

ANNUAL REPORT

2019

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I. Report on the Company's Business Activities and on the Assets State

1. Information about the Company

MND Gas Storage a.s. (the „Company“), with its registered office at Hodonín, Úprkova 807/6, postcode 695 01, ID 27732894, was created on 10 May 2007 by the sole shareholder - Moravské naftové doly, a.s., Hodonín, Úprkova 807/6, postcode 695 01, ID 26288583 - under business name Gas Storage a.s. The Company was incorporated on 30 May 2007 in the Commercial Register by the Municipal Court in Brno, Section B, Insert 4925.

Currently, the sole shareholder is the legal successor of the original founder - MND a.s., with its registered office at Hodonín, Úprkova 807/6, postcode 695 01, ID 284 83 006. The Company was incorporated in the Commercial Register by the Municipal Court in Brno, Section B, Insert 6209.

2. Information about the Company activities

The Company is engaged in the operation of underground gas storage facilities and providing gas storage services based on energy license.

The Company does not perform research and development and does not have a business unit abroad.

3. Retained earnings, assets and liabilities state

In 2019, the Company's retained earnings in the amount of CZK 60,123 thousand before taxation and CZK 48,575 thousand after taxation.

As at 31 December 2019, the Company's total assets in the amount of CZK 2,395,474 thousand. Non-current assets in the amount of CZK 2,254,751 thousand consists of non-current intangible assets in the amount of CZK 3,081 thousand and non-current tangible assets in the amount of CZK 2,251,670 thousand. Current assets in the amount of CZK 140,045 thousand consists of inventory in the amount of CZK 28,840 thousand, receivables in the amount of CZK 33,180 thousand and funds in the amount of CZK 78,025 thousand.

As at 31 December 2019, the Company's equity amounted to CZK 2,078,934 thousand and liabilities in the amount of CZK 316,434 thousand, of which bank loans amounted to CZK 100,000 thousand.

4. Underground gas storage in Uhřice and South Uhřice

The Uhřice underground gas storage was launched in 2001. In 2012 the new storage structure South Uhřice was successfully connected. The South Uhřice structure potential allows the storage capacity to increase to approx. 350 million/m³ during the 2022/2023 years. Company's underground gas storage is used as multicyclic storage facilities, which means without injection or extraction time limitation (except standard outage for service work in accordance with UGS operator regulations).

The Company's most significant investment was the preparation for a new diagnostic automation system for compressor units heading to introducing a high degree of automation in the application of autonomous elements of industrial management 4.1.

During 2019, the Company continued to develop the INFOR EAM software solution, which is used to provide asset management and maintenance management device. Based on INFOR EAM software implementation, the Company significantly streamlines the maintenance planning, and also the management of possible emergency service interventions.

5. Quality policy and EMS

In 2019, the Company continued to fulfill the obligation to develop all activities to achieve maximum customer satisfaction, and with regard to environmental protection to minimize the impact of activities production on its surroundings.

One of the tools to achieve these goals was to maintain and comply according to the ISO 14001:2004 certified EMS management system, which significantly increased employees' environmental awareness and according to OHSAS 18 001 standards through which the HSE system was implemented in the Company.

The Company follows the MND Group's policy in the field of work safety, environmental standards and standards ensuring process safety.

6. Human resources

At the end of 2019, the Company had 37 employees. The number of employees corresponds to Company needs and to the scope of provided activities, as well as the requirements of energy legislation to ensure sufficient personnel independence of the Company.

7. Education and social area

The Company supports the education of its employees and provides them with a quality background for their development for each individual employee. The Company also supports cooperation with selected high schools and universities in the Czech Republic and abroad. Both in terms of professional qualification improvement of their employees and in order to get new talents and their further development in their experts' team.

As part of employee care, the Company focuses on creating a quality work environment with a wide range of employee benefits.

8. Sponsoring

The Company focuses mainly on special-purpose projects on local and regional level with which focus on children's and youth activities, education, active leisure, elderly care and charity.

9. Acquisition of own shares, branches abroad

The Company did not acquire any of its own shares in 2019. In 2019, the Company did not have any branch or other part of the business plant located abroad.

10. Outlook of the Company's development in the following period

In the next period (storage year 2021/2022), the Company plans to continue optimizing the customer portfolio and offering new business products.

The Company is trying to ensure maximum utilization of available storage capacity by long-term agreements or short-term agreements or through the product portfolio which is offered to customers on the Company's website in accordance with applicable legislation and regulations of the UGS operator.

Thanks to the Uhřice gas storage facility unique parameters, the Company is able to flexibly adapt its business portfolio to market parameters without any delay. Within the UZP Uhřice technical parameters the Company is flexibly ready to offer a products portfolio without any delay.

11. Subsequent events

At the beginning of 2020, the existence of a new coronavirus (Covid-19), which has spread in and outside China, including the Czech Republic, has been confirmed and has disrupted many business and economic activities. The Company considers the outbreak of this epidemic to be a subsequent event that does not lead to a change in the financial statements. As the situation is unstable and evolving rapidly, it is not possible to estimate the potential impact on the Company. We will include the potential impact of the epidemic on macroeconomic forecasts, our position and results in estimates of provisions and reserves in 2020.

No other events have occurred subsequent to year-end that would have a material impact on the annual report as at 31 December 2019.

Hodonín, 30 March 2020



Karel Luner
Chairman of the Board
of Directors



Milan Dočkal
Member of the Board
of Directors

II. Report on Relations between Related Parties

MND Gas Storage a.s. Directors Report of the Board on relations between the controlling entity and the controlled entity and between the controlled entity and entities controlled by the same controlling entity

MND Gas Storage a.s. with its registered office at Hodonín, Úprkova 807/6, postcode 695 01, ID: 27732894, incorporated in the Commercial Register by the Municipal Court in Brno, Section B, Insert 4925 (the „Company“) was in the accounting period from 1 January 2019 to 31 December 2019 (the “Accounting Period“) a controlled party in terms of Section § 74 of Act No. 90/2012 Coll., the Act on Business Corporations and Cooperatives (the “Act on Business Corporations“ or “ZOK“).

The Board of Directors of the Company as a controlled entity in terms of Section § 82 of the Act on Business Corporations has prepared this Report on Relations between the controlling entity and the controlled entity and between the controlled entity and controlled entities controlled by the same controlling entity (the “Report on Relations “and” Related Parties“). The Report on Relations is prepared in terms of Section § 82 (2) and (4) of the ZOK.

1. Structure of Relationships between the Company and Other Related Parties

The Company is part of the KKCG group, consist of companies which are all directly or indirectly controlled by KKCG AG with its registered office at Kapellgasse 21, 6004 Luzern, Swiss Confederation, Reg. No.: CHE-326.367.231 („KKCG AG“).

The Company is indirectly controlled by KKCG AG through the parent company MND a.s., with its registered office at Hodonín, Úprkova 807/6, postcode 695 01, ID: 284 83 006, registered in the Commercial Register maintained by the Regional Court in Brno, Section B, Insert 6209, which is controlled by MND Group AG, with its registered office at Kapellgasse 21, 6004 Luzern, Swiss Confederation, Reg. No. CHE-448.401.517, which is further controlled by KKCG AG.

All other companies of the KKCG Group, i.e. companies directly or indirectly controlled by KKCG AG, are attached to this Report on Relations.

2. The role of the Company

The role of the Company as a controlled company is to provide the operation of underground gas storage facilities and the provision of related services of gas market participant within the scope of the granted energy license in terms of Act No. 458/2000 Coll, on business conditions and the performance of state administration in the energy sectors.

3. Means of Control

Control is exercised vis-à-vis the Company through a 100% share in voting rights at the Company's General Meeting.

4. Overview of important negotiations

During the Reporting Period, the Company did not, at the instigation nor in the interest of KKCG AG or its subsidiaries, conduct any transaction relating to assets exceeding 10% of the Company's equity as determined by the latest financial statements.

