



**BRAWA, a.s. Annual Report
for the year ended 30 November 2020**

Contents

| | |
|--|----|
| | 1 |
| Company Profile | 3 |
| Report on Operations | 4 |
| Post Balance Sheet Events..... | 5 |
| Report on Relations | 6 |
| Persons Responsible for the Annual Report..... | 11 |

Financial Statements

Independent Auditor's Report

Company Profile

BRAWA, a.s. (hereinafter referred to as "BRAWA") is the sole owner of the GAZELLE gas pipeline. This 166-kilometre pipeline, with a pipe diameter of DN 1400 and a design pressure of 85 bar, connects the transmission systems of the Czech Republic and the Federal Republic of Germany at the Brandov and Rozvadov border points. NET4GAS, s.r.o. is the operator of the GAZELLE pipeline.

Shareholder

BRAWA's sole shareholder is NET4GAS, s.r.o.

Supervisory Board as of 30 November 2020

Martin Kolář

Chairman of the Supervisory Board

Position held since: 6 August 2020

Membership since: 1 July 2020

(in the Supervisory Board continuously since 20 March 2012)

Radek Benčík

Vice-Chairman of the Supervisory Board

Position held since: 6 August 2020

Membership since: 1 July 2020

(in the Supervisory Board continuously since 20 March 2012)

Andreas Rau

Member of the Supervisory Board

Membership since: 19 February 2020

(in the Supervisory Board continuously since 19 February 2014)

Changes in the Supervisory Board

No changes occurred in the composition of the Supervisory Board of BRAWA in the year ended 30 November 2020. Under a decision of the sole shareholder of BRAWA dated 10 February 2020, Andreas Rau was re-elected as a Member of the Supervisory Board. Under a decision of the sole shareholder of BRAWA dated 16 June 2020, Martin Kolář and Radek Benčík were re-elected as Members of the Supervisory Board. On 6 August 2020, Martin Kolář was re-elected as Chairman and Radek Benčík as Vice-Chairman of the Supervisory Board.

Board of Directors as of 30 November 2020

Jan Martinec

Chairman of the Board of Directors

Position held since: 7 July 2019

Membership since: 7 July 2019

(in the Board of Directors continuously since 7 July 2014)

Miroslav Holý

Member of the Board of Directors

Membership since: 30 November 2020

(in the Board of Directors continuously since 1 November 2015)

Changes in the Board of Directors

No changes occurred in the composition of the Board of Directors of BRAWA in the year ended 30 November 2020. Under a decision of the sole shareholder of BRAWA dated 30 November 2020, Miroslav Holý was re-elected as a Member of the Board of Directors.

Report on Operations

Main Events and Expected Development of the Company

In the year ended 30 November 2020, BRAWA operated and managed its assets in accordance with its long-term plan. Its core activity was therefore managing its property – the GAZELLE pipeline – and its lease to the transmission system operator NET4GAS, s.r.o.

The next accounting period will be characterised by the steady implementation of the Company's long-term business plan – i.e. the lease of the GAZELLE pipeline to the transmission system operator. The Company's business plan does not anticipate any further investments or commercial development beyond the scope of the already existing contractual relationships.

Main Economic Indicators

| Selected indicators | 1 Dec 2019 – 30 Nov 2020 |
|---|--------------------------|
| Total revenue from sale of services (CZK million) | 514 |
| Operating profit (CZK million) | 393 |
| Profit before taxation (CZK million) | 394 |
| Profit after taxation (CZK million) | 319 |
| Acquisition of fixed assets (CZK million) | 4.9 |
| Number of employees (converted to FTE) | 0 |

Revenues, costs, profit

In the year ended 30 November 2020, BRAWA achieved a profit before taxation of CZK 394 million, and profit after tax of CZK 319 million. Operating profit amounted to CZK 393 million and was generated from its core business operation – lease of the GAZELLE pipeline. Its operating revenues amounted to CZK 514 million and operating costs were CZK 121 million. Its financial result showed a profit of CZK 1 million.

Asset structure

As of 30 November 2020, the total net assets of BRAWA amounted to CZK 7,357 million, of which fixed assets accounted for CZK 6,792 million, representing 92% of total assets. These assets consisted of tangible fixed assets. As of 30 November 2020, current and other assets amounted to CZK 565 million, representing 8% of all assets. Roughly 99.2% of current and other assets consisted of short-term receivables; cash represented approximately 0.8%.

Structure of liabilities and equity

As of 30 November 2020, BRAWA's equity amounted to CZK 6,651 million, representing roughly 90% of its total liabilities and equity. Its liabilities amounted to CZK 706 million, of which long-term liabilities (deferred tax liability) accounted for 99%.

Investments

BRAWA's total expenditure into tangible fixed assets during the year ended 30 November 2020 amounted to CZK 4.9 million.

Investment instruments

In the year ended 30 November 2020, BRAWA did not use any investment instruments.

Research and development activities

In the year ended 30 November 2020, BRAWA did not make any major expenditure on research and development.

Branches or other parts of business premises abroad

BRAWA has no branches or other parts of business premises abroad.

Human Resources

BRAWA had no employees as of 30 November 2020.

