

# ANNUAL REPORT 2022

Veolia Komodity ČR, s.r.o.



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# **01 CORPORATE AND GENERAL INFORMATION**

## **ABOUT THE COMPANY**

# BASIC INFORMATION

**Veolia Komodity ČR, s.r.o.**

Company name

**25 October 1999**

Date of incorporation

**CZK 2,000,000**

Registered capital

**private limited company**

Legal form

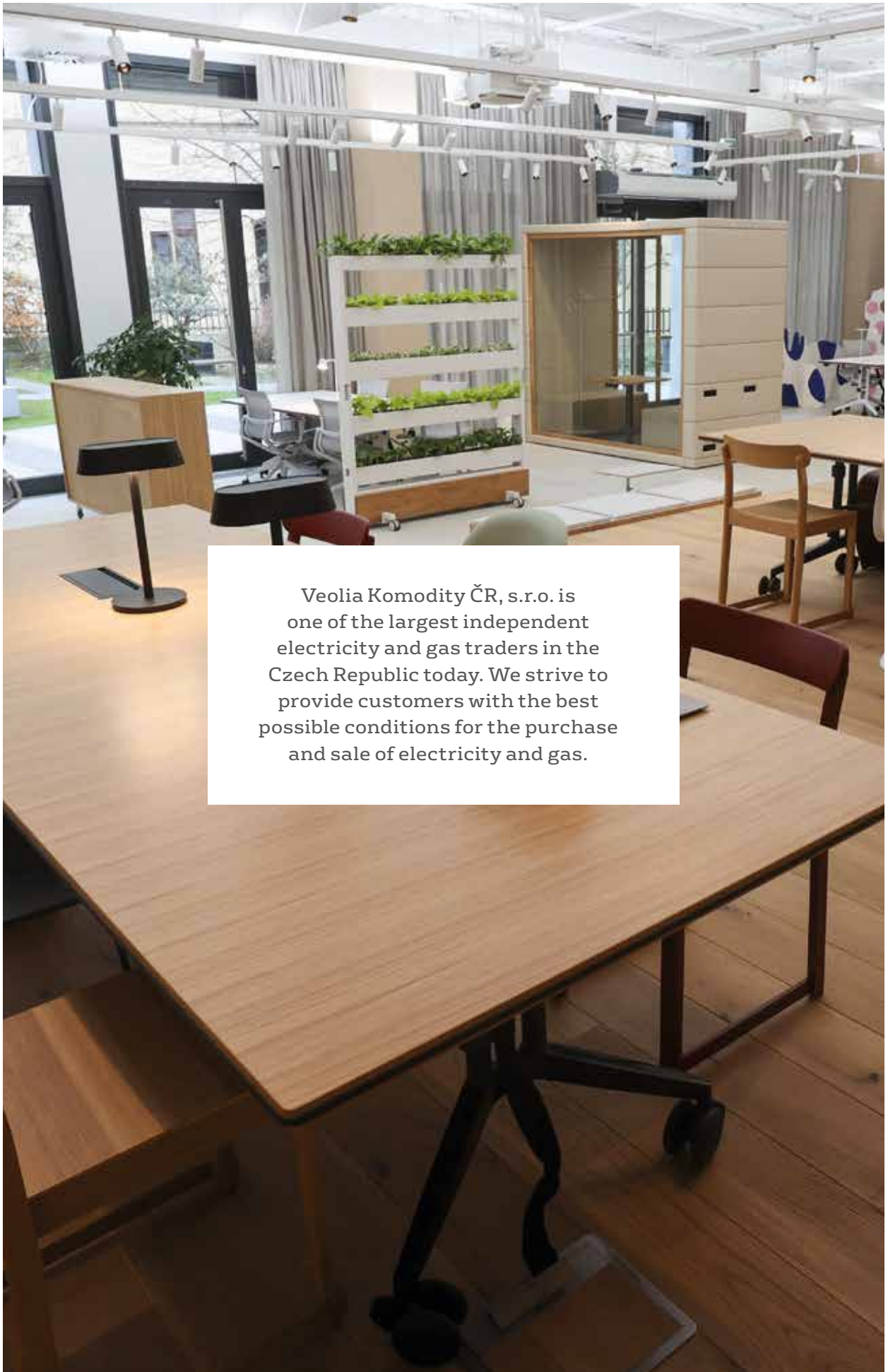
**258 46 159**

Company number

**28. října 3337/7, Moravská Ostrava,  
702 00 Ostrava**

Registered office

The Company is incorporated by entry in the Companies Register kept by the  
Ostrava Regional Court under number C 21431.



Veolia Komodity ČR, s.r.o. is one of the largest independent electricity and gas traders in the Czech Republic today. We strive to provide customers with the best possible conditions for the purchase and sale of electricity and gas.

# COMPANY DESCRIPTION

Veolia Komodity ČR, s.r.o. (“Veolia Komodity”) started to trade in electricity under its original name CZECH-KARBON s.r.o. on 1 October 2001 further to the strategic decision of the Board of Directors of KARBON INVEST a.s.

The purpose was to centralise and rationalise the activities entailed in electricity trading and electricity procurement for the Group’s needs under the new conditions on the liberalised electricity market. On 1 December 2008, NWR Energy, a.s. became the sole member of CZECH-KARBON s.r.o.; on 21 June 2010, NWR Energy, a.s. was acquired by Dalkia Česká republika, a.s., which now has the name Veolia Energie ČR, a.s. Since 2012, Veolia Komodity has been licensed to trade in gas. In January 2015, the Company’s sole member, acting in the capacity of the General Meeting, decided to amend the Memorandum of Association and change the Company’s name from Dalkia Commodities CZ s.r.o. to Veolia Komodity ČR, s.r.o., effective from 1 April 2015. The sole member’s name also changed to Veolia Průmyslové služby ČR, a.s., effective from 1 March 2015.

Starting in 2001, Veolia Komodity, as a member of its original parent’s group, arranged for the gradual transformation of group companies into eligible customers (with the right to choose their supplier) and steadily developed into an efficient trading company wielding extensive know-how in electricity and gas trading both on the domestic and international stage.

With its close-knit team of staff, Veolia Komodity is in a position to handle all areas specific to trading on Czech and international wholesale markets: the provision of international transmission capacities, trading within the energy systems of neighbouring foreign operators, and

sales of electricity and gas to end customers with varying needs and supply volumes.

In 2022, the Company’s electricity purchasing comprised supplies from domestic electricity producers, including those supplying electricity from renewable and secondary sources, as well as from domestic and foreign traders. To further its business opportunities, the Company also had the opportunity to draw on supplies from Poland over a 110 kV transmission line to a dedicated island in the Czech Republic, which is part of the system of mines owned by OKD, a.s.

It is the Company’s strategy to make use of the maximum means available to maintain a portfolio of ample liquid products for supply purposes. It is one of the counterparties in POWER EXCHANGE CENTRAL EUROPE, a.s. (PXE) and holds a trading licence to trade on Poland’s domestic market, where greater opportunities are offered for trading with Polish partners and cross-border trading with Poland.

Besides arranging for the advantageous supplies above, we managed to reduce the costs of imbalances between the quantities of electricity contracted and the quantities actually taken (constituting a large proportion of the price), mainly by applying a high-quality prediction system and by very precise negotiation of our customers’ load profiles.



# KEY FIGURES

REVENUE

**CZK 10,073,742,000**

NUMBER OF EMPLOYEES

**8**

ELECTRICITY SUPPLIED

**1.71 TWh**

GAS SUPPLIED

**1.55 TWh**

# CORPORATE GOVERNANCE

## **DIRECTOR**

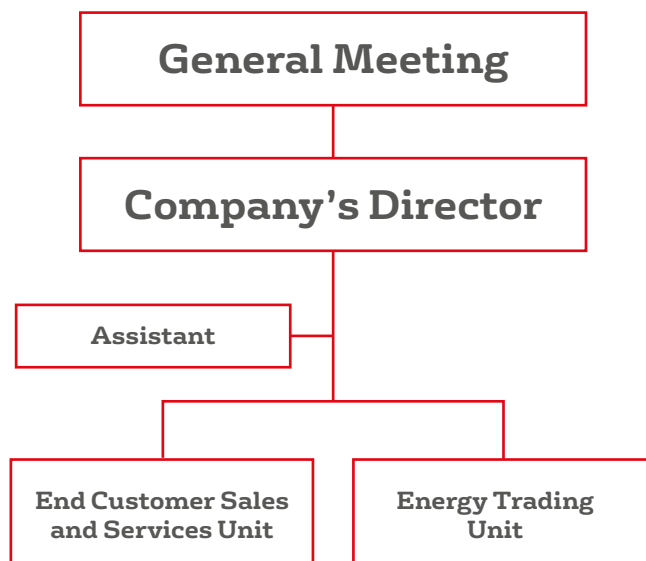
Pavel Luňáček

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Effective as at 31 December 2022



# ORGANISATIONAL STRUCTURE



# OTHER INFORMATION

Veolia Komodity has no branches or any other form of business representation abroad and does not engage in any research and development. Following the date of the statement of financial position, there were no significant

events of relevance to its reported results. As at 31 December 2022, the Company did not hold any of its own shares nor ownership interests in other companies.

# CURRENCY RISK MANAGEMENT

The Veolia Energie ČR Group companies manage currency risk according to the instructions of the parent company, Veolia Energie International.

In line with its currency risk management strategy, Veolia and its individual entities therefore hedge their foreign exchange exposure and exchange rates, so as to determine commodity prices that can be used in planning for the forthcoming period.

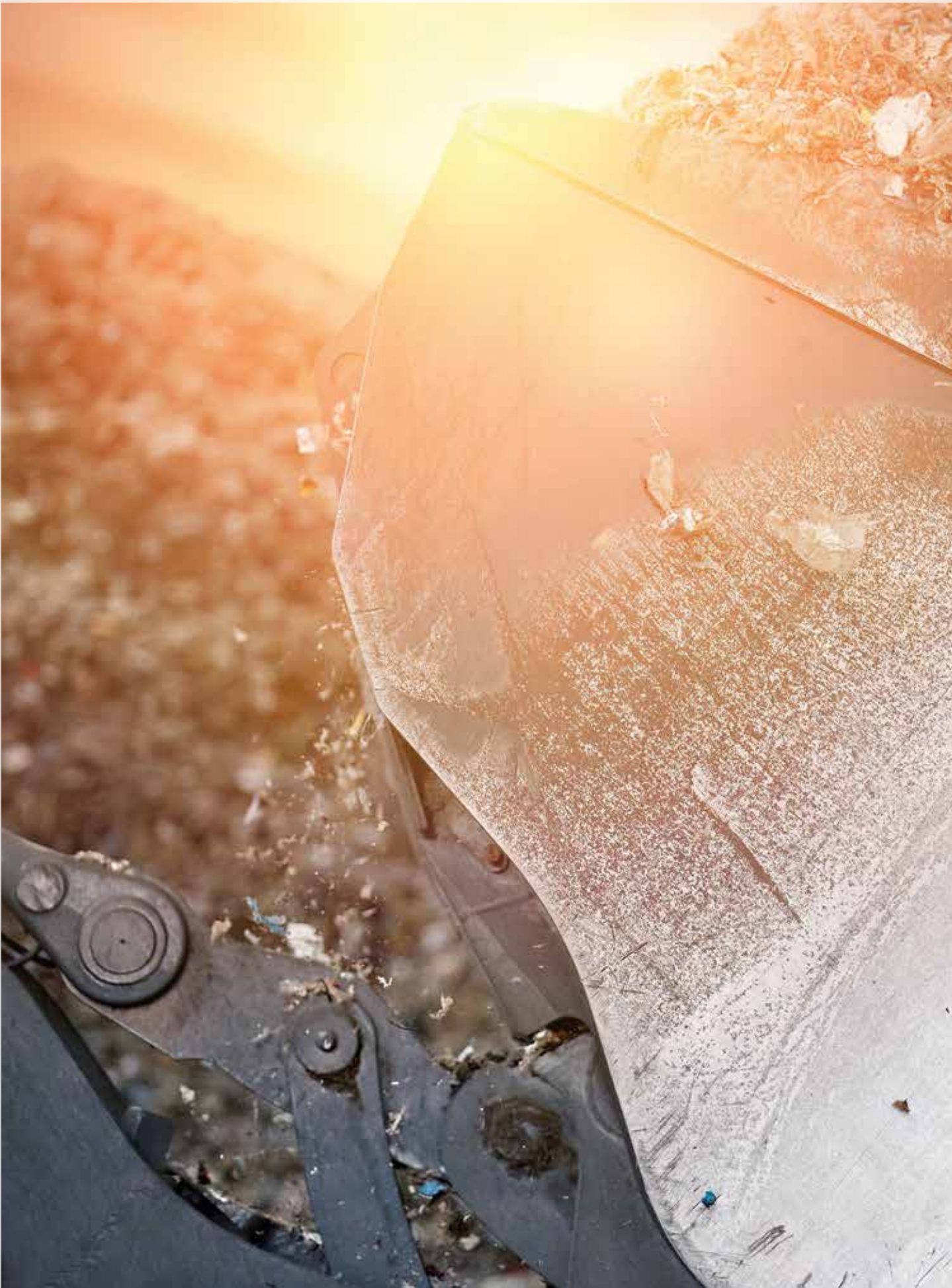
The various risks are regularly assessed, generally once a year, and are hedged on an ongoing basis.

The hedged risk consists of movement in the forward exchange rate and the cash flows resulting from concluded contracts, taking revenues and costs separately, from the date of conclusion of a contract to the time of completion and due payment for the deliverable.

Veolia monitors its credit risk and the counterparty risk of the hedging instrument, and is not aware of any facts that would have such an impact on credit risk that the effect of credit risk would outweigh in the fair value change of the hedging instrument or hedged item.

Veolia maintains a hedging relationship ratio equal to the ratio of the amount of the currently hedged item to the amount of the hedging instrument currently used to hedge the hedged item. The hedging ratio according to the risk management strategy and objective, and in relation to the definition of the hedged item, the hedging instrument and the specified economic relationship between them, corresponds to 100%.

No other price, credit or liquidity risks are hedged by derivatives.





## 02 MANAGEMENT

# REPORT

# FOREWORD

**DEAR BUSINESS PARTNERS,  
LADIES AND GENTLEMEN,**

I am pleased to present you with the activity report of Veolia Komodity for 2022 and with the main highlights of the past year.

We were very successful in 2022, we were able to cope with major changes and provide our customers with electricity and gas supplies. Our customer portfolio encompassed not only industry leaders, but also customers in the transport, education, health, service and government sectors. We worked extensively with auction houses at

commodities exchanges and, just as importantly, we purchased electricity from the renewable and secondary sources of independent producers, enabling us to cover our customers' need for supplies of electricity guaranteed to have originated from renewable sources.

In 2022, we continued to develop our business activities. Here, we were again particularly successful at optimising our electricity and gas trading. Last year, we also developed a system to evaluate how flexible our customers were in terms of production and consumption. The positive results have encouraged us to streamline the management of electricity and gas trading further in the coming year.