5. Overview of mutual agreements

During the Reporting Period, the Company and KKCG AG respectively between the Company and other entities controlled by KKCG AG have been concluded following agreements:

- With AUTOCONT a.s.:
 - License Agreement from 28 June 2019
- With MND a.s.:
 - Agreement on Commercial Dispatching Services Reinsurance from 2 January 2019
 - Annual Gas Storage Agreement for Reservation of Annual Storage Capacity from 14 March 2019
 - Purchase Agreement for the gas process from 5 April 2019
 - Annual Gas Storage Agreement for Reservation of Monthly Storage Capacity from 5 July 2019
 - Annual Gas Storage Agreement for Reservation of Annual Storage Capacity from 13 December 2019
- With MND Drilling & Services a.s.:
 - Purchase Agreement for the measuring probe from 18 July 2019
 - Purchase Agreement for the gate slide from 7 October 2019
- With Moravia Systems a.s.:
 - Work Contract for the ball valves repair from 11 January 2019
 - Work Contract for the ball valves repair from 21 January 2019
 - Work Contract for the ball valves repair from 2 September 2019

During the Reporting Period, the Company and KKCG AG respectively between the Company and other entities controlled by KKCG AG have been concluded also agreements in a simplified form of orders, such as: full year orders, for small-scale supplies and services, for example relating to graphic services, providing training for rescuers, providing professional training, providing promotional items, developing technical projects for probe repairs, carrying out logging measurements, reinsuring gas pipeline inspections, provision of engineering works, laboratory services, engineering and defectoscopy, geodetic and laboratory work, repairs of panel areas of probes or provision of canteen catering, accommodation and purchase of air tickets or office equipment.

During the Reporting Period, following agreements between the Company and KKCG AG, respectively between the Company and other entities controlled by KKCG AG, were implemented before the beginning of the Reporting Period:

- With AUTOCONT a.s.
 - Service Agreement from 22 December 2011
 - License Assurance Agreement from 22 December 2011
- With DataSpring s.r.o.:
 - Service Agreement - Website Hosting and Service Support from 1 October 2014
 - End User Agreement from 19 January 2015
 - Service Agreement from 4 May 2016

- Service Agreement from 15 February 2017
- With KKCG AG:
 - License Trademark Agreement from 30 August 2016
- With KKCG a.s.:
 - Service Agreement - Consulting Services from 3 January 2012
- With KKCG Structured Finance AG:
 - Cash pooling Agreement from 31 May 2016
- With Kynero Consulting a.s.:
 - Security Services Agreement from 1 June 2012
- With MND a.s.:
 - Drilling Cores Storage Agreement from 28 February 2008
 - Data Sharing Agreement from 28 February 2008
 - Commercial Lease agreement from 30 May 2008
 - Electronic Communications Services Agreement from 30 January 2009
 - Agreement on keeping of mine surveying documentation (UGS Uhřice and others) from 30 April 2009
 - Economic and other services Agreements from 30 July 2010
 - Lease Agreement - probes Uhřice from 22 June 2011
 - Framework Services Agreement on Reservation of daily storage capacity with interruptible power from 29 February 2012
 - Agreement on the merger of gas storage agreements for the reservation of annual fixed storage capacity from 30 April 2012
 - Purchase Agreement from 28 December 2015
 - Insurance on liability for damage - re-invoicing of insurance from 1 January 2015
 - Service Agreement for Technical Equipment from 13 January 2016
 - Framework Services Agreement on INFOR system support from 1 February 2016
 - Agreement on the bearing engineering and geology services from 30 April 2016
 - Agreement on Mines Rescue Service and covering the running HBZS costs from 22 December 2016
 - Gas Storage Agreement for Reservation of Monthly Storage Capacity from 30 April 2018
 - Gas Loan Agreement from 31 August 2018
 - Annual Gas Storage Agreement for Reservation of Annual Storage Capacity from 18 October 2018
- With MND Drilling & Services a.s.:
 - Framework Services Agreement - small scale logging and blasting operations from 16 June 2008
 - Framework Services Agreement - on the probe research services from 16 June 2008

- Service Agreement from 29 May 2012
- With MND Gas Storage Germany GmbH:
 - Service and Consulting Agreement from 10 November 2014
 - Framework Agreement o car lease from 4 January 2016
- With Moravia Systems a.s.:
 - Framework contract - maintenance and service of technological equipment and valves of UZP Uhřice from 31 January 2018
 - Framework contract - maintenance and service of technological equipment and valves of MS Brumovice from 31 January 2018

6. Assessment of injury and its compensation

The Company incurred no detriment as a result of the influence of the controlling entities in the Reporting Period.

7. Evaluation of advantages and disadvantages resulting from relations between the Related Parties

Membership in the KKCG Group with the Controlling Entity KKCG AG allows the Company to benefit from the sharing know-how and information (to the range permitted by law and contractual arrangements with third parties), the ability to benefit from the KKCG brand reputation and the ability to access to intra-group and bank financing of the Company (e.g. in the form of the possibility to provide collateral for the financial liabilities of the Company by other persons in the Group).

The Company did not identify any disadvantages that would result from the relationships between the Related Parties.

There is no risk arising to the Company from being part of KKCG Group.

Hodonín, 30 March 2020



Karel Luner
Chairman of the Board
of Directors



Milan Dočkal
Member of the Board
of Directors

Annex: List of Related Parties

ANNEX TO REPORT ON RELATIONS BETWEEN RELATED PARTIES

(annex inserted separately - 4 pages)

Annex No. 1 - List of related parties

List of parties controlled by the company KKCG AG, with its registered seat at Kapellgasse 21, 6004 Lucerne, The Swiss Confederation, registration number CHE-326.367.231, as of 31 December 2019