Environmental Protection

Environmental protection is an issue which BRAWA sees as more than just a matter of meeting statutory requirements. Protecting the environment is above all an aspect of the Company's corporate social responsibility. No environmental incidents or other serious events endangering the environment occurred in the year ended 30 November 2020 in connection with the Company's business or other activities.

Post Balance Sheet Events

The COVID-19 pandemic development and its impact on the Company in the 2020 fiscal year:

Given the nature of the business (gas pipeline rental) and the indisputable need to continuously deliver gas, BRAWA's services are and will continue to be needed. After assessing all currently available information, the Company's management believes that the Company's ability to continue as a going concern in the following reporting period is not endangered. The Company's financial statements have been prepared on this assumption.

Report on Relations

The Board of Directors of BRAWA, a.s. (hereinafter the “Company” or “BRAWA”) has drawn up, in accordance with Section 82 of Act No. 90/2012 Coll., the Business Corporations Act (hereinafter “BCA”), the following Report on Relations covering the relations among the Company and controlling entities and among the Company and other entities controlled by the same controlling entities (hereinafter “Related Parties”) during the year ended 30 November 2020 in all cases where the Company is aware of the existence of such Related Parties. This Report on Relations forms an integral part of the Company’s Annual Report for the year ended 30 November 2020 and is provided to the shareholder of the Company for its review within the same period of time and under the same conditions as the Financial Statements.

1. Controlling entities

In the year ended 30 November 2020, the Company was controlled:

a) directly by

NET4GAS, s.r.o., with its registered office at Na Hřebenech II 1718/8, Nusle, Prague 4, 140 21, Czech Republic, ID No. 272 60 364, registered in the Commercial Register maintained by the Municipal Court in Prague, Section C, File No. 108316 (hereinafter “NET4GAS”);

b) indirectly by

- NET4GAS Holdings, s.r.o., with its registered office at Na hřebenech II 1718/8, Nusle, Prague 4, 140 00, Czech Republic, ID No. 291 35 001, registered in the Commercial Register maintained by the Municipal Court in Prague, Section C, File No. 202655 (hereinafter “NET4GAS Holdings”), as the sole shareholder of NET4GAS;
- (i) Allianz Infrastructure Czech HoldCo II S.à r.l., with its registered office at L-2450 Luxembourg, 14, boulevard F.D. Roosevelt, Grand Duchy of Luxembourg, registration number: B 175770, and (ii) Borealis Novus Parent B.V., with its registered office at 1011PZ Amsterdam, Muiderstraat 9, Kingdom of the Netherlands, registration number: 57412243, each of which is a member of NET4GAS Holdings with an ownership interest of 50%, and which together have the status of joint controlling entities in relation to NET4GAS Holdings by virtue of Section 75(3) of the BCA.

2. Other Related Parties

The Company requested that the above controlling entities provide a list of any other entities controlled by the same controlling entities during the most recent accounting period, and the Board of Directors of the Company has drawn up the present Report on Relations on the basis of the information provided by these controlling entities and the other information at its disposal.

The relevant structure of the relations among the controlling entities and the controlled entity and other Related Parties is set out in Annex No. 1 to this Report on Relations.

3. Role of the controlled entity, method and means of control

The Company is the owner of assets used by the controlling entity (NET4GAS) in its business activities on the basis of the lease of such assets from the Company.

The Company is controlled by NET4GAS, where this relationship of control is based primarily on the fact that NET4GAS is the sole shareholder in the Company and appoints the members of the Company’s Board of Directors and Supervisory Board.

4. Valid agreements between the Company and controlling entities or other Related Parties

The agreements concluded between the Company and controlling entities or other Related Parties during the most recent accounting period are listed in Annex No. 2 to this Report on Relations. Agreements concluded in preceding accounting periods which were in effect during the most recent accounting period form Annex No. 3 to this Report on Relations.

5. Acts performed in the most recent accounting period at the instigation or in the interest of controlling entities or Related Parties

In the most recent accounting period, the Company, in addition to concluding agreements as specified in Article 4 of this Report on Relations, also performed acts at the instigation or in the interest of controlling entities or Related Parties as specified in Annex No. 4 to this Report on Relations.

6. No damage

In the most recent accounting period, the Company incurred no damage as a result of agreements with controlling entities or Related Parties, or as a consequence of other acts or actions performed in the interest or at the instigation of the same, which were concluded or undertaken during the most recent accounting period or in any preceding accounting period. It has therefore not been necessary to secure compensation for damage or to conclude any agreements on such compensation.

7. Advantages and disadvantages resulting from relations with Related Parties

In the most recent accounting period, the relations among the controlling entities and Related Parties were an advantage for the Company in terms of the increased financial stability which they ensured.

In the most recent accounting period, the Company had an agreement in place with the controlling entity, NET4GAS, for the provision of services in the following areas: GAZELLE project supervision, construction and assembly work within the construction, accounting, controlling, tax issues, payroll administration, cash-flow, risk management, insurance, facility management, purchasing and logistics, corporate affairs and network documentation. This cooperation benefits the Company by allowing the streamlining of its internal processes.

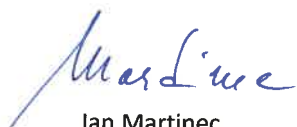
8. Confidentiality

None of the information contained in this Report on Relations constitutes a trade secret of the Company.