For 2023, we are braced to withstand the continued increase in volatility on the energy markets, and we expect a sound economic performance based on our experience in managing a portfolio of end users and producers. We will also continue to develop our business activities in the energy market.

I firmly believe that our vast experience of both the domestic and foreign energy markets, coupled with the stable backing provided by the powerful Veolia Group, of which Veolia Komodity is a member, will prompt our customers to continue seeking us out in the knowledge that we are a professional partner.

I value highly the confidence placed in us by our business partners. I thank them for their patronage and look forward to continued successful cooperation in the year ahead. I would also like to take this opportunity to express my great thanks to all Veolia Komodity employees for their enthusiasm, dedication and excellent results.



↓  
**PAVEL  
LUŇÁČEK**  
Director

A handwritten signature in blue ink, appearing to read 'Pavel Luňáček'.

**Pavel Luňáček**  
Director



# CORE VALUES

In its work the Company relies on core values shared across Veolia Group: customer focus, innovation, responsibility, respect and solidarity.

## CUSTOMER FOCUS

Veolia pursues this value by, in particular, striving to continuously improve the efficiency and quality of its services. Veolia promotes transparency and ethical rules as the essential prerequisites for building lasting relationships with its customers. Veolia listens to its customers and provides fitting and innovative solutions that meet their technical, economic and environmental requirements.

## INNOVATION

Research and innovation combine to form the core of the Veolia Group's strategy of developing sustainable solutions and services for the customers, the environment and society at large.

## RESPONSIBILITY

Veolia's objective is to take an active part in the shaping of a society committed to sustainable development. It is a key player in the environmental services market and as such it assumes, daily, the responsibility for the meeting of general interests such as, in particular:

- support for harmonious regional development;
- improvements in the living conditions of those affected by its operations, and environmental protection;
- the development of employees' business skills, improvements in personal safety at work (occupational injury prevention), and the fostering of a healthy working environment.

## RESPECT

This value guides the individual conduct of all Veolia Group employees and is expressed by compliance with the law and the Group's internal rules and through the respect shown to others.

## SOLIDARITY

As through its business activity Veolia serves common and shared interests, solidarity is one of its core values in its relationships with all stakeholders.

Concretely, this value is expressed by developing solutions which enable Veolia Group to provide essential services for everyone. We consider this to be a central plank of our corporate social responsibility.

# OUR SERVICES

## COMMERCIAL OPERATIONS

Two basic units are responsible for Veolia Komodity's commercial operations:

### END CUSTOMER SALES AND SERVICES UNIT

This unit is responsible for electricity and gas sales to end customers and for providing them with a comprehensive service.

In 2022, the End Customer Sales and Services Unit arranged for supplies to end customers with a total annual electricity consumption of 1.71 TWh and gas consumption of 1.55 TWh.

We provide a full service to end customers on the energy market. We place a major emphasis on the pricing of our supply and on delivering top-quality services. We also provide our clients with advice on consumption management, technical conditions for connection and other aspects which ultimately affect the cost of power supply.

### ENERGY TRADING UNIT

This unit is responsible for the optimisation of the purchasing portfolio, the operational balancing of the Company's portfolio positions and the further development of trading in domestic and foreign transmission systems.

The Energy Trading Unit's principal task is to procure electricity and gas on the wholesale market to meet the needs of the portfolio of end customers. This includes the purchase and optimisation of standard and non-standard

products on the wholesale market for supply to the portfolio of end customers, ad hoc topping-up on spot markets during the year and, based on revised load profile predictions, management of the cost of imbalances on the balancing market.

This unit buys electricity and gas in the wholesale market in order to supply its end customers and also trades in electricity and gas with other companies in the Czech market and in the adjacent foreign markets, in particular on the basis of ad hoc spot transactions leveraging the current movements in the electricity and gas market. The cross-border trading also includes booking the required capacities in each of the interconnectors.

In 2022 we continued to develop our cooperation with independent power producers, including feed-in from renewable and secondary sources; we presented them with the opportunity to use the green bonus system as part of the support for renewable and secondary sources. In 2022 the Company bought 226 GWh from renewable and secondary sources.



# INNOVATION

In 2022, innovation continued to focus on honing the services provided to customers, specifically:

## **IMPROVING RISK MANAGEMENT INSTRUMENTS**

The Company regularly evaluates business and financial risks, particularly price, currency and credit risks. We have introduced and periodically evaluate the credit rating of our trade partners and customers, hedge foreign exchange risk, and regularly update forecasts to reflect developments among end customers.

## **ACHIEVING MAXIMUM CUSTOMER SATISFACTION**

The quality of customer relationships is largely determined by how the customer perceives the Company's key competencies, what share of trading is taken up by the firm, its price competitiveness, the quality of other associated products, knowledge of the customer's business, the level of technology and the intensity of mutual relations. With this in mind, we attach great importance to identifying needs and requirements of consumers and designing an attractive range of services for each target segment on the market.

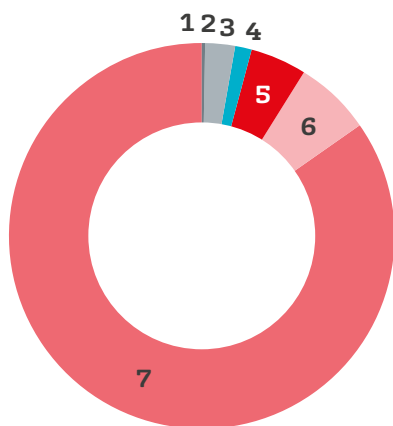


# CUSTOMERS

Since 2001, the liberalisation of the electricity market has gradually brought about the need to address requirements of different customer segments. As a result, Veolia Komodity has become a supplier for a wide range of customers.

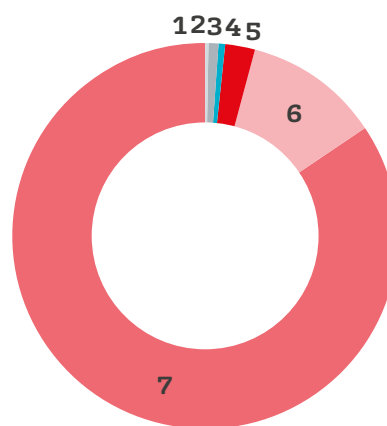
The Company's current end customer portfolio numbers almost 1,400 customers, whose needs and supply quantities are very diverse. Besides its traditional coal-mining and coke-producing partners, Veolia Komodity also served customers in metallurgy, mechanical engineering, the automotive and food industries, state administration, the tertiary sector, the health sector, etc.

Portfolio of end electricity customers by quantity taken in 2022



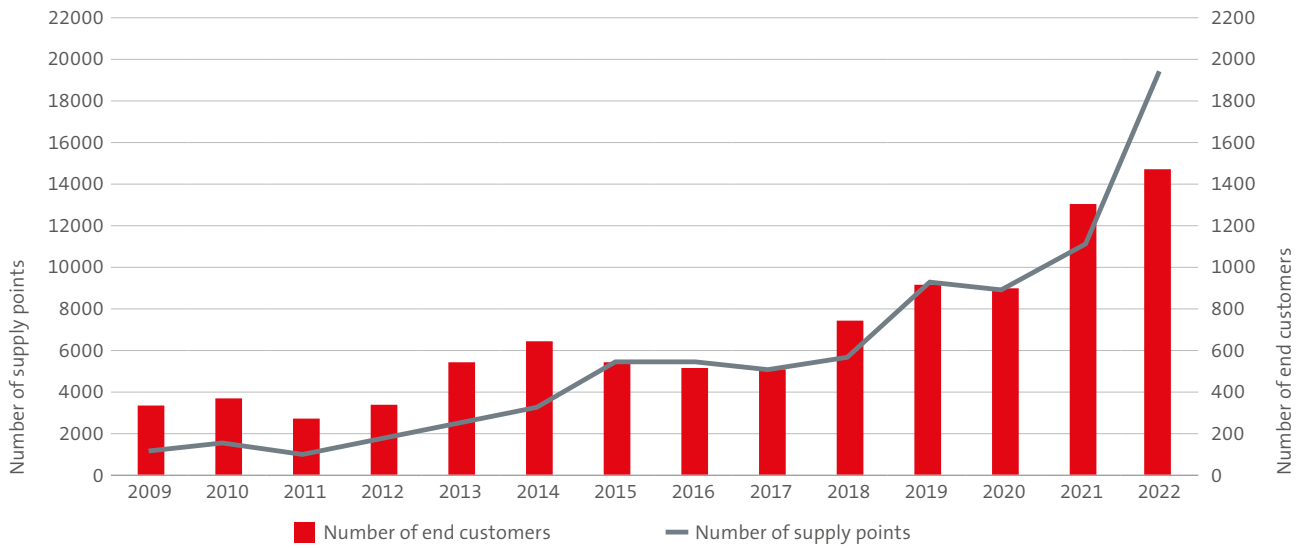
1   >100 GWh	5   1-5 GWh
<b>0,3%</b>	<b>4,6%</b>
2   50-100 GWh	6   0,1-1 GWh
<b>0,1%</b>	<b>6,6%</b>
3   10-50 GWh	7   0-0,1 GWh
<b>2,6%</b>	<b>84,6%</b>
4   5-10 GWh	
<b>1,3%</b>	

Portfolio of end gas customers by quantity taken in 2022

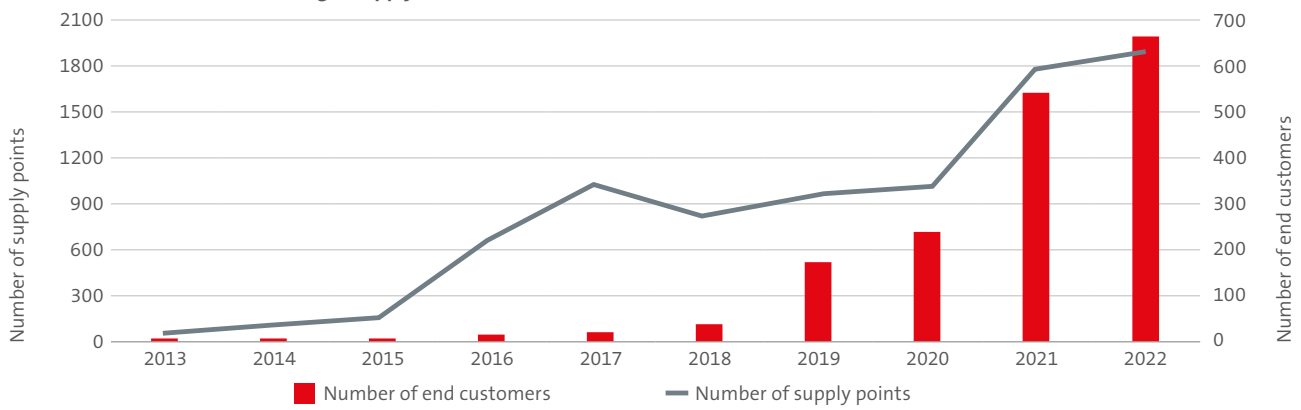


1   >100 GWh	5   1-5 GWh
<b>0,3%</b>	<b>2,3%</b>
2   50-100 GWh	6   0,1-1 GWh
<b>0,2%</b>	<b>11,4%</b>
3   10-50 GWh	7   0-0,1 GWh
<b>0,7%</b>	<b>84,5%</b>
4   5-10 GWh	
<b>0,7%</b>	

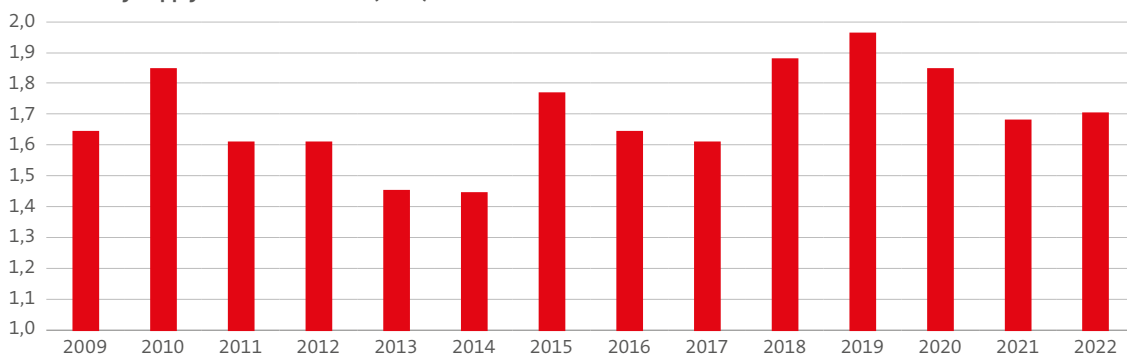
Growth in numbers of electricity supply deals



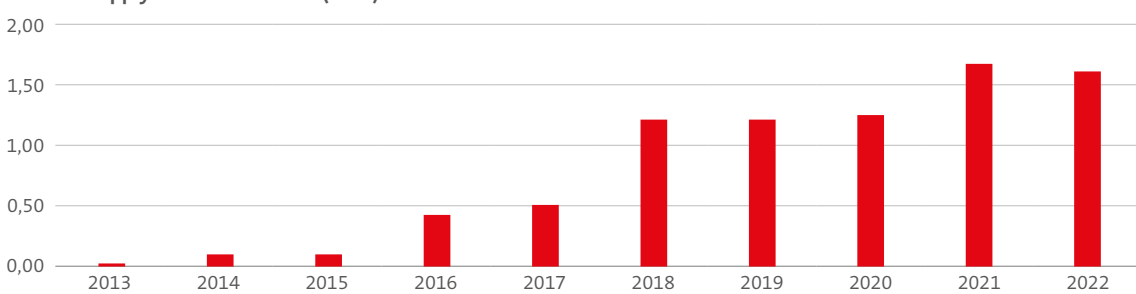
Growth in numbers of gas supply deals



Electricity supply to end customers (TWh)



Gas supply to end customers (TWh)





# **HUMAN RESOURCES**

At the end of 2022, the Company had eight employees averaging 44.3 years in age. All employees hold university degrees.

# CORPORATE SOCIAL RESPONSIBILITY

Corporate social responsibility (CSR) is part of the entire Veolia Group's strategy and one of the Company's cornerstones. Veolia Energie ČR Group companies have consistently engaged in activities contributing towards the sustainable development of society on a local, national and global level.

Veolia Energie ČR is also heavily involved in the social, environmental and educational sectors through its corporate endowment funds:

- Veolia Foundation,
- Veolia Energie Humain ČR Foundation,
- Veolia Energie Environment ČR Foundation.

## VEOLIA FOUNDATION

Veolia Foundation has been pursuing its mission, expressed by the motto "Caring for the Environment and the Community", ever since its inception in 2003.

All pivotal programmes of the Veolia Foundation continued in 2022. The STARTér, Trust Yourself and Do Business! programme helped micro- and small start-ups in the Moravian-Silesian, Olomouc, and now also Central Bohemia regions. The VEOLIA MiNiGRANTS® programme, which support volunteering work our employees do in their free time was also very popular. The Keep Smiling programme, in which we help seniors in the Czech Republic to enjoy a better quality of life, kept to its new concept of longer-term support for a small number of projects. We also devoted a great deal of attention to Let's Return Water to Nature, an initiative to save natural habitats in the Czech Republic, with a particular focus on wetlands.

