stipulated by law.

Overview of acts and agreements

The report also includes:

a) information indicating the acts performed in the 2019 accounting period at the instigation or in the interest of the Controlling Entity or entities controlled by the Controlling Entity where such acts concern assets with a value exceeding 10% of the Controlled Entity's equity identified from the last financial statements (Section 82 (2) (d) of BCA; and
b) an overview of agreements concluded between the Controlled Entity and the Controlling Entity or between controlled entities (Section 82 (2) (e) of BCA).

Concerning a), the general meeting held on 10 April 2019 decided, inter alia, to approve the 2018 statutory financial statements of the Controlled Entity and the proposal to payoff profit share of TCZK 17 700.

The general meeting held on 1 July 2019 approved amendments to Cooperation Agreement made between EEX a PXE on 15 June 2017 and Service Agreement made between PXE and Burza cenných papírů Praha, a.s., on 1 January 2016, that had been previously approved by both shareholders.

No other acts pursuant to Section 82 (2) (d) of BCA were performed in the 2019 accounting period.

Concerning b), contracts and agreements were concluded under Section 82 (2) (e) of BCA.

Relations between EEX and the Controlled Entity were determined by the following agreements:

Date of agreement	Name of agreement	Description of performance
5 May 2015	Non-disclosure Agreement	Bilateral non-disclosure agreement
1 October 2015	Letter of Intent	Strategic cooperation between BCPP, PXE and EEX
20 January 2016	Cooperation Agreement	Agreement on conditions for strategic cooperation between the parties
15 June 2017	Cooperation Agreement 2017 (*concluded as a trilateral agreement between PXE, EEX and EPD*)	Subsequent provisions of support services by PXE to EEX market
23 March 2018	Data Processing Agreement according to Section 11 of the BDSG	Processing of personal data in the context of Cooperation Agreement 2017
30 August 2019	Data Processing Agreement according to Article 28 GDPR	Processing of personal data in the context of Cooperation Agreement 2017, substitutes the agreement as of 23 March 2018

Relations between ECC AG and the Controlled Entity were determined by the following agreements:

Date of agreement	Name of agreement	Description of performance
16 February 2012	Confidentiality Agreement	Bilateral non-disclosure agreement

5 April 2013	Agreement on placement of the branch seat in the real property, as amended by Amendment No. 1 dated 1 July 2013	Provision of a registered office to branch of ECC AG at PXE's premises
8 December 2017	Agreement on Changes to the Clearing and Settlement Setup (between ECC AG, ECC Lux, PXE and EnCC*)	Provision of support service by PXE; provision of settlement services by ECC AG
5 March 2018	Agreement on Assumption of Liability	PXE commitment to indemnify ECC AG and ECC Lux in context of retention the current method of nominations of gas products

*EnCC means Energy Clearing Counterparty, a.s., with its registered office at Rybná 14/682, 110 05 Praha 1

Relations between ECC Lux and the Controlled Entity were determined by the following agreements:

Date of agreement	Name of agreement	Description of performance
7 March 2013	Agreement on placement of the branch seat in the real property – Luxembourg, as amended by Amendment No. 1 dated 1 July 2013	Provision of a registered office to branch of ECC Lux at PXE's premises
8 December 2017	Agreement on Changes to the Clearing and Settlement Setup (between ECC AG, ECC Lux, PXE and EnCC)	Provision of support service by PXE; provision of settlement services by ECC AG
5 March 2018	Agreement on Assumption of Liability	PXE commitment to indemnify ECC AG and ECC Lux in context of retention the current method of nominations of gas products

*EnCC means Energy Clearing Counterparty, a.s., with its registered office at Rybná 14/682, 110 05 Praha 1

Relations between Powernext and the Controlled Entity were determined by the following agreements:

Date of agreement	Name of agreement	Description of performance
28 June 2017	Confidentiality Agreement	Bilateral non-disclosure agreement
22 December 2017	Agreement	Migration of gas products from PXE to Powernext
25 June 2018	Data Processing Agreement	Processing of personal data in the context of Amended and Restated Cooperation Agreement relating to Pegas CEGH Czech Gas Exchange Market

Relations between CEGH and the Controlled Entity were determined by the following agreements:

Date of agreement	Name of agreement	Description of performance
6 December 2017	Amended and Restated Cooperation Agreement relating to Pegas CEGH Czech Gas Exchange Market	Provision of support services by PXE to PEGAS CEGH Czech Gas Market

30 October 2018	Data Processing Agreement	Processing of personal data in the context of Amended and Restated Cooperation Agreement relating to Pegas CEGH Czech Gas Exchange Market

Assessment of possible harm to the Controlled Entity

The Exchange Chamber of PXE represents that the Controlled Entity did not incur any harm resulting from the above agreements or from acts performed in accordance with Section 82 (2) (d) of BCA.

Assessment of advantages and disadvantages arising from relations within the group of companies

No significant advantages or disadvantages or any potential risks arise from participation in any group. The possibility of sharing the expertise of the group and the group synergies in reducing costs can be considered an advantage.

The report is to be attached to the annual report pursuant to a special legal regulation (Section 84 (2) of BCA). No review of the report by an inspection body is required pursuant to Section 83 (3) of BCA.

