

# **Tractebel Engineering a.s.**

Annual Report 2021

**Contents:**

- 1) Foreword from the Chief Executive Officer
  - 2) Company Profile
  - 3) Report on Business Activities and Assets
  - 4) Report on Related Parties for 2021
  - 5) Auditor's Report
  - 6) Financial Statements for the Year Ended 31 December 2021
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## 1. FOREWORD FROM THE CHIEF EXECUTIVE OFFICER

Dear customers, shareholders, employees,

The opening section of last year's annual report ended with a wish that 2021 will no longer be marked by the COVID 19 pandemic and that our work and personal lives will return to "normal". Unfortunately, this wish has not been fulfilled and the impact of the disease and the measures taken by the Government have affected last year even more than the year before.

The company faced workload issues throughout the year for some professions and as part of austerity measures, management had to sign, and unfortunately use, an agreement with the union to "provide wage replacement due to a reduction in demand for our services".

The consequence of the lack of workload was a reduction in the company's turnover by about 20% compared to the plan for 2021 and, of course, a loss of CZK 4 million, instead of the planned profit of CZK 2.4 million.

Of course, the economic result was affected by increased sickness, treatment of family members, quarantines, etc. The good news is the amount of cash in the company's accounts, which has not yet been significantly affected by the loss and is even slightly higher than at the beginning of the year.

Despite the overall reduction in turnover, the company has continued, started or completed a number of significant projects.

Of particular note are:

- The "Moravia Gas Pipeline" for Net4Gas and the "Hazardous Waste Incinerator" for SUEZ, which have reached the implementation phase and TE's work will continue to be more in the engineering than the design area
- A project in the Chemelot industrial zone in the Netherlands, for which Basic Design was successfully completed
- Completion of the documentation for the "Containerised Hydrogen Production Unit", where the project was realised and named "ENGIE Group Project of the Year"
- Work for Mangan Chvaletice on the Demonstration Plant and for the Chinese company BGRIMM on the Feasibility Study for the Main Plant, which enabled the investor to start the next steps on both projects leading to the implementation of the constructions
- Significant volume of work carried out for companies belonging to the EPH, Sev.en and Veolia groups. This always involved project documentation and engineering work related to the decarbonisation of the energy sector.
- Projects for long-term clients such as Unipetrol (BDEP), LZD Draslovka, Synthos, Spolchemie.

The organizational and geographical structure of the Tractebel Group did not change last year. Mr. Denis Lohest remained the Chairman of Administration Board of Tractebel in the Czech Republic and CEO of "Business Entity Belgium".

Mr. Philippe Van Troeye was appointed as the new CEO of Tractebel Engineering SA and under his leadership a major change in the organizational and ownership structure of our company and the entire Tractebel Group was prepared:

1. Tractebel Engineering SA, as 100% owner of Tractebel Czech Republic, decided to transfer all foreign companies controlled by it under the newly created Tractebel Engineering International SA. Unfortunately, however, the shares of Tractebel CZ in certificated form have not been found in the owner's archives, and so a redemption process must be initiated, which will take approximately 14 months.
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2. An internal reorganization of the Tractebel Group has been initiated, with the main objective of implementing business activities according to target market segments and not regionally. Therefore, 3 new "Business Areas" will be created, each with its own segments, products, strategy and, above all, common management:

- BA Nuclear, focused on all commercial uses of nuclear energy, worldwide.
- BA Infrastructure Europe, providing construction and infrastructure projects in the countries where each company operates
- BA Global Power with a global footprint and focus on multi-source energy projects, addressing decarbonisation, green hydrogen, chemicals, fuels, etc.

Tractebel CZ is included in this BA and its activities will be internally linked to the projects and business activities of the group called "Low Carbon, Green Gas / Power to X - H2".

From this new structure we expect especially an intensive involvement in internal cooperation, international projects, and professional growth opportunities for our project engineers.

During the last year, a tender for the position of CEO of Tractebel in the Czech Republic was announced and completed, the winner of which was Dr. Ing. Jiří Netušil, the current Project Director. Before the end of the year, his successor was also selected, who became Ing. Miroslav Hruša, the current head of the energy section. The management of the company is therefore already complete before the departure of the current CEO and there is no risk of negative effects caused by unresolved personnel changes in the company's management.

In 2021, no breach of ethical rules, no conflict of interest, no corruption and no human rights violations were detected by internal audits. The control audits of the quality, health and safety and environmental systems (ISO 9001, ISO 14001 and ISO 45001) also found no non-compliance. No workplace accidents were recorded during the year.

Despite the fact that the company did not achieve the projected profit in 2021 and our financial performance ended, after many successful years, with a loss, all employees of the company deserve the thanks of the shareholders, the Board of Directors and the executive management for their honest, highly professional and dedicated work.

As 2021 was my last year as CEO, I would like to wish my successor and the entire team every success in their work and to achieve better financial results in the coming years than in the previous year.

Date: 31.3.2022

Pavel Urbánek  
CEO



## 2. COMPANY PROFILE

Business name:	Tractebel Engineering a.s.
Business Registration No. (IČ):	15049451
Registered office:	Pernerova 168, Zelené Předměstí 530 02 Pardubice
Legal form:	joint-stock company
Date of incorporation:	20 March 1991
Registered capital:	CZK 53,642,000
Nominal value of shares:	CZK 1,000
Share type:	53,642 pcs registered shares

### **Corporate Governance**

**Administrative Board:** Denis Lohest – Chairman  
Eric Van Celst – member  
Philippe Broquet – member

**Company management:**

Ing. Pavel Urbánek – Chief Executive Officer  
Dr. Ing. Jiří Netušil – Project Realization Director  
Ing. Iveta Fibigerová – Finance Manager  
Ing. Pavel Milichovský – Sales Manager

The Company was established in 1952 under the name Cheming. Since 1992 it has been included in the TRACTEBEL industrial group which in 2008 became a member of ENGIE Group, the world's leader in the energy and gas sectors and utility services.

Tractebel is a global engineering company delivering game-changing solutions for a carbon-neutral future. Insights gathered during our more than 150 years of experience in energy, urban, nuclear and water projects combined with local expertise allow us to tackle complex future-oriented projects.

By connecting strategy, design, engineering and project management, our community of imaginative experts helps companies and public authorities create positive impact towards a sustainable world, where people, planet and profit collectively thrive.

Our services comprise a complex range of engineering activities: proposed solution concepts, including design work, investor engineering and consulting. Tractebel aims to establish long-term partnerships with its customers to help them achieve their goals in the areas of competitiveness, reliability and security. To meet these targets, Tractebel's multi-professional, highly skilled teams develop innovative technological solutions on high economic and technical levels due to a multi-disciplinary approach and operational experience.

Tractebel offices in the Czech Republic are located in Pardubice and Ústí nad Labem.

The Company has no foreign subsidiary or branch.

The Company acquired no own shares in 2021.

The basic principle of the ENGIE Group in the field of ethics is zero tolerance for breaches of ethical rules, both by employees and by third parties with whom the group cooperates.

In our company, we apply this principle to our employees by acquainting them with the basic ethical documents (Ethical Charter and Ethics in Practice) when entering our company and we require them to be respected.