9. Conclusion

This Report on Relations was verified by the Company's auditor, who is responsible for verifying the financial statements in accordance with specific legislation, approved by the Company's Board of Directors on 17 December 2020, and was submitted for review to the Supervisory Board.

In Prague on 17 December 2020



Jan Martinec
Chairman of the Board of Directors



Miroslav Holý
Vice-Chairman of the Board of Directors

Annex No. 1 Structure of relations among controlling entities and other Related Parties in the most recent accounting period

Allianz Infrastructure Czech HoldCo II S.à r.l. (50.00%) and Borealis Novus Parent B.V. (50.00%)

100.00% NET4GAS Holdings, s.r.o.

100.00% NET4GAS, s.r.o.

BRAWA, a.s.

Annex No. 2 Agreements concluded between the Company and controlling entities or other Related Parties in the most recent accounting period

| Contracting party | Agreement | Date of conclusion | Details |
|-------------------|--|--------------------|---|
| NET4GAS, s.r.o. | Amendment No. 2 to Agreement on the provision of loans | 12 December 2019 | The subject of the amendment is an update of interest rates. |
| NET4GAS, s.r.o. | Amendment No. 7 to Agreement on the provision of selected services | 30 December 2019 | The subject of the amendment is the price, the method of its determination and the list of responsible persons of the provider. |

Orders of BRAWA, a.s. at NET4GAS, s.r.o. delivered in the most recent accounting period:

- Reposting insurance premiums (one order)
- Reposting insurance broker services (one order)

Annex No. 3 Agreements concluded between the Company and controlling entities or other Related Parties in previous accounting periods and effective in the most recent accounting period

| Contracting party | Agreement | Date of conclusion | Details |
|---|---|--------------------|--|
| NET4GAS, s.r.o. | Agreement on the provision of selected services as amended by Amendment No. 1 on 20 December 2013, Amendment No. 2 on 27 January 2014, Amendment No. 3 on 6 February 2015, Amendment No. 4 on 30 November 2015, Amendment No. 5 on 30 December 2016 and Amendment No. 6 on 30 December 2018 | 31 December 2012 | The subject matter of this agreement is the provision of the following services by NET4GAS, s.r.o to BRAWA, a.s.: GAZELLE project supervision, construction and assembly work within the construction, accounting, controlling, tax issues, payroll administration, cash-flow, risk management, insurance, facility management, purchasing and logistics, corporate affairs, network documentation, price and a list of responsible persons of the provider. |
| NET4GAS, s.r.o. | Lease Agreement as amended by Amendment No. 1 on 15 February 2017 | 31 December 2012 | Under this agreement, BRAWA leases gas infrastructure to NET4GAS, s.r.o., consisting primarily of the interconnector "High-pressure DN 1400 gas pipeline – Brandov BTS – Rozvadov" of approximately 160 km in length. |
| NET4GAS, s.r.o. | Agreement on the provision of loans as amended by Amendment No. 1 on 16 July 2015 | 2 July 2013 | These agreements lay down a framework for cash pooling in the Czech currency among BRAWA, a.s. and the companies NET4GAS, s.r.o. and NET4GAS Holdings, s.r.o., the purpose of which is to optimise the use of funds among the Related Parties and to reduce transaction costs. |
| NET4GAS, s.r.o., NET4GAS Holdings, s.r.o. (multi-party agreement) | Agreement Ref. No. ZBA/2017/07 on the provision of Real Unidirectional Cash Pooling | 9 November 2017 | |
| NET4GAS, s.r.o. | Agreement on the establishment of an easement (no. 1) | 3 August 2018 | The subject matter of these agreements is the establishment of easements within the underground line of a high-pressure gas pipeline above 40 bar "High-pressure DN 1400 gas pipeline, RU Kateřinský potok - RU Přímada" |
| NET4GAS, s.r.o. | Agreement on the establishment of an easement (no. 2) | 3 August 2018 | |
| NET4GAS, s.r.o. | Agreement on the establishment of an easement (no. 3) | 3 August 2018 | |
| NET4GAS, s.r.o. | Agreement on personal data processing | 2 January 2019 | This agreement sets out the rights and obligations of the parties with respect to the processing of relevant personal data. |
| NET4GAS, s.r.o. (multi-party agreement) | Agreement on remuneration for the establishment of an easement | 10 September 2019 | The subject of the contract is the remuneration due to the owner for the establishment of the easement. |

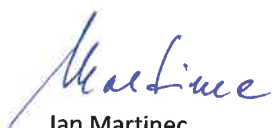
Annex No. 4 Acts performed in the most recent accounting period at the instigation or in the interest of controlling entities or other Related Parties

| Controlling entity or Related Party | Acts performed | Date | Details |
|-------------------------------------|---|------------------|---|
| NET4GAS, s.r.o. | Decision of the sole shareholder of the Company | 19 December 2019 | The subject matter of the Decision is the approval of the payment of the profit generated for the period of 12 months ended 30 November 2019. |
| NET4GAS, s.r.o. | Decision of the sole shareholder of the Company | 19 December 2019 | The subject matter of the Decision is the payment of a part of other capital contributions to the sole shareholder. |

Persons Responsible for the Annual Report

We hereby declare on our honour that the information stated in this Annual Report is true and that no material facts have been omitted or misstated.