Prague, 6 March 2020

Petr Koblic Chairman of the Exchange Chamber	David Kučera General Secretary (holder of procuration)

9. Financial section

9.1 Financial statements

FINANCIAL STATEMENTS

31 DECEMBER 2019

Name of the Business Corporation:	**POWER EXCHANGE CENTRAL EUROPE, a.s.**
Registered office:	**Praha 1, Rybná 682/14**
Legal Status:	**Joint Stock Company**
Identification Number:	**278 65 444**
Date:	**6 March 2020**

Translation note

This version of the accompanying documents is a translation from the original, which was prepared in Czech. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

BALANCE SHEET	POWER EXCHANGE CENTRAL EUROPE, a.s. Identification number: 278 65 444
as at 31.12.2019 (in TCZK)	Rybná 682/14 110 05 Praha 1

		31.12.2019			31.12.2018
		Brutto	Correction	Netto	Netto
TOTAL ASSETS	**001**	**66 218**	**-2 077**	**64 141**	**65 748**
B. Fixed assets	**003**	**10 616**	**-2 077**	**8 539**	**496**
B.I. Intangible fixed assets	**004**	**10 251**	**-1 777**	**8 474**	**359**
B.I.2 Intellectual property rights	**006**	**1 777**	**-1 777**	**0**	**359**
B.I.2.1. Software	007	1 777	-1 777	0	359
B.I.5. Advance payments for intangible fixed assets and intangible fixed assets under construction	**011**	**8 474**	**0**	**8 474**	**0**
B.I.5.2. Intangible fixed assets under construction	013	8 474	0	8 474	0
B.II. Tangible fixed assets	**014**	**365**	**-300**	**65**	**137**
B.II.2. Plant and equipment	018	365	-300	65	137
C. Current assets	**037**	**55 146**	**0**	**55 146**	**64 596**
C.II. Receivables	**046**	**14 009**	**0**	**14 009**	**5 731**
C.II.1. Long-term receivables	**047**	**29**	**0**	**29**	**30**
C.II.1.5. Receivables - other	**052**	29	0	29	30
C.II.1.5.2. Long-term advances paid	054	**29**	**0**	**29**	30
C.II.2. Short-term receivables	**057**	**13 980**	**0**	**13 980**	**5 701**
C.II.2.1. Trade receivables	058	6 106	0	6 106	2 169
C.II.2.4. Receivables - other	**061**	**7 874**	**0**	**7 874**	**3 532**
C.II.2.4.1. Receivables from shareholders/members	062	111	0	111	0
C.II.2.4.3. Tax receivables	064	62	0	62	335
C.II.2.4.5. Estimated receivables	066	7 696	0	7 696	3 197
C.II.2.4.6. Other receivables	067	5	0	5	0
C.IV. Cash	**075**	**41 137**	**0**	**41 137**	**58 865**
C.IV.1. Cash in hand	076	10	0	10	15
C.IV.2. Bank accounts	077	41 127	0	41 127	58 850
D. Deferrals	**078**	**456**	**0**	**456**	**656**
D.1. Prepaid expenses	079	456	0	456	656

		31.12.2019	31.12.2018
TOTAL LIABILITIES AND EQUITY	**082**	**64 141**	**65 748**
A. Equity	**083**	**50 739**	**52 024**
A.I. Registered capital	**084**	**30 000**	**30 000**
A.I.1. Registered capital	085	30 000	30 000
A.IV. Retained earnings (+/-)	**099**	**4 324**	**4 305**
A.IV.1. Retained profits	100	4 324	4 305
A.V. Profit (loss) for the current period (+/-)	**102**	**16 415**	**17 719**
B.+ C. Liabilities	**104**	**13 133**	**13 652**
B. Provisions	**105**	**1 520**	**2 317**
B.2. Income tax provision	107	1 520	2 317
C. Liabilities	**110**	**11 613**	**11 335**
C.II. Short-term liabilities	**126**	**11 613**	**11 335**
C.II.4. Trade payables	132	1 519	2 159
C.II.8. Liabilities - other	**136**	**10 094**	**9 176**
C.II.8.3. Payables to employees	139	5 383	5 321
C.II.8.4. Social security and health insurance liabilities	140	1 978	1 832
C.II.8.5. Tax liabilities and subsidies	141	1 791	1 756
C.II.8.6. Estimated payables	142	606	226
C.II.8.7. Other payables	143	336	41
D. Accruals	**147**	**269**	**72**
D.1. Accrued expenses	148	269	54
D.2. Deferred revenues	149	0	18