Raising and maintaining awareness of the importance of complying with ethical rules is ensured by the obligation to receive regular training in human rights and anti-corruption principles.

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ENGIE Group has also set up an anonymous system for reporting breaches of ethics, which can be used by our employees if they become aware of such conduct.

Issues related to ethics are also included in the company's internal audits, and its compliance and training in this field is one of the indicators of personal evaluation of employees.

Third parties are informed about the principles of ethics through the ENGIE Group website, the obligation to comply with ethical principles is included in contracts with customers in the form of an annex. Before starting the cooperation, customers are checked in the form of "Due Diligence" and their compliance with the principles of ethics is verified.

We also require adherence to these principles by our subcontractors, where we verify their ethical behaviour in the past during the first contact and perform "Due Diligence". Ethical clauses are part of orders or contracts with these entities.

Based on the results of "Due Diligence", the necessary measures are taken if necessary.

When establishing contacts with customers abroad, we respect the principles of ENGIE, respectively the results of regular analyses made by Verisk Maplecroft, which reports indexes of the human rights and the level of risk of corruption of all countries around the world. We also take into account the ENGIE embargo policy. In all these areas, we take appropriate measures so that ethical behaviour is not violated during our activities.

In 2021, Tractebel defended its ISO 37001 Anti-bribery management systems certificate for the next period. This certificate also applies to all companies of the Group, including our company.

The GDPR Regulation is equally important for our company. The compliance is overseen by the "Data Privacy Manager" and the company fully respects the GDPR guidelines.

In terms of quality, health and safety and environmental protection systems, in 2021 our company successfully passed a recertification audit according to ISO 45001 and 14001, which was performed by TÜV NORD. There was also a recertification audit of the quality system according to ISO 9001 by the certification company BSI.

The new certificates ISO 9001: 2015, ISO 14001: 2015 and ISO 45001: 2018 were obtained for the next 3 years and we can guarantee compliance with the principles required by these standards.

As of 31 August 2021, the authorization of our company pursuant to Act No. 415/2005 Coll., to become acquainted with classified information, to handle it in any way or to store it on its premises, expired.

## **Environmental Protection**

The actual operation of Tractebel Engineering a.s. does not have a negative impact on the environment, as it is not a source of air pollution or excessive noise, and waste management is carried out in accordance with applicable legislation.

In the field of environmental protection, Tractebel Engineering a.s. provides its customers with:

- consulting activities in the development of environmental management systems
- comprehensive solutions of environmental impacts of buildings for all stages of pre-project and project preparation, including assessment of upcoming projects from the point of view of their environmental impact in accordance with Act No. 100/2001 Coll.

The reduction of industrial pollution and environmental risks is currently one of the key areas in which our customers direct their investment activities.

ENGIE has announced a new strategy for the coming period, focusing on client solutions for renewables and grids with the aim of a "zero carbon transition" Our role is to actively support ENGIE's ambition to become a leader in the transition to a zero carbon energy sector.

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## Labor Relations

On 31st December 2021, the Company had 64 employees, i.e. three employees less compared with 2020. Fluctuation is still relatively low, it was more about retirement, but several employees terminated their employment at their own request. On the other hand, we managed to get new young and promising employees.

As in 2020, the average age of employees remained relatively high - 50 years. The company is therefore still trying to recruit new young university-educated employees. The process of acquiring and retaining experienced employees was also affected in 2021 by the covid-19, which had a negative effect on the number of our orders, thus reducing the workload of existing staff. During the year 2021, we therefore used the Antivirus A and Antivirus B programs, which helped us to maintain working places and partially cover the costs associated with partial unemployment or ordered quarantines.

In 2021, the training of some groups of designers within the project "Support for vocational training of employees" funded by the ESF was completed, which expanded the knowledge of our designers with modern software for project processing.

The qualification structure of the company is very high, 71% of employees have a university degree, the remaining employees have secondary education.

The organizational structure of the company remained unchanged in 2021, only the position of financial manager was taken over by Ing. Iveta Fibigerová. The company is divided into a sales department, a finance and administration department and a project implementation department, which is further divided into professional sections.

## Research and Development

In 2021 the Company did not implement any projects that would meet the requirements for classification as R&D projects.

## Contact Information:

### **Tractebel Engineering a.s.**

Pernerova 168  
Zelené Předměstí  
530 02 Pardubice  
Czech Republic  
Tel: + 420 466 818 111

### **Tractebel Engineering a.s.**

divize Ústí nad Labem  
U panského dvora 986/3  
400 00 Ústí nad Labem  
Czech Republic  
Tel/fax: + 420 475 209 415

Data Mailbox Identifier: xrkqgh5

e-mail [engineering-cz@tractebel.engie.com](mailto:engineering-cz@tractebel.engie.com)

<http://www.tractebel-engie.com>

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### 3. REPORT ON BUSINESS ACTIVITIES AND ASSETS

pursuant to Section 436 of Act No. 90/2012 Coll., on Business Corporations

Although the year 2021 was not easy due to the pandemic situation, we participated in a number of interesting projects for the chemical and petrochemical industries, as well as in many projects in the fields of energy and gas. The most important projects were:

- SUEZ CZ – Redevelopment of dangerous waste incinerator plant in Trmice – owner's engineering services,
- NET4GAS - Gas pipeline project „Moravia“, Completion of the tender documentation and site supervision in consortium with company ILF Consulting Engineers,
- NET4GAS - Gas pipeline project „Moravia“, Elaboration of the documentation for Authority engineering,
- Elektrárny Opatovice – Decarbonisation project – Feasibility study, Tender documentation, Authority documentation,
- United Energy Komořany - Decarbonisation project – Feasibility study, Tender documentation, Authority documentation,
- Lučební závody Draslovka – New production of cyanide, Basic design,
- Mangan Chvaletice – Demonstration unit for manganese production – Authority documentation, tender documentation,
- Mangan Chvaletice – New manganese production plant – cooperation with technology supplier within feasibility study elaboration,
- Ško Energo – change of fuel base in power source in Škoda Auto car production plant in Mladá Boleslav – Feasibility study,
- H2SITE – Skid units for hydrogen on-site production, Detail design,
- Cooperation with other Tractebel entities on projects German LNG terminal and Waste gas absorption unit in Prayon company,
- And other smaller projects for our long-term clients such as Unipetrol, Spolchemie, Synthos Kralupy, Cabot, Synthesia and other.

There was no change in the shareholding structure of the company in 2021. The Belgian company Tractebel Engineering SA. still owns 100% of the company's shares, so the company has only one shareholder who exercises the powers of the General Meeting.

The company was in the category of small entity in 2021. The company's financial statements were prepared in accordance with Czech accounting standards and audited by Ernst & Young Audit, s.r.o. Detailed economic information concerning the company's performance is presented in the financial statements. The following is a brief commentary.

The Company achieved a turnover of CZK 61.890 million in 2021, of which sales of design and engineering services amounted to CZK 61.304 million. The Company has availed grants under the Antivirus programme and training grants from European funds which are included under "Other operating income". The volume of production related consumption decreased to CZK 13.747 million. This was mainly due to lower subcontracting of project work. Personnel costs remain the largest cost item, accounting for around 75% of total costs. The company generated a loss before tax of CZK 3,452 thousand.