## VEOLIA FOUNDATION'S MAJOR PROGRAMMES

### STARTÉR, TRUST YOURSELF AND DO BUSINESS!

The STARTér, Trust Yourself and Do Business! programme has been helping micro- and small businesses in the Moravian-Silesian, Olomouc and Central Bohemia regions to turn new business ideas into a reality for an unbelievable 23 years now. Support is channelled primarily into both

traditional and unorthodox handicrafts and manufactured items, as well as into projects benefiting society.

Thanks to the Foundation's grants in 2022, which totalled CZK 3,984,200, 43 business plans were implemented, creating 73 new lasting jobs in the process, 3 of which were for persons with disabilities. In addition, we approved 13 special Foundation grants amounting to CZK 395,000 under an extraordinary autumn call. Since the Foundation's formation, 1,648 projects have enjoyed support totalling more than CZK 124 million, creating 2,609 new jobs in the process (of which 394 have been for persons with disabilities).

### VEOLIA MINIGRANTS®

Under the VEOLIA MiNiGRANTS® programme, we provide financial assistance to the volunteering work our employees do in their free time. Many sponsored projects are aimed at helping people with disabilities, supporting surrogate family care, improving the working conditions for voluntary fire-fighters and rescuers, promoting leisure activities of children and young people and care for elderly citizens.

A total of 144 employees of Veolia in the Czech Republic Group were granted over CZK 4.7 million in financial support in 2022.

Between 2008 and 2022 we contributed almost CZK 49 million under this programme to projects benefiting the environment and the community.

### KEEP SMILING – ACTIVE ALL LIFE LONG

Our Keep Smiling – Active All Life Long programme encourages positive and active ageing, harmonious intergenerational co-existence in communities, the



fostering of living conditions suitable for the elderly in their home environment, and new approaches to ageing.

We continued pursuing the new concept for Keep Smiling in 2022, under which we focus on long-term support to a smaller number of systemic and innovative projects expected to have an impact on target audiences of elderly generations across the country.

### **LET'S RETURN WATER TO NATURE**

The Foundation's latest programme has been running since 2018. The aim is to help save valuable natural habitats in the Czech Republic, with a focus on wetlands, which are exceptional ecosystems important for water retention in the landscape and are also significant for biodiversity. The programme is carried out by the Veolia Foundation in

conjunction with the Czech Union for Nature Conservation. Funds for the programme are also raised by a public collection, which accepts donations of any amount from the public for the preservation and restoration of wetlands, and by an e-shop selling gift items. At least 20% of the price of each item is donated to the project's public collection, with the Veolia Foundation matching all buyers' donations. These funds are then passed on to the Czech Union for Nature Conservation. This association purchases, restores, and takes long-term care of wetland sites. All items sold in the e-shop are fully Czech-made. Many of them come from small producers supported by the STARTér programme, others from our glassworks or other small-scale craftsmen. Over the course of the programme, we have donated CZK 5.3 million (including CZK 2 million in 2022) to the preservation of wetlands in the Czech Republic.





A photograph of a modern office desk. In the foreground, a laptop is open and tilted. To its right is a glass of water. In the background, a desk lamp with a white shade is visible. The scene is brightly lit, suggesting a window nearby. The overall aesthetic is clean and professional.

## **03 FINANCIAL STATEMENTS FOR THE YEAR ENDED**

**31 DECEMBER 2022**

## Veolia Komodity ČR, s.r.o.

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### Income statement

#### For the year ended 31 December

*In thousands of CZK*

	Note	2022	2021
Revenue	6	10 073 742	5 566 442
Cost of sales	7	(9 566 728)	(5 385 026)
<b>Gross profit</b>		<u>507 014</u>	<u>181 416</u>
Administrative expenses	8	(22 288)	(16 059)
Other operating expenses	8	--	(237)
<b>Operating result</b>		<u>484 726</u>	<u>165 120</u>
Finance income	9	54 877	39 656
Finance costs	9	(66 719)	(41 124)
<b>Profit before tax</b>		<u>472 884</u>	<u>163 652</u>
Income tax expense	10	(89 876)	(31 311)
<b>Profit for the period</b>		<u><u>383 008</u></u>	<u><u>132 341</u></u>

The Notes are an integral part of the financial statements.

**Veolia Komodity ČR, s.r.o.**


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**Statement of comprehensive income**
**For the year ended 31 December**
*In thousands of CZK*

	2022	2021
<b>Profit for the period</b>	383 008	132 341
Changes in fair value of hedging instruments (may be reclassified to income statement) *	51 234	(43 213)
<b>Other comprehensive income after taxation</b>	<b>51 234</b>	<b>(43 213)</b>
<b>Total comprehensive income for the period</b>	<b>434 242</b>	<b>89 128</b>

\* Taxation is described in Note 10.

The Notes are an integral part of the financial statements.

On behalf of the Company:




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Pavel Luňáček  
Director

Date: 4 May 2023

## Veolia Komodity ČR, s.r.o.

### Statement of financial position

#### At 31 December

*In thousands of CZK*

	Note	2022	2021
<b>Assets</b>			
Intangible assets	23	969	--
Right-of-use IFRS 16	21	27 475	34 797
Other long-term receivables	22	87 092	52 913
Derivatives	11	4 160	--
Deferred tax assets	13	--	10 680
<b>Total non-current assets</b>		<b>119 696</b>	<b>98 390</b>
Inventories	14	102 669	12 185
Trade and other receivables	15	2 137 729	1 471 315
Derivatives	11	45 940	1 318
Cash and cash equivalents	16	539 026	315 458
<b>Total current assets</b>		<b>2 825 364</b>	<b>1 800 276</b>
<b>Total assets</b>		<b>2 945 060</b>	<b>1 898 666</b>
<b>Equity</b>			
Registered capital	17	2 000	2 000
Reserves and other capital contributions	17	281	(50 953)
Retained earnings		611 293	294 286
<b>Total equity</b>		<b>613 574</b>	<b>245 333</b>
<b>Liabilities</b>			
Loans and borrowings	12	18 263	26 700
Deferred tax liabilities		2 442	--
Derivatives	11	--	4 194
<b>Total non-current liabilities</b>		<b>20 705</b>	<b>30 894</b>
Trade and other payables	19	2 193 001	1 534 387
Loans and borrowings	12	12 971	9 943
Tax liabilities	10	68 983	25 082
Provisions	18	543	468
Derivatives	11	35 283	52 559
<b>Total current liabilities</b>		<b>2 310 781</b>	<b>1 622 439</b>
<b>Total liabilities</b>		<b>2 331 486</b>	<b>1 653 333</b>
<b>Total equities and liabilities</b>		<b>2 945 060</b>	<b>1 898 666</b>

The Notes are an integral part of the financial statements.

**Veolia Komodity ČR, s.r.o.**
**Statement of changes in equity**

<i>In thousands of CZK</i>	<b>Registered capital</b>	<b>Statutory reserves</b>	<b>Other capital contributions</b>	<b>Cash flow hedges</b>	<b>Retained earnings</b>	<b>Total</b>
<b>Balance at 1 January 2021</b>	<b>2 000</b>	--	--	<b>(7 739)</b>	<b>206 619</b>	<b>200 880</b>
Profit for the period	--	--	--	--	132 341	132 341
<b>Other comprehensive income</b>						
Changes in fair value of hedging instruments	--	--	--	(43 213)	--	(43 213)
Employee benefits – actuarial gains (losses)	--	--	--	--	--	--
Total other comprehensive income	--	--	--	(43 213)	--	(43 213)
<b>Total comprehensive income for the period</b>	--	--	--	<b>(43 213)</b>	<b>132 341</b>	<b>89 128</b>
<b>Transactions with owners, recorded directly in equity</b>						
Dividends attributable to shareholders	--	--	--	--	(44 674)	(44 674)
Rounding difference	--	--	--	(1)	--	(1)
<b>Balance at 31 December 2021</b>	<b>2 000</b>	--	--	<b>(50 953)</b>	<b>294 286</b>	<b>245 333</b>
Profit for the period	--	--	--	--	383 008	383 008
<b>Other comprehensive income</b>						
Changes in fair value of hedging instruments	--	--	--	51 234	--	51 234
Employee benefits – actuarial gains (losses)	--	--	--	--	--	--
Total other comprehensive income	--	--	--	51 234	--	51 234
<b>Total comprehensive income for the period</b>	--	--	--	<b>51 234</b>	<b>383 008</b>	<b>434 242</b>
<b>Transactions with owners, recorded directly in equity</b>						
Dividends attributable to shareholders	--	--	--	--	(66 000)	(66 000)
Rounding difference	--	--	--	--	(1)	(1)
<b>Balance at 31 December 2022</b>	<b>2 000</b>	--	--	<b>281</b>	<b>611 293</b>	<b>613 574</b>

The Notes are an integral part of the financial statements.

## Veolia Komodity ČR, s.r.o.

### Statement of cash flows

#### For the year ended 31 December

In thousands of CZK

	Note	2022	2021
<b>Cash flow from operating activities</b>			
Profit for the period		383 008	132 341
Depreciation and amortisation of non-current assets	21	12 051	7 628
Gain on sale of property, plant and equipment		--	--
Change in provisions		914	24
Net interest income and expense		3 181	1 995
Interest expense on lease liabilities	9	587	446
Other financial income and expenses	9	11 064	3 385
Other non-financial operations		(12 790)	516
Income (expenses) from the settlement of derivatives	9	(6 999)	(10 998)
Income tax	10	89 876	31 311
<b>Cash flow from operating activities</b>		<b>480 892</b>	<b>166 648</b>
Change in receivables		(747 242)	(399 011)
Change in current liabilities		704 421	249 416
Change in inventories		(90 484)	3 490
Income tax paid and tax assessments for previous periods	10	(44 869)	(12 599)
<b>Net cash flow from operating activities</b>		<b>302 718</b>	<b>7 944</b>
<b>Cash flows from investing activities</b>			
Acquisition of fixed assets		(990)	--
Proceeds from the sale of property, plant and equipment		--	--
Change in receivables and other financial assets		--	--
<b>Net cash flow from (used in) investing activities</b>		<b>(990)</b>	<b>--</b>
<b>Free operating cash and cash equivalents</b>		<b>301 728</b>	<b>7 944</b>
<b>Cash flow from financing activities</b>			
Received loans and borrowings		--	--
Interest received	9	5 250	181
Interest paid	9	(6 704)	(642)
Payments of lease liabilities	21	(12 434)	(7 429)
Paid shares of profit		(66 000)	(44 674)
<b>Net cash flow from (used in) financing activities</b>		<b>(79 888)</b>	<b>(52 564)</b>



**Veolia Komodity ČR, s.r.o.**

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Net increase (decrease) in cash and cash equivalents		221 840	(44 620)
Cash and cash equivalents at 1 January		<u>313 846</u>	<u>358 466</u>
<b>Cash and cash equivalents at 31 December</b>	<b>16</b>	<b><u>535 686</u></b>	<b><u>313 846</u></b>

The Notes are an integral part of the financial statements.

## Veolia Komodity ČR, s.r.o.

### NOTES TO THE SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022

#### 1. General information

Veolia Komodity ČR, s.r.o. (“the Company”) is registered in the Czech Republic.

The registered office of the Company is at 28. října 3337/7, Moravská Ostrava, postcode 702 00, Company No. 258 46 159.

The Company’s core business includes trading in electricity, trading in gas, and manufacturing, trade and services not listed in Appendices 1 to 3 to the Trade Licensing Act. Veolia Komodity ČR, s.r.o. started to trade in electricity under its original name CZECH-KARBON s.r.o. On 1 December 2008, NWR Energy, a.s. became the sole member of CZECHKARBON s.r.o.; on 21 June 2010, NWR Energy, a.s. was acquired by Dalkia Česká republika, a.s., which now has the name Veolia Energie ČR, a.s. Since 2012, Veolia Komodity has been licensed to trade in gas. The company trades on Czech and international wholesale markets, where it arranges for transmission capacities outside the Czech Republic and for trading in the energy systems of neighbouring foreign operators, and arranges for electricity and gas sales to final customers having different demand and supply volumes.

The sole member of Veolia Komodity ČR, s.r.o. is Veolia Průmyslové služby ČR, a.s., having its registered office at Zelená 2061/88a, Ostrava – Mariánské Hory, postcode 709 74.

The member has not changed and there were no other changes that would have to be entered in the Companies Register in 2022.

#### 2. Basis of preparation

##### a) *Statement of compliance*

In accordance with Section 19a (1) of the Act on Accounting, No 563/1991, the Company applies International Financial Reporting Standards (IFRS) as adopted by the EU in the preparation of its financial statements.

The financial statements were approved for release by the Company’s Director on 04 May 2023.

##### b) *Basis of preparation*

The financial statements are presented in Czech crowns, as the functional currency, rounded to the nearest thousand. The financial statements have been prepared on the historical cost basis, except for the derivative financial instruments measured at fair value.

The method of measuring fair value is described in Note 4.

##### c) *Use of estimates and judgements*

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses as at the date of the financial statements. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period and in any future periods affected.

**Veolia Komodity ČR, s.r.o.****NOTES TO THE SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022**

Information about significant areas of estimation, uncertainty and critical judgement in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in Notes 3 h) and 21 – assessment whether an arrangement contains a lease.

**d) Changes in accounting policies**

*(i) New standards, interpretations and amendments to existing standards issued by the International Accounting Standards Board (IASB) and adopted by the European Union that are not yet effective*

The following new and amended standards are effective for annual periods beginning on or after 1 January 2022, with earlier adoption permitted. In preparing these financial statements, the Company did not adopt early any new or amended standards and does not expect them to have a significant impact on its financial statements after their adoption.

- Non-current Liabilities with Covenants (Amendments to IAS 1)
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies)
- Definition of Accounting Estimates (Amendments to IAS 8)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)
- Lease Liability in a Sale and Leaseback (Amendments to IAS 16)
- IFRS 17 Insurance Contracts and Amendments to IFRS 17 Insurance Contracts

*(ii) Applied standards*

New standards, interpretations and amendments to existing standards issued by the International Accounting Standards Board (IASB) and adopted by the European Union that are effective for annual periods beginning on or after 1 January 2022.

- IAS 16 Property, Plant and Equipment: Proceeds before Intended Use;
- Annual improvements to IFRS – 2018–2020, this scope includes amendments to the following standards:
  - IFRS 9 Financial Instruments
  - IFRS 16 Leases
  - IAS 41 Agriculture
- IAS 37 Onerous Contracts – Cost of Fulfilling

These amendments will therefore have no impact on the Company's financial statements.

**3. Accounting policies**

The accounting policies described below have been applied consistently in all the accounting periods reported in these financial statements.