In Prague on 17 December 2020



Jan Martinec

Chairman of the Board of Directors



Miroslav Holý

Vice-Chairman of the Board of Directors

Financial Statements

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2020

Name of the Company: BRAWA, a.s.
Registered Office: Na Hřebenech II 1718/8, Nusle, 140 21 Praha
Legal Status: Joint Stock Company
Corporate ID: 247 57 926

Components of the Financial Statements:

Balance Sheet

Profit and Loss Account

Statement of Changes in Equity

Cash Flow Statement

Notes to the Financial Statements

These financial statements were prepared on 17 December 2020.

| Statutory body of the reporting entity: | Signature |
|--|--|
| <p>Jan Martinec Chairman of the Board</p> <p>Miroslav Holý Vice Chairman</p> |  |

BALANCE SHEET
full version

BRAWA a.s.
Corporate ID 247 57 926

As of
30.11.2020
(in CZK thousand)

Na Hřebenech II 1718/8
Nusle
140 21, Praha

| | | 30.11.2020 | | | 30.11.2019 |
|----------------|--|------------------|----------------|------------------|------------------|
| | | Gross | Adjustment | Net | Net |
| | TOTAL ASSETS | 8 345 326 | 988 049 | 7 357 277 | 7 609 604 |
| B. | Fixed assets | 7 779 948 | 988 049 | 6 791 899 | 6 903 321 |
| <i>B.I.</i> | <i>Intangible fixed assets</i> | 75 | 75 | | |
| B.I.1. | Development | 75 | 75 | | |
| <i>B.II.</i> | <i>Tangible fixed assets</i> | 7 779 873 | 987 974 | 6 791 899 | 6 903 321 |
| B.II.1. | <i>Land and structures</i> | 7 779 873 | 987 974 | 6 791 899 | 6 903 321 |
| B.II.1.1. | Land | 1 667 | | 1 667 | 1 667 |
| B.II.1.2. | Structures | 7 778 206 | 987 974 | 6 790 232 | 6 901 654 |
| C. | Current assets | 565 362 | | 565 362 | 705 463 |
| <i>C.II.</i> | <i>Receivables</i> | 560 647 | | 560 647 | 700 699 |
| <i>C.II.2.</i> | <i>Short-term receivables</i> | 560 647 | | 560 647 | 700 699 |
| C.II.2.1. | Trade receivables | 51 333 | | 51 333 | 59 942 |
| C.II.2.2. | Receivables - controlled or controlling entity | 502 989 | | 502 989 | 591 440 |
| C.II.2.4. | <i>Receivables - other</i> | 6 325 | | 6 325 | 49 317 |
| C.II.2.4.3. | State - tax receivables | 6 325 | | 6 325 | 61 |
| C.II.2.4.5. | Estimated receivables | | | | 49 256 |
| <i>C.IV.</i> | <i>Cash</i> | 4 715 | | 4 715 | 4 764 |
| C.IV.2. | Cash at bank | 4 715 | | 4 715 | 4 764 |
| D. | Other assets | 16 | | 16 | 820 |
| D.1. | Deferred expenses | 16 | | 16 | 18 |
| D.3. | Accrued income | | | | 802 |

| | | 30.11.2020 | 30.11.2019 |
|--------------|--|------------------|------------------|
| | TOTAL LIABILITIES & EQUITY | 7 357 277 | 7 609 604 |
| A. | Equity | 6 651 113 | 6 973 700 |
| A.I. | <i>Share capital</i> | 402 000 | 402 000 |
| A.I.1. | Share capital | 402 000 | 402 000 |
| A.II. | <i>Share premium and capital funds</i> | 5 930 000 | 6 185 000 |
| A.II.2. | <i>Capital funds</i> | 5 930 000 | 6 185 000 |
| A.II.2.1. | Other capital funds | 5 930 000 | 6 185 000 |
| A.V. | <i>Profit or loss for the current period (+/-)</i> | 319 113 | 386 700 |
| B.+C. | Liabilities | 706 164 | 635 904 |
| B. | Reserves | | 8 571 |
| B.II. | Income tax reserve | | 8 571 |
| C. | Payables | 706 164 | 627 333 |
| C.I. | <i>Long-term payables</i> | 696 912 | 626 820 |
| C.I.8. | Deferred tax liability | 696 912 | 626 820 |
| C.II. | <i>Short-term payables</i> | 9 252 | 513 |
| C.II.4. | Trade payables | 340 | 22 |
| C.II.8. | <i>Other payables</i> | 8 912 | 491 |
| C.II.8.4. | Social security and health insurance payables | 17 | 17 |
| C.II.8.5. | State - tax payables and subsidies | 8 734 | 8 |
| C.II.8.6. | Estimated payables | 135 | 440 |
| C.II.8.7. | Sundry payables | 26 | 26 |

PROFIT AND LOSS ACCOUNT
structured by the nature of expense method

BRAWA a.s.
Corporate ID 247 57 926

Year ended
30.11.2020
(in CZK thousand)