INCOME STATEMENT		**POWER EXCHANGE CENTRAL EUROPE, a.s.** **Identification number: 278 65 444**	
as at year ended 31.12.2019 (in TCZK)		Rybná 682/14 110 05 Praha 1	
		2019	**2018**
I. Revenue from products and services	001	68 040	59 383
A. Cost of sales	003	22 329	18 452
A.2. Materials and consumables	005	243	383
A.3. Services	006	22 086	18 069
D. Personnel expenses	009	22 349	19 721
D.1. Wages and salaries	010	17 494	15 505
D.2. Social security, health insurance and other expenses	011	4 855	4 216
D.2.1 Social security and health insurance expenses	012	4 383	3 546
D.2.2. Other expenses	013	472	670
E. Adjustments relating to operating activities	014	431	549
E.1. Adjustments to intangible and tangible fixed assets	015	431	549
E.1.1. Depreciation and amortisation of intangible and tangible fixed assets	016	431	549
III. Other operating revenues	020	195	195
III.3. Other operating revenues	023	195	195
F. Other operating expenses	024	1 783	-1 487
F.3. Taxes and charges	027	30	16
F.4. Provisions relating to operating activity and complex prepaid expenses	028	0	-1 973
F.5. Other operating expenses	029	1 753	470
*** Operating profit (loss) (+/-)**	**030**	**21 343**	**22 343**
VI. Interest revenue and similar revenue	039	266	30
VI.1. Interest revenue and similar revenue – group undertakings	040	266	30
VII. Other financial revenues	046	84	437
K. Other financial expenses	047	521	363
*** Profit (loss) from financial operations**	**048**	**-171**	**104**
**** Profit (loss) before tax (+/-)**	**049**	**21 172**	**22 447**
L. Income tax	050	4 757	4 728
L.1. Current tax	051	4 757	4 205
L.2. Deferred tax	052	0	523
**** Profit (loss) after tax (+/-)**	**053**	**16 415**	**17 719**
***** Profit (loss) for the accounting period (+/-)**	**055**	**16 415**	**17 719**
Net turnover for the accounting period	056	68 585	60 045

STATEMENT OF CHANGES IN EQUITY as at 31.12.2019 (in TCZK)				**POWER EXCHANGE CENTRAL EUROPE, a.s.** **Identification number: 278 65 444** Rybná 682/14 110 05 Praha 1	
	Registered capital	**Funds from profit**	**Retained profit**	**Profit (loss) for the current period**	**Equity Total**
Balance at 31/12/2017	**30 000**	**0**	**4 215**	**6 989**	**41 205**
Reserve fund distribution	0	0	89	-89	**0**
Dividends paid	0	0	0	-6 900	**-6 900**
Profit/loss for the current period	0	0	0	17 719	**17 719**
Balance at 31/12/2018	**30 000**	**0**	**4 305**	**17 719**	**52 024**
Profit distribution	0	0	0	0	**0**
Dividends paid	0	0	19	-17 719	**-17 700**
Profit/loss for the current period	0	0	0	16 415	**16 415**
Balance at 31/12/2019	**30 000**	**0**	**4 324**	**16 415**	**50 739**

1. GENERAL INFORMATION

1.1. Incorporation and description of the business corporation

POWER EXCHANGE CENTRAL EUROPE, a.s. (hereinafter the “Company” or “PXE”), with its registered office at Rybná 682/14, Prague 1, was incorporated by means of a Founding Contract dated 8 January 2007. The Company was registered in Commercial Register on March 5, 2007.

Types of commodity exchange transactions:

a) commodities transactions with prompt delivery;
b) term commodities transactions – transactions with commodity derivatives;
c) auxiliary exchange transactions related to exchange-traded commodities (especially insurance contracts, storage contracts, transportation contracts and shipping contracts).

The exchange transactions involve:

a) electric power;
b) gas;
c) indices derived from prices of commodities, except for the commodities which are not allowed for trading by law for reasons of security and state protection or for the purposes of regulation of the commodities market and protection of material reserves.

Registered capital

The registered capital recorded in the Commercial Register as at 31 December 2019 of TCZK 30 000 (2018: TCZK 30 000) comprises 60 registered ordinary shares in book-entry form will a nominal value of TCZK 500. Shares are convertible upon the approval of the board of directors.

Shareholders of the Company:

Burza cenných papírů Praha, a.s. (hereinafter “BCPP”)	investment of TCZK 10 000
European Energy Exchange AG (hereinafter “EEX“)	investment of TCZK 20 000

Preparation of financial statements

The financial statements have been prepared as at 31 December 2019.

1.2. Year-on-year changes in the Commercial Register

The Company recorded the year-on-year changes in the Commercial Register relation to re-election of Exchange Chamber members and change of one Exchange Chamber member and two Supervisory Board members. Supervisory Board was extended to four members.

1.3. Corporate structure

The Company is managed by the Secretary General.

The following departments are directly subordinated to the Secretary General:

- Trading Department,
- Business Development Department,
- Internal Security and Internal Audit Department,
- Services Department.

1.4. Exchange Chamber and the Supervisory Board at 31 December 2019

	Position	Name
Exchange Chamber	Chairman	Petr Koblic
	Member	Bohumil Havel
	Member	Steffen Köhler
Supervisory Board	Chairman	Radan Marek
	Member	Timothy Greenwood
	Member	Steffen Riediger
	Member	Dina Lašová

Two members of the Exchange Chamber acting jointly may represent the Company.

2. ACCOUNTING POLICIES

2.1. Basis of preparation of the financial statements

The financial statements have been prepared based on the accounting records kept in compliance with the Act on Accounting and relevant regulations and decrees effective in the Czech Republic.

These financial statements have been prepared in compliance with Decree of the Czech Ministry of Finance No. 500/2002 Coll., implementing certain provision of Act No. 563/1991 Coll. on Accounting, as amended, for business entities using double-entry bookkeeping.

All figures are presented in thousands of Czech crowns (TCZK), unless indicated otherwise.

These financial statements are non-consolidated.