The balance sheet total decreased to CZK 81.36 million. Due to higher work in progress at the end of the year, the volume of work in progress increased, while trade receivables decreased and the volume of funds in bank accounts at the end of the year increased. Long-term receivables represent the retention on the Moravia project.

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The financing of the company is ensured from its own resources without the need to use bank loans and other financial assistance.

Based on the Group's decision, the net profit earned in 2020 in the amount of CZK 1,706 thousand was paid as a dividend to the parent company.

The settlement of the loss from 2021 in the amount of CZK 4,059 thousand from retained earnings of previous years will be decided in June.

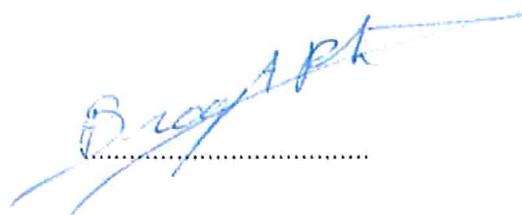
The Company has prepared a Report on relations between the controlling entity and the controlled entity and between the controlled entity and other entities controlled by the same controlling entity for the past reporting period. The Report concludes that the controlled entity suffered no prejudice arising from the executed contracts and other transactions.

After the balance sheet day, the pandemic situation was stabilised, on the other hand the Russia-Ukraine war started. We expect very slow recovery of economic growth especially in the presence of high inflation rate. Management will continue to monitor the potential impact and take all possible steps to mitigate any negative effects on the company and its employees. The Company will include any negative impact, or potential losses, in its 2022 accounting and financial statements.

The statutory body approved the Annual Report herein on:

31.5.2022

Philippe Broquet  
Member of Administration Board



#### 4. **REPORT ON RELATED PARTIES FOR 2021**

pursuant to Section 82 of Act No. 90/2012 Coll., on Business Corporations

Tractebel Engineering a. s., with its registered office at Pernerova 168, Zelené Předměstí, 530 02 Pardubice, business registration number (IČ) 15049451, entered in the Commercial Register, Section B, File No. 135, maintained by the Regional Court in Hradec Králové (hereinafter the "Submitter") is included in the French business group ENGIE with the following relations between the Submitter and the Controlling Entity and between the Submitter and other related parties.

##### **1. Definition of entities and structure of relations**

###### **Controlling Entity:**

Tractebel Engineering S. A., with its registered office at Boulevard Simon Bolivar 34-36, 1000 Brussels, Belgium.

The company is registered with the Commercial Court in Brussels under registration number 0412.639.681.

###### **Controlled entity:**

Tractebel Engineering a. s., with its registered office at Pernerova 168, Zelené Předměstí, 530 02 Pardubice.

The company is wholly owned by Tractebel Engineering S.A., Belgium.

###### **Other entities of ENGIE Group:**

- ENGIE Global Markets Czech Republic, odštěpný závod, with its registered office at Pernerova 168, 530 02 Pardubice, providing ancillary and support work for the parent company in electricity and gas sales.

##### **2. Role of the Controlled Entity, method and means of controlling**

Tractebel Engineering a. s. is a design and engineering company providing comprehensive services, in particular in refinery, chemical and petrochemical industries, and in energy and gas transport sectors, both in the Czech Republic and for foreign customers.

Control of the Company is performed through the exercise of shareholder rights in accordance with the Company's Articles of Association and applicable legislation.

##### **3. Overview of contracts in effect in 2021**

###### **3.1. Controlling Entity Tractebel Engineering SA as a supplier**

Tractebel Framework agreement of collaboration – Amendment 15. 03. 2018

Group cooperation agreement on the provision of ancillary services (management, financial, legal, advisory) as well as technical and other similar services.

###### **3.2. Controlling Entity Tractebel Engineering SA as a buyer**

- Purchase order 4100016850 email 28.1.2021

Design and engineering services on the project Prony 2.0

- Purchase order 4100006229 9.7.2018

Design and engineering services, including a 3D model for a multi-purpose LNG terminal in the German port of Brunsbüttel.

- Purchase order 4100013170 10.3.2021
-

Design and engineering services, including a 3D model on project of PRAYON TOUR DE LAVAGE AUX FERTILISANTS

- Purchase order 4100013581 3.9.2021

Design and engineering services – support for project KHNP

### 3.3 Other related parties of ENGIE Group

ENGIE Global Markets SA – ENGIE Global Markets Czech Republic, odštěpný závod

- Service Agreement 1. 11. 2011

Administrative and accounting services related to the Czech branch of ENGIE Global Markets.

#### Summary

For each of the above transactions, the Company received consideration on an arm's-length basis, i.e. proportionate to the conditions and circumstances of the market that were and could have been known to the Company at the time of the execution of the transaction or at the time of undertaking relevant actions.

Pursuant to Section 71 and Section 72 of the Business Corporations Act, the Company suffered no detriment and adopted no measures for its settlement.

#### 4. Summary of actions taken at the initiative or in the interest of the Controlling Entity where such actions concerned assets exceeding 10% of the Controlled Entity's equity

In 2021 the Submitter undertook no actions at the initiative or in the interest of the Controlling Entity or entities controlled by the Controlling Entity where such actions concerned assets exceeding 10% of the Submitter's equity as determined from the last financial statements prepared for the year ended 31 December 2021.

#### 5. Advantages and disadvantages resulting from relations between the Submitter and related Parties

Advantages resulting from relations between the Submitter and related parties are, in particular:

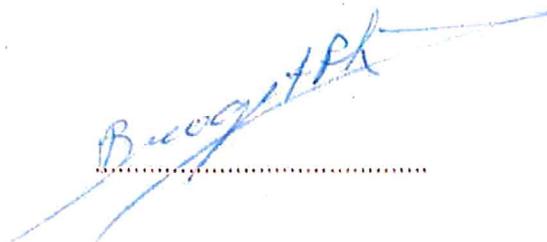
- a) sharing of Group know-how
- b) assistance in risk analyses related to customers and projects
- c) sharing of references and experts for bidding processes
- d) participation in international projects
- e) joint procurement, mainly in IT and insurance
- f) access to premium banking products (bank guarantees, loans)

The Company is not aware of any disadvantages resulting from the mutual relations.

The statutory body approved the Related Parties Report herein on:

31 March 2022

Philippe Broquet  
Member of Administration Board





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(Translation of a report originally issued in Czech - see Note 2 to the financial statements.)

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Tractebel Engineering a.s.:

### *Opinion*

We have audited the accompanying financial statements of Tractebel Engineering a.s. (the Company) prepared in accordance with accounting principles generally accepted in the Czech Republic, which comprise the balance sheet as at 31 December 2021, and the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information. For details of the Company, see 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 2021, and of its financial performance for the year then ended in accordance with accounting principles generally accepted in the Czech Republic.

### *Basis for Opinion*

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

### *Other Information*

In compliance with Section 2(b) of the Act on Auditors, the other information comprises the information included in the Annual Report other than the financial statements and auditor's report thereon. The Administrative Board 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 law or regulation, in particular, whether the other information complies with law or regulation in terms of formal requirements and procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with these requirements could influence judgments made on the basis of the other information.