| COMPANY | Registered seat, Identification number / Registration number |
|--|--|
| "Horyzonty" LLC | L'vivska Oblast, L'viv, 79005, Akademika Pavlova 6C, Office 7, Ukrajina, reg. č. 36828617 |
| AEC a.s. | Praha 8, Libeň, Voctářova 2500/20a, PSČ 180 00, IČO 26236176 |
| AEC Group a.s. | Praha 8, Libeň, Voctářova 2500/20a, PSČ 180 00, IČO 04772148 |
| AEC s.r.o. | Bratislava, Prievozská 1978/6, PSČ 821 09, Slovenská republika, IČO 31384072 |
| ANTAIOS s.r.o. | Ostrava, Moravská Ostrava, Nemocniční 987/12, PSČ 702 00, IČO 28345801; |
| Aricoma Group a.s. | Praha 4, Chodov, Libalova 2348/1, PSČ 149 00, IČO 04615671 |
| Austrian Gaming Holding a.s. | Praha 10, Strašnice, Vinohradská 1511/230, PSČ 100 00, IČO 04047788 |
| AUTOCONT a.s. | Hornopolní 3322/34, Moravská Ostrava, 702 00 Ostrava, IČO 043 08 697 |
| AUTOCONT s.r.o. | Krasovského 14, Bratislava - mestská časť Petržalka, PSČ 851 01, Slovenská republika, IČO 36 396 222 |
| BOŘISLAVKA OFFICE & SHOPPING CENTRE s.r.o | Praha 10, Strašnice, Vinohradská 1511/230, PSČ 100 00, IČO 27457621 |
| BOSM Czech, s.r.o. | Praha 10, Strašnice, Vinohradská 1511/230, PSČ 100 00, IČO 06773877 |
| BXY Czech, a.s., v likvidaci | Praha 10, Strašnice, Vinohradská 1511/230, PSČ 100 00, IČO 04559851 |
| CAD Studio s.r.o. | Ostrava, Moravská Ostrava, Hornopolní 3322/34, PSČ 702 00, IČO 26197081 |
| CAME Holding GmbH | Universitätsring 10, 1010 Vídeň, Rakouská republika, reg. č. 038898d |
| CES EA s.r.o. | Praha 8, Libeň, Voctářova 2500/20a, PSČ 180 00, IČO 08028656 |
| Cestovní kancelář FISCHER, a.s. | Praha 4 – Nusle, Na Strži 65/1702, PSČ 140 62, IČO 26141647 |
| CKF facility s.r.o. | Praha 4 – Nusle, Na Strži 65/1702, PSČ 140 62, IČO 28982738 |
| Cleverlance Enterprise Solutions a.s. | Praha 8, Libeň, Voctářova 2500/20a, PSČ 180 00, IČO 27408787 |
| Cleverlance Group a.s. | Praha 8, Libeň, Voctářova 2500/20a, PSČ 180 00, IČO 04771915 |
| Cleverlance H2B a.s. | Brno, Slatina, Tuřanka 1519/115a, PSČ 627 00, IČO 28223756 |
| Cleverlance Slovakia s.r.o. | Bratislava, Prievozská 1978/6, PSČ 821 09, Slovenská republika, IČO 35942487 |
| Cloud4com SK, s.r.o. | Bratislava, Staré Grunty 36, PSČ 841 04, Slovenská republika, IČO 50569694 |
| Cloud4com, a.s. | Praha 7, Holešovice, U Uranie 954/18, PSČ 170 00, IČO 24660329 |
| CLS Beteiligungs GmbH | Goldschmiedg. 3, 1010 Vídeň, Rakouská republika, reg. č. FN84419x |
| Collington II Limited | Custom House Plaza Block 6, International Financial Services Centre, Dublin 1, Irská republika, reg. č. 506335 |
| Conectart s.r.o. | Praha 9, Vysočany, K Žižkovu 851/4, PSČ 190 00, IČO 24728055 |
| DataSpring s.r.o. | Praha 9, Vysočany, K Žižkovu 851/4, PSČ 190 00, IČO 28808681 |
| EMMA DELTA FINANCE PLC, in liquidation | Esperidon 5, 4th floor, Strovolos, 2001 Nicosia, Kyperská republika, reg.č. HE 284780 |
| EMMA DELTA HELLENIC HOLDINGS LIMITED | Esperidon 5, 4th floor, Strovolos, 2001 Nicosia, Kyperská republika, reg.č. HE320752 |
| EMMA DELTA MANAGEMENT LTD | Arch. Makariou III, 2-4, CAPITAL CENTER, 9th floor, 1065 Nicosia, Kyperská republika, re.č. HE314151 |
| EMMA DELTA VARIABLE CAPITAL INVESTMENT COMPANY LTD | Esperidon 5, 4th floor, Strovolos, 2001 Nicosia, Kyperská republika, reg.č. HE314350 |
| FM&S Czech a.s. | Praha 10, Strašnice, Vinohradská 1511/230, PSČ 100 00, IČO 04283112 |
| Geewa a.s. | Praha 9, Karlín, Sokolovská 366/84, PSČ 186 00, IČO 25617036 |
| Geologichchne byreau "Lviv" LLC | L'vivska Oblast, L'viv, 79011, ul. Kubyovycha 18, Office 6, Ukrajina, reg. č. 31978102 |

Annex No. 1 - List of related parties

List of parties controlled by the company **KKCG AG**, with its registered seat at **Kapellgasse 21, 6004 Lucerne, The Swiss Confederation**, registration number **CHE-326.367.231**, as of **31 December 2019**

| COMPANY | Registered seat, Identification number / Registration number |
|--|--|
| G-JET s.r.o. | Praha 10, Strašnice, Vinohradská 1511/230, PSČ 100 00, IČO 27079171 |
| HELLENIC LOTTERIES S.A. | 112 Athinon Avenue, Athény, Řecko, reg. č. 25891401000 |
| HORSE RACES S.A. | 112 Athinon Avenue, Athény, Řecko, reg. č. 132846101000 |
| IGH Financing a.s., v likvidaci | Praha 10, Strašnice, Vinohradská 1511/230, PSČ 100 00, IČO 05034353 |
| INDUSTRIAL CENTER 28/23 SP. Z O.O. | ul.Twarda 18, 00-105 Warszawa, Polsko, Reg. č. 1132912313 |
| INTERMOS Praha s.r.o. | Praha 10, Vinohradská 1511/230, PSČ 100 00, IČO 63076349 |
| INTERMOS VALVES, s.r.o. | Bratislava-mestská časť Staré Mesto, Moskovská 13, PSČ 811 08, Slovenská republika, IČO 35898411 |
| Internet Projekt, s.r.o. | Praha 2, Nové Město, Vyšehradská 1376/43, PSČ 128 00, IČO 08526541 |
| IPM – Industrial Portfolio Management a.s. | Praha 10, Strašnice, Vinohradská 1511/230, PSČ 100 00, IČO 04572033 |
| Italian Gaming Holding a.s. | Praha 10, Strašnice, Vinohradská 1511/230, PSČ 100 00, IČO 04828526 |
| Italian GNTN Holding a.s. | Praha 10, Strašnice, Vinohradská 1511/230, PSČ 100 00, IČO 07911319 |
| JTU Czech, s.r.o. | Praha 10, Strašnice, Vinohradská 1511/230, PSČ 100 00, IČO 02612020 |
| Kavárna štěstí s.r.o. | Praha 9, K Žižkovu 851/4, PSČ 190 00, IČO 05111901 |
| KKCG a.s. | Praha 10, Vinohradská 1511/230, PSČ 100 00, IČO 27107744 |
| KKCG Entertainment & Technology B.V. (in liquidation) | 1101CT Amsterdam, Herikerbergweg 292, Nizozemské království, reg. č. 58856765 |
| KKCG Industry B.V. | 1101CT Amsterdam, Herikerbergweg 292, Nizozemské království, reg. č. 27271144 |
| KKCG Investments AG | Kapellgasse 21, 6004 Luzern, Švýcarská konfederace, reg.č. CHE-271.643.388 |
| KKCG Methanol Holdings LLC | 1675 South State Street, Suite B, Dover, DE, County of Kent, 19901, Spojené státy americké, reg. č. 36-4831670 |
| KKCG Real Estate a.s. | Praha 10, Vinohradská 1511/230, PSČ 100 00, IČO 24291633 |
| KKCG Structured Finance AG | Kapellgasse 21, 6004 Luzern, Švýcarská konfederace, reg. č. CHE-292.174.442 |
| KKCG Technologies s.r.o. | Vinohradská 1511/230, Strašnice, 100 00 Praha 10, IČO 07171234 |
| KKCG UK Limited | London, One Connaught Place, 5th Floor, W2 2ET, Spojené království, reg. č. 8869774 |
| KKCG US Advisory LLC | 125 High Street, Boston, MA-02110, Spojené státy americké, reg. č. 84-2817214 |
| Kura Basin Operating Company LLC | 70 Kostava Street (5 Gamsakhurdia Avenue), Tbilisi, Gruzie, re. č. 405171567 |
| Kynero Consulting a.s. | Praha 10, Vinohradská 1511/230, PSČ 100 00, IČO 24193461 |
| Liberty One Methanol LLC | 400 Capitol Street, Suite 200, Charleston WV 25301, Spojené státy americké, reg. č. 32-0521898 |
| Liberty One O&M LLC | 400 Capitol Street, Suite 200, Charleston WV 25301, Spojené státy americké, reg.č. 30-0975326 |
| Liberty Two Methanol LLC | 400 Capitol Street, Suite 200, Charleston WV 25301, Spojené státy americké, reg. č. 30-0988055 |
| LP Drilling S.r.l. | 29016 Cortemaggiore, Salvo D'Acquisto 5, Itálie, reg.č. 01294260334 |
| LTB Beteiligungs GmbH | Universitätsring 10, 1010 Vídeň, Rakouská republika, reg. č. FN84439a |
| Medial Beteiligungs-Gesellschaft m.b.h. | Universitätsring 10, 1010 Vídeň, Rakouská republika, reg. č. 117154k |
| MEDICEM Group a.s. | Praha 10, Strašnice, Vinohradská 1511/230, PSČ 100 00, IČO 07118422 |
| Medicem Inc. | 125 High Street, Boston, MA-02110, Spojené státy americké, reg. č. 38-4126132 |