The consolidated financial statements of the narrowest group of entities to which the Company as a consolidated entity belongs are prepared by Burza cenných papírů Praha, a.s., with its registered office at Rybná 14/682, Praha 1. The consolidated financial statements are available at the consolidating entity's registered office. Burza cenných papírů Praha, a.s. consolidates PXE using the equity method.

The consolidated financial statements of the narrowest group of entities to which the Company as a consolidated entity belongs are prepared by European Energy Exchange AG, with its registered office at Augustusplatz 9, 04109 Leipzig, Germany. The consolidated financial statements are available at the consolidating entity's registered office. European Energy Exchange AG consolidates PXE using the full method.

The consolidated financial statements of the widest group of entities to which the Company as a consolidated entity belongs are prepared by Deutsche Börse AG, with its registered office at Mergenthalerallee 61, 65760 Eschborn, Germany. The consolidated financial statements are available at the consolidating entity's registered office.

2.2. Tangible fixed assets

Tangible fixed assets with useful life of more than one year and a unit cost of more than TCZK 30 are treated as tangible fixed assets.

Acquired tangible fixed assets are recorded at cost which includes all costs incurred in bringing the assets to their present location and condition.

Tangible assets with useful life of more than one year and a unit cost below TCZK 30 per unit are not recognized in the balance sheet but are charged in the profit and loss account upon acquisition and recorded in the operating evidence.

Tangible fixed assets are depreciated applying the straight-line basis over their estimated useful lives as follows:

Assets category	**Accounting depreciation**
Computer equipment	3 years
Non-capitalized tangible assets	2 - 3 years

Establishment of adjustments

If the net book value of the asset exceeds its estimated amount that can be acquired retrospectively, its net book value will be reduced to such amount by an adjustment.

Repair and maintenance costs concerning tangible fixed assets are charged directly to the profit and loss account. Technical improvements of tangible fixed assets are capitalized.

2.3. Intangible fixed assets

All intangible assets with a useful life longer than one year and a unit cost of more than TCZK 40 are treated as intangible fixed assets.

Purchased intangible fixed assets are recorded at cost, which includes all costs incurred in bringing the assets to their present location and condition.

Intangible assets with useful life over 1 year and a unit cost not exceeding TCZK 40 are not reported in the balance sheet, but they are charged to the profit and loss account in the year of acquisition and reported in operating records.

Intangible fixed assets are amortized on a straight-line basis over their estimated useful lives as follows:

Assets category	**Accounting depreciation**
Software	3 years
Incorporation costs	3 years

Establishment of adjustments

If the net book value of the asset exceeds its estimated amount that can be acquired retrospectively, its net book value will be reduced to such amount by an adjustment.

2.4. Cash and cash equivalents

Cash includes cash in hand including tokens of value and financial means in accounts including the overdrawing of a current or overdraft account.

Cash equivalent means short-term liquid investments that can be easily and promptly exchanged for a predictable amount of cash and where no significant changes in the value over time are expected. Cash equivalents also include less than three-month term deposits and liquid securities to be traded on a public market.

2.5. Foreign currency translation

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

Cash, receivables and liabilities 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 are recorded in the income statement.

2.6. Receivables and liabilities

Receivables are stated at the nominal value less an impairment provision for doubtful amounts. A provision for bad debts is created on the basis of an ageing analysis and individual evaluation of the collectability of the receivables.

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

2.7. Provisions

Provisions are recognized 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.

2.8. Income tax

Income tax for the period comprises current tax and the change in deferred tax. Current tax comprises an estimate of tax payable calculated based on the taxable income, having the tax rate valid as at first day of the accounting period, and any adjustments to taxes for previous periods.

2.9. Deferred tax

Deferred tax is recognized 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 recognized if it is probable that sufficient future taxable profit will be available against which the asset can be utilized.

2.10. Related parties

The Company’s related parties are the following:

- shareholders, of which the Company is a subsidiary or an associate, directly or indirectly, and subsidiaries and associates of these shareholders; and/or
- members of the Exchange Chamber and parties close to such members, including entities in which they have a controlling or significant influence.

Material transactions with related parties are disclosed in Note 3.4.4, 3.8.5 and 3.17.

2.11. Revenue recognition

Revenues are recorded as at the date of rendering the services and are shown net of discounts and without VAT.

2.12. Leasing

The Company used assets purchased through operative leasing. The purchase price of the assets acquired by operative leasing in not capitalized in fixed assets. Leasing instalments are booked into expenses equally for the duration of the leasing.

2.13. Group VAT registration

Effective from 1 January 2009, Burza cenných papírů Praha, a.s., POWER EXCHANGE CENTRAL EUROPE, a.s. and Centrální depozitář cenných papírů, a.s. (hereinafter "CDCP") created a Value Added Tax group according to Act no. 235/2004. As at 1 January 2011, Energy Clearing Counterparty, a.s. has become a member of the Group. The companies that are part of the Group have the only and joint tax identification number.

As at 1 January 2019, the Group used an advance coefficient of 100% (at 1 January 2018: 100%). The Group applied this coefficient for calculating a proportional VAT deduction on acquired supplies in 2019. In the VAT return for December 2019 a settlement coefficient of 87% was calculated and represents the advance coefficient for 2020. The Company had no acquired supplies in 2019 which would not be subject of VAT deduction.