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

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

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



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### *Responsibilities of the Company's Administrative Board for the Financial Statements*

The Administrative Board is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the Czech Republic and for such internal control as the Administrative Board 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 Administrative Board 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 Administrative Board 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 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 law or regulation, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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



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We communicate with the Administrative 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.

Ernst & Young Audit, s.r.o.  
License No. 401

A handwritten signature in blue ink, appearing to read 'Jiří Křepelka', is written over the printed name.

Jiří Křepelka, Auditor  
License No. 2163

31 May 2022  
Prague, Czech Republic

## **Tractebel Engineering a.s.**

### **Financial Statements for the Year Ended 31 December 2021**

(Translation of Financial Statements Originally Issued in Czech –  
See Note 2 to the Financial Statements)

## BALANCE SHEET

		Current year			Prior year 2020
		Gross	Allowances	Net	Net
<b>TOTAL ASSETS</b>		<b>100 680</b>	<b>-19 322</b>	<b>81 358</b>	<b>87 823</b>
<b>A.</b>	<b>STOCK SUBSCRIPTION RECEIVABLE</b>				
<b>B.</b>	<b>FIXED ASSETS</b>	<b>8 840</b>	<b>-8 761</b>	<b>79</b>	<b>117</b>
B. I.	<b>Intangible fixed assets</b>	5 084	-5 084	0	0
B. I. 1.	Development				
2.	Valuable rights	5 084	-5 084	0	0
1.	Software	5 084	-5 084	0	
2.	Other valuable rights				
3.	Goodwill				
4.	Other intangible fixed assets				
5.	Advances granted for intangible fixed assets and intangible fixed assets in progress	0	0	0	0
1.	Advances granted for intangible fixed assets				
2.	Intangible fixed assets in progress				
B. II.	<b>Tangible fixed assets</b>	3 756	-3 677	79	117
B. II. 1.	Land and structures	0	0	0	0
1.	Land				
2.	Structures				
2.	Movable assets and sets of movable assets	3 739	-3 677	62	100
3.	Gain or loss on revaluation of acquired property				
4.	Other tangible fixed assets	17		17	17
1.	Perennial crops				
2.	Livestock				
3.	Miscellaneous tangible fixed assets	17		17	17
5.	Advances granted for tangible fixed assets and tangible fixed assets in progress	0	0	0	0
1.	Advances granted for tangible fixed assets				
2.	Tangible fixed assets in progress				
B. III.	<b>Long-term investments</b>	0	0	0	0
B. III. 1.	Interests – controlled or controlling entity				
2.	Loans and borrowings – controlled or controlling entity				
3.	Interests – significant influence				
4.	Loans and borrowings - significant influence				
5.	Other long-term securities and interests				
6.	Loans and borrowings - other				
7.	Other long-term investments	0	0	0	0
1.	Miscellaneous long-term investments				
2.	Advances granted for long-term investments				
<b>C.</b>	<b>CURRENT ASSETS</b>	<b>91 352</b>	<b>-10 561</b>	<b>80 791</b>	<b>87 072</b>
C. I.	<b>Inventories</b>	3 549	0	3 549	1 312
C. I. 1.	Materials	117		117	118
2.	Work in progress and semi-finished production	3 432		3 432	1 194
3.	Finished products and goods	0	0	0	0
1.	Finished products				
2.	Goods				
4.	Livestock				
5.	Advances granted for inventories				
C. II.	<b>Receivables</b>	30 147	-10 561	19 586	33 947
C. II. 1.	<b>Long-term receivables</b>	3 537	0	3 537	4 771
1.	Trade receivables	2 691		2 691	2 706
2.	Receivables – controlled or controlling entity				
3.	Receivables – significant influence				
4.	Deferred tax asset				1 219
5.	Other receivables	846		846	846
5.1.	Receivables from partners				
5.2.	Long-term advances granted	846		846	846
5.3.	Unbilled revenue				
5.4.	Miscellaneous receivables				

## BALANCE SHEET

		Current year			Prior year 2020
		Gross	Allowances	Net	Net
C. II. 2.	<b>Short-term receivables</b>	26 610	-10 561	16 049	29 176
1.	Trade receivables	25 445	-10 561	14 884	27 622
2.	Receivables – controlled or controlling entity				
3.	Receivables – significant influence				
4.	Other receivables	1 165		1 165	1 554
4.1.	Receivables from partners				
4.2.	Social security and health insurance				
4.3.	Due from government - tax receivables	895		895	1 312
4.4.	Short-term advances granted	21		21	15
4.5.	Unbilled revenue	8		8	
4.6.	Miscellaneous receivables	241		241	227
C. III.	<b>Short-term financial assets</b>	0	0	0	0
1.	Interests - controlled or controlling entity				
2.	Other short-term financial assets				
C. IV.	<b>Cash</b>	57 656	0	57 656	51 813
1.	Cash in hand	46		46	77
2.	Cash at bank	57 610		57 610	51 736
D.	<b>Prepaid expenses and accrued income</b>	488	0	488	634
D. 1.	Prepaid expenses	488		488	589
2.	Prepaid expenses (specific-purpose expenses)				
3.	Accrued income				45

Tractebel Engineering a.s. as at 31 December 2021  
Czech Statutory Financial Statement Forms (in thousands of Czech crowns)

**BALANCE SHEET**

		Current year	Prior year 2020
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b>81 358</b>	<b>87 823</b>
<b>A.</b>	<b>EQUITY</b>	<b>66 667</b>	<b>72 432</b>
A. I.	<b>Basic capital</b>	53 642	53 642
A. I. 1.	Registered capital	53 642	53 642
2.	Own ownership interests (-)		
3.	Changes in basic capital		
A. II.	<b>Share premium and revaluation reserve</b>	327	327
A. II. 1.	Share premium		
2.	Capital funds	327	327
1.	Other capital funds	327	327
2.	Gain or loss on revaluation of assets and liabilities (+/-)		
3.	Gain or loss on revaluation upon corporate transformation (+/-)		
4.	Differences arising on corporate transformation (+/-)		
5.	Differences arising between balance sheet date and transformation date (+/-)		
A. III.	<b>Reserves from profit</b>	11 697	11 697
A. III. 1.	Other reserves	9 697	9 697
2.	Statutory and other reserves	2 000	2 000
		0	0
A. IV.	<b>Profit (loss) brought forward (+/-)</b>	5 060	5 060
IV. 1.	Retained earnings	5 060	5 060
2.	Other profit (loss) brought forward (+/-)		
A. V.	<b>Profit (loss) for the year (+/-)</b>	-4 059	1 706
A. VI.	<b>Approved decision on advances for profit distribution (-)</b>	0	0
<b>B. + C.</b>	<b>PROVISIONS AND LIABILITIES</b>	<b>13 716</b>	<b>14 302</b>
B.	<b>Provisions</b>	4 726	3 144
B. 1.	Provision for pensions and similar obligations		
2.	Provision for corporate income tax		
3.	Provisions recognized under special legislation		
4.	Other provisions	4 726	3 144
C.	<b>Liabilities</b>	8 990	11 158
C. I.	<b>Long-term liabilities</b>	12	0
1.	Bonds payable	0	0
1.	Convertible bonds		
2.	Other bonds		
2.	Amounts owed to credit institutions		
3.	Long-term advances received		
4.	Trade payables		
5.	Long-term notes payable		
6.	Liabilities – controlled or controlling entity		
7.	Liabilities – significant influence		
8.	Deferred tax liability	12	
9.	Other liabilities	0	0
1.	Liabilities to partners		
2.	Unbilled deliveries		
3.	Miscellaneous liabilities		
C. II.	<b>Current liabilities</b>	8 978	11 158
1.	Bonds payable		
1.	Convertible bonds		
2.	Other bonds		
2.	Amounts owed to credit institutions		
3.	Short-term advances received		
4.	Trade payables	2 223	1 416
5.	Short-term notes payable		
6.	Liabilities – controlled or controlling entity		
7.	Liabilities – significant influence		
8.	Other liabilities	6 755	9 742
1.	Liabilities to partners		
2.	Short-term borrowings		
3.	Liabilities to employees	2 738	2 718
4.	Liabilities arising from social security and health insurance	1 454	1 606
5.	Due to government – taxes and subsidies	1 644	5 082
6.	Unbilled deliveries	823	252
7.	Miscellaneous liabilities	96	84
D.	<b>Accruals and deferred income</b>	975	1 089
D. 1.	Accruals	975	1 089
2.	Deferred income		