Annex No. 1 - List of related parties

List of parties controlled by the company **KKCG AG**, with its registered seat at **Kapellgasse 21, 6004 Lucerne, The Swiss Confederation**, registration number **CHE-326.367.231**, as of **31 December 2019**

| COMPANY | Registered seat, Identification number / Registration number |
|---|---|
| MEDICEM Institute s.r.o. | Kamenné Žehrovice, Karlovarská třída 20, PSČ 273 01, IČO 26493331 |
| MEDICEM Technology s.r.o. | Kamenné Žehrovice, Karlovarská třída 20, PSČ 273 01, IČO 48036374 |
| Megalax Real, s.r.o. | Praha 9, Vysočany, K Žižkovu 851/4, PSČ 190 00, IČO 07774656 |
| Metanol d.o.o. | Lendava, Mlinska ulica 5, 9220 Lendava – Lendva, Slovenia, reg.č. 6564534000 |
| MND a.s. | Hodonín, Úprkova 807/6, PSČ 695 01, IČO 28483006 |
| MND Drilling & Services a.s. | Lužice, Velkomoravská 900/405, PSČ 696 18, IČO 25547631 |
| MND Drilling Germany GmbH | 31582 Nienburg, Domänenweg 7, Spolková republika Německo, reg. č. HRB206722 |
| MND Energy Trading a.s | Praha 10, Strašnice, Vinohradská 1511/230, PSČ 100 00, IČO 29137624 |
| MND Gas Storage a.s. | Hodonín, Úprkova 807/6, PSČ 695 01, IČO 27732894 |
| MND Gas Storage Germany GmbH | 64665 Alsbach-Hähnlein, Birkenweg 2, Spolková republika Německo, reg. č. HRB96046 |
| MND Georgia B.V. | 1101CT Amsterdam, Herikerbergweg 292, Nizozemské království, reg. č. 52308944 |
| MND Germany GmbH | Lüneburger Heerstraße 77A, 29223 Celle, Spolková republika Německo, reg. č. HRB207844 |
| MND Group B.V. | 1101CT Amsterdam, Herikerbergweg 292, Nizozemské království, reg. č. 34246576 |
| MND Oil & Gas a.s. | Úprkova 807/6, 695 01 Hodonín, IČO 074 35 304 |
| MND Samara Holding B.V. | 1101CT Amsterdam, Herikerbergweg 292, Nizozemské království, reg. č. 52990680 |
| MND Ukraine B.V. | 1101CT Amsterdam, Herikerbergweg 292, Nizozemské království, reg. č. 59394072 |
| MNG Group AG | Kapellgasse 21, 6004 Luzern, Švýcarská konfederace, reg. č. CHE-448.401.517 |
| Moravia Systems a.s. | Praha 10, Vinohradská 1511/230, PSČ 100 00, IČO 26915189 |
| NEUROSOFT S.A. | 466 Irakliou Avenue & Kiprou Street, 141 22 Iraklio Attikis, Athény, Řecko, reg. č. 84923002000 |
| OOO MND Samara | ul. Alexeya Tolstogo 92, Samara, Samarská obl., 443099, Ruská federace, reg. č. 1046301405094 |
| OPAP CYPRUS LTD | 128-130 Lemesos Avenue, Strovolos, 2015, Nicosia, Kyperská republika, reg.č. HE140568 |
| OPAP INTERNATIONAL LTD | 128-130 Lemesos Avenue, Strovolos, 2015, Nicosia, Kyperská republika, reg.č. HE145913 |
| OPAP INVESTMENT LTD | 128-130 Lemesos Avenue, Strovolos, 2015, Nicosia, Kyperská republika, reg.č. HE297411 |
| OPAP S.A. | 112 Athinon Avenue, Athény, Řecko, reg. č. 3823201000 |
| OPAP SPORTS LTD | 128-130 Lemesos Avenue, Strovolos, 2015, Nicosia, Kyperská republika, reg.č. HE133603 |
| PDC INDUSTRIAL CENTER 48 SP. Z O.O. | ul. Twarda 18, 00-105 Warszawa, Polsko, Reg. č. 5252630921 |
| POM Czech, s.r.o. | Praha 10, Strašnice, Vinohradská 1511/230, PSČ 100 00, IČO 06773800 |
| Precarpathian energy company LLC | Ivano-Frankovska Oblast, Bogorodchany, 77701, ul. Shevchenka, Ukrajina, reg.č. 36042045 |
| Rezervoarji d.o.o | Lendava, Mlinska ulica 5, 9220 Lendava – Lendva, Slovenia, reg.č. 6564470000 |
| RUBIDIUM HOLDING LIMITED | 8 Alasias Street, Christodoulides Building, 3095 Limassol, Kyperská republika, reg. č. HE287956 |
| SafeDX s.r.o. | Praha 9, Vysočany, K Žižkovu 813/2, PSČ 190 00, IČO 04585119 |
| SALEZA, a.s. (v konkurzu, v úpadku, zahájeno insolvenční řízení) | Praha 9, K Žižkovu čp. 851, PSČ 19093, IČO 471 16 307 |
| SAZKA a.s. | Praha 9, K Žižkovu 851, PSČ 190 93, IČO 26493993 |

Annex No. 1 - List of related parties

List of parties controlled by the company **KKCG AG**, with its registered seat at **Kapellgasse 21, 6004 Lucerne, The Swiss Confederation**, registration number **CHE-326.367.231**, as of **31 December 2019**

| COMPANY | Registered seat, Identification number / Registration number |
|--|---|
| SAZKA Asia a.s. | Praha 10, Strašnice, Vinohradská 1511/230, PSČ 100 00, IČO 05266289 |
| Sazka Asia Vietnam Company Limited | 3rd Floor, The Vista Building, 628C Xa Lo Ha Noi, An Phu Ward, District 2, Ho Chi Minh City, Viet Nam, reg. č. 0314057663 |
| SAZKA Czech a.s. | Praha 10, Strašnice, Vinohradská 1511/230, PSČ 100 00, IČO 24852104 |
| Sazka Distribution Viet Nam Company Limited | 3rd Floor, The Vista Building, 628C Xa Lo Ha Noi, An Phu Ward, District 2, Ho Chi Minh City, Viet Nam, reg. č. 0313898374 |
| SAZKA FTS a.s. | Praha 9, Vysočany, K Žižkovu 851/4, PSČ 190 00, IČO 01993143 |
| SAZKA Group a.s. | Praha 10, Strašnice, Vinohradská 1511/230, PSČ 100 00, IČO 24287814 |
| SAZKA Group Financing a.s. | Dúbravská cesta 14, Bratislava - mestská časť Karlova Ves, PSČ 841 04, Slovenská republika, IČO 51142317 |
| SAZKA Group Holding a.s. | Praha 10, Strašnice, Vinohradská 1511/230, PSČ 100 00, IČO 07877838 |
| SAZKA Group Russia LLC | Prospect Mira 40, floor 8, premises I, room 11, 129090 Moskva, Ruská federace, reg.č. 1177746915257 |
| SG INDUSTRIAL CENTER 02 SP. Z O.O. | ul. Twarda 18, 00-105 Warszawa, Polsko, Reg. č. 5272464443 |
| SIL Servis Partner a.s. | Ostrava, Slezská Ostrava, Těšínská 1970/56, PSČ 710 00, IČO 25830953 |
| SPORTLEASE a.s. | Praha 9, K Žižkovu 851, PSČ 190 93, IČO 62361546 |
| Springtide Ventures s.r.o. | Praha 10, Strašnice, Vinohradská 1511/230, PSČ 100 00, IČO 01726587 |
| SUPERMARINE, s.r.o. | Praha 10, Strašnice, Vinohradská 1511/230, PSČ 100 00, IČO 08062773 |
| Theta Real s.r.o. | Praha 10, Strašnice, Vinohradská 1511/230, PSČ 100 00, IČO 27631842 |
| TOK Poland Sp. Z o.o. | ul. Twarda 18, 00-105 Warszawa, Polsko, Reg. č. 5252689699 |
| TORA DIRECT S.A. | 108 Athinon Avenue and Chrimatistiriou Street, Athény, Řecko, reg. č. 5641201000 |
| TORA WALLET S.A. | 108 Athinon Avenue and Chrimatistiriou Street, Athény, Řecko, reg. č. 139861001000 |
| US Methanol LLC | 400 Capitol Street, Suite 200, Charleston WV 25301, Spojené státy americké, reg.č. 81-1952040 |
| VESTINLOG, s.r.o. | Praha 10, Strašnice, Vinohradská 1511/230, PSČ 100 00, IČO 05629276 |
| Vinohradská 230 a.s. | Praha 10, Vinohradská 1511/230, PSČ 100 00, IČO 26203944 |
| Vitalpeak Limited | Arch. Makariou III, 195, Neocleous House, 3030 Limassol, Kyperská republika, reg. č. HE 228204 |
| VSU Czech s.r.o. | Praha 10, Strašnice, Vinohradská 1511/230, PSČ 100 00, IČO 08062897 |
| WOODSLOCK a.s. | Praha 4, Líbalova 2348/1, PSČ 149 00, IČO 27379434 |

III. Financial Statements and Notes to Financial Statements

MND Gas Storage a.s.