Na Hřebenech II 1718/8
Nusle
140 21, Praha

| | | Year ended 30.11.2020 | Year ended 30.11.2019 |
|--------|---|--------------------------|--------------------------|
| I. | Sales of products and services | 513 812 | 593 568 |
| A. | Purchased consumables and services | 3 842 | 4 513 |
| A.3. | Services | 3 842 | 4 513 |
| D. | Staff costs | 610 | 611 |
| D.1. | Payroll costs | 456 | 456 |
| D.2. | Social security and health insurance costs and other charges | 154 | 155 |
| D.2.1. | Social security and health insurance costs | 154 | 155 |
| E. | Adjustments to values in operating activities | 116 357 | 116 231 |
| E.1. | Adjustments to values of intangible and tangible fixed assets | 116 357 | 116 231 |
| E.1.1. | Adjustments to values of intangible and tangible fixed assets - permanent | 116 357 | 116 231 |
| F. | Other operating expenses | 177 | 196 |
| F.3. | Taxes and charges | 7 | 10 |
| F.5. | Sundry operating expenses | 170 | 186 |
| * | Operating profit or loss (+/-) | 392 826 | 472 017 |
| VI. | Interest income and similar income | 1 032 | 5 495 |
| VI.1. | Interest income and similar income - controlled or controlling entity | 1 032 | 5 495 |
| VII. | Other financial income | 582 | 164 |
| K. | Other financial expenses | 473 | 269 |
| * | Financial profit or loss (+/-) | 1 141 | 5 390 |
| ** | Profit or loss before tax (+/-) | 393 967 | 477 407 |
| L. | Income tax | 74 854 | 90 707 |
| L.1. | Due income tax | 4 762 | 14 083 |
| L.2. | Deferred income tax (+/-) | 70 092 | 76 624 |
| ** | Profit or loss net of tax (+/-) | 319 113 | 386 700 |
| *** | Profit or loss for the current period (+/-) | 319 113 | 386 700 |
| * | Net turnover for the current period | 515 426 | 599 227 |

**STATEMENT OF
CHANGES IN EQUITY**

BRAWA a.s.
Corporate ID 247 57 926

Year ended
30.11.2020
(in CZK thousand)

Na Hřebenech II 1718/8
Nusle
140 21, Praha

| | Share capital | Capital funds | Funds from profit, reserve fund | Accumulated profits or losses brought forward | Profit share prepayments declared | Profit or loss for the current period | TOTAL EQUITY |
|---|----------------|------------------|------------------------------------|---|---|--|------------------|
| Balance at 30 November 2018 | 402 000 | 6 330 000 | | | | 390 464 | 7 122 464 |
| Distribution of profit or loss | | | | | | -390 464 | -390 464 |
| Payments from capital funds to the sole shareholder | | -145 000 | | | | | -145 000 |
| Profit or loss for the current period | | | | | | 386 700 | 386 700 |
| Balance at 30 November 2019 | 402 000 | 6 185 000 | | | | 386 700 | 6 973 700 |
| Distribution of profit or loss | | | | | | -386 700 | -386 700 |
| Payments from capital funds to the sole shareholder | | -255 000 | | | | | -255 000 |
| Profit or loss for the current period | | | | | | 319 113 | 319 113 |
| Balance at 30 November 2020 | 402 000 | 5 930 000 | | | | 319 113 | 6 651 113 |

CASH FLOW STATEMENT

Year ended
30.11.2020
(in CZK thousand)

BRAWA a.s.
Corporate ID 247 57 926

Na Hřebenech II 1718/8
Nusle
140 21, Praha

| | | Year ended 30.11.2020 | Year ended 30.11.2019 |
|--------------|---|--------------------------|--------------------------|
| P. | Opening balance of cash and cash equivalents | 596 204 | 552 278 |
| | <i>Cash flows from ordinary activities (operating activities)</i> | | |
| Z. | Profit or loss before tax | 393 967 | 477 407 |
| A.1. | Adjustments for non-cash transactions | 115 333 | 115 138 |
| A.1.1. | Depreciation of fixed assets | 116 357 | 116 231 |
| A.1.2. | Change in provisions and reserves | | 4 407 |
| A.1.5. | Interest expense and interest income | -1 032 | -5 495 |
| A.1.6. | Adjustments for other non-cash transactions | 8 | -5 |
| A.* | Net operating cash flow before changes in working capital | 509 300 | 592 545 |
| A.2. | Change in working capital | 66 681 | -2 871 |
| A.2.1. | Change in operating receivables and other assets | 57 920 | 1 723 |
| A.2.2. | Change in operating payables and other liabilities | 8 761 | -4 594 |
| A.** | Net cash flow from operations before tax | 575 981 | 589 674 |
| A.4. | Interest received | 1 834 | 5 301 |
| A.5. | Income tax paid from ordinary operations | -19 658 | -9 676 |
| A.*** | Net operating cash flows | 558 157 | 585 299 |
| | <i>Cash flows from investing activities</i> | | |
| B.1. | Fixed assets expenditures | -4 957 | -5 909 |
| B.*** | Net investment cash flows | -4 957 | -5 909 |
| | <i>Cash flow from financial activities</i> | | |
| C.1. | Change in payables from financing | | |
| C.2. | Impact of changes in equity | -641 700 | -535 464 |
| C.2.2. | Capital payments to partners | -255 000 | -145 000 |
| C.2.6. | Profit shares/ dividends paid | -386 700 | -390 464 |
| C.*** | Net financial cash flows | -641 700 | -535 464 |
| F. | Net increase or decrease in cash and cash equivalents | -88 500 | 43 926 |
| R. | Closing balance of cash and cash equivalents | 507 704 | 596 204 |

BRAWA, a.s.