The accompanying income statement and notes are an integral part of the financial statements.

Tractebel Engineering a.s. for the year ended 31 December 2021  
Czech Statutory Financial Statement Forms (in thousands of Czech crowns)

**INCOME STATEMENT**

		Current year	Prior year 2020
I.	Revenue from sale of finished products and services	61 890	75 297
II.	Revenue from sale of goods		
<b>A.</b>	<b>Production-related consumption</b>	<b>13 747</b>	<b>16 484</b>
A.1.	Cost of goods sold		
A.2.	Consumption of material and energy	518	558
A.3.	Services	13 229	15 926
<b>B.</b>	<b>Change in inventory produced internally (+/-)</b>	<b>-2 238</b>	<b>3 041</b>
<b>C.</b>	<b>Own work capitalized (-)</b>	<b>0</b>	<b>0</b>
<b>D.</b>	<b>Personnel expenses</b>	<b>51 992</b>	<b>53 380</b>
D.1.	Wages and salaries	37 594	38 711
D.2.	Social security and health insurance costs and other costs	14 398	14 669
D.2.1.	Social security and health insurance costs	12 717	13 040
D.2.2.	Other costs	1 681	1 629
<b>E.</b>	<b>Value adjustments in respect of operating activities</b>	<b>-550</b>	<b>3 124</b>
E.1.	Value adjustments in respect of intangible and tangible fixed assets	38	484
E.1.1.	Value adjustments in respect of intangible and tangible fixed assets - permanent	38	484
E.1.2.	Value adjustments in respect of intangible and tangible fixed assets - temporary		
E.2.	Value adjustments in respect of inventory		
E.3.	Value adjustments in respect of receivables	-588	2 640
III.	<b>Other operating income</b>	<b>833</b>	<b>1 707</b>
III.1.	Income from sale of fixed assets		240
III.2.	Income from sale of materials	9	3
III.3.	Miscellaneous operating income	824	1 464
<b>F.</b>	<b>Other operating expenses</b>	<b>3 049</b>	<b>-991</b>
F.1.	Net book value of fixed assets sold		
F.2.	Net book value of materials sold		
F.3.	Taxes and charges relating to operations	74	82
F.4.	Provisions relating to operations and prepaid expenses (specific-purpose expenses)	1 582	-2 852
F.5.	Miscellaneous operating expenses	1 393	1 779
<b>*</b>	<b>Profit or loss on operating activities (+/-)</b>	<b>-3 277</b>	<b>1 966</b>
IV.	<b>Income from long-term investments - interests</b>	<b>0</b>	<b>0</b>
IV.1.	Income from interests in subsidiaries or parents		
IV.2.	Other income from interests		
<b>G.</b>	<b>Cost of interests sold</b>	<b>0</b>	<b>0</b>
V.	<b>Income from other long-term investments</b>	<b>0</b>	<b>0</b>
V.1.	Income from other long-term investments - subsidiaries or parents		
V.2.	Other income from other long-term investments		
<b>H.</b>	<b>Expenses relating to other long-term investments</b>	<b>0</b>	<b>0</b>
VI.	<b>Interest receivable and similar income</b>	<b>0</b>	<b>34</b>
VI.1.	Interest receivable and similar income - subsidiaries or parents		
VI.2.	Other interest receivable and similar income		34
<b>I.</b>	<b>Value adjustments and provisions relating to financial activities</b>	<b>0</b>	<b>0</b>
J.	<b>Interest payable and similar expenses</b>	<b>0</b>	<b>0</b>
J.1.	Interest payable and similar expenses - subsidiaries or parents		
J.2.	Other interest payable and similar expenses		
VII.	<b>Other finance income</b>	<b>123</b>	<b>416</b>
<b>K.</b>	<b>Other finance cost</b>	<b>298</b>	<b>275</b>
<b>*</b>	<b>Profit or loss on financial activities (+/-)</b>	<b>-175</b>	<b>175</b>
<b>**</b>	<b>Profit or loss before taxation (+/-)</b>	<b>-3 452</b>	<b>2 141</b>

The accompanying balance sheet and notes are an integral part of the financial statements.

Tractebel Engineering a.s. for the year ended 31 December 2021  
Czech Statutory Financial Statement Forms (in thousands of Czech crowns)

**INCOME STATEMENT**

		Current year	Prior year 2020
<b>L.</b>	<b>Income tax</b>	607	435
L.1.	Income tax due	-624	-460
L.2.	Income tax deferred (+/-)	1 231	895
<b>**</b>	<b>Profit or loss after taxation (+/-)</b>	-4 059	1 706
<b>M.</b>	<b>Transfer of share of profit or loss to partners (+/-)</b>	0	0
<b>***</b>	<b>Profit or loss for the year (+/-)</b>	-4 059	1 706
<b>*</b>	<b>Net turnover</b>	62 846	77 454

The accompanying balance sheet and notes are an integral part of the financial statements.

## **1. DESCRIPTION OF THE COMPANY**

Tractebel Engineering a.s. (“the Company”) is a joint stock company incorporated on 20 March 1991 in the Czech Republic. The Company’s registered office is located at Pernerova 168, Zelené Předměstí, 530 02 Pardubice, Czech Republic and the business registration number (IČ) is 15049451. The Company is involved in designing and engineering activities for investment construction.

The parent company and the sole shareholder is Tractebel Engineering S.A., Boulevard Simon Bolivar 34-36, 100 Brussels, Belgium and the ultimate parent company is the French company ENGIE S.A. with its registered address at 1 place Samuel de Champlain, Courbevoie, 924 00 France.