**a) Foreign currency**

*Foreign currency transactions*

Transactions in foreign currencies are translated at fixed exchange rates for the functional currency based on the Czech National Bank's official rates for the first day of the month in which the transaction occurs. At the date of the statement of financial position, foreign currency monetary assets and liabilities are translated at the Czech National Bank official rates for that date. Foreign exchange differences arising on translation of foreign currency monetary assets and liabilities are recognised in the income statement. Since 2022 the Company has not translated the amounts of advance payments received, which will be settled upon the final billing, at the exchange rate as of the balance sheet date.

## Veolia Komodity ČR, s.r.o.

### NOTES TO THE SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022

#### b) *Financial instruments*

##### *(i) Non-derivative financial instruments*

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are initially stated at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. If their fair value cannot be reliably determined, the acquisition cost is used.

Receivables are financial assets of a non-derivative nature that are not quoted on an active market and that arise when selling a non-financial item that can be settled net in cash or another financial instrument, or by exchanging financial instruments. After initial measurement at transaction value, receivables are subsequently carried at their amortised cost less any allowance for impairment (see accounting policies described in Note 3 c).

Cash and cash equivalents presented in the statement of cash flows include cash, bank deposits and cash in the cash pool. Based on contractual terms and conditions, cash pooling receivables are reported in cash and cash equivalents in the statement of financial position, whereas cash pooling payables are shown in loans and borrowings. Cash pooling liabilities are reported in loans and borrowings. For the purpose of the statement of cash flows both cash pool receivables and cash pool payables are presented as cash.

##### *(ii) Derivative financial instruments*

The Company uses financial derivatives for hedging the currency risk related to changes in exchange rates.

Derivatives are initially recognised at fair value; attributable transaction costs are recognised in the income statement when incurred. Following initial recognition, derivatives are measured at fair value, and changes therein are then charged to costs or revenue, except the derivatives that are carried as hedging derivatives.

##### *Cash flow hedging*

Changes in the fair value of a derivative hedging instrument classified as cash flow hedging are charged to equity under the Company's rules. The FX forward hedging instrument means the spot component. Where the hedged item is a non-financial asset, the amount recognised in equity is transferred to the carrying value of the asset when the asset is recognised. In other cases, the amount recognised in equity is transferred to costs or revenue in the period in which the hedged item influences costs or revenue.

To the extent that the hedge is ineffective, changes in the fair value of the derivative are recognised in the income statement.

If the hedging instrument no longer meets the criteria for hedge accounting, or if it expires or is sold, terminated or exercised, then hedge accounting is discontinued as expected. The cumulative gain or loss previously recognised in equity remains there until the anticipated transaction takes place, and then is charged to costs or revenue.

The Company applies an exception under IFRS 9, laying down that contracts for the purchase or sale of non-financial items that may be settled net in cash in accordance with the entity's expected purchase, sale or usage requirements do not have to be recognised under IFRS 9, but are only recognised at the time of buying or selling the underlying item.

##### *Other derivatives*

When a derivative financial instrument is not held for trading and is not designated in a qualifying hedge relationship, all changes in its fair value are recognised in profit or loss.

##### *(iii) Equity*

The registered capital comprises fully paid-up members' contributions. Dividends are recognised as liabilities in the period in which they are declared.

## Veolia Komodity ČR, s.r.o.

### NOTES TO THE SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022

#### c) *Impairment*

##### *Financial assets*

The Company measures the loss allowances using the model of expected credit losses, which is applied to financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income, and contract assets. In accordance with IFRS 9 the Company measures the loss allowance for credit-impaired financial assets with regard to the development of credit risk, which is reflected in the impairment stage a) corresponding to 12-month expected credit losses (stage 1) or equal to the full lifetime expected credit losses (stages 2-3). After initial recognition, the financial asset is allocated to stage 2 in the event of a significant increase in credit risk since initial recognition, or to stage 3, credit impaired financial assets.

The Company measures loss allowances for credit losses on trade receivables at an amount equal to full lifetime expected credit losses.

For cash and cash equivalents and cash pool the Company measures loss allowances at an amount equal to 12-month expected credit losses unless there has been a significant increase in credit risk since initial recognition or the counterparty's default was identified.

When determining whether the credit risk on a financial asset has increased significantly, the Company compares the risk of a default on the financial instrument occurring at the reporting date with the risk of a default occurring at initial recognition, considering reasonable and supportable information available without undue cost or effort and indicating a significant increase in the credit risk. The Company regards situations where the financial asset has been overdue for more than 90 days as a significant increase in the credit risk. A specific provision is recognised where the client is considered to be risky. In such a case a provision is recognised for all the amounts owed by the client in excess of the provision made under the guidance. It is recognised up to 50%, 70% or 100%.

Losses are measured as the difference between all contract cash flows payable under the contract and all cash flows that the Company expects to collect, discounted using the effective interest rate that was determined at initial recognition.

##### *Non-financial assets*

##### *Calculation of recoverable amount*

The recoverable amount of an asset or cash-generating unit is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

#### d) *Provisions*

A provision is recognised in the statement of financial position when the Company has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic resources will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

#### e) *Revenue*

The Company applies IFRS 15 for recognising revenue from contracts with customers.

The Company has implemented a five-step model to determine the time and amount at which revenue should be recognised. The model sets forth that revenue is recognised at the moment when the Company transfers control over the goods or services to the customer, in the amount to which it expects to be entitled. Depending on the criteria for the satisfaction of a performance obligation revenue is recognised:

- over time, as the Company performs, or
- at a point in time when control over the goods or services is passed to the customer.

**Veolia Komodity ČR, s.r.o.****NOTES TO THE SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022***Sale of electricity and gas to end customers*

The Company recognises revenue at the moment of delivery to the customer. The moment of delivery is understood to be the moment of transferring control over the products, i.e. the moment when the customer receives the rewards and the Company satisfies its performance obligation.

Revenue is measured using transaction prices assigned to such transferred goods and reflects the supplied volume, including the estimated volume supplied between the date of the latest issued invoice and the end of the period. In respect of household customers, advance payments are usually required; their amount is based on historical consumption. Once the actual supply volumes are known the advance payments are accounted for. In respect of commercial customers, invoicing usually takes place more often based on actual supply volumes. Sale transactions do not involve a significant financing arrangement.

Contract assets represent unbilled supplies related to the organisation's core activity.

*Sale of electricity and gas to traders*

Revenue from trading with wholesale partners is generated by sales on the wholesale market, which the Company performs in transactions through commodity forwards with physical supply. The contract terms are individualised but to a considerable extent are determined by the standard EFET contract, or the commercial terms on the market managed by the Czech market operator (OTE). Revenue is recognised at the moment of delivering the commodity to the wholesale partner. Invoicing takes place in the month following the month of commodity delivery to the trader. No advances are paid.

**f) Expenses***Finance income and expenses*

Finance income and expenses comprise interest payable on borrowings calculated using the effective interest rate method, interest receivable on funds invested and unwinding of the discount on provisions.

**g) Income tax**

Income tax comprises current and deferred tax. Income tax charge is recognised in the income statement except to the extent that it relates to items recognised directly in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates applicable at the first date of the reporting period and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, using the tax rate expected to be valid in the period when the tax asset or liability is expected to be realised.

At the date of the statement of financial position the Company reviews the carrying value of the deferred tax asset. A deferred tax asset is recognised only to the extent that it is probable that such tax asset will be utilised in future periods.

The establishment of deferred tax represents tax consequences subject to the method which the Company expects to use at the end of the reported period to realise or settle the carrying amount of its assets and liabilities. It is assumed for capital assets measured at fair value that the carrying amount of the capital assets is always realised by sale unless such assumption can be disconfirmed.

**h) Leases**

Where the Company is the lessee, the Company recognises a right-of-use asset and a lease liability at the commencement date.

The right-of-use asset is initially measured at cost and subsequently at cost less any accumulated depreciation and any accumulated impairment losses adjusted for any remeasurement of the lease liability

## Veolia Komodity ČR, s.r.o.

### NOTES TO THE SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022

primarily due to lease modification or indexation. The right-of-use asset is depreciated on a straight-line basis over the time for which the asset is usable or until the end of the lease, whichever is earlier.

The lease liability is initially measured at the present value of the lease payments due at the commencement date, discounted using the incremental borrowing rate determined by the Group.

The lease liability is subsequently increased by interest expense on the lease liability and decreased by the lease payments made. It is remeasured in case the future lease payments change due to a change in the index or rate, a change in the estimate of the amount expected to be payable under residual value guarantee, or a change in the assessment of whether exercising the option to extend the lease is reasonably certain (including the extension of the expected term of the lease in cases of leases for an indefinite period).

The Company estimates the term of the lease for lease contracts under which it is the lessee and which include options to renew or terminate, or which are concluded for an indefinite period. Assessment whether the Company is reasonably certain that it will exercise such option affects the lease term, which in turn affects the values of the lease liabilities and right-of-use assets recognised. Where the lessee and the lessor have the right to terminate the contract with no more than an insignificant penalty, the period of notice is deemed to be the lease term. In such cases, penalty is understood to include not only, e.g., a penalty for early termination but also the costs incurred in moving or arranging for an alternative lease.

The Company has elected to use the practical expedient, allowed by the standard, not to recognise right-of-use assets and lease liabilities for short-term leases and leases for which the underlying asset is of low value. Short-term leases are leases that have a lease term of 12 months or less. Leases for which the underlying asset is of low value include primarily leases for information technology and office equipment.

The Company only applies the practical expedient not to separate non-lease components from lease components for vehicles, where it accounts for a single lease component.

#### 4. Fair value

Some accounting policies applied by the Company require a fair value to be determined for financial assets and liabilities. Fair values are determined either by measurement or using the methods described below.

##### *(i) Derivatives*

The fair value of forward contracts hedging the foreign exchange risk is determined as the discounted difference between the contractual value and the market forward price.

#### 5. Financial risk management

The Company has exposure to the following risks:

- credit risk,
- liquidity risk,
- market risk,
- operating risk.

The parent company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board reviews and approves the risk management policies described below. The Risk Management Department monitors individual risks and their effect on the Company.

##### ***Credit risk***

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

**Veolia Komodity ČR, s.r.o.****NOTES TO THE SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022***Trade and other receivables*

The exposure to credit risk is influenced mainly by the individual characteristics of each customer, and the Company endeavours to manage and limit this risk. The Company has established a credit policy under which each major customer is analysed individually for creditworthiness before the standard payment and delivery terms and conditions are offered. The review includes external ratings when available, and in some cases references obtained from a specialised firm. Credit limits are established for each customer. Customer analysis and monitoring of observance of the credit limits is carried out by the Collections Department. Customers that fail to keep within the credit limit may have their deliveries suspended, subject to case-by-case assessment. More than 80 percent of customers have been transacting with the Company for over four years, and losses have occurred infrequently. In monitoring customer credit risk, customers are grouped according to their credit risk characteristics, including whether they are an individual or legal entity, their industry and payment history. Customers that are graded as “high risk” are monitored separately, and sometimes a payment schedule is offered to secure debt recovery.

Credit risk related to receivables is covered by provisions.

*Cash and cash pool*

As at 31 December 2022, the Company holds cash and cash equivalents in the amount of CZK 539,026,000 (2021: CZK 315,458,000). Cash and cash equivalents are deposited with banks with high ratings and in cash pooling with the parent company.

*Off-balance sheet liabilities*

The Company provides guarantees in the form of long-term deposits, i.e. margin deposits and security deposits with suppliers to financially secure deals in electricity, gas and capacity booking. Otherwise, it provides financial guarantees only on an exceptional basis, where required for the purpose of a tender procedure or where the law provides so. As at 31 December 2020, there were following guarantees:

<i>In thousands of CZK</i>	<b>2022</b>	<b>2021</b>
Provided guarantees – long-term advance payments	87 092	52 913
Bank guarantees provided	940 840	756 784
Bank guarantees accepted	(385 840)	(397 760)

*Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company’s approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due, not risking damage to its reputation.

The Company uses activity-based costing to cost its products and services, which assists it in monitoring cash flow requirements and optimising its cash return on investments. The Company ensures that it has sufficient cash on demand to meet expected operational expenses through participation in cash pooling within the Veolia Group. Within the cash pooling, the Company may draw a cash loan of up to CZK 200 million. By this approach, the Company limits the possible impacts of unforeseeable events.

*Market risk*

Market risk is the risk that changes in market prices, foreign exchange rates, interest rates, equity prices or prices of emission allowances will affect the Company’s income or the value of financial instruments in its possession.

*Currency risk*

The Company is exposed to significant currency risk in the area of sales and borrowings, as the major portion of these are denominated in foreign currency. For commodity payments in foreign currencies (EUR) the Company concludes forward contracts to hedge the foreign exchange risk.



**Veolia Komodity ČR, s.r.o.****NOTES TO THE SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022***Interest rate risk*

The Company partly covers its exposure to movement in interest rates by obtaining financing mainly from its parent company. This financing is exposed to market risk from movements in interest rates.

*Capital management*

The Director manages the Company's capital structure in compliance with the investor's requirements, focusing on appropriate indebtedness and dividend policy monitoring. The objective is to achieve the right proportion of debt to equity, and to meet the planned dividend targets. This involves looking for an adequate level of debt, which depends on profit (cash flow) generation, and meeting the average cost of capital and working capital targets planned by the Company.

The Company's debt to equity at the end of the accounting period was as follows:

<i>In thousands of CZK</i>	<b>2022</b>	<b>2021</b>
Total liabilities	2 331 486	1 653 333
Cash and cash equivalents	(539 026)	(315 458)
Net debt	1 792 460	1 337 875
Total equity	613 574	245 333
Cash flow from hedges	(281)	50 953
Adjusted equity	613 293	296 286
Debt to adjusted equity	2,92	4,52

**6. Revenue**

<i>In thousands of CZK</i>	<b>2022</b>	<b>2021</b>
Revenue from sale and re-sale of electricity and ancillary services	7 960 984	4 343 663
Revenue from the sale of gas	1 964 983	1 056 446
Revenue from sales of goods	147 775	166 333
Total	10 073 742	5 566 442

<i>In thousands of CZK</i>	<b>2022</b>	<b>2021</b>
Industry	6 724 920	4 241 663
Public sector	2 579 241	1 093 084
Households	769 581	231 695
Total	10 073 742	5 566 442

All of the Company's revenue is generated in the Czech Republic.

**Veolia Komodity ČR, s.r.o.****NOTES TO THE SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022**

Advance payments for energy supplies are made under the relevant contractual arrangements on a monthly basis or, in exceptional cases with minor volumes, on an annual basis. The amount of advance payments is updated regularly.

Of the contract liabilities recorded as at 31 December 2021 CZK 196,804,000 were recognised in revenue for 2022. The Company recognises particularly advances for electricity a gas supplies received from its customers as contract liabilities.

Contract assets represent unbilled supplies related to the organisation's core activity

No clients were connected or disconnected in 2022 so as to affect revenue.