Notes to the financial statements

30 November 2020

Note

The financial statements have been prepared in the Czech language and in English. In all matters of interpretation of information, views or opinions, the Czech version of the financial statements takes precedence over the English version.

1. General information

1.1. Introductory information about the Company

BRAWA, a.s. ("the Company") was incorporated in the Commercial Register held by the Municipal Court in Prague, Section B, Insert 16622, on 10 November 2010 and has its registered office in Prague - Nusle, Na Hřebenech II 1718/8. The Company's primary business activities registered in the Commercial Register are the lease of real estate, flats and commercial premises. The Company is the owner of the line sections of the GAZELLE gas pipeline, which it leases to the transmission system operator NET4GAS, s.r.o. The identification number of the Company is 247 57 926.

The Company has updated its Articles of Association that are now fully governed by the new Corporations Act. This fact became effective as at 11 June 2014.

The Company is not a shareholder having 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 for medium-sized entities and have been prepared under the historical cost convention.

2.2. Intangible fixed assets

All intangible assets with a useful life greater than one year and a unit cost of more than CZK 60 thousand are treated as intangible fixed assets.

Purchased intangible fixed assets are initially recorded at cost, which includes all costs related to its acquisition. All research costs are expensed.

Intangible fixed assets are amortised applying the straight-line method over their estimated useful lives as follows (unless the agreement or license conditions state a shorter or longer period):

| Intangible fixed assets | Estimated useful life |
|--------------------------------|------------------------------|
| Research & development | 3 years |

The amortisation plan is updated during the useful life of the intangible fixed assets based on the 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 the given asset.

Technical improvements on intangible fixed assets exceeding CZK 10 thousand per individual end-to-end action on one intangible fixed asset are capitalised.

2.3. Tangible fixed assets

All tangible assets with a useful life greater than one year and a unit cost of more than CZK 10 thousand are treated as tangible fixed assets.

Acquired tangible fixed assets are initially recorded at cost, which includes all costs related to its acquisition. Own work capitalised is recorded at cost.

Tangible fixed assets, except for land which is not depreciated, are depreciated over their estimated useful lives as follows:

| Tangible fixed assets | Estimated useful life |
|------------------------------|------------------------------|
| Buildings and constructions | 30-70 years |

The depreciation plan is updated during the useful life of the tangible fixed assets based on the expected useful life.

A provision for impairment is established 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 the given asset.

Repairs and maintenance expenditures related to the pipeline are incurred by the lessee. Technical improvements on tangible fixed assets exceeding CZK 10 thousand per year are capitalised.

2.4. Receivables

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

2.5. Foreign currency translation

Transactions denominated in foreign currencies are translated and recorded at the daily exchange rate determined by the Czech National Bank.

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 payables are recorded in the profit and loss account.

The Company treats advances paid for the acquisition of fixed assets or inventories as receivables and therefore these assets are translated at the exchange rate published by the Czech National Bank as at the balance sheet date.

Balances of accrued expenses and accrued income denominated in foreign currencies have been translated at the exchange rate published by the Czech National Bank as at the balance sheet date.

2.6. Changes of 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 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 future income tax payable, which is presented net of advances paid for the income tax. If advances paid are higher than the estimated income tax payable the difference is recognised as a short-term receivable.

2.8. Revenue recognition

Sales are recognised as at the date the services are rendered 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 Note 9.

2.10. Deferred tax

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

2.11. Cash-flow statement

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

The Company uses cash-pooling within the group. A receivable (payable) that arises from cash-pooling is presented in the Cash-flow statement as part of the item Cash and Cash equivalents. If the payable arising from cash-pooling represents a form of financing, it is not presented in the Cash-flow statement as part of Cash and cash equivalents.

2.12. Subsequent events

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

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

3. Intangible fixed assets

| (CZK'000) | 1 December 2019 | Additions / transfers | 30 November 2020 |
|---------------------------------|-----------------|--------------------------|------------------|
| Cost | | | |
| Research & development | 75 | 0 | 75 |
| Total | 75 | 0 | 75 |
| Accumulated amortisation | | | |
| Research & development | (75) | 0 | (75) |
| Total | (75) | 0 | (75) |
| Net book value | 0 | | 0 |

| (CZK'000) | 1 December 2018 | Additions / transfers | 30 November 2019 |
|---------------------------------|-----------------|--------------------------|------------------|
| Cost | | | |
| Research & development | 75 | 0 | 75 |
| Total | 75 | 0 | 75 |
| Accumulated amortisation | | | |
| Research & development | (75) | 0 | (75) |
| Total | (75) | 0 | (75) |
| Net book value | 0 | | 0 |