The accompanying financial statements have been prepared as separate financial statements. The consolidated financial statements in accordance with International Accounting Standards are prepared by the parent company Tractebel Engineering S.A. Belgium. The Company is included in the consolidated group of the parent company.

Members of statutory bodies as at 31 December 2021 were as follows:

The Company is a joint stock company with a monistic structure, which abolished the position of Statutory Director in a joint-stock company; the change was made in the Commercial Register on 1 January 2021. The sole statutory body is the Administrative Board:

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Administrative Board

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Chair: Denis Lohest

Member: Erik van Celst

Member: Philippe Broquet

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## **2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS**

The accompanying financial statements were prepared in accordance with the Czech Act on Accounting and the related guidelines as applicable for 2021 and 2020.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern.

### **Explanation Added for Translation into English**

These financial statements are presented on the basis of accounting principles and standards generally accepted in the Czech Republic. Certain accounting practices applied by the Company that conform with generally accepted accounting principles and standards in the Czech Republic may not conform with generally accepted accounting principles in other countries.

### 3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies applied by the Company in preparing the 2021 and 2020 financial statements are as follows:

#### a) **Intangible Fixed Assets**

Intangible fixed assets are recorded at their acquisition cost which includes purchase price and acquisition related costs.

Intangible fixed assets with a cost exceeding in 2021 and 2020 (threshold exceeding CZK 60 thousand) are amortized over their useful economic lives.

The costs of technical improvements to intangible fixed assets are capitalized.

##### Amortization

Amortization is calculated based on the acquisition cost and the estimated useful life of the related asset. The useful economic lives are as follows:

	Years
Software	3

#### b) **Tangible Fixed Assets**

Tangible fixed assets are recorded at their acquisition cost, which consists of purchase price, freight, customs duties and other related costs.

Purchased tangible fixed assets with a cost exceeding CZK 80 thousand and CZK 40 thousand in 2021 and 2020, respectively are depreciated over their useful economic lives.

The costs of technical improvements of tangible fixed assets are capitalized. Repairs and maintenance expenses are expensed as incurred.

##### Depreciation

Depreciation is calculated based on the acquisition cost and the estimated useful life of the related asset. The useful economic lives are as follows:

	Years ( <i>specify range</i> )
Movable assets and sets of movable assets	
Machinery and equipment	3 - 10
Vehicles	5
Fixtures and fittings	5
Miscellaneous tangible fixed assets (art works)	not depreciated

**c) Cash**

Cash includes liquid valuables, cash in hand and at bank.

As at 31 December, the individual components of cash are recalculated at exchange rate as published by the Czech National Bank as at 31 December of the respective year.

**d) Inventory**

Purchased inventory is stated at actual cost being determined using the first-in, first-out ('FIFO') method. Costs of purchased inventory include acquisition-related costs (such as freight, customs, commission, etc.).

Work-in-progress (services) is recorded at actual cost. The cost of inventory produced internally includes direct hourly costs (direct labor costs including insurance), other direct costs (particularly copying fees, travelling expenses, software licenses, subcontractor services) and production overhead costs. Where the loss on the particular project is expected, the value of completion is reduced through an allowance account.

**e) Receivables**

Receivables are initially measured at their nominal amount. Both long- and short-term receivables are carried at their realizable value after allowance for doubtful accounts. Additions to the allowance account are charged to income.

**f) EQUITY**

The basic capital of the Company is stated at the amount recorded in the Commercial Register maintained in the Regional Court. The "Other capital funds" caption includes the value of assets acquired free of charge.

In accordance with the Articles of Association, the Company has retained the already created reserve and stabilization funds. The General Meeting makes decision on their further allocation or use in accordance with the Company's Articles of association.

**g) Provisions and Liabilities**

The Company creates provisions for losses and risks if the related purpose amount and timing can be reliably estimated and the accrual and matching principles are observed.

Long-term and current liabilities are carried at their nominal values.

**h) Leases**

The Company records the assets leased under full-service leasing arrangements by expressing the lease payments on accrual and matching basis.

#### **i) Foreign Currency Transactions**

Assets and liabilities whose acquisition or production costs were denominated in foreign currencies are translated into Czech crowns at the fixed monthly rate set by the Czech National Bank on the last day of each month. On the balance sheet date monetary items are adjusted to the exchange rates as published by the Czech National Bank as at 31 December.

Realized and unrealized exchange rate gains and losses were charged or credited, as appropriate, to finance income for the year.

#### **j) Use of Estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period. The Company management prepared these estimates and predictions based on all available relevant information. These estimates and assumptions are based on information available as at the date of the financial statements and may differ from actual results.

#### **k) Recognition of Revenues and Expenses**

Revenues and expenses are recognized on an accrual basis, that is, they are recognized in the periods in which the actual flow of the related goods or services occurs, regardless of when the related monetary flow arises.

Profit on long term contracts is recognized at the time of billing of completed phase of the project based on the respective contract with customer, e.g. according to milestones reached. Until such event, the project is recorded in the work-in-progress in the value of incurred costs.

#### **l) Income Tax**

The corporate income tax expense is calculated based on the statutory tax rate and book income before taxes, increased or decreased by the appropriate permanent and temporary differences (e.g. non-deductible provisions and allowances, entertainment expenses, differences between book and tax depreciation, etc.). In addition, the following items are taken into consideration: tax base decreasing items (donations), tax deductible items (tax loss, research and development costs) and income tax reliefs.

The deferred tax position reflects the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for corporate income tax purposes, taking into consideration the period of realization.

The Company recognizes a deferred tax asset when it becomes probable that the asset will be utilized in subsequent accounting periods.

**m) Subsidies/COVID compensations**

As part of the project Support for Vocational Training of Employees II - in the "de minimis" regime, the Company received contributions from the Labor Office in Pardubice and Ústí nad Labem to increase the expertise of employees in the use of new software for reading and drawing technical documentation. The subsidy is based on concluded Agreement with the Labor Office and on Agreement on implementation of educational activities with an accredited educational agency selected on based on tender. After fulfillment of several administrative procedures, we received a subsidy of 85% of the training costs and a contribution to the reimbursement of wage costs of a maximum of CZK 33,000 per employee.

An agreement was also concluded with the Labor Office of the Czech Republic on the provision of contribution from the targeted Antivirus program in mode B.

The settlement of the government subsidy is recognized in the income statement as income in the period to which it relates.

**n) Subsequent Events**

The impact of events that occurred between the balance sheet date and the date of the financial statements preparation is recognized in the financial statements provided these events provide additional evidence about conditions that existed at the date of the balance sheet.

If material events reflecting the facts occurring after the balance sheet date happened between the balance sheet date and the date of the financial statements preparation the consequences of these events are disclosed in the notes to the financial statements but not recognized in the financial statements.

**4. FIXED ASSETS****a) Intangible Fixed Assets (in CZK thousands)****COST**

	At beginning of year	At end of year
Software	5,084	5,084
2021 Total	5,084	5,084
2020 Total	5,084	5,084

**ALLOWANCES AND ACCUMULATED AMORTIZATION**

	At beginning of year	At end of year	Net book value
Software	( 5,084)	(5,084)	-
2021 Total	( 5,084)	( 5,084)	-
2020 Total	( 5,084)	( 5,084)	-

As at 31 December 2021 and 2020, the total value of small intangible fixed assets, which are not reflected in the accompanying balance sheet, was CZK 734 thousand and 753 thousand at acquisition cost, respectively and these assets were fully written-off.