**7. Cost of sales**

<i>In thousands of CZK</i>	<b>2022</b>	<b>2021</b>
Personnel expenses	(14 342)	(11 106)
Depreciation	(20)	--
Right-of-use depreciation	(12 031)	(7 628)
Costs of goods sold excluding electricity	(1 773 020)	(1 056 608)
Cost of purchased electricity	(7 743 819)	(4 303 976)
Consumption of raw materials, energy, services, and other	(22 582)	(5 684)
Change in provisions	(914)	(24)
<b>Total</b>	<b>(9 566 728)</b>	<b>(5 385 026)</b>

**8. Administrative and operating expenses**

<i>In thousands of CZK</i>	<b>2022</b>	<b>2021</b>
Management costs	(20 529)	(15 090)
Cost of raw materials, services and other expenses	(1 759)	(969)
Restructuring costs	--	(237)
<b>Total</b>	<b>(22 288)</b>	<b>(16 296)</b>

**9. Finance income and expenses**

<i>In thousands of CZK</i>	<b>2022</b>	<b>2021</b>
Interest income	5 250	181
Foreign exchange gain	41 900	28 478
Income from derivative operations	6 999	10 997
Other finance income	728	--
<b>Total finance income</b>	<b>54 877</b>	<b>39 656</b>

## Veolia Komodity ČR, s.r.o.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022**

Interest expense	(8 432)	(2 175)
Foreign exchange loss	(45 909)	(35 118)
Discount of lease liabilities	(587)	(446)
Other finance expenses	(11 791)	(3 385)
<b>Total finance expenses</b>	<b>(66 719)</b>	<b>(41 124)</b>

**10. Income tax*****Recognised in the income statement****In thousands of CZK*

<b>Current tax</b>	<b>2022</b>	<b>2021</b>
Current year	(88 140)	(29 281)
Adjustments for prior years	(632)	18
	<b>(88 772)</b>	<b>(29 263)</b>

***Deferred tax***

Effect of the change in temporary differences and the lower tax rate	(1 104)	(2 048)
<b>Total income tax expense in income statement</b>	<b>(89 876)</b>	<b>(31 311)</b>

***Reconciliation of effective tax rate****In thousands of CZK*

	<b>2022</b>	<b>2021</b>
Profit before tax	472 884	163 652
Income tax calculated using the domestic corporate income tax rate	(89 848)	(31 094)
Effect of non-deductible expenses	604	(235)
Effect of tax exempt income	--	--
Effect of application of tax loss	--	--
Adjustments for prior years	(632)	18
<b>Total income tax expense in income statement</b>	<b>(89 876)</b>	<b>(31 311)</b>

The Company paid income tax advances of CZK 19,156,000 (2021: CZK 4,200,000). The corporate income tax estimate is CZK 88,140,000 (2021: CZK 29,281,000). The income tax payable is reported in Current tax assets at CZK 68,983,000 (2021: CZK 25,082,000).

Deferred tax is based on all temporary differences between the carrying and tax value of assets and liabilities, and other temporary differences (tax losses carried forward, if any), multiplied by the tax rate expected to be valid for the period in which the tax asset/liability will be utilised.

**Veolia Komodity ČR, s.r.o.****NOTES TO THE SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022**

Impact of other comprehensive income items on deferred tax:

<i>In thousands of CZK</i>	<b>2022</b>	<b>2021</b>
Changes in fair value of hedging instruments: before taxation	63 251	(53 350)
Tax	(12 017)	10 137
After taxation	51 234	(43 213)

**11. Derivatives**

*In thousands of CZK*

	<b>2022</b>	<b>2021</b>
Active		
Short-term derivatives	45 940	1 318
Long-term derivatives	4 160	--
Total	50 100	1 318
Passive		
Short-term derivatives	35 283	52 559
Long-term derivatives	--	4 194
Total	35 283	56 753

Derivative financial instruments represent the fair value of forward contracts to hedge the EUR exchange rate risk. The net nominal value of open derivatives as at 31 December 2022 was 353,758,000 (2021: CZK 1,894,712,000). The mean forward rate was 26.25

**12. Loans and borrowings**

This note contains an overview of contractual conditions applicable to the Company's interest-bearing loans and borrowings. Note 20 contains more detailed information about the credit risk and the interest rate risk to which the Company is exposed.

*In thousands of CZK*

<b>Short-term loans and borrowings</b>	<b>2022</b>	<b>2021</b>
Right-of-use liabilities, IFRS 16	9 631	8 331
Unpaid interest on VE SA loan	3 340	1 612
Total short-term loans and borrowings	12 971	9 943
<b>Long-term loans and borrowings</b>	<b>2022</b>	<b>2021</b>
Right-of-use liabilities, IFRS 16	18 263	26 700

The Company's long-term loans and borrowings constitute liabilities under leases, recognised as assets, right-of-use.

**Veolia Komodity ČR, s.r.o.**
**NOTES TO THE SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022**
**13. Deferred tax**

Deferred tax assets and liabilities are attributable to the following:

<i>In thousands of CZK</i>	<b>Assets</b>		<b>Liabilities</b>		<b>Difference</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Receivables	176	11	--	198	176	209
Derivatives		11 951	(2 815)	(1 419)	(2 815)	10 532
Provisions	103	89	--	--	103	89
Other items	94	48	--	(198)	94	(150)
Deferred tax assets / (liabilities)	373	12 099	(2 815)	(1 419)	(2 442)	10 680

**Movement in deferred tax assets and liabilities during the year**

<i>In thousands of CZK</i>	<b>Balance at 1 January 2022</b>	<b>Recognised in income statement</b>	<b>Recognised in equity</b>	<b>Balance at 31 December 2022</b>
Receivables	209	(33)	--	176
Derivatives	10 532	(1 330)	(12 017)	(2 815)
Provisions	89	14	--	103
Other items	(150)	244	--	94
Total	10 680	(1 105)	(12 017)	(2 442)

<i>In thousands of CZK</i>	<b>Balance at 1 January 2021</b>	<b>Recognised in income statement</b>	<b>Recognised in equity</b>	<b>Balance at 31 December 2021</b>
Receivables	211	(2)	--	209
Derivatives	1 815	(1 419)	10 136	10 532
Provisions	87	2	--	89
Other items	479	(629)	--	(150)
Total	2 592	(2 048)	10 136	10 680

**Veolia Komodity ČR, s.r.o.****NOTES TO THE SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022****14. Inventories**

<i>In thousands of CZK</i>	<b>2022</b>	<b>2021</b>
Stored gas inventories	102 669	12 185
<b>Total</b>	<b>102 669</b>	<b>12 185</b>

The Company has leased a storage facility for storing gas that helps to shave off peaks in customers' demand and cover changes in gas prices.

**15. Trade and other receivables**

In thousands of CZK

	<b>2022</b>	<b>2021</b>
Trade receivables due from related parties (see Note 25)	279 145	163 813
Trade receivables due from third parties	668 840	622 115
Contract asset	1 111 177	629 091
Other receivables	78 567	56 296
<b>Total</b>	<b>2 137 729</b>	<b>1 471 315</b>

As at 31 December 2022, trade receivables are recognised in an amount reduced by a provision for doubtful debts, amounting to CZK 14,650,000 (2021: CZK 13,810,000) based on the likely impairment of receivables owned by the individual debtors. Most of the provisions cover receivables from debtors in insolvency proceedings.

**16. Cash and cash equivalents**

*In thousands of CZK*

	<b>2022</b>	<b>2021</b>
Current bank accounts	81 203	11 459
Cash in hand	20	40
<b>Total cash</b>	<b>81 223</b>	<b>11 499</b>
Receivables from cash pool	457 803	303 959
<b>Cash and cash equivalents</b>	<b>539 026</b>	<b>315 458</b>
Cash pooling payables	(3 340)	(1 612)
<b>Total cash in compliance with statement of cash flows</b>	<b>535 686</b>	<b>313 846</b>

**Veolia Komodity ČR, s.r.o.****NOTES TO THE SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022****17. Capital and reserves***Reconciliation of movement in capital and reserves*

As at 31 December 2022, registered capital is comprised of the member's contribution of CZK 2,000,000 (2021: CZK 2,000,000), which is paid up in full.

*Reserves and other capital contributions*

As at 31 December 2022, reserves and other capital contributions are comprised of gains (losses) on remeasurement of hedging derivatives CZK (281,000) (2021: CZK 50,953,000).

*Dividends*

In 2022, based on a profit distribution decision, the Company announced and paid a profit share of CZK 66,000,000 (2021: CZK 44,674,000).

**18. Provisions**

<i>In thousands of CZK</i>	Balance at 1 January 2022	Provisions created	Provisions used	Balance at 31 December 2022	Non-current	Current
Other provisions	468	2 302	(2 226)	543	--	543
<b>Total</b>	<b>468</b>	<b>2 302</b>	<b>(2 226)</b>	<b>543</b>	<b>--</b>	<b>543</b>

<i>In thousands of CZK</i>	Balance at 1 January 2021	Provisions created	Provisions used	Balance at 31 December 2021	Non-current	Current
Other provisions	460	468	(460)	468	--	468
<b>Total</b>	<b>460</b>	<b>468</b>	<b>(460)</b>	<b>468</b>	<b>--</b>	<b>468</b>

A provision for employee bonuses of CZK 543,000 was recognised in 2022 (2021: 468,000). This annual bonus is an unguaranteed component (to which no entitlement exists) of wages.

**19. Trade and other payables***Current liabilities**In thousands of CZK*

	<b>2022</b>	<b>2021</b>
Trade payables to related parties (see Note 25)	690 591	406 552
Trade payables to third parties	1 103 906	929 610
Contract liabilities	363 863	196 804
Other payables	34 641	1 421
<b>Total</b>	<b>2 193 001</b>	<b>1 534 387</b>

Unbilled received prepayments for electricity and gas supplies are stated under contract liabilities.

**Veolia Komodity ČR, s.r.o.****NOTES TO THE SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022**

Other payables in 2022 included a VAT liability of CZK 29,908,000 (2021: a VAT receivable CZK 45,823,000).

*Reconciliation of liabilities and cash flows from financing activities*

<i>In thousands of CZK</i>	<b>Leases</b>
Balance at 1 January 2022	35 032
Interest expense	587
Interest paid	--
Paid leases	(12 434)
New leases	4 709
Balance at 31 December 2022	27 894

**20. Financial instruments*****Credit risk***

Maximum exposure to credit risk as at the date of the statement of financial position was:

<i>In thousands of CZK</i>	<b>Note</b>	<b>Carrying amount 2022</b>	<b>Carrying amount 2021</b>
Trade and other receivables	15	2 137 729	1 471 315
Other long-term receivables	22	87 092	52 913
Cash and cash equivalents	16	539 026	315 458
<b>Total</b>		<b>2 763 847</b>	<b>1 839 686</b>

***Impairment losses***

<i>In thousands of CZK</i>	<b>Nominal value 2022</b>	<b>Impairment 2022</b>	<b>Nominal value 2021</b>	<b>Impairment 2021</b>
Not yet due	2 215 173	--	1 518 916	--
0–90 days overdue	10 577	(929)	5 301	--
90–180 days overdue	--	--	--	--
181–360 days overdue	--	--	25	(14)
More than 1 year overdue	13 721	(13 721)	13 796	(13 796)
<b>Total</b>	<b>2 239 471</b>	<b>(14 650)</b>	<b>1 538 038</b>	<b>(13 810)</b>



## Veolia Komodity ČR, s.r.o.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022**

Movement in impairment provisions in respect of trade receivables in the course of the year was:

<i>In thousands of CZK</i>	<b>2022</b>	<b>2021</b>
Balance at 1 January	(13 810)	(13 794)
Establishment	(1 042)	(19)
Utilisation	202	3
Balance at 31 December	(14 650)	(13 810)

**Liquidity risk**

The following are payments of liabilities by the contractual maturities of financial liabilities, including estimated interest payments:

**At 31 December 2022**

<i>In thousands of CZK</i>	<b>Carrying amount</b>	<b>Contractual cash flow</b>	<b>Within 6 months</b>	<b>6–12 months</b>	<b>1–2 years</b>	<b>2–5 years</b>	<b>More than 5 years</b>
Trade and other payables	2 193 001	2 193 001	2 193 001	--	--	--	--
Current tax liabilities	68 983	68 983	68 983	--	--	--	--
Cashpooling interest	3 340	3 340	3 340	--	--	--	--
Derivative instruments – liabilities	35 283	35 283	35 283	--	--	--	--
<b>Total</b>	<b>2 300 607</b>	<b>2 300 607</b>	<b>2 300 607</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>

**At 31 December 2021**

<i>In thousands of CZK</i>	<b>Carrying amount</b>	<b>Contractual cash flow</b>	<b>Within 6 months</b>	<b>6–12 months</b>	<b>1–2 years</b>	<b>2–5 years</b>	<b>More than 5 years</b>
Trade and other payables	1 534 387	1 534 387	1 534 387	--	--	--	--
Current tax liabilities	25 082	25 082	25 082	--	--	--	--
Cashpooling interest	1 612	1 612	1 612	--	--	--	--
<b>Total</b>	<b>1 561 081</b>	<b>1 561 081</b>	<b>1 561 081</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>

**Veolia Komodity ČR, s.r.o.****NOTES TO THE SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022*****Currency risk***

To hedge purchases and sales of electricity in foreign currencies (EUR), forward contracts were concluded with Veolia Environnement Finance (see Note 5). Due to the gradual hedging of purchases and sales the currency risk is minimal for the Company.

<i>In thousands of EUR</i>	<b>2022</b>	<b>2021</b>
Trade receivables	17 141	14 896
Trade payables	(95)	(2)
Cashpooling receivables	15 422	2 238
<b>Net financial position</b>	<b>32 468</b>	<b>17 132</b>

***Currency risk sensitivity analysis***

<b>In thousands of CZK</b>	<b>Gain or loss</b>		<b>Net result</b>	
	<b>Increase</b>	<b>Decrease</b>	<b>Increase</b>	<b>Decrease</b>
<b>At 31 December 2022</b>				
EUR (10% movement)	78 297	(78 297)	63 420	(63 420)
<b>At 31 December 2021</b>				
EUR (10% movement)	42 590	(42 590)	34 498	(34 498)

A reasonably possible appreciation of the EUR in relation to all other currencies at 31 December 2022 would have an impact on the measurement of financial instruments denominated in foreign currencies, on equity and on profit/loss by the amounts specified above. This analysis assumes that all the other variables, in particular interest rates, remain unchanged and ignore any impact of the expected sales and purchases.

***Interest rate risk***

As at 31 December 2022, the Company has the following interest-bearing financial instruments:

***Variable-rate financial instruments***

As regards variable-rate financial instruments the Company only has right-of-use liabilities totalling CZK 27,894,000 (2021: CZK 35,031,000). The maturities fall from 2023 to 2026.

***Sensitivity analysis of variable-rate financial instruments***

Sensitivity analysis was based on exposure to interest rates related to variable-rate credit instruments at the end of the accounting period. For variable-rate debts the analysis is based on the assumption that the outstanding amount of the debt at the end of the accounting period was applicable in the same amount throughout the year.

Had the interest rates been 0.5% higher/lower with all the other variables remaining constant, the Company's profit for the period ending on 31 December 2022 would have decreased/increased by CZK 0.345 million (2021: decrease/increase by CZK 1 million).