4. Tangible fixed assets

| (CZK'000) | 1 December 2019 | Additions / transfers | Disposals | 30 November 2020 |
|---|------------------|--------------------------|-----------|------------------|
| Cost | | | | |
| Land | 1,667 | 0 | 0 | 1,667 |
| Constructions | 7,773,271 | 4,935 | 0 | 7,778,206 |
| Tangible fixed assets in the course of construction | 0 | 0 | 0 | 0 |
| Total | 7,774,938 | 4,935 | 0 | 7,779,873 |
| Accumulated depreciation | | | | |
| Constructions | (871,617) | (116,357) | 0 | (987,974) |
| Total | (871,617) | (116,357) | 0 | (987,974) |
| Net book value | 6,903,321 | | | 6,791,899 |

| (CZK'000) | 1 December 2018 | Additions / transfers | Disposals | 30 November 2019 |
|---|------------------|--------------------------|-----------|------------------|
| Cost | | | | |
| Land | 1,667 | 0 | 0 | 1,667 |
| Constructions | 7,767,414 | 5,857 | 0 | 7,773,271 |
| Tangible fixed assets in the course of construction | 10 | (10) | 0 | - |
| Total | 7,769,091 | 5,847 | 0 | 7,774,938 |
| Accumulated depreciation | | | | |
| Constructions | (755,386) | (116,231) | 0 | (871,617) |
| Total | (755,386) | (116,231) | 0 | (871,617) |
| Net book value | 7,013,705 | | | 6,903,321 |

5. Receivables

| (CZK'000) | | 30 November 2020 | 30 November 2019 |
|---|-------------------|------------------|------------------|
| Trade receivables – current | until maturity | 50,959 | 59,575 |
| | overdue <30 days | 0 | 0 |
| | overdue <365 days | 0 | 0 |
| | overdue >365 days | 374 | 367 |
| Receivables - subsidiaries/controlling parties - cash-pooling | | 502,989 | 591,440 |
| Estimated receivables | | 0 | 49,256 |
| Taxes –receivables from the state | | 6,325 | 61 |

The provision for doubtful receivables as at 30 November 2020 or as at 30 November 2019 was not recognised.

Unsettled receivables have not been secured 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 11,087 thousand paid by the Company as at 30 November 2020 (as at 30 November 2019: CZK 5,540 thousand) are netted off with the provision for income tax of CZK 4,762 thousand as at 30 November 2020 (as at 30 November 2019: CZK 14,083 thousand) – refer to Note 11.

6. Equity

The Company is fully owned by NET4GAS, s.r.o., registered in the Czech Republic.

Authorised and issued share capital:

| | 30 November 2020 | | 30 November 2019 | |
|---|------------------|--------------------------|------------------|--------------------------|
| | No. of pieces | Carrying value (CZK'000) | No. of pieces | Carrying value (CZK'000) |
| Ordinary shares of CZK 1,000 fully paid | 402,000 | 402,000 | 402,000 | 402,000 |

NET4GAS, s.r.o., with its registered office at Prague - Nusle, Na Hřebenech II 1718/8, prepares the consolidated financial statements of the smallest group of entities of which the Company forms part as a subsidiary. The consolidated financial statements are prepared for the accounting period corresponding to the calendar year and are published in the Collection of Documents and on the NET4GAS website.

NET4GAS Holdings, s.r.o., with its registered office at Prague - Nusle, Na Hřebenech II 1718/8, prepares the consolidated financial statements of the largest group of entities of which the Company forms part as a subsidiary. The consolidated financial statements are prepared for the accounting period corresponding to the calendar year and are published in the Collection of Documents.

The Company is fully governed by the new Corporations Act (see Note 1) and used the option not to create a reserve fund. This fact is further enabled by the Articles of Association of the Company.

The general meeting of the sole shareholder approved the financial statements of the Company for the year ended 30 November 2019 and decided to distribute the net profit for the year ended 30 November 2019 in the amount of CZK 386,700 thousand on 19 December 2019.

The Company expects the net profit for the year ended 30 November 2020 to be fully approved for distribution to the sole shareholder.

7. Payables, commitments and contingent liabilities

| (CZK'000) | 30 November 2020 | 30 November 2019 |
|---|-------------------------|-------------------------|
| Trade payables - current | 340 | 22 |
| Estimated payables | 135 | 440 |
| Other payables – current | 51 | 51 |
| Other payables VAT- current | 8,726 | 0 |
| Total short-term liabilities | 9,252 | 513 |
| Deferred tax liability | 696,912 | 626,820 |
| Total long-term liabilities | 696,912 | 626,820 |
| Total short-term and long-term liabilities | 706,164 | 627,333 |

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 does not have any liabilities or commitments that are not recognised in the balance sheet.

The Company provided no other guarantees except those recognised in the balance sheet.

The management of the Company is not aware of any contingent liabilities as at 30 November 2020.

The Company does not have any overdue payables related to social or health insurance or any other overdue payables to tax authorities or other state institutions.

8. Revenue

Revenues for the year ended 30 November 2020 and the year ended 30 November 2019 consist of income from the lease of the GAZELLE pipeline to the parent company NET4GAS, s.r.o. based on the transmission licence in the Czech Republic.