The VAT return for the Group is filed by its representative member BCPP. Other members of the Group charge their own part of the tax liability or excess deduction of taxes, where appropriate, and they have receivables or payables from BCPP in their accounting books.

2.14. Use of estimates

The preparation of financial statements requires the use of estimates and forecasts that influence reported values of assets and liabilities at the date of financial statements and the reported amount of revenues and expenses for the accounting period. The Company's management is convinced that the applied estimates and forecasts will not be significantly different from real values in the next accounting periods.

2.15. Subsequent events

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

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

2.16. Changes to accounting methods and procedures

The Company has not changed any of its accounting methods and procedures during 2019 and 2018.

3. ADDITIONAL INFORMATION ON THE BALANCE SHEET AND INCOME STATEMENT

3.1. Fixed assets

3.1.1. Intangible fixed assets

(in TCZK)

Acquisition cost	Software	Intangible fixed assets under construction	Total
Balance as at 1/1/2018	**3 076**	**0**	**3 076**
Additions	0	0	0
Disposals	0	0	0
Balance as at 31/12/2018	**3 076**	**0**	**3 076**
Additions	0	8 474	8 474
Disposals	-1 299	0	-1 299
Balance as at 31/12/2019	**1 777**	**8 474**	**10 251**

(in TCZK)

Accumulated amortization	Software	Intangible fixed assets under construction	Total
Balance as at 1/1/2018	**2 238**	**0**	**2 238**
Additions	479	0	479
Disposals	0	0	0
Balance as at 31/12/2018	**2 717**	**0**	**2 717**
Additions	359	0	359
Disposals	-1 299	0	-1 299
Balance as at 31/12/2019	**1 777**	**0**	**1 777**

(in TCZK)

Net book value	Software	Intangible fixed assets under construction	Total
Balance as at 1/1/2018	838	0	838
Balance as at 31/12/2018	359	0	359
Balance as at 31/12/2019	0	8 474	8 474

Depreciation of intangible fixed assets charged to the profit and loss account amounted to:

(in TCZK)

	Depreciation
2019	359
2018	479

3.1.2. Tangible fixed assets

(in TCZK)

Acquisition cost	Computer equipment	Non-capitalised tangible assets	Total
Balance as at 1/1/2018	**201**	**233**	**434**
Additions	0	101	101
Disposals	0	-39	-39
Balance as at 31/12/2018	**201**	**295**	**496**
Additions	0	0	0
Disposals	-131	0	-131
Balance as at 31/12/2019	**70**	**295**	**365**

(in TCZK)

Accumulated depreciation	Computer equipment	Non-capitalised tangible assets	Total
Balance as at 1/1/2018	**193**	**135**	**328**
Additions	8	62	70
Disposals	0	-39	-39
Balance as at 31/12/2018	**201**	**158**	**359**
Additions	0	72	72
Disposals	-131	0	-131
Balance as at 31/12/2019	**70**	**230**	**300**

(in TCZK)

Net book value	Computer equipment	Non-capitalised tangible assets	Total
Balance as at 1/1/2018	8	98	106
Balance as at 31/12/2018	0	137	137
Balance as at 31/12/2019	0	65	65

Depreciation of tangible fixed assets charged to the profit and loss account amounted to:

(in TCZK)

	Depreciation
2019	72
2018	70

3.2. Leased assets

The Company has an operating lease for one car and payments for the rent of premises as at 31 December 2019. Total lease payments including operating leases paid in 2019 excluding VAT were TCZK 1 516 (2018: TCZK 1 371).

The Company is committed to contractual payables under operating leases as follows:

(in TCZK)

	As at 31/12/2019	As at 31/12/2018
Due within 1 year	1 636	1 164
Due in 1 to 5 year	4 772	4 082
Due after 5 years	140	996
Total	**6 548**	**6 242**

3.3. Short-term financial assets

(in TCZK)

Short-term financial assets	As at 31/12/2019	As at 31/12/2018
Cash, of it:	**10**	**15**
- cash	10	15
- valuables	0	0
Bank accounts	**41 127**	**58 850**
Short-term financial assets total	**41 137**	**58 865**

3.4. Short-term receivables

3.4.1. Trade receivables

(in TCZK)

	As at 31/12/2019	As at 31/12/2018
Short-term		
- trade receivables	6 106	2 169
Trade receivables total	**6 106**	**2 169**

Trade receivables have not been secured.

The Company did not set up an adjustment to trade receivables as at 31 December or 31 December 2018.

3.4.2. Ageing analysis of short-term trade receivables

(in TZCK)

Year	Category	Due	Day to due date					Receivables Total
			1 - 90	91 - 180	181 - 365	1 - 2 Years	2 Years >	
2019	Short term	6 009	97	0	0	0	0	**6 106**
	Total	**6 009**	**97**	0	0	0	0	**6 106**
2018	Short term	784	1 385	0	0	0	0	**2 169**
	Total	**784**	**1 385**	0	0	0	0	**2 169**

3.4.3. State - Tax receivables

(in TCZK)

	As at 31/12/2019	As at 31/12/2018
VAT	62	335
Tax receivables total	**62**	**335**

3.4.4. Receivables from related parties

(in TCZK)

Company name	As at 31/12/2019	As at 31/12/2018
Trade receivables		
European Commodity Clearing AG	0	1 764
European Commodity Clearing Luxembourg S.a.r.l.	0	8
European Energy Exchange AG	5 432	0
PEGAS CEGH Gas Exchange Services GmbH	179	180
Total	**5 611**	**1 952**

Trade receivables represent fees for support services in connection with the clearing of trading participants and from electricity and gas trading.