## Veolia Komodity ČR, s.r.o.

### NOTES TO THE SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022

#### *Effective interest rate and remeasurement analysis*

The average interest rate of interest-bearing financial assets and liabilities at the date of the statement of financial position and the periods in which they are remeasured:

<i>In thousands of CZK</i>	<b>Average interest rate in 2022 (%)</b>	<b>Liability for 2022</b>	<b>Next re-pricing date</b>	<b>Due date</b>
Lease liabilities	0.1-3.5%	(27 894)	--	2023-2026
Total		(27 894)		

In accordance with IFRS 7 Financial Instruments: Disclosures, for measuring fair value, the Company uses Level 3 inputs, which are not based on observable market data (objectively unobservable inputs).

#### *Interest rates used to calculate fair values*

The interest rates used to discount cash flows were, as far as possible, based on the interest rate on treasury bonds as at the date of the statement of financial position in respect of derivatives. The rates applied are as follows:

	<b>2022</b>	<b>2021</b>
Derivatives	4-7.3%	2.62%

## 21. Leases

From the lessee's perspective

The Company leases offices for approximately five years and vehicles for approximately four years. It also leases installations for gas supply.

The right to lease renewal is normally not contained in the contracts. Some contracts are indexed to inflation every year. Sublease of leased assets to third parties does not occur.

IT devices are not recognised as right-of-use assets due to insignificant value.

<i>Amounts recognised in the income statement, in thousands of CZK</i>	<b>2022</b>	<b>2021</b>
Costs of short-term leases	4 672	--
Costs related to variable lease payments	267	234
Other expenses	65	75
Total	5 004	309

<i>Other, in thousands of CZK</i>	<b>2022</b>	<b>2021</b>
Interest expense on lease liabilities	587	446
Revenue from right-of-use asset sublease	--	--
Total cash outflow for leases	12 434	7 429
Gains / (losses) from sale and leaseback transactions	--	--

The Company leases land, buildings and equipment, and vehicles. The operating lease contracts that meet the requirements of IFRS 16 are recognised as assets – Right-of-use.

## Veolia Komodity ČR, s.r.o.

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022

	Balance at 1 January 2022	Additions/transfers	Disposals	Balance at 31 December 2022
<i>Acquisition cost (CZK thousands)</i>				
Property, buildings and constructions	6 122	--	--	6 122
Plant and equipment, and other assets	37 161	4 710	(323)	41 548
<b>Total</b>	<b>43 283</b>	<b>4 710</b>	<b>(323)</b>	<b>47 670</b>

<i>Depreciation and impairment losses (CZK thousands)</i>				
Property, buildings and constructions	(2 430)	(868)	--	(3 298)
Plant and equipment, and other assets	(6 056)	(11 164)	323	(16 897)
<b>Total</b>	<b>(8 486)</b>	<b>(12 032)</b>	<b>323</b>	<b>(20 195)</b>

<i>Carrying amount (CZK thousands)</i>				
Property, buildings and constructions	3 692	(868)	--	2 824
Plant and equipment, and other assets	31 105	(6 454)	--	24 651
<b>Total</b>	<b>34 797</b>	<b>(7 322)</b>	<b>--</b>	<b>27 475</b>

	Balance at 1 January 2021	Additions	Disposals	Balance at 31 December 2021
<i>Acquisition cost (CZK thousands)</i>				
Property, buildings and constructions	1 780	4 342	--	6 122
Plant and equipment, and other assets	7 290	36 653	(6 782)	37 161
<b>Total</b>	<b>9 070</b>	<b>40 995</b>	<b>(6 782)</b>	<b>43 283</b>

<i>Depreciation and impairment losses (CZK thousands)</i>				
Property, buildings and constructions	(1 561)	(869)	--	(2 430)
Plant and equipment, and other assets	(6 079)	(6 759)	6 782	(6 056)
<b>Total</b>	<b>(7 640)</b>	<b>(7 628)</b>	<b>6 782</b>	<b>(8 486)</b>

<i>Carrying amount (CZK thousands)</i>				
Property, buildings and constructions	219	3 473	--	3 692
Plant and equipment, and other assets	1 211	29 894	--	31 105
<b>Total</b>	<b>1 430</b>	<b>33 367</b>	<b>--</b>	<b>34 797</b>

**Veolia Komodity ČR, s.r.o.****NOTES TO THE SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022**

From the lessor's perspective

The Company does not let its assets.

**At 31 December 2022**

<i>In thousands of CZK</i>	<b>Carrying amount</b>	<b>Contractual cash flow</b>	<b>Within 6 months</b>	<b>6-12 months</b>	<b>1-2 years</b>	<b>2-5 years</b>	<b>More than 5 years</b>
Long-term liabilities – Right-of-use	18 263	18 555	--	--	8 752	9 802	--
Short-term liabilities – Right-of-use	9 631	9 972	9 972	--	--	--	--
<b>Total</b>	<b>27 894</b>	<b>28 527</b>	<b>9 972</b>	<b>--</b>	<b>8 752</b>	<b>9 802</b>	<b>--</b>

**At 31 December 2021**

<i>In thousands of CZK</i>	<b>Carrying amount</b>	<b>Contractual cash flow</b>	<b>Within 6 months</b>	<b>6-12 months</b>	<b>1-2 years</b>	<b>2-5 years</b>	<b>More than 5 years</b>
Long-term liabilities – Right-of-use	26 700	27 327	--	--	8 772	18 555	--
Short-term liabilities – Right-of-use	8 331	8 791	8 791	--	--	--	--
<b>Total</b>	<b>35 031</b>	<b>36 118</b>	<b>8 791</b>	<b>--</b>	<b>8 772</b>	<b>18 555</b>	<b>--</b>

**22. Other long-term receivables**

<i>In thousands of CZK</i>	<b>2022</b>	<b>2021</b>
Other long-term receivables	87 092	52 913
<b>Total</b>	<b>87 092</b>	<b>52 913</b>

Most long-term receivables are comprised of financial hedges related to electricity and gas deals. Operátor trhu OTE, a.s. and the European Commodity Clearing AG have been provided with security deposits.

## Veolia Komodity ČR, s.r.o.

### NOTES TO THE SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022

#### 23. Intangible assets

Intangible assets	Balance at 1 January 2022	Additions/transfers	Disposals	Balance at 31 December 2022
<i>Acquisition cost (CZK thousands)</i>				
Software	--	989	--	989
Other	41 905	--	--	41 905
<b>Total</b>	<b>41 905</b>	<b>989</b>	<b>--</b>	<b>42 894</b>
<i>Depreciation and impairment losses (CZK thousands)</i>				
Software	--	(20)	--	(20)
Other	(41 905)	--	--	(41 905)
<b>Total</b>	<b>(41 905)</b>	<b>(20)</b>	<b>--</b>	<b>(41 925)</b>
<i>Carrying amount (CZK thousands)</i>				
Software	--	969	--	969
Other	--	--	--	0
<b>Total</b>	<b>--</b>	<b>969</b>	<b>--</b>	<b>969</b>

#### 24. Related parties

##### *Transactions with related parties*

The Company is controlled by the multinational company Veolia Energie International S.A. and its ultimate parent company, Veolia Environnement – VE SA. The Company has transactions with other Group companies (see Note 25).

##### *Transactions with management personnel*

Neither the management personnel of the Company nor their immediate relatives own any voting shares in the Company. In addition to their salaries, the Company also provides cars and mobile phones for both business and private purposes to management personnel.

#### 25. Companies in the Group

##### *Sales and purchases within the Group*

Typical transactions between the Company and the parent company and other Group companies controlled by its parent company are as follows:

Sales transactions:

- Revenue from the supply of electricity, gas and biomass.

Purchase transactions:

- Advisory services provided to the Company
- Supply of electricity and distribution services
- Re-invoicing of rent for office space

**Veolia Komodity ČR, s.r.o.****NOTES TO THE SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022**

All significant transactions with related parties were carried out under arm's length conditions. Related parties include all companies in the Veolia Group. The Company reports only material relationships with these entities.

<i>In thousands of CZK</i>	<b>2022</b>	<b>2021</b>
Purchases	5 272 232	1 997 081
Sales	2 249 878	1 774 727
Finance costs	10 235	100
Finance income	3 241	178

<i>In thousands of CZK</i>	<b>2022</b>	<b>2021</b>
Receivables	279 145	163 813
Liabilities	690 591	406 552
Financial liabilities	6 211	1 612

In addition to the above, the Company records contract assets of CZK 563,011,000 and contract liabilities of CZK 122,762,000. We also have active derivatives worth CZK 50,001,000 and passive derivatives worth CZK 35,283,000. Receivables and payables also include advance payments provided and accepted and estimated assets and, as applicable, estimated liabilities.

The Company is involved in a cash pool with Veolia Environnement SA (see Note 16). The cash pool balance is a receivable of CZK 457,803,000 and is not recognised in the table above.

**26. Subsequent events**

No events occurred between the date of the statement of financial position and the date of preparation of the financial statements that would have any material impact on the financial statements as at 31 December 2022, or that should be disclosed in the financial statements.







## 04 REPORT

# ON RELATED PARTIES

**Report on Related Parties**  
**i.e. report on the relations between the controlling and controlled entities**  
**and between the controlled entity and other entities under common control**  
**(related parties)**

for the accounting period of 2022

prepared

under Section 82 of Act No 90/2012 on commercial companies and cooperatives  
(the Business Corporations Act), as amended, hereinafter “the BCA”,

**by the governing body of Veolia Komodity ČR, s.r.o.,**  
**having its registered office at 28. října 3337/7, Moravská Ostrava, 702 00 Ostrava**  
**Company No.: 258 46 159,**

a company incorporated in the Companies Register maintained by the Ostrava Regional Court,  
file number C 21431

**Contents**

1. Preamble
2. Specification and description of related parties
3. Role of the controlled entity, methods and means of control, and evaluation of the advantages and disadvantages arising from relations between the related parties
4. Overview of agreements between related parties, assessment of damage and compensation for damage under Sections 71 and 72 BCA, and overview of acts made at the instigation or in the interest of the controlling entity or entities controlled by the controlling entity
5. Conclusion

## I Preamble

The Report has been prepared by the Company's governing body under Section 82 of Act No 90/2012 on commercial companies and cooperatives (the Business Corporations Act, BCA), as amended, on 23 February 2023.

The accuracy of the disclosures contained herein was reviewed by the auditors, KPMG Česká republika Audit, s.r.o.

The Report has been prepared for the accounting period of 2022.

## II Specification and description of related parties

The list of related parties provides an overview of all related companies in the Czech Republic regardless of whether the Company had in place or performed under any contract with them in 2022, including their respective controlling entities. Furthermore, the list of related parties also includes those international entities with which the Company had in place or performed under a contract in the year reviewed.

### Controlled company

**Name:** Veolia Komodity ČR, s.r.o.  
**Registered office:** 28. října 3337/7, Moravská Ostrava, 702 00 Ostrava  
**Company No.:** 258 46 159  
**File number:** C 21431, Companies Register maintained by the Ostrava Regional Court  
**Legal form:** Private limited company  
 Hereinafter also referred to as Veolia Komodity ČR.

### Controlling companies and entities controlling the controlling companies

**Name:** Veolia Průmyslové služby ČR, a.s.  
**Registered office:** Zelená 2061/88a, Mariánské Hory, 709 00 Ostrava  
 Special postcode: 709 74  
**Company No.:** 278 26 554  
**File number:** B 3722, Companies Register maintained by the Ostrava Regional Court  
**Legal form:** Public limited company

**Name:** Veolia Energie ČR, a.s.  
**Registered office:** 28. října 3337/7, Moravská Ostrava, 702 00 Ostrava  
**File number:** B 318, Companies Register maintained by the Ostrava Regional Court  
**Company No.:** 451 93 410  
**Legal form:** Public limited company

**Name:** VEOLIA ENERGIE INTERNATIONAL S.A.  
**Registered office:** 21 rue La Boétie, 75008 Paris, France  
**Company No.:** 433 539 566 R.C.S. Paris  
**Legal form:** Public limited company

**Name:** VEOLIA ENVIRONNEMENT S.A.  
**Registered office:** 21 rue La Boétie, 75008 Paris, France  
**Company No.:** 403 210 032 R.C.S. Paris  
**Legal form:** Public limited company

## Related parties

**Name:** Energie Projekt ČR, s.r.o. “In liquidation”  
**Registered office:** Praha 2, Americká 415  
**Company No.:** 257 06 969  
**File number:** C 62955, Companies Register maintained by the Prague Municipal Court  
**Legal form:** Private limited company

**Name:** RECOVERA CZ, a.s. (formerly JVCD, a.s.)  
**Registered office:** Zelená 2061/88a, Mariánské Hory, 709 00 Ostrava (formerly Praha 2, Americká 36/415, postcode 120 00)  
**Company No.:** 601 93 204  
**File number:** B 11405, Companies Register maintained by the Ostrava Regional Court (formerly B 2321, Companies Register maintained by the Prague Municipal Court)  
**Legal form:** Public limited company  
 The company changed its name on 19 January 2022, its registered office on 17 February 2022; as of 19 January 2022, it is registered with a different court under a new file number.