**b) Tangible Fixed Assets (in CZK thousands)**

Tangible fixed assets consist mainly of computers and copy machines.

**COST**

	At beginning of year	Disposals	At end of year
Movable assets and sets of movable assets	3,835	(96)	3,739
Miscellaneous tangible fixed assets	17	-	17
2021 Total	3,852	(96)	3,756
2020 Total	4,580	(728)	3,852

**ALLOWANCES AND ACCUMULATED DEPRECIATION**

	At beginning of year	Depreciation during year	Disposals	At end of year	Net book value
Movable assets and sets of movable assets	( 3,735)	(38)	96	( 3,677)	62
Miscellaneous tangible fixed assets	-	-	-	-	17
2021 Total	(3,735)	(38)	96	(3,677)	79
2020 Total	(3,979)	(484)	728	(3,735)	117

The total value of tangible assets which are not reflected in the accompanying balance sheet was CZK 8,157 thousand and CZK 8,395 thousand at acquisition cost as at 31 December 2021 and 2020, respectively.

**5. INVENTORY**

Inventory includes particularly work-in-progress which comprises projects in various stages of completion. A smaller part of inventories consists of office materials.

**6. RECEIVABLES**

Allowances against outstanding receivables that are considered doubtful were charged to income based on their aging and recoverability analysis of individual receivables using the facts known as at the financial statements date in 2021 and 2020 (see Note 7).

As at 31 December 2021 and 2020, doubtful receivables totaled CZK 10,561 thousand and CZK 11,556 thousand, respectively; the major debtor are two companies - Slovak company GasOil Engineering a.s. and Czech company TENZA a.s., both in bankruptcy. As at 31 December 2021 and 2020, the receivable from GasOil Engineering is CZK 6,240 thousand and CZK 6,587 thousand, respectively and the receivable from TENZA is CZK 3,048 thousand and CZK 3,048 thousand, respectively.

Due to termination of bankruptcy proceedings Company wrote off irrecoverable not time-barred receivables of CZK 588 thousand and CZK 665 thousand in 2021 and 2020, respectively, which were covered by tax allowance. The receivables remain off-balance sheet.

As at 31 December 2021 and 2020, long-term trade receivables related to retention money retained until 2026 totaled CZK 2,691 thousand and CZK 2,706 thousand, respectively.

As at 31 December 2021 and 2020, the Company had also long-term advances relating to the rental deposit totaling CZK 346 thousand and CZK 346 thousand, respectively and the deposit for permit to carry on job agency services according of the Employment Act totaling CZK 500 thousand and CZK 500 thousand, respectively.

Receivables from related parties (see Note 18).

**7. ALLOWANCES**

Allowances reflect a temporary diminution in the value of assets (see Note 6).

Changes in the allowance accounts (in CZK thousands):

Allowances against:	Balance as at 31/12/2019	Additions	Deductions	Balance as at 31/ 12/ 2020	Additions	Deductions	Balance as at 31/12/2021
Receivables – legal	(8,553)	(620)	665	(8,508)	(3,048)	995	(10,561)
Receivables – other	(363)	(3,048)	363	(3,048)	-	3,048	-

Legal allowances are created in compliance with the Act on Provisions and are tax deductible.

**8. PREPAID EXPENSES AND ACCRUED INCOME**

Prepaid expenses include particularly subscriptions, software fees, insurance and lease payments, which are charged to income for the year in which they were incurred.

**9. EQUITY**

	Balance as at 31/12/2019	Increase	Decrease	Balance as at 31/ 12/ 2020	Increase	Decrease	Balance as at 31/12/2021
Number of shares	53,642	-	-	53,642	-	-	53,642
Basic capital	53,642	-	-	53,642	-	-	53,642
Other capital funds	327	-	-	327	-	-	327
Other reserves	9,697	-	-	9,697	-	-	9,697
Statutory and other reserves	2,000	-	-	2,000	-	-	2,000
Retained earnings	-	5,060	-	5,060	-	-	5,060
Profit (loss) for the year	5,060	1,706	(5,060)	1,706	(4,059)	(1,706)	(4,059)

The basic capital of the Company consists of 53,642 registered shares in a certificate form, fully subscribed and paid, with a nominal value of CZK 1,000. Other capital funds consist of property handed out to the Company free of charge in the past.

Other funds from profit are restricted for provision of loans to the employees to cover their housing needs.

The sole shareholder decided on the meeting held on 30 June 2020 to keep profit reached in 2019 thousand on the accounts of company and its conversion to Retained earnings of previous years. Pursuant to a decision of the sole shareholder dated 14 June 2021 the Company paid out the 2020 profit totaling CZK 1,706 thousand in form of dividend to the parent company. The 2021 loss totaling CZK 4,059 thousand will be settled from retained earnings brought forward.

**10. PROVISIONS**

The movements in the provision accounts were as follows (in CZK thousands):

Provisions	Balance as at 31/12/2019	Additions	Deductions	Balance as at 31/ 12/ 2020	Additions	Deductions	Balance as at 31/12/2021
Other provisions	5,996	744	(3,596)	3,144	3,126	(1,544)	4,726

As at 31 December 2021, other provisions include a provision for business risk totaling CZK 4,050 thousand on one running project and competition clause and a provision for untaken vacation totaling CZK 676 thousand.

As at 31 December 2020, other provisions include a provision for business risk totaling CZK 2,400 thousand on one running project and a provision for untaken vacation totaling CZK 744 thousand.

**11. CURRENT LIABILITIES**

As at 31 December 2021 and 2020, the Company had overdue current liabilities totaling CZK 249 thousand and CZK 0 thousand, respectively.

As at 31 December 2021 and 2020, the Company had liabilities of CZK 1,454 thousand and CZK 1,606 thousand, respectively, owing to social security and health insurance premiums due in January of the following year.

Unbilled deliveries represent, in particular, unbilled services and insurance related to the respective reporting period.

As at 31 December 2021 and 2020, respectively, tax payables and subsidies contain mainly VAT payable (including VAT payable in the Netherlands) and personal income tax payable for December of the respective year.

Payables to related parties (see Note 18).

**12. ACCRUALS AND DEFERRED INCOME**

Accruals include particularly unpaid employee entitlement bonuses for the respective year (including social security and health insurance) and are expensed in the period in which they are incurred.

**13. INCOME TAXES**

On the basis of preliminary calculation the Company incurred tax losses / calculated tax expense as follows (in CZK thousands):

	2021	2020
Profit / (Loss) before taxes	(3,452)	2,141
Difference between book and tax depreciation	(11)	361
Non-deductible expenses		
Creation and settlement of allowances (net)	(3,048)	2,685
Creation/ (reversal) of provisions, net	1,582	(2,852)
Other (e.g. entertainment expenses, shortages and losses)	133	(4,756)
Taxable income	( 4,796)	( 2,421)
Current income tax rate	19%	19%
Tax	(911)	(460)
Adjustment of the tax paid in previous years	-	-
Current tax expense	-	-

The company used the opportunity to claim the tax loss achieved in 2020 as part of “the carry loss back” in the additional tax return for 2019. In 2021, the Company will use this option in the amount of CZK 624 thousand up to the level of the 2019 tax base and a loss CZK 1,512 thousand will be carried forward.