9. Related party transactions

The Company realised the following transactions with related parties:

| (CZK'000) | Year ended 30 November 2020 | Year ended 30 November 2019 |
|---|--|--|
| Revenues/Sales | | |
| NET4GAS, s.r.o. (lease of pipeline) | 513,812 | 593,568 |
| NET4GAS, s.r.o. (sale of assets, easements related to assets) | 0 | 0 |
| NET4GAS, s.r.o. (interest) | 1,032 | 5,945 |
| Total | 514,844 | 599,063 |
| Costs/Purchases | | |
| NET4GAS, s.r.o. (services, assets) | 3,227 | 3,583 |
| Total | 3,227 | 3,583 |

The following related party balances were outstanding as at:

| (CZK'000) | 30 November 2020 | 30 November 2019 |
|--|------------------|------------------|
| Trade receivables | | |
| NET4GAS, s.r.o. | 50,959 | 59,575 |
| Receivables from cash-pooling | | |
| NET4GAS, s.r.o. | 502,989 | 591,440 |
| Estimated receivables | | |
| NET4GAS, s.r.o. | 0 | 49,255 |
| Total receivables | 553,948 | 700,270 |
| | | |
| Accrued income – interest from cash-pooling | | |
| NET4GAS, s.r.o. | 0 | 802 |
| Total accrued income | | 802 |
| | | |
| Trade payables | | |
| NET4GAS, s.r.o. | 323 | 0 |
| Estimated payables | | |
| NET4GAS, s.r.o. | 0 | 292 |
| Total trade payables | 323 | 292 |

The receivables from the cash-pooling bore interest at a rate that depends on the 1-day PRIBOR rate of -0.4%. If the calculated interest rate is less than 0, the interest rate of 0% shall be used.

Remuneration to members of statutory bodies:

| (CZK'000) | 30 November 2020 | 30 November 2019 |
|---|------------------|------------------|
| Remuneration to members of statutory bodies | 456 | 456 |

The Board of Directors and the Supervisory Board did not receive any borrowings, advances, or loans, any collateral or other benefits in 2020 and 2019 other than those listed above.

10. Employees

The Company does not have any employees and only pays cash remuneration to the members of the Board of Directors and the Supervisory Board.

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

11. Income tax

Analysis of the income tax expense:

| (CZK'000) | Year ended 30 November 2020 | Year ended 30 November 2019 |
|---------------------------------|--------------------------------|--------------------------------|
| Current tax expense (19%) | 4,762 | 14,083 |
| Deferred tax expense | 70,092 | 76,624 |
| Total income tax expense | 74,854 | 90,707 |

The deferred tax was calculated at 19% (the rate enacted for 2020 and subsequent years).

Analysis of current income tax:

| (CZK'000) | Year ended | |
|---|------------------|------------------|
| | 30 November 2020 | 30 November 2019 |
| Net profit before taxation | 393,967 | 477,407 |
| Differences between accounting and tax depreciation | -368,905 | (403,285) |
| Non-deductible expenses | 0 | 147 |
| Net taxable profit | 25,062 | 74,269 |
| Corporate income tax at 19% | 4,762 | 14,111 |
| Adjustment of prior year tax | 0 | (28) |
| Corporate income payable | 4,762 | 14,083 |

Deferred tax asset (+) / liability (-) can be analysed as follows:

| (CZK'000) | 30 November 2020 | 30 November 2019 |
|--|------------------|------------------|
| Deferred tax liability: | | |
| Difference between accounting and tax net book value of fixed assets | (696,912) | (626,820) |
| Total net deferred tax liability | (696,912) | (626,820) |

12. Cash-flow statement

Analysis of cash and cash equivalents disclosed in the Cash flow statement:

| (CZK'000) | 30 November 2020 | 30 November 2019 |
|--------------------------------------|------------------|------------------|
| Cash at banks | 4,715 | 4,764 |
| Receivable arising from cash-pooling | 502,989 | 591,440 |
| Cash and cash equivalents | 507,704 | 596,204 |

13. Subsequent events

The Covid-19 pandemic development and its impact on the Company in the 2020 fiscal year:

Given the nature of the business (gas pipeline rental) and the indisputable need to continuously deliver gas, BRAWA's services are and will continue to be needed. After assessing all currently available information, the Company's management believes that the Company's ability to continue as a going concern in the following reporting period is not endangered. The Company's financial statements have been prepared on this assumption.

Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of BRAWA a.s.

Having its registered office at: Na Hřebenech II 1718/8 Nusle, 140 21 Praha

Opinion

We have audited the accompanying financial statements of BRAWA a.s. (hereinafter also the "Company") prepared on the basis of accounting regulations applicable in the Czech Republic, which comprise the balance sheet as of 30 November 2020, and the profit and loss account, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of 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 BRAWA a.s. as of 30 November 2020, and of its financial performance and its cash flows for the year then ended in accordance with accounting regulations applicable 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 guidelines. 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 the Annual Report

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 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 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 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 Company's Board of Directors and Supervisory Board for the Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with accounting regulations applicable in the Czech Republic 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 is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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 Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors and the 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.

In Prague on 17 December 2020

Audit firm:

Deloitte Audit s.r.o.
registration no. 079



Statutory auditor:

Václav Loubek
registration no. 2037



© BRAWA, a.s. 2020

ID No.: 24757926

The BRAWA, a.s. Annual Report for the year ended 30 November 2020 is also available in Czech. In all matters of the interpretation of information, views or opinions, the Czech version of the Annual Report takes precedence over the English version.

BRAWA, a.s.

Na Hřebenech II 1718/8

140 21 Prague 4 – Nusle

Czech Republic

Tel.: +420 220 221 111

Fax: +420 220 225 498