Financial statements

31 December 2019

1. General information

1.1. Introductory information about the Company

MND Gas Storage a.s. ("the Company") was incorporated on 30 May 2007 by the Municipal Court in Brno, Section B, Insert 4925 and has its registered office at Úprkova 807/6, Hodonín. The Company's primary business activities is gas storage and commercial provision of this service to third parties.

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

2. Accounting policies

2.1. Basis of preparation

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

2.2. Tangible and intangible fixed assets

All intangible (and tangible) assets with a useful life longer than one year and a unit cost of more than CZK 60 thousand (CZK 40 thousand) are treated as intangible (and tangible) fixed assets.

Purchased intangible and tangible fixed assets are initially recorded at cost, which includes all costs related to their acquisition.

Intangible and tangible fixed assets are amortised/depreciated applying the straight-line method over their estimated useful lives. The amortisation/depreciation plan is updated during the useful life of the intangible and tangible fixed assets in the case of change of expected useful life.

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

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

The fixed assets also include a special construction - an underground gas storage facility. It is an underground space used for the storage of natural gas, but it does not need to be reproduced, therefore it is not depreciated. The gas storage facility is recognised as part of the land.

The tangible fixed assets also include a gas cushion and gas in the pipeline. It is a filling in the underground gas storage and gas pipeline, without which the underground space cannot function as storage space. The gas cushion and gas in the gas pipeline are not depreciated and are recorded as Other tangible fixed assets.

2.3. Inventories

Purchased inventories are stated at the lower of cost and net realisable amount. Cost includes all costs related with its acquisition (mainly transport costs, customs duty, etc.). The first-in-first-out method is applied for all disposals.

2.4. Receivables

Receivables are stated at nominal value less a provision for doubtful amounts. A provision for doubtful amounts is created on the basis of an ageing analysis and an individual evaluation of the credit worthiness of the customers. Receivables from related parties have not been provided for.

2.5. Foreign currency translation

Transactions denominated in a foreign currency are translated and recorded at the fixed exchange rate determined by the Company for the first day of month.

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

2.6. Changes in accounting policies and corrections of prior-period errors

Changes to accounting policies (inclusive of deferred tax impact) and corrections of errors arising from incorrect accounting or unrecorded expenses and income in prior periods, if material, are recorded in the financial statements on the line Restatements of retained earnings.

2.7. Provisions

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

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

The Company creates provisions according to special legal regulations. These are provisions for reclamation and rehabilitation of land affected by mining pursuant to Act No. 44/1988 Coll., in accordance with Section 10 of Act No. 593/92 Coll. Creation and the use of the provision is subject to the approval of the District Mining Office.

2.8. Revenue recognition

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

2.9. Related parties

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

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

Material transactions and outstanding balances with related parties are disclosed in Notes 11 and 12.

2.10. Leasing

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

2.11. Interest expense

All borrowing costs are expensed.

2.12. Deferred tax

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

2.13. Cash flow statement

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

2.14. Subsequent events

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

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

3. Intangible fixed assets

| (CZK'000) | 1 January 2019 | Additions / transfers | Disposals | 31 December 2019 |
|---------------------------------|-----------------|--------------------------|-----------|------------------|
| Cost | | | | |
| Software | 12,401 | 370 | - | 12,771 |
| Royalties | 570 | - | - | 570 |
| Goodwill | (59,079) | - | - | (59,079) |
| Other intangible assets | 1,090 | 175 | - | 1,265 |
| Total | (45,018) | 545 | - | (44,473) |
| Accumulated amortisation | | | | |
| Software | (7,330) | (2,541) | - | (9,871) |
| Royalties | (570) | - | - | (570) |
| Goodwill | 59,079 | - | - | 59,079 |
| Other intangible assets | (1,084) | - | - | (1,084) |
| Total | 50,095 | (2,541) | - | 47,554 |
| Net book value | 5,077 | | | 3,081 |

| (CZK'000) | 1 January 2018 | Additions / transfers | Disposals | 31 December 2018 |
|---|-----------------|--------------------------|----------------|------------------|
| Cost | | | | |
| Software | 7,517 | 6,898 | (2,014) | 12,401 |
| Royalties | 570 | - | - | 570 |
| Goodwill | (59,079) | - | - | (59,079) |
| Other intangible assets | 1,683 | 805 | (1,398) | 1,090 |
| Intangible fixed assets in the course of construction | 1,276 | (1,276) | - | - |
| Advances paid for intangible assets | 1,797 | (1,797) | - | - |
| Total | (46,236) | 4,630 | (3,412) | (45,018) |
| Accumulated amortisation | | | | |
| Software | (6,300) | (3,044) | 2,014 | (7,330) |
| Royalties | (570) | - | - | (570) |
| Goodwill | 59,079 | - | - | 59,079 |
| Other intangible assets | (1,238) | - | 154 | (1,084) |
| Total | 50,971 | (3,044) | 2,168 | 50,095 |
| Net book value | 4,735 | | | 5,077 |

4. *Tangible fixed assets*

| (CZK'000) | 1 January 2019 | Additions / transfers | Disposals | 31 December 2019 |
|---|--------------------|--------------------------|-----------------|--------------------|
| Cost | | | | |
| Land | 695,247 | 1 | - | 695,248 |
| Buildings | 1,158,911 | 710 | - | 1,159,621 |
| Equipment | 1,247,403 | 2,582 | (30,673) | 1,219,312 |
| Other tangible fixed assets | 373,118 | 2,089 | - | 375,207 |
| Tangible fixed assets in the course of construction | 919 | (899) | - | 20 |
| Advances paid for tangible fixed assets and | - | 2,323 | - | 2,323 |
| Total | 3,475,598 | 6,806 | (30,673) | 3,451,731 |
| Accumulated depreciation | | | | |
| Buildings | (484,030) | (42,030) | - | (526,060) |
| Equipment | (641,133) | (59,329) | 26,743 | (673,719) |
| Other tangible fixed assets | (227) | (55) | - | (282) |
| Total | (1,125,390) | (101,414) | 26,743 | (1,200,061) |
| Net book value | 2,350,208 | | | 2,251,670 |

| (CZK'000) | 1 January 2018 | Additions / transfers | Disposals | 31 December 2018 |
|---|--------------------|--------------------------|----------------|--------------------|
| Cost | | | | |
| Land and underground gas storage | 695,247 | - | - | 695,247 |
| Buildings | 1,155,834 | 3,077 | - | 1,158,911 |
| Equipment | 1,243,438 | 5,301 | (1,336) | 1,247,403 |
| Other tangible fixed assets | 373,118 | - | - | 373,118 |
| Tangible fixed assets in the course of construction | 2,414 | 672 | (2,167) | 919 |
| Total | 3,470,051 | 9,050 | (3,503) | 3,475,598 |
| Accumulated depreciation | | | | |
| Buildings | (440,922) | (43,108) | - | (484,030) |
| Equipment | (580,272) | (62,088) | 1,227 | (641,133) |
| Other tangible fixed assets | (165) | (62) | - | (227) |
| Total | (1,021,359) | (105,258) | 1,227 | (1,125,390) |
| Net book value | 2,448,692 | | | 2,350,208 |

The Company recognises different tax and accounting book values of land. Current management's intentions do not imply that this difference would result in a tax liability in the future and is therefore not included in the deferred tax calculation.