**Name:** OLTERM & TD Olomouc, a.s.  
**Registered office:** Janského 469/8, Povel, 779 00 Olomouc  
**Company No.:** 476 77 511  
**File number:** B 872, Companies Register maintained by the Ostrava Regional Court  
**Legal form:** Public limited company

**Name:** AmpluServis, a.s.  
**Registered office:** Ostrava-Třebovice, ul. Elektrárenská 5558, postcode 70974  
**Company No.:** 651 38 317  
**File number:** B 1258, Companies Register maintained by the Ostrava Regional Court  
**Legal form:** Public limited company

**Name:** Veolia Energie Kolín, a.s.  
**Registered office:** Kolín V., Tovární 21, postcode 280 63  
**Company No.:** 451 48 091  
**File number:** B 1523, Companies Register maintained by the Prague Municipal Court  
**Legal form:** Public limited company

**Name:** Veolia Energie Mariánské Lázně, s.r.o.  
**Registered office:** Nádražní náměstí 294, Úšovice, 353 01 Mariánské Lázně  
**Company No.:** 497 90 676  
**File number:** C 4776, Companies Register maintained by the Plzeň Regional Court  
**Legal form:** Private limited company

**Name:** Veolia Energie Praha, a.s.  
**Registered office:** Na Florenci 2116/15, Nové Město, 110 00 Praha 1  
**Company No.:** 036 69 564  
**File number:** B 20284, Companies Register maintained by the Prague Municipal Court  
**Legal form:** Public limited company

**Name:** Veolia Powerline Kaczyce Sp. z o.o.  
**Registered office:** Morcinka 17, 43-417 Kaczyce, Poland  
**Company No.:** 141 89 229, Regional Registry Court in Bielsko Biala  
**Legal form:** Private limited company

**Name:** Institut environmentálních služeb, a.s.  
**Registered office:** Podolská 15/17, Podolí, 147 00 Praha 4  
**Company No.:** 629 54 865  
**File number:** B 9967, Companies Register maintained by the Prague Municipal Court  
**Legal form:** Public limited company

**Veolia Smart Systems ČR, s.r.o.**

**Name:**  
**Registered office:** V Lázních 224, 252 42 Jesenice  
**Company No.:** 030 81 761  
**File number:** C 227174, Companies Register maintained by the Prague Municipal Court  
**Legal form:** Private limited company

**Name:** **VEOLIA EAU - COMPAGNIE GENERALE DES EAUX SCA**  
**Registered office:** 21 rue La Boétie, 75008 Paris, France  
**Company No.:** 572 025 526 R.C.S. Paris  
**Legal form:** Partnership limited by shares

**Name:** **VEOLIA CENTRAL & EASTERN EUROPE S.A.**  
**Registered office:** 21 rue La Boétie, 75008 Paris, France  
**Company No.:** RCS PARIS B 433 934 809  
**Legal form:** Public limited company

**Name:** **Veolia Holding Česká republika, a.s.**  
**Registered office:** Na Florenci 2116/15, Nové Město, 110 00 Praha 1  
**Company No.:** 106 96,539  
**File number:** B 26190, Companies Register maintained by the Prague Municipal Court  
**Legal form:** Public limited company

**Name:** **VEOLIA ČESKÁ REPUBLIKA, a.s.**  
**Registered office:** Na Florenci 2116/15, Nové Město, 110 00 Praha 1  
**Company No.:** 492 41 214  
**File number:** B 2098, Companies Register maintained by the Prague Municipal Court  
**Legal form:** Public limited company

**Name:** **Pražské vodovody a kanalizace, a.s.**  
**Registered office:** Ke Kablu 971/1, Hostivař, 102 00 Praha 10  
**Company No.:** 256 56 635  
**File number:** B 5297, Companies Register maintained by the Prague Municipal Court  
**Legal form:** Public limited company

**Name:** **MORAVSKÁ VODÁRENSKÁ, a.s.**  
**Registered office:** Tovární 1059/41, Hodolany, 779 00 Olomouc  
**Company No.:** 618 59 575  
**File number:** B 1943, Companies Register maintained by the Ostrava Regional Court  
**Legal form:** Public limited company

**Name:** **Vodárna Zlín a.s.**  
**Registered office:** třída Tomáše Bati 383, Louky, 763 02 Zlín  
**Company No.:** 142 37 083  
**File number:** B 8672, Companies Register maintained by the Brno Regional Court  
**Legal form:** Public limited company  
The company was incorporated and became part of the Veolia Group on 9 February 2022.

**Name:** **Středočeské vodárny, a.s.**  
**Registered office:** Kladno, U Vodojemu 3085, postcode 272 80  
**Company No.:** 261 96 620  
**File number:** B 6699, Companies Register maintained by the Prague Municipal Court  
**Legal form:** Public limited company

**Name:** **RAVOS, s.r.o.**  
**Registered office:** Frant. Diepolta 1870, Rakovnick II, 269 01 Rakovnick  
**Company No.:** 475 46 662  
**File number:** C 19602, Companies Register maintained by the Prague Municipal Court  
**Legal form:** Private limited company

**Name:** **Vodohospodářská společnost Rokycany, s.r.o.**  
**Registered office:** Sedláčkova 651, Plzeňské Předměstí, 337 01 Rokycany

**Company No.:** 453 51 325  
**File number:** C 2378, Companies Register maintained by the Plzeň Regional Court  
**Legal form:** Private limited company

**Name:** **Královéhradecká provozní, a.s.**  
**Registered office:** Víta Nejedlého 893/6, Slezské Předměstí, 500 03 Hradec Králové  
**Company No.:** 274 61 211  
**File number:** B 2383, Companies Register maintained by the Hradec Králové Regional Court  
**Legal form:** Public limited company

**Name:** **1. SČV, a.s.**  
**Registered office:** Praha 10, Ke Kablu 971, postcode 100 00  
**Company No.:** 475 49 793  
**File number:** B 10383, Companies Register maintained by the Prague Municipal Court  
**Legal form:** Public limited company

**Name:** **Česká voda – MEMSEP, a.s.** (formerly Česká voda - Czech Water, a.s.)  
**Registered office:** Ke Kablu 971/1, Hostivař, 102 00 Praha 10  
**Company No.:** 250 35 070  
**File number:** B 12115, Companies Register maintained by the Prague Municipal Court  
**Legal form:** Public limited company  
The company name changed on 21 October 2022.

**Name:** **Solutions and Services, a.s.**  
**Registered office:** Na Florenci 2116/15, Nové Město, 110 00 Praha 1  
**Company No.:** 272 08 320  
**File number:** B 11409, Companies Register maintained by the Prague Municipal Court  
**Legal form:** Public limited company

**Name:** **Veolia Support Services Česká republika, a.s.**  
**Registered office:** Na Florenci 2116/15, Nové Město, 110 00 Praha 1  
**Company No.:** 290 60 770  
**File number:** B 18573, Companies Register maintained by the Prague Municipal Court  
**Legal form:** Public limited company

**Name:** **Veolia Vedlejší produkty ČR, s.r.o.**  
**Registered office:** Na Florenci 2116/15, Nové Město, 110 00 Praha 1  
**Company No.:** 247 15 964  
**File number:** C 168333, Companies Register maintained by the Prague Municipal Court  
**Legal form:** Private limited company

**Name:** **Severočeská servisní a.s.**  
**Registered office:** Přítkovská 1689/14, Trhovany, 415 01 Teplice  
**Company No.:** 051 75 917  
**File number:** B 2659, Companies Register maintained by the Ústí nad Labem Regional Court  
**Legal form:** Public limited company

**Name:** **VWS MEMSEP s.r.o.** – struck off as at 1 January 2019  
**Registered office:** Sokolovská 100/94, Karlín, 186 00 Praha 8  
**Company No.:** 416 93 752  
**File number:** C 3925, Companies Register maintained by the Prague Municipal Court  
**Legal form:** Private limited company  
Pursuant to the draft terms of merger dated 24 October 2022 VWS MEMSEP s.r.o. was wound up and all of its assets and liabilities were transferred to Česká voda - MEMSEP, a.s. (registered and struck off on 1 January 2023).

**Name:** **IoT.water a.s.**  
**Registered office:** Sokolovská 100/94, Karlín, 186 00 Praha 8  
**Company No.:** 055 89 916

**File number:** B 25457, Companies Register maintained by the Prague Municipal Court  
**Legal form:** Public limited company

**Name:** **Pražská teplárenská a.s.**  
**Registered office:** Praha 7, Partyzánská 1/7, postcode 170 00  
**Company No.:** 452 73 600  
**File number:** B 1509, Companies Register maintained by the Prague Municipal Court  
**Legal form:** Public limited company

**Name:** **TERMONTA PRAHA a.s.**  
**Registered office:** Praha 10, Třebostická 46/11, postcode 100 00  
**Company No.:** 471 16 234  
**File number:** B 1846, Companies Register maintained by the Prague Municipal Court  
**Legal form:** Public limited company

**Name:** **PT Koncept, a.s.**  
**Registered office:** Partyzánská 1/7, Holešovice, 170 00 Praha 7  
**Company No.:** 032 61 816  
**File number:** B 19886, Companies Register maintained by the Prague Municipal Court  
**Legal form:** Public limited company

**Name:** **Teplo Neratovice, spol. s r.o.**  
**Registered office:** Neratovice, Školní 162, postcode 277 11  
**Company No.:** 498 27 316  
**File number:** C 34074, Companies Register maintained by the Prague Municipal Court  
**Legal form:** Private limited company

**Name:** **PT Distribuční, s.r.o.**  
**Registered office:** Praha 9 - Střížkov, Jablonecká 322/72, postcode 190 00  
**Company No.:** 457 93 590  
**File number:** C 11208, Companies Register maintained by the Prague Municipal Court  
**Legal form:** Private limited company

**Name:** **ENERGOPROJEKTA s.r.o.**  
**Registered office:** Dluhonská 1350/43, Přerov I-Město, 750 02 Přerov  
**Company No.:** 059 85 005  
**File number:** C 70165, Companies Register maintained by the Ostrava Regional Court  
**Legal form:** Private limited company

**Name:** **PT Transit, a.s.**  
**Registered office:** Partyzánská 1/7, Holešovice, 170 00 Praha 7  
**Company No.:** 293 52 797  
**File number:** B 19399, Companies Register maintained by the Prague Municipal Court  
**Legal form:** Public limited company

**Name:** **Popron Systems s.r.o.**  
**Registered office:** Revoluční 1082/8, Nové Město, 110 00 Praha 1  
**Company No.:** 618 55 162  
**File number:** C 31495, Companies Register maintained by the Prague Municipal Court  
**Legal form:** Private limited company  
The company became part of the Group on 3 January 2022.

**Name:** **VEO Project Engineering, s.r.o.**  
**Registered office:** 28. října 3337/7, Moravská Ostrava, 702 00 Ostrava  
**Company No.:** 171 61 703  
**File number:** C 89380, Companies Register maintained by the Ostrava Regional Court  
**Legal form:** Private limited company  
The company was incorporated and became part of the Veolia Group on 19 May 2022.

**Name:** **Recovera Využití zdrojů a.s. (formerly SUEZ CZ a.s.)**  
**Registered office:** Španělská 1073/10, Vinohrady, 120 00 Praha 2

**Company No.:** 256 38 955  
**File number:** B 9378, Companies Register maintained by the Prague Municipal Court  
**Legal form:** Public limited company  
 The company became part of the Veolia Group on 18 January 2022. The company name changed on 19 April 2022.

*Note: Schematic diagrams of the Group composed of the controlling and controlled entities as the related parties are shown in Annexes 1 and 2 to this Report.*

### III

#### **Role of the controlled entity, methods and means of control, and evaluation of the advantages and disadvantages arising from relations between the related parties**

Within the meaning of Section 79 BCA, Veolia Komodity ČR, s.r.o. is a dependent entity within the Group and is subject to joint management under a common policy of strategic management of the Group; for the dependent entity, the above primarily generates advantages from the know-how provided within the Group for performing the controlled entity's business. The relationship between the related parties does not cause any disadvantage to any of them. Veolia Komodity ČR, s.r.o. serves as a central intermediary for the purchases and sale of electricity and gas for Group companies.

The dependent entity is controlled through the sole member acting in the capacity of the Company's general meeting, who has the influence to appoint their representatives to the Company's bodies and so can influence the business management of the Company.

The Company is not exposed to any future or long-term risks as a result of its membership of the Veolia Group and the governing body is not aware of any material future developments that may jeopardise the Company as a result of its belonging to the Group.

### IV

#### **Overview of agreements between related parties, assessment of damage and compensation for damage under Sections 71 and 72 BCA, and overview of acts made at the instigation or in the interest of the controlling entity or entities controlled by the controlling entity**

##### **A. Relations with controlling companies and entities controlling the controlling companies**

###### **A1. Veolia Průmyslové služby ČR, a.s.**

The following agreements are in place between Veolia Komodity ČR, s.r.o. and Veolia Průmyslové služby ČR, a.s.:

Agreements where Veolia Komodity ČR, s.r.o. is the supplier: an Agreement on Electricity Supply on an arm's length basis.

Agreements where Veolia Komodity ČR, s.r.o. is the customer: an Agreement on Electricity Feed-in from a Renewable Energy Source and an Agreement on Electricity Distribution, on an arm's length basis.

Veolia Komodity ČR, s.r.o. and Veolia Průmyslové služby ČR, a.s. have in place a Mandate Agreement on Emission Allowances and an Agreement on Compensation for Losses Caused by the Connection to the DIN Local Distribution System on an arm's length basis.

###### **A2. Veolia Energie ČR, a.s.**

The following agreements are in place between Veolia Komodity ČR, s.r.o. and Veolia Energie ČR, a.s.:



Agreements where Veolia Komodity ČR, s.r.o. is the supplier: an Agreement on Bundled Gas and Electricity Supply on an arm's length basis. These companies also concluded and performed under a Purchase Agreement for the Purchase and Sale of Biomass on an arm's length basis.

Agreements where Veolia Komodity ČR, s.r.o. is the customer: a Service Agreement; a Commercial Space Sublease Agreement and a Personal Property Lease Agreement; an EFET Bilateral Electricity Trading Agreement; an Agreement on Group Treasury Management, including implementing amendments; an Agreement on Personal Data Processing; a Sub-licence Agreement on Trade Mark Use; all of them on an arm's length basis.

Veolia Energie ČR, a.s. takes out insurance policies for Veolia Komodity ČR, s.r.o. and then re-invoices the costs.

Veolia Energie ČR, a.s. also invoices fees for financial guarantees provided to Veolia Komodity ČR, s.r.o. in relation to framework agreements on the supply of gas and electricity.

Veolia Energie ČR, a.s. also re-invoices Veolia Komodity ČR, s.r.o. for the costs of services (legal services, promotional items, hall leases, consumables, communications, travel expenses, antigen tests, maintenance work, hygiene products, etc.).

Veolia Komodity ČR made a financial donation to the Veolia Energie Humain ČR Foundation set up by Veolia Energie ČR, a.s.

#### **A3. VEOLIA ENVIRONNEMENT S.A.**

Veolia Komodity ČR, s.r.o. signed a Declaration of Participation in the International Group Savings Plan of Veolia Environnement and the Sequoia employee shareholding programme with VEOLIA ENVIRONNEMENT S.A., and in this context, it also bore a share of the contributions to the reserved collective employee shareholding vehicles that invest in VEOLIA ENVIRONNEMENT S.A. shares.

Veolia Komodity ČR, s.r.o. participates in a cash pool under a Bilateral Real Cash Pooling Agreement and a Treasury Agreement governing the terms and conditions of the Group cash pool entered into with VEOLIA ENVIRONNEMENT S.A. and Komerční banka, a.s. on an arm's length basis. It has also entered into a Framework Agreement on Forward Financial Instruments with VEOLIA ENVIRONNEMENT S.A.

#### **A4. VEOLIA ENERGIE INTERNATIONAL S.A.**

No contracts were concluded or performed, no legal acts or measures were made towards this company, and no deliveries or considerations were provided between this company controlling the controlling entities and the Company.

### **B. Relations to related parties**

#### **B1. OLTERM & TD Olomouc, a.s.**

Veolia Komodity ČR, s.r.o. and OLTERM & TD Olomouc, a.s. have Agreements on Bundled Electricity Supply and an Agreement on Bundled Gas Supply in place on an arm's length basis.

#### **B2. Veolia Energie Mariánské Lázně, s.r.o.**

Veolia Komodity ČR, s.r.o. and Veolia Energie Mariánské Lázně, s.r.o. have Agreements on Bundled Electricity Supply and an Agreement on Bundled Gas Supply in place on an arm's length basis. These companies also concluded and performed under a Purchase Agreement for the Purchase and Sale of Biomass on an arm's length basis.