The deferred tax position reflects the net tax effects of temporary differences between the carrying amounts of assets and liabilities for tax purposes and financial reporting purposes. Deferred income tax was computed using the corporate income tax rate of 19%.

The Company quantified deferred taxes as follows (in CZK thousands):

Deferred tax items	2021		2020	
	Deferred tax asset	Deferred tax liability	Deferred tax asset	Deferred tax liability
Difference between net book value of fixed assets for accounting and tax purposes	-	(12)	-	(10)
Other temporary differences:				
Allowances against receivables	-	-	579	-
Provisions	1,050	-	598	-
Tax loss from 2021	287	-	-	-
Unbilled deliveries and accruals	47	-	52	-
Total	1,384	(12)	1,229	(10)
Net	-	-	1,219	-

In accordance with the accounting policies disclosed in Note 2 (I) the deferred tax asset of CZK 1,384 thousand was not recognized as at 31 December 2021. As at 31 December 2020, the deferred tax asset of CZK 1,229 thousand was set-off with the deferred tax liability.

#### 14. LEASES

The Company leases fixed assets, which are not recorded on the balance sheet. The Company leases 8 and 8 passenger cars under full-service operational lease arrangement mostly for 5 years as at 31 December 2021 and 2020, respectively.

Description	Terms/Conditions	Expense in 2021	Expense in 2020	Cost as at 31/12/2021	Cost as at 31/12/2020
passenger cars	monthly payments	776	864	4,092	4,092

#### 15. COMMITMENTS AND CONTINGENCIES

As at 31 December 2021 and 2020, the Company had commitments and contingent liabilities, which were not shown on the balance sheet.

As at 31 December 2021 and 2020, the liabilities represent performance guarantee amounting to CZK 338 thousand and CZK 338 thousand, respectively, which is valid by 14 March 2023.

Further, the Company had liabilities arising from lease contracts totaling CZK 1,203 thousand and CZK 1,731 thousand as at 31 December 2021 and 2020, respectively.

The Company had also liabilities arising from lease of office premises (for 5 years) totaling CZK 10,825 thousand and CZK 2,088 thousand as at 31 December 2021 and 2020, respectively. In 2021, the Agreement for the lease of commercial space was extended for another five years.

#### 16. REVENUES

The breakdown of revenues on ordinary activities is as follows (in CZK thousands):

	2021		2020	
	Domestic	Foreign	Domestic	Foreign
Design and engineering work	54,853	6,451	70,050	4,430
Accounting and other services	375	-	522	-
Rent	211	-	295	-
<b>Total revenues</b>	<b>55,439</b>	<b>6,451</b>	<b>70,867</b>	<b>4,430</b>

In 2021 and 2020, the Company's revenues are generated from providing of design and engineering services to domestic customers in the chemical and petrochemical industries, energy sector and gas sector. Foreign revenues represent subcontracting services for the parent company in Belgium and services for a client in Spain.

**17. PERSONNEL AND RELATED EXPENSES**

The breakdown of personnel expenses is as follows (in CZK thousands):

	Total personnel	Total personnel
Average number of employees	64	67
Wages and salaries	37,594	38,711
Social security and health insurance	12,717	13,040
Social cost	1,681	1,629
Total personnel expenses	51,992	53,380

The year-on-year decrease in wage costs is related to the reduction in the number of employees and also reflects the impact of the coronavirus pandemic, in which decline of contracts and new orders was visible and part of employees stayed at home. They received only 60 % of average earnings based on Agreement with Trade Union on the amount of provided wage compensation in the regime of partial unemployment according to section 209, par.2 of the Labor Code.

**18. RELATED PARTY INFORMATION**

No advances, earnest money, loan and borrowings, including related interest rates, guarantees, shares and other benefits were granted to the members of management, supervisory and administrative bodies of the company in 2021 and 2020, respectively. The members of statutory bodies exercise their statutory duties for no consideration.

The Company provides directors and executive officers passenger cars for both business and private needs and pays the group life insurance for them.

The Company provides services to related parties. Purchases were CZK 4,119 thousand and CZK 2,153 thousand in 2021 and 2020, respectively.

Short-term receivables from related parties as at 31 December were as follows (in CZK thousands):

Related party	Terms/Due dates	2021	2020
Tractebel Engineering S.A. Belgium	30 days	319	432
Tractebel Engineering GmbH	30 days	-	57
Engie Global Markets, o. z.	30 days	120	303

The company receives services from related parties and gains benefits from the uniform central software license policies and framework insurance program in ordinary course of business. Within the cooperation on foreign projects, the cooperation with related parties is held in the form of sub-contracts. Purchases were CZK 1,739 thousand and CZK 2,012 thousand in 2021 and 2020, respectively.

Tractebel Engineering a.s.

Financial Statements for the Year Ended 31 December 2021

Short-term payables to related parties as at 31 December were as follows (in CZK thousands):

Related party	Terms/Due dates	2021	2020
Tractebel Engineering SA Belgium	30 days	559	471

#### 19. SIGNIFICANT ITEMS OF INCOME STATEMENT

Service expense for 2021 and 2020 comprises mainly sub-deliveries for projects (CZK 2,879 thousand and CZK 5,087 thousand in 2021 and 2020, respectively), rent of offices, operating leases of cars, travel expenses, software licenses, copying and telecommunication services; of miscellaneous operating expenses, the largest item is insurance premium.

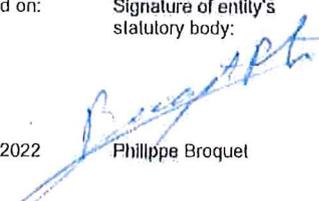
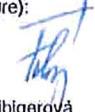
#### 20. SUBSEQUENT EVENTS

The management of the Company considered the potential impact of COVID-19 and the Russia - Ukraine war on its activities and business and concluded it does not have a significant impact on the going concern assumption.

On 1 April 2022, there were changes in the Company management, namely Dr. Ing. Jiří Netušil was appointed to the position of CEO and Ing. Miroslav Hruška to the position of Project Realization Manager. The management of the Company is therefore complete before the departure of the current CEO and there is no risk of negative impacts caused by unresolved personnel changes in the management of the Company.

Tractebel Engineering SA as a sole shareholder of Tractebel Czech Republic decided to transfer all companies which it controls under the newly established Tractebel Engineering International SA. Unfortunately, the shares of Tractebel CZ in paper form were not found in the owner's archives, so the process of redemption of shares must commence, which will take about 14 months.

The management of the Company is not aware of any other subsequent events that might have a material impact on the financial statements for the year ended 31 December 2021.

Prepared on:	Signature of entity's statutory body:	Person responsible for accounting (name, signature):	Person responsible for financial statements (name, signature):
31 May 2022	 Philippe Broquet	 Iveta Fibigerová	 Iveta Fibigerová