5. *Inventories*

The Company did not create a provision for inventories as at 31 December 2019 and 31 December 2018.

6. *Receivables*

Overdue receivables as at 31 December 2019 amounted to CZK 0 thousand (as at 31 December 2018: CZK 0 thousand).

The provision for doubtful receivables as at 31 December 2019 was CZK 0 thousand (as at 31 December 2018: CZK 0 thousand).

Unsettled receivables as at 31 December 2019 have not been covered by guarantees and none of them are due after more than 5 years.

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

Advances for income tax of CZK 24,881 thousand paid by the Company by 31 December 2019 (by 31 December 2018: CZK 20,506 thousand) are netted off with the provision for income tax of CZK 23,310 thousand as at 31 December 2019 (as at 31 December 2018: CZK 12,391 thousand).

7. Equity

The company is fully owned by MND a.s., which is incorporated in the Czech Republic.

MND a.s. with its registered office at Úprkova 807/6, Hodonín prepares consolidated financial statements of the smallest group of entities to which the Company belongs.

KKCG AG with its registered office at Kapellgasse 21, 6004 Lucerne, Swiss Confederation, prepares consolidated financial statements of the largest group of entities to which the Company belongs.

Consolidated financial statements prepared for the smallest group can be obtained in the Commercial Register within the statutory period and consolidated financial statements prepared for the largest group can be obtained at the registered office of the consolidating company.

On 26 June 2019, the general meeting of shareholders approved the financial statements for 2018 and decided about the allocation of the profit earned in 2018 of CZK 14,836 thousand.

Up to the date of preparation of these financial statements, the Company has not proposed distribution of the allocation of profit earned in 2019.

On 26 June 2019 and 26 November 2019, the Statutory Representatives decided on the dividend payment in the total amount of CZK 65,000 thousand.

8. Provisions

In accordance with applicable legislation, the Company created provisions for remediation and reclamation which amounted to CZK 8,991 thousand as at 31 December 2019 (as at 31 December 2018: CZK 8,660 thousand).

9. Payables, commitments and contingent liabilities

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

The Company did not provide any guarantees which were not recorded in the balance sheet.

As at 31 December 2019, the Company drew a revolving bank loan of CZK 100,000 thousand (as at 31 December 2018: CZK 130,000 thousand) without final maturity with a three-month notice period. The loan bears a market interest rate increased by the risk premium and is secured by a gas cushion in an underground gas storage facility.

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

10. Revenue analysis

Revenue analysis

| (CZK'000) | 2019 | 2018 |
|---|----------------|----------------|
| Revenues from underground gas storage | | |
| - domestic | 218,886 | 209,585 |
| - abroad | 27,250 | 7,234 |
| Revenues from other services | | |
| - domestic | 14,893 | 601 |
| - abroad | 3,223 | 3,341 |
| Total sales of own products and services | 264,252 | 220,761 |
| Other operating income | (55) | 11,533 |
| Total revenues from operating activities | 264,197 | 232,294 |

11. Related-party transactions

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

| (CZK'000) | 2019 | 2018 |
|--|----------------|----------------|
| Revenues | | |
| Sales of services | 170,383 | 168,709 |
| Sale of finished products, materials and goods | 13 | 75 |
| Interest income | 186 | -- |
| Other operating income | 4,670 | 3,939 |
| Total | 175,252 | 172,723 |
| Costs/ Purchases | | |
| Purchase of material | 3,289 | 2,914 |
| Purchase of property | 21,075 | 15,662 |
| Licences fee | 111 | 97 |
| Total | 24,475 | 18,673 |

During the year dividends were paid (see Note 7).

The Company reported the following balances with related parties:

| (CZK'000) | 31 December 2019 | 31 December 2018 |
|---|-------------------------|-------------------------|
| Receivables | | |
| Trade receivables | 18,485 | 14,910 |
| Total | 18,485 | 14,910 |
| Liabilities | | |
| Liabilities to companies within the consolidation group | 7,312 | 2,658 |
| Out of which: | | |
| Trade payables | 7,312 | 2,658 |
| Total | 7,312 | 2,658 |

No loans, credits, deposits, advances were provided to the members of the Company's management, supervisory and administrative bodies.

Company cars are made available for use by the members of the Company's bodies.

12. Employees

Average number of employees and executives and personnel costs:

| | 2019 | | 2018 | |
|--|-----------|---------------|-----------|---------------|
| | number | CZK'000 | number | CZK'000 |
| Emoluments to members of the Statutory Body | 3 | 5,990 | 3 | 5,989 |
| Emoluments to members of the Supervisory Board | 3 | 180 | 3 | 180 |
| Wages and salaries to other management | 2 | 3,438 | 2 | 3,382 |
| Wages and salaries to other employees | 35 | 17,877 | 33 | 16,083 |
| Social security costs | | 8,863 | | 8,132 |
| Other social costs | | 1,066 | | 1,011 |
| Wages and salaries total | 43 | 37,414 | 41 | 34,777 |

The Company's management includes senior staff members directly reporting to the statutory body.

13. Income tax

The income tax expense analysis:

| (CZK'000) | 2019 | 2018 |
|--|---------------|--------------|
| Current tax expense (19%) | 23,310 | 12,391 |
| Deferred tax expense | (11,632) | (9,530) |
| Adjustment of prior year tax expense based on final CIT return | (130) | 387 |
| Total income tax expense | 11,548 | 3,248 |

The deferred tax was calculated at 19% (the rate enacted for 2019 and subsequent years).

The deferred tax asset / (liability) analysis:

| (CZK'000) | 31 December 2019 | 31 December 2018 (corrected) |
|--|------------------|---------------------------------|
| Deferred tax liability arising from: | | |
| Difference between accounting and tax net book value of fixed assets | (184,132) | (195,739) |
| Provisions | 850 | 824 |
| Net deferred tax liability | (183,282) | (194,915) |

In the previous accounting period, the Company incorrectly did not account the deferred tax liability from the gas cushion. During the accounting period, the Company made a correction in accounting. Comparative figures as at 31 December 2018 have been restated. Other profit from previous years was decreased by CZK 28 798 thousand and deferred tax liability was increased by CZK 28 798 thousand.

The above mentioned corrections have no impact on the amount of income from tax payable, therefore the Company did not file additional tax returns. In accordance with Section 15a of Decree No. 500/2002 Coll. the Company reported the above-mentioned corrections of previous accounting periods in Other profit / loss from previous years.

14. Cash-flow statement

Cash and cash equivalents disclosed in the Cash-flow statement can be analysed as follows:

| (CZK'000) | 31 December 2019 | 31 December 2018 |
|--|------------------|------------------|
| Cash in hand | 83 | 86 |
| Cash at banks | 77,942 | 51,132 |
| Total cash and cash equivalents | 78,025 | 51,218 |

15. Subsequent events

At the beginning of 2020, the existence of a new coronavirus (Covid-19), which has spread in and outside China, including the Czech Republic, has been confirmed and has disrupted many business and economic activities. The Company considers the outbreak of this epidemic to be a subsequent event that does not lead to a change in the financial statements. As the situation is unstable and evolving rapidly, it is not possible to estimate the potential impact on the Company. We will include the potential impact of the epidemic on macroeconomic forecasts, our position and results in estimates of provisions and reserves in 2020.

No other events have occurred subsequent to year-end that would have a material impact on the financial statements as at 31 December 2019.