**B3. Veolia Energie Kolín, a.s.**

Veolia Komodity ČR, s.r.o. and Veolia Energie Kolín, a.s. have Agreements on Bundled Electricity Supply and an Agreement on Bundled Gas Supply in place on an arm's length basis. These companies also concluded and performed under a Purchase Agreement for the Purchase and Sale of Biomass on an arm's length basis.

**B4. Veolia Energie Praha, a.s.**

Veolia Komodity ČR, s.r.o. and Veolia Energie Praha, a.s. have Agreements on Bundled Electricity Supply and an Agreement on Bundled Gas Supply in place on an arm's length basis.

**B5. Vodárna Zlín a.s.**

Veolia Komodity ČR, s.r.o. and Vodárna Zlín, a.s. have an Agreement on Bundled Electricity Supply and an Agreement on Bundled Gas Supply in place on an arm's length basis.

**B6. 1. SčV, a.s.**

Veolia Komodity ČR, s.r.o. and 1. SčV, a.s. have an Agreement on Bundled Electricity Supply, and Agreement on Electricity Feed-in from Renewable Energy Sources and an Agreement on Bundled Gas Supply in place on an arm's length basis.

**B7. Institut environmentálních služeb, a.s.**

Under an Agreement on Cooperation in Employee Education, Institut environmentálních služeb, a.s. provided Veolia Komodity ČR, s.r.o. with the education of its employees, education record keeping in the personnel system, and regular reporting on education, on an arm's length basis.

**B8. Královéhradecká provozní, a.s.**

Veolia Komodity ČR, s.r.o. and Královéhradecká provozní, a.s. have an Agreement on Bundled Electricity Supply, an Agreement on Electricity Feed-in from a Renewable Energy Source and an Agreement on Bundled Gas Supply in place on an arm's length basis.

**B9. MORAVSKÁ VODÁRENSKÁ, a.s.**

Veolia Komodity ČR, s.r.o. and MORAVSKÁ VODÁRENSKÁ, a.s. have an Agreement on Bundled Electricity Supply, an Agreement on Electricity Feed-in from a Renewable Energy Source and an Agreement on Bundled Gas Supply in place on an arm's length basis.

**B10. Pražské vodovody a kanalizace, a.s.**

Veolia Komodity ČR, s.r.o. and Pražské vodovody a kanalizace, a.s. have an Agreement on Bundled Electricity Supply, an Agreement on Electricity Feed-in from a Renewable Energy Source, an Agreement on Bundled Gas Supply and an Agreement on Dispatching Services in place on an arm's length basis.

**B11. RAVOS, s.r.o.**

Veolia Komodity ČR, s.r.o. and RAVOS, s.r.o. have an Agreement on Bundled Electricity Supply and an Agreement on Bundled Gas Supply in place on an arm's length basis.

**B12. Solutions and Services, a.s.**

Veolia Komodity ČR, s.r.o. and Solutions and Services, a.s. have a Framework Agreement on Electricity Supply for 2021–2022, bought in tranches, and a Framework Agreement on Natural Gas Supply for 2021–2024, bought in tranches, in place on an arm's length basis.

**B13. Středočeské vodárny, a.s.**

Veolia Komodity ČR, s.r.o. and Středočeské vodárny, a.s. have an Agreement on Bundled Electricity Supply and an Agreement on Bundled Gas Supply in place on an arm's length basis.

**B14. Vodohospodářská společnost Rokycany, s.r.o.**

Veolia Komodity ČR, s.r.o. and Vodohospodářská společnost Rokycany, s.r.o. have an Agreement on Bundled Electricity Supply, an Agreement on Electricity Feed-in from a Renewable Energy Source and an Agreement on Bundled Gas Supply in place on an arm's length basis.

**B15. Pražská teplárenská a.s.**

Veolia Komodity ČR, s.r.o. and Pražská teplárenská a.s. have an Agreement on Bundled Electricity Supply, an Electricity Supply Agreement and an Agreement on Bundled Gas Supply in place on an arm's length basis.

**B16. Teplo Neratovice, spol. s r.o.**

Veolia Komodity ČR, s.r.o. and Teplo Neratovice, spol. s r.o. have an Agreement on Bundled Electricity Supply in place on an arm's length basis.

**B17. PT Koncept, a.s.**

Veolia Komodity ČR, s.r.o. and PT Koncept, a.s. have a Framework Agreement on Electricity Supply and Offtake, including Imbalance Responsibility Transfer, from 2021 for an indefinite term in place on an arm's length basis.

They also entered into an Agreement on Bundled Gas Supply, an Agreement on Natural Gas Supply, an Agreement on Bundled Electricity Supply and an Electricity Supply Agreement on an arm's length basis.

**B18. PT Distribuční, s.r.o.**

Veolia Komodity ČR, s.r.o. and PT Distribuční, s.r.o. have an Agreement on Bundled Gas Supply, an Agreement on Bundled Electricity Supply and a Gas Supply Agreement (agreement for building boiler rooms) in place on an arm's length basis.

**B19. TERMONTA PRAHA a.s.**

Veolia Komodity ČR, s.r.o. and TERMONTA PRAHA, a.s. have an Agreement on Bundled Electricity Supply in place on an arm's length basis.

**B20. Recovera Využití zdrojů a.s.**

Veolia Komodity ČR, s.r.o. and Recovera Využití zdrojů a.s. have an Agreement on Bundled Electricity Supply in place on an arm's length basis.

**B21. Veolia Support Services Česká republika, a.s.**

Veolia Komodity ČR, s.r.o. and Veolia Support Services Česká republika, a.s. have an Accounting Agreement in place on an arm's length basis.

***B22. Relations to other related parties***

All the companies of the Veolia Group in the Czech Republic had a Framework Personal Data Protection Agreement in place.

No other contracts were concluded or performed, no legal acts were made, and no deliveries or considerations were provided between the other related companies within the Group.

**C. Overview of acts carried out at the instigation or in the interest of controlling entities**

In 2022, no acts were carried out at the instigation or in the interest of the controlling entity or entities controlled by the controlling entity concerning assets in excess of 10% of the controlled entity's equity and the controlled entity was not inhibited from making certain acts or strategic decisions due to control over the Company and due to controlling entities' interest or instigation.

**V  
Conclusion**

Based on the information above, the Director states that in the period under review, the controlled company suffered no damage in its relations with the controlling entity or in relations between related parties. Furthermore, the governing body notes that the Report is complete and that the disclosure of any additional information, in particular such as would extend the scope or depth of the disclosures made herein, is subject to trade secrecy under Section 504 of Act No 89/2012, the Civil Code.

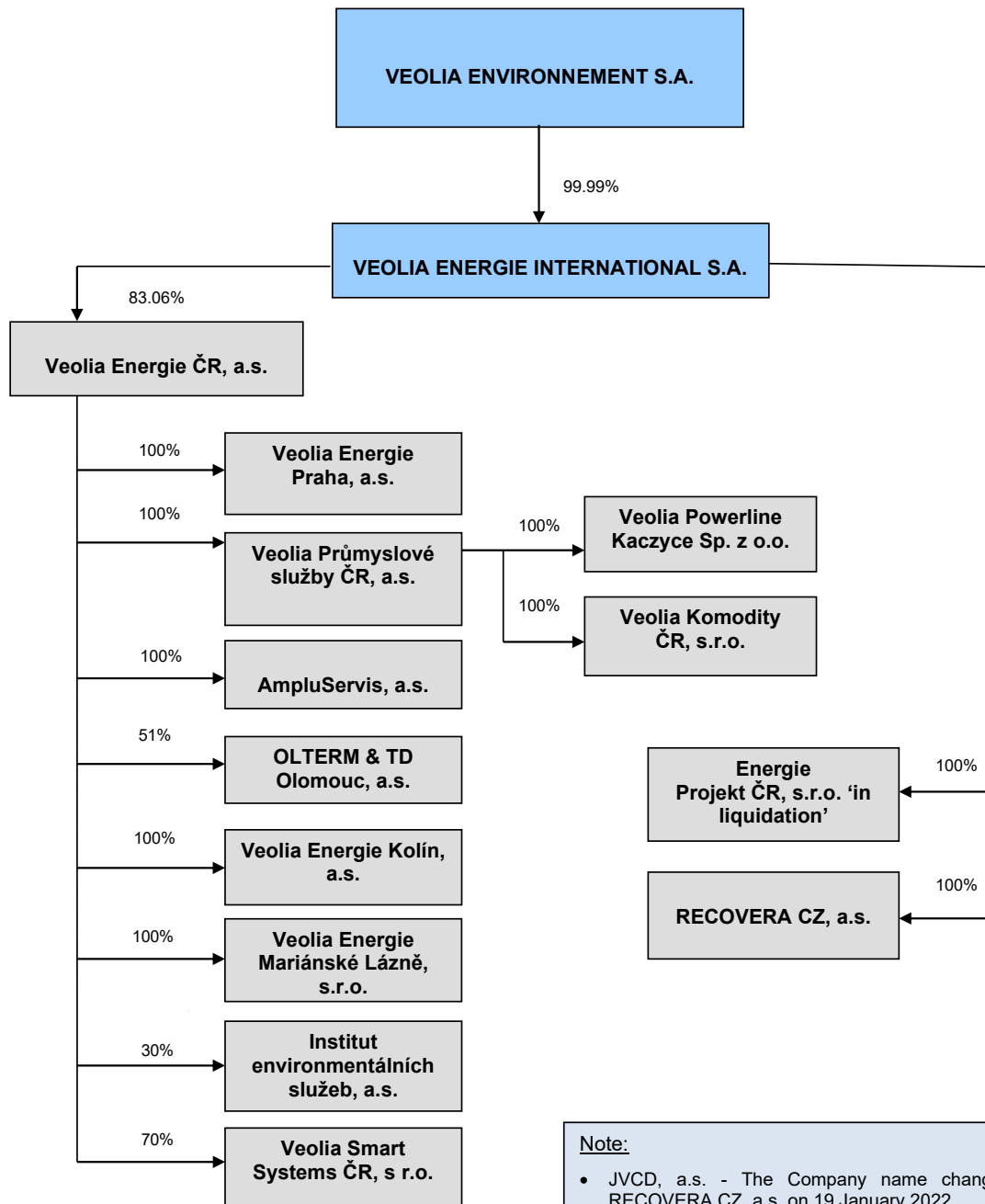
Ostrava, 23 February 2023



Pavel Luňáček  
Director

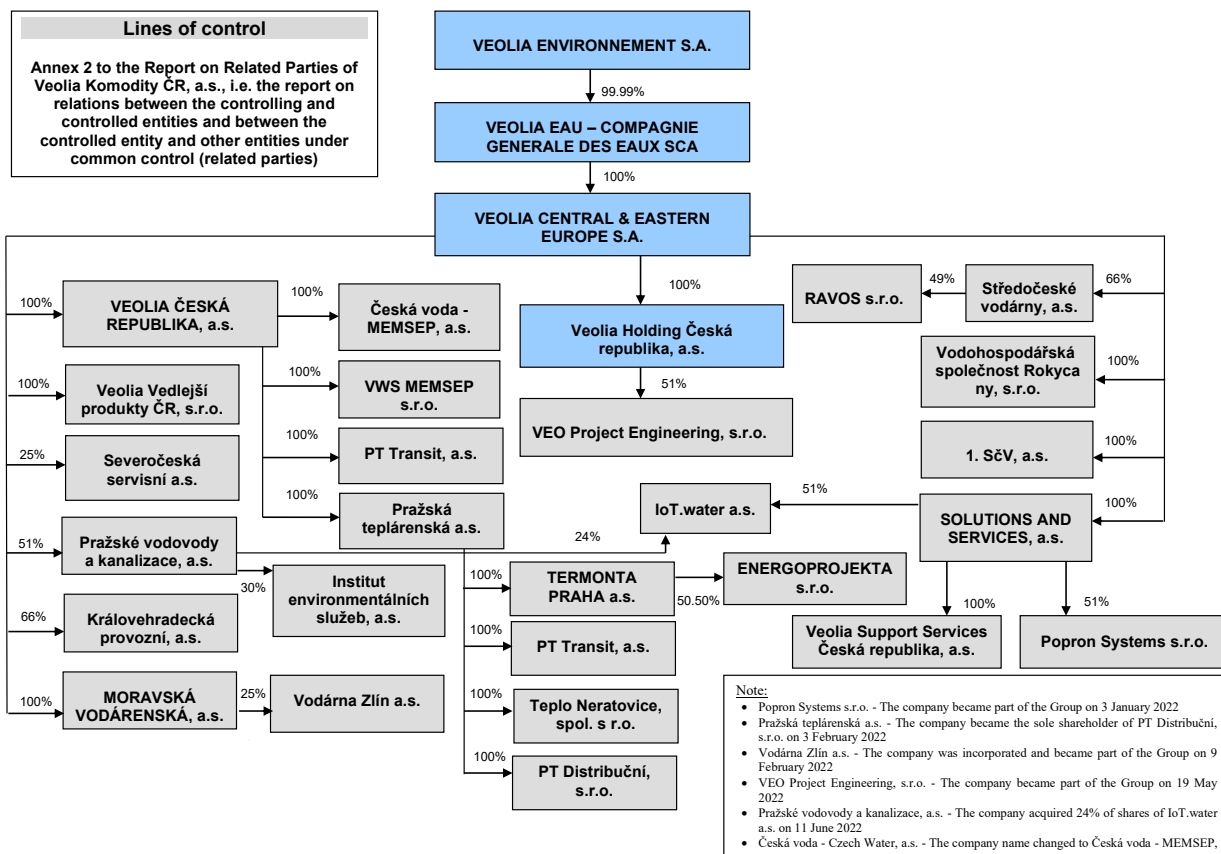
**Lines of control**

Annex 1 to the Report on Related Parties of Veolia Komodity ČR, a.s., i.e. the report on relations between the controlling and controlled entities and between the controlled entity and other entities under common control (related parties)



**Note:**

- JVCD, a.s. - The Company name changed to RECOVERA CZ, a.s. on 19 January 2022
- OLTERM & TD Olomouc, a.s. - The shareholding dropped from 66% to 51% following an increase in registered capital on 30 June 2022









A modern office interior featuring a large window with a view of a building and trees. A desk with a lamp and a grey office chair is visible. A white partition wall with a plant is in the foreground.

# 05 AUDITOR'S

# REPORT



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

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

**Independent Auditor's Report to the Shareholder of Veolia  
Komodity ČR, s.r.o.**

***Opinion***

We have audited the accompanying financial statements of Veolia Komodity ČR, s.r.o. ("the Company"), prepared in accordance with International Financial Reporting Standards as adopted by the European Union, which comprise the statement of financial position as at 31 December 2022, the income statement, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes. Information about the Company is set out in Note 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 2022 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

***Basis for Opinion***

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



### ***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 for the Financial Statements***

The statutory body is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as the statutory body determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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



**Statutory Auditor Responsible for the Engagement**

Karel Charvát is the statutory auditor responsible for the audit of the financial statements of Veolia Komodity ČR, s.r.o. as at 31 December 2022, based on which this independent auditor's report has been prepared.

Prague  
May 4, 2023

*Signed by*

*Signed by*

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

Karel Charvát  
Partner  
Registration number 2032

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