(in TCZK)

Company name	As at 31/12/2019	As at 31/12/2018
Receivables due from shareholders		
Burza cenných papírů Praha, a.s.	111	0
Total	**111**	**0**

Receivables due from shareholders are represented by VAT receivable.

(in TCZK)

Company name	As at 31/12/2019	As at 31/12/2018
Estimated receivables		
Burza cenných papírů Praha, a.s.	20	14
European Energy Excgange AG	4 294	1 786
European Commodity Clearing AG	1 143	0
PEGAS CEGH Gas Exchange Services GmbH	2 239	1 397
Total	**7 696**	**3 197**

The Company reports estimated revenues for monthly services in connection with commodity derivative trading and settlement on the EEX T7 platform and from gas trading on the Powernext platform.

3.5. Accruals and deferrals

(in TCZK)

Company name	As at 31/12/2019	As at 31/12/2018
Prepaid expenses	**456**	**656**
Lease payments BCPP	258	467
IT	67	40
Insurance	73	65
Other	58	84
Total	**456**	**656**

3.6. Equity

3.6.1. Registered capital

Share capital recorded in the Commercial Register amounts to TCZK 30 000 (2018: TCZK 30 000). Share capital comprises 60 registered shares with a nominal value of TCZK 500 each (2018: 60 registered shares with a nominal value of TCZK 500 each).

3.6.2. Distribution of the 2018 profit and planned distribution of profit 2019

The proposal for the distribution and transfer of the 2018 profit was approved by the General meeting on 10 April 2019. The Company paid out TCK 17 700 as a dividend and distributed TCZK 19 into retain earnings.

The Company plans to disburse the 2019 profit in the amount of TCZK 16 415 as a dividend.

3.7. Provisions

(in TCZK)

	Provision – income tax	Other provision
As at 1/1/2019	**2 317**	**0**
Utilization	-2 317	0
Release	0	0
Additions	1 520	0
As at 31/12/2019	**1 520**	**0**

(in TCZK)

	2018	2017
Income tax provision	1 520	2 317
Other provisions	0	0
As at 31 December	**1 520**	**2 317**

In accordance with the accounting policy described in Note 2.7, the Company did not make any provisions in 2019 (2018: TCZK 0) except corporate income tax provision.

Corporate income tax provision was netted against paid tax advances.

3.8. Payables

3.8.1. Trade payables

(in TCZK)

Short-term trade payables and received advances	Balance at 31/12/2019	Balance at 31/12/2018
Short-term		
- suppliers	1 519	2 159
Total short-term payables	**1 519**	**2 159**

The Company has no trade payables with maturity over 5 years. The company has no trade payables secured by guarantees.

3.8.2. Social security and health insurance liabilities

As at 31 December 2019 the Company reports social security and health insurance liabilities of TCZK 1 978 (2018: CZK 1 832). None of these liabilities are overdue.

3.8.3. State - Tax liabilities and subsidies

Tax liabilities as at 31 December 2019 were TCZK 1 791, they consist of income tax on wages (prepaid and withheld) for December 2019 (2018: TCZK 1 756).

These liabilities are not overdue.

3.8.4. Estimated payables

Estimated payables of TCZK 606 (2018: TCZK 226) are made up of estimates for nonvoiced services for 2019.

3.8.5. Liabilities – related parties

(in TCZK)

Company name	Balance at 31/12/2019	Balance at 31/12/2018
Short-term trade payables		
Burza cenných papírů Praha, a.s.	156	192
Energy Clearing Counterparty, a.s.	48	49
European Energy Exchange AG	211	0
Total	**415**	**241**

The Company has no liabilities towards its shareholders.

(in TCZK)

Company name	Balance at 31/12/2019	Balance at 31/12/2018
Estimated payables		
Burza cenných papírů Praha, a.s.	0	2
European Commodity Clearing AG	153	154
Total	**153**	**156**

3.9. Accruals and deferrals

(in TCZK)

Company name	Balance at 31/12/2019	Balance at 31/12/2018
Accrued expenses	**269**	**54**
Others	269	54
Accrued revenues	**0**	**18**
Others	0	18
Total accruals	**269**	**72**

3.10. Deferred tax

(in TCZK)

Deferred tax title	Balance at 31/12/2019	Balance at 31/12/2018
Difference between the tax and net book value of fixed assets	0	0
Provisions	0	0
Social and health insurance	0	0
Deferred tax asset (+) / liability (-)	0	0
Revenue (+) / Expense (-) from deferred asset change	**0**	**-523**

In 2019, temporary differences were compensated, the resultant deferred tax being TCZK 0. The change in deferred tax asset was recognised in its full extent.

As at 31 December 2019 potential deferred tax would be calculated using a tax rate of 19%.