30 March 2020



Luner Karel
Chairman of the Board of Directors



Dočkal Milan
Member of the Board of Directors

Company name: MND Gas Storage a.s.
 Identification number: 27732894
 Legal form: joint-stock company
 Primary business: gas storage
 Balance sheet date: 31 December 2019
 Date of preparation of the financial statements: 30 March 2020

BALANCE SHEET
 (in thousand Czech crowns)

| Ref. a | ASSETS b | Row c | 31.12.2019 | | | 31.12.2018 |
|-----------------|---|------------|------------------|--------------------|------------------|------------------|
| | | | Gross 1 | Provision 2 | Net 3 | Net 4 |
| | TOTAL ASSETS | 001 | 3 547 981 | (1 152 507) | 2 395 474 | 2 452 192 |
| B. | Fixed assets | 003 | 3 407 258 | (1 152 507) | 2 254 751 | 2 355 285 |
| B. I. | Intangible fixed assets | 004 | (44 473) | 47 554 | 3 081 | 5 077 |
| B. I. 2. | Royalties | 006 | 13 341 | (10 441) | 2 900 | 5 071 |
| B. I. 2. 1. | Software | 007 | 12 771 | (9 871) | 2 900 | 5 071 |
| B. I. 2. 2. | Other royalties | 008 | 570 | (570) | - | - |
| B. I. 3. | Goodwill | 009 | (59 079) | 59 079 | - | - |
| B. I. 4. | Other intangible fixed assets | 010 | 1 265 | (1 084) | 181 | 6 |
| B. II. | Tangible fixed assets | 014 | 3 451 731 | (1 200 061) | 2 251 670 | 2 350 208 |
| B. II. 1. | Land and constructions | 015 | 1 854 869 | (526 060) | 1 328 809 | 1 370 128 |
| B. II. 1. 1. | Land | 016 | 695 248 | - | 695 248 | 695 247 |
| B. II. 1. 2. | Constructions | 017 | 1 159 621 | (526 060) | 633 561 | 674 881 |
| B. II. 2. | Equipment | 018 | 1 219 312 | (673 719) | 545 593 | 606 270 |
| B. II. 4. | Other tangible fixed assets | 020 | 375 207 | (282) | 374 925 | 372 891 |
| B. II. 4. 3. | Tangible fixed assets - other | 023 | 375 207 | (282) | 374 925 | 372 891 |
| B. II. 5. | Advances paid and tangible fixed assets in the course of construction | 024 | 2 343 | - | 2 343 | 919 |
| B. II. 5. 1. | Advances paid for tangible fixed assets | 025 | 2 323 | - | 2 323 | - |
| B. II. 5. 2. | Tangible fixed assets in the course of construction | 026 | 20 | - | 20 | 919 |
| C. | Current assets | 037 | 140 045 | - | 140 045 | 95 665 |
| C. I. | Inventories | 038 | 28 840 | - | 28 840 | 14 883 |
| C. I. 1. | Raw materials | 039 | 28 823 | - | 28 823 | 14 866 |
| C. I. 5. | Advances paid for inventory | 045 | 17 | - | 17 | 17 |
| C. II. | Receivables | 046 | 33 180 | - | 33 180 | 29 564 |
| C. II. 1. | Long-term receivables | 047 | - | - | - | 9 |
| C. II. 1. 5. | Receivables - other | 052 | - | - | - | 9 |
| C. II. 1. 5. 4. | Other receivables | 056 | - | - | - | 9 |
| C. II. 2. | Short-term receivables | 057 | 33 180 | - | 33 180 | 29 555 |
| C. II. 2. 1. | Trade receivables | 058 | 26 522 | - | 26 522 | 19 631 |
| C. II. 2. 4. | Receivables - other | 061 | 6 658 | - | 6 658 | 9 924 |
| C. II. 2. 4. 3. | Taxes - receivables from the state | 064 | 1 571 | - | 1 571 | 8 115 |
| C. II. 2. 4. 4. | Short-term advances paid | 065 | 5 056 | - | 5 056 | 55 |
| C. II. 2. 4. 5. | Estimated receivables | 066 | 16 | - | 16 | 1 641 |
| C. II. 2. 4. 6. | Other receivables | 067 | 15 | - | 15 | 113 |
| C. IV. | Cash | 075 | 78 025 | - | 78 025 | 51 218 |
| C. IV. 1. | Cash in hand | 076 | 83 | - | 83 | 86 |
| C. IV. 2. | Cash at bank | 077 | 77 942 | - | 77 942 | 51 132 |
| D. | Prepayments and accrued income | 078 | 678 | - | 678 | 1 242 |
| D. 1. | Prepaid expenses | 079 | 678 | - | 678 | 1 242 |

| Ref. a | LIABILITIES AND EQUITY b | Row c | 31.12.2019 | 31.12.2018 (corrected) |
|----------------|--|------------|------------------|---------------------------|
| | | | 5 | 6 |
| | TOTAL LIABILITIES AND EQUITY | 082 | 2 395 474 | 2 452 192 |
| A. | Equity | 083 | 2 078 934 | 2 095 880 |
| A. I. | Share capital | 084 | 2 000 800 | 2 000 800 |
| A. I. 1. | Share capital | 085 | 2 000 800 | 2 000 800 |
| A. III. | Other reserves | 096 | 200 | 246 |
| A. III. 2. | Statutory and other reserves | 098 | 200 | 246 |
| A. IV. | Retained earnings / Accumulated losses | 099 | 29 359 | 79 998 |
| A. IV. 1. | Retained earnings or accumulated losses (+/-) | 100 | 58 157 | 108 796 |
| A. IV. 2. | Restatements of retained earnings | 101 | (28 798) | (28 798) |
| A. V. | Profit / (loss) for the current period | 102 | 48 575 | 14 836 |
| B. + C. | Liabilities | 104 | 316 434 | 356 191 |
| B. | Provisions | 105 | 13 465 | 12 999 |
| B. 3. | Tax-deductible provisions | 108 | 8 991 | 8 660 |
| B. 4. | Other provisions | 109 | 4 474 | 4 339 |
| C. | Liabilities | 110 | 302 969 | 343 192 |
| C. I. | Long-term liabilities | 111 | 183 282 | 194 915 |
| C. I. 8. | Deferred tax liability | 121 | 183 282 | 194 915 |
| C. II. | Short-term liabilities | 126 | 119 687 | 148 277 |
| C. II. 2. | Liabilities due to financial institutions | 130 | 100 000 | 130 000 |
| C. II. 3. | Short-term advances received | 131 | 850 | - |
| C. II. 4. | Trade payables | 132 | 12 447 | 9 647 |
| C. II. 8. | Liabilities - other | 136 | 6 390 | 8 630 |
| C. II. 8. 3. | Liabilities to employees | 139 | 1 530 | 1 519 |
| C. II. 8. 4. | Liabilities for social security and health insurance | 140 | 762 | 756 |
| C. II. 8. 5. | Taxes and state subsidies payable | 141 | 2 002 | 2 140 |
| C. II. 8. 6. | Estimated payables | 142 | 1 902 | 4 205 |
| C. II. 8. 7. | Other liabilities | 143 | 194 | 10 |
| D. | Accruals and deferred income | 147 | 106 | 121 |
| D. 1. | Accrued expenses | 148 | 106 | 121 |

Company name: MND Gas Storage a.s.
 Identification number: 27732894
 Legal form: joint-stock company
 Primary business: gas storage
 Balance sheet date: 31 December 2019
 Date of preparation of the financial statements: 30 March 2020

INCOME STATEMENT
 (in thousand Czech crowns)

| Ref. | TEXT | Row | Accounting period | |
|-------------|--|-----------|-------------------|----------------|
| | | | 2019 | 2018 |
| | | | 1 | 2 |
| a | b | c | | |
| I. | Sales of products and services | 01 | 264 252 | 220 761 |
| A. | Cost of sales | 03 | 50 656 | 61 309 |
| A. 2. | Raw materials and consumables used | 05 | 14 546 | 25 440 |
| A. 3. | Services | 06 | 36 110 | 35 869 |
| D. | Staff costs | 09 | 37 414 | 34 777 |
| D. 1. | Wages and salaries | 10 | 27 485 | 25 634 |
| D. 2. | Social security, health insurance and other social costs | 11 | 9 929 | 9 143 |
| D. 2. 1. | Social security and health insurance costs | 12 | 8 863 | 8 132 |
| D. 2. 2. | Other social costs | 13 | 1 066 | 1 011 |
| E. | Value adjustments in operating activities | 14 | 107 886 | 108 310 |
| E. 1. | Value adjustments of fixed assets | 15 | 107 886 | 108 310 |
| E. 1. 1. | Depreciation, amortisation and write off of fixed assets | 16 | 107 886 | 108 310 |
| III. | Operating income - other | 20 | (55) | 11 533 |
| III. 1. | Sales of fixed assets | 21 | 82 | 198 |
| III. 2. | Sales of raw materials | 22 | 13 | 155 |
| III. 3. | Other operating income | 23 | (150) | 11 180 |
| F. | Operating expenses - other | 24 | 3 916 | 6 324 |
| F. 1. | Net book value of fixed assets sold | 25 | - | 101 |
| F. 2. | Cost of raw materials sold | 26 | - | 98 |
| F. 3. | Taxes and charges from operating activities | 27 | 183 | 191 |
| F. 4. | Operating provisions and complex prepaid expenses | 28 | 466 | 160 |
| F. 5. | Other operating expenses | 29 | 3 267 | 5 774 |
| * | Operating result | 30 | 64 325 | 21 574 |
| VI. | Interest and similar income | 39 | 264 | 43 |
| VI. 2. | Other interest and similar income | 41 | 264 | 43 |
| J. | Interest and similar expenses | 43 | 3 929 | 3 255 |
| J. 2. | Other interest and similar expenses | 45 | 3 929 | 3 255 |
| VII. | Other financial income | 46 | - | 72 |
| K. | Other financial expenses | 47 | 537 | 350 |
| * | Financial result | 48 | (4 202) | (3 490) |
| ** | Net profit / (loss) before taxation | 49 | 60 123 | 18 084 |
| L. | Tax on profit or loss | 50 | 11 548 | 3 248 |
| L. 1. | Tax on profit or loss - current | 51 | 23 180 | 12 778 |
| L. 2. | Tax on profit or loss - deferred | 52 | (11 632) | (9 530) |
| ** | Net profit / (loss) after taxation | 53 | 48 575 | 14 836 |
| *** | Net profit / (loss) for the financial period | 55 | 48 575 | 14 836 |
| | Net turnover for the financial period | 56 | 264 461 | 232 409 |

Company name: MND Gas Storage a.s.
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STATEMENT OF CASH FLOWS
 (in thousand Czech crowns)

| Ref. | TEXT | Accounting period | |
|--------------|--|-------------------|------------------|
| | | 2019 | 2018 |
| | | 1 | 2 |
| a | b | | |
| | Cash flows from operating activities | | |
| | Net profit / (loss) before tax | 60 123 | 18 084 |
| A. 1. | Adjustments for non-cash movements: | 111 935 | 112 032 |
| A. 1. 1. | Depreciation and amortisation of fixed assets | 107 886 | 108 310 |
| A. 1. 2. | Change in provisions | 466 | 160 |
| A. 1. 3. | (Profit)/loss from disposal of fixed assets | (82) | (97) |
| A. 1. 5. | Net interest expense/(income) | 3 665 | 3 212 |
| A. 1. 6. | Other non-cash movements | - | 447 |
| A * | Net cash flow from operating activities before tax and changes in working capital | 172 058 | 130 116 |
| A. 2. | Working capital changes: | (22 162) | (1 946) |
| A. 2. 1. | Change in receivables and prepayments | (9 708) | 6 426 |
| A. 2. 2. | Change in short-term payables and accruals | 1 503 | (3 118) |
| A. 2. 3. | Change in inventories | (13 957) | (5 254) |
| A ** | Net cash flow from operating activities before tax | 149 896 | 128 170 |
| A. 3. | Interest paid | (3 929) | (3 223) |
| A. 4. | Interest received | 264 | 43 |
| A. 5. | Income tax paid | (16 636) | (21 757) |
| A *** | Net cash flow from operating activities | 129 595 | 103 233 |
| B. 1. | Acquisition of fixed assets | (7 349) | (10 974) |
| B. 2. | Proceeds from sale of fixed assets | 82 | 198 |
| B *** | Net cash flow from investing activities | (7 267) | (10 776) |
| C. 1. | Change in long- and short-term liabilities | (30 000) | (50 032) |
| C. 2. | Changes in equity: | (65 521) | (74 685) |
| C. 2. 5. | Direct payments from funds | (521) | (519) |
| C. 2. 6. | Dividends paid | (65 000) | (74 166) |
| C *** | Net cash flow from financing activities | (95 521) | (124 717) |
| | Net increase/(decrease) in cash and cash equivalents | 26 807 | (32 260) |
| | Cash and cash equivalents at the beginning of the year | 51 218 | 83 478 |
| | Cash and cash equivalents at the end of the year | 78 025 | 51 218 |

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STATEMENT OF CHANGES IN EQUITY

(in thousand Czech crowns)

| | Note | Share capital | Statutory and other reserves | Retained earnings | Restatement of retained earnings | Total |
|--|------|------------------|------------------------------|-------------------|----------------------------------|------------------|
| As at 31 December 2017 | | 2 000 800 | 290 | 164 272 | - | 2 165 362 |
| Correction of prior period error - deferred tax liability from gas cushion | 13 | - | - | - | (28 798) | (28 798) |
| As at 1 January 2018 (corrected) | | 2 000 800 | 290 | 164 272 | (28 798) | 2 136 564 |
| Allocation to funds | | - | 475 | (475) | - | - |
| Distributions from funds | | - | (519) | - | - | (519) |
| Interim dividend declared | | - | - | (55 000) | - | (55 000) |
| Net profit/(loss) for the current period | | - | - | 14 836 | - | 14 836 |
| Rounding | | - | - | (1) | - | (1) |
| As at 31 December 2018 (corrected) | | 2 000 800 | 246 | 123 632 | (28 798) | 2 095 880 |
| Allocation to funds | | - | 475 | (475) | - | - |
| Distributions from funds | | - | (521) | - | - | (521) |
| Dividends paid | 7 | - | - | (65 000) | - | (65 000) |
| Net profit/(loss) for the current period | | - | - | 48 575 | - | 48 575 |
| As at 31 December 2019 | | 2 000 800 | 200 | 106 732 | (28 798) | 2 078 934 |

IV. Independent Auditor's Report



English translation

Independent auditor's report

to the shareholder of MND Gas Storage a.s.

Opinion

We have audited the accompanying financial statements of MND Gas Storage a.s., with its registered office at Úprkova 807/6, Hodonín ("the Company"), prepared in accordance with Czech accounting legislation, which comprise the balance sheet as at 31 December 2019, the income statement, statement of changes in equity and statement of cash flows for the year ended 31 December 2019 and notes to the financial statements, which include significant accounting policies and other explanatory information.

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

Basis for Opinion

We conducted our audit in accordance with the Act on Auditors and Standards on Auditing of the Chamber of Auditors of the Czech Republic. These standards consist of International Standards on Auditing (ISAs) which may be supplemented and modified by related application guidance. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Act on Auditors and Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA) and accepted by the Chamber of Auditors of the Czech Republic, and we have fulfilled our other ethical responsibilities in accordance with these regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

In compliance with Section 2(b) of the Act on Auditors, the other information comprises the information included in the Annual Report other than the financial statements and auditor's report therein. The Board of Directors 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 about the Company obtained in the audit or otherwise appears to be materially misstated. In addition, we assess whether the other information has been prepared, in all material respects, in accordance with applicable law and regulation, in particular, whether the other information complies with law and regulation in terms of formal requirements and procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with these requirements could influence judgments made on the basis of the other information.

PricewaterhouseCoopers Audit, s.r.o., Hvězdova 1734/2c, 140 00 Prague 4, Czech Republic
T: +420 251 151 111, F: +420 251 156 111, www.pwc.com/cz

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Independent auditor's report

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

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

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

Responsibilities of the Board of Directors and Supervisory Board of the Company for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the above-stated requirements 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-stated requirements, 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 controls.
- Obtain an understanding of internal controls 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 controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.



Independent auditor's report

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

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

30 March 2020

PricewaterhouseCoopers Audit, s.r.o.
represented by

Jan Musil

Tomáš Frýbort
Statutory Auditor, Licence No. 2292

This report is addressed to the shareholder of MND Gas Storage a.s.

Translation note

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