3.11. Income tax on ordinary activities

(in TCZK)

	Balance at 31/12/2019	Balance at 31/12/2018
Profit before tax	21 172	22 447
Theoretical income tax using the domestic tax rate of 19% (2018: 19%)	4 023	4 265
Tax impact of tax non-deductible expenses	720	322
Tax impact of tax non-deductible revenues	0	-375
Prior years' tax refund	14	-7
Current tax	**4 757**	**4 205**
Deferred tax change	0	523
Total income tax on ordinary activities	**4 757**	**4 728**
Income tax advance paid (incl. withholding tax)	3 224	1 895
Income tax provision	1 520	2 317

3.12. Revenue analysis

(in TCZK)

	2019		
	Domestic	**Foreign**	**Total**
Commodity exchange fee			
Trading fees – electricity	**0**	**48 258**	**48 258**
annual fixed fee	0	9 070	9 070
variable fees	0	39 188	39 188
Trading fees – gas	**0**	**2 183**	**2 183**
variable fees	0	945	945
participation fee	0	1 238	1 238
ECC transaction settlement	**0**	**11 052**	**11 052**
Fee for auctions for end customers	**6 539**	**0**	**6 539**
Commodity exchange information	**0**	**8**	**8**
Total revenue from the sale of services	**6 539**	**61 501**	**68 040**

(in TCZK)

	2018		
	Domestic	**Foreign**	**Total**
Commodity exchange fee			
Trading fees – electricity	**0**	**43 962**	**43 962**
annual fixed fee	0	18 214	18 214
variable fees	0	25 748	25 748
Trading fees – gas	**0**	**1 397**	**1 397**
variable fees	0	883	883
participation fee	0	514	514
ECC transaction settlement	**0**	**8 729**	**8 729**
Fee for auctions for end customers	**5 269**	**0**	**5 269**
Commodity exchange information	**0**	**26**	**26**
Total revenue from the sale of services	**5 269**	**54 114**	**59 383**

There was no change in the fees structure in 2019.

3.13. Cost of services

(in TCZK)

	2019	2018
Audit	305	240
Travel expenses	962	838
Rent and services	1 269	1 383
Representation cost	559	417
Operating leasing - cars	852	658
Repair and maintenance	50	13
Other services	3 067	3 037
IT services from transaction fees and supporting services	4 868	4 768
Advisory and legal services	4 319	1 576
Promotion	2 794	1 858
Servicing	2 662	2 863
IT services from settlement fees	153	154
Training, workshops, conferences	226	264
Total	**22 086**	**18 069**

3.14. Other operating expenses

(in TCZK)

	2019	2018
Membership fees to associations	0	127
Other operating expenses	381	38
Insurance	137	110
Fee for the operation of the OTE clearing system upon the registration of gas supplies	180	195
Settlement EnCC – loan interest expenses	1 055	0
Total other operating expenses	**1 753**	**470**

3.15. Financial revenues

(in TCZK)

	2019	2018
Interest revenues:	**266**	**30**
- loans to related parties	266	30
Foreign exchange revenues	**84**	**437**
Total financial revenues	**350**	**467**

3.16. Financial expenses

(in TCZK)

	2019	2018
Banking charges:	**64**	**67**
- other banking charges	53	62
- other financial costs	11	5
Foreign exchange expenses	**457**	**296**
Total financial expenses	**521**	**363**

3.17. Related party transactions

All significant transactions are carried out at arm's length.

Effective from 1 January 2015, the Company has been applying a Transfer price documentation to related party transactions. The Transfer price documentation comprises the manner of determining financially justifiable valuation of the so-called support services. In accordance with this documentation, a Contract for providing support services between related parties was signed.

3.17.1. Revenues from related parties

2019 (in TCZK)

Entity	Relation to the Company	Revenue from own services	Other operating expenses	Financial revenues	Total
Energy Clearing Counterparty, a.s.	member of BCPP Group	0	0	1	1
European Energy Exchange AG	member of EEX Group	47 755	0	51	47 806
PEGAS CEGH Gas Exchange Services GmbH	member of EEX Group	2 183	180	0	2 363
European Commodity Clearing Lux. S.a.r.l.	member of EEX Group	0	7	0	7
European Commodity Clearing, AG	member of EEX Group	11 052	8	22	11 082
Total		**60 990**	**195**	**74**	**61 259**

2018 (in TCZK)

Entity	Relation to the Company	Revenue from own services	Other operating expenses	Financial revenues	Total
Burza cenných papírů Praha, a.s.	member of BCPP Group	0	0	1	1
Energy Clearing Counterparty, a.s.	member of BCPP Group	0	0	1	1
European Energy Exchange AG	member of EEX Group	27 027	0	27	27 054
EEX Power Derivates GmbH	member of EEX Group	16 934	0	85	17 019
PEGAS CEGH Gas Exchange Services GmbH	member of EEX Group	1 397	180	0	1 577
European Commodity Clearing Lux. S.a.r.l	member of EEX Group	0	8	0	8
European Commodity Clearing, AG	member of EEX Group	8 729	8	23	8 760
Total		**54 087**	**196**	**137**	**54 420**

Financial revenues are represented by foreign exchange revenues.

Revenues from European Energy Exchange AG comprise a share in annual fixed fees of TCZK 9 070 (2018: for July to December TCZK 9 107) and variable fees of TCZK 38 685 (2018: for June to December TCZK 17 920). European Energy Exchange AG is a successor company of EEX Power Derivates GmbH since 2018.

Revenues from PEGAS CEGH Gas Exchange Services GmbH represent variable fees of TCZK 2 183 (2018: TCZK 1 397) following from the contract on cooperation and related to gas spot trading on the Powernext platform valid from 8 December 2017.

Revenues from European Commodity Clearing AG comprise as follows:

- revenue from stock exchange fees of TCZK 11 052 (2018: TCZK 8 729).

3.17.2. Expenses from related parties

2019 (in TCZK)

Entity	Relation to the Company	Services	Operating expenses	Financial expenses	Total
Burza cenných papírů Praha, a.s.	shareholder – member of BCPP Group	5 803	0	2	5 805
Centrální depozitář cenných papírů, a.s.	member of BCPP Group	7	0	0	7
Energy Clearing Counterparty, a.s.	member of BCPP Group	585	1 056	1	1 642
European Commodity Clearing, AG	member of EEX Group	153	0	18	171
European Energy Exchange, AG	member of EEX Group	234	0	152	386
PEGAS CEGH Gas Exch. Services GmbH	member of EEX Group	0	0	1	1
Total		**6 782**	**1 056**	**174**	**8 012**

2018 (in TCZK)

Entity	Relation to the Company	Services	Operating expenses	Financial expenses	Total
Burza cenných papírů Praha, a.s.	shareholder – member of BCPP Group	5 757	10	2	5 769
Centrální depozitář cenných papírů, a.s.	member of BCPP Group	6	0	0	6
Energy Clearing Counterparty, a.s.	member of BCPP Group	585	0	0	585
European Commodity Clearing, AG	member of EEX Group	154	0	0	154
Deutsche Börse AG	parent company EEX Group	0	259	0	259
Total		**6 502**	**269**	**2**	**6 773**

Financial expenses represent foreign exchange expenses.

Expenses incurred in relation to transactions with Burza cenných papírů Praha, a.s. comprise as follows:

- support services of TCZK 4 868 (2018: TCZK 4 768)
- lease of non-residential premises including lease-related services and lease of phone lines of TCZK 935 (2018: TCZK 989)

Expenses incurred in relation to transactions with Centrální depozitář cenných papírů, a.s. comprise as follows:

- administration of issue records and LEI management of TCZK 7 (2018: TCZK 6)

Expenses incurred in relation to transactions with Energy Clearing Counterparty, a.s. comprise as follows:

- central counterparty services of TCZK 585 (2018: TCZK 585)
- payment of justified expenses of TCZK 1 056 (2018: TCZK 0)

Expenses incurred in relation to European Commodity Clearing, AG include a fee for deals administration of TCZK 153 (2018: TZCK 154).

Expenses incurred in relation to European Energy Exchange, AG represent an expese share on E-world 2019 event.

4. EMPLOYEES, MANAGEMENT AND STATUTORY BODIES

4.1. Staff costs and number of employees (without benefits to members of the Company's bodies)

2019	Average recalculated headcount	Total staff cost (in TCZK)
Employees	11	21 332
Total	**11**	**21 332**

2018	Average recalculated headcount	Total staff cost (in TCZK)
Employees	10	18 584
Total	**10**	**18 584**

Personnel expenses relating to employees and executives do not include performance provided to members of the Company's bodies, contributions to employees' pension and life assurance schemes and other social benefits.

In accordance with employee benefit policies, the Company contributes to employees' pension and life assurance schemes and provides other social benefits totalling TCZK 472 (2018: TCZK 670).

4.2. Loans, credits and other benefits provided

In 2019 and 2018, total personnel expenses and other benefits provided to members of statutory bodies amounted to:

(in TCZK)

2019	Exchange chamber	Total
Remuneration of the statutory body's members	545	545
Total	**545**	**545**

(in TCZK)

2018	Exchange chamber	Total
Remuneration of the statutory body's members	467	467
Total	**467**	**467**

Values correspond to internal background materials and rules of the Company.

5. CONTINGENT LIABILITIES

The management of the Company is not aware of any significant unrecorded contingent liabilities as at 31 December 2019 and 31 December 2018.

6. SUBSEQUENT EVENTS

Company’s management is not aware of any events that have occurred since the balance sheet date.

Prague, 6 March 2020

Petr Koblic
Chairman of the Exchange Chamber

David Kučera
General Secretary (holder of procuration)

10. Auditor’s report on the financial statements and annual report

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

Independent Auditor's Report to the Shareholders of POWER EXCHANGE CENTRAL EUROPE, a.s.

Opinion

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

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

Basis for Opinion

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

Other Information

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

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

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

- the other information describing matters that are also presented in the financial statements is, in all material respects, consistent with the financial statements; and
- the other information has been prepared in accordance with applicable laws and regulations.

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

Responsibilities of the Statutory Body and Supervisory Board for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to

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those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the statutory body.
- Conclude on the appropriateness of the statutory body's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Statutory Auditor Responsible for the Engagement

Jindřich Vašina is the statutory auditor responsible for the audit of the financial statements of POWER EXCHANGE CENTRAL EUROPE, a.s. as at 31 December 2019, based on which this independent auditor's report has been prepared.

Prague
6 March 2020

KPMG Česká republika Audit, s.r.o.

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

Ondřej Fikrle
Partner

Jindřich Vašina
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11. Contact information

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