
JAO

**Annual
report
2019**

Table of contents

1. Highlights	4
Financial highlights	6
Performance highlights	10
2. Letters	14
from CEO	16
from COO	18
from the Chairman of the Supervisory Board	20
3. About JAO	26
Shareholders	30
Year's Hot 10	32
Operations	34
Project	38
Information Technology	40
Human Resources	41
Communication	44
4. Risk management	48
Legal and Regulatory Affairs	56
Compliance	58
5. Finance — Report	62

1.

Highlights



Financial Highlights

KEY FIGURES	2019	2018
Net turnover (KEUR)	2.944.269	2.785.240
Annual charged fees (KEUR)	8.425	7.380
EBITDA (KEUR)	1.765	1.409
EBT (KEUR)	465	406
EBT margin (%)	5,51%	5,50%
Net result (KEUR)	318	290
Explicit auctions run (number)	14.412	10.056
Employees (average) (number)	37	38

(under Lux GAAP) As of or for the year ended December 31.





25 
TSOs

13 
thousand⁺
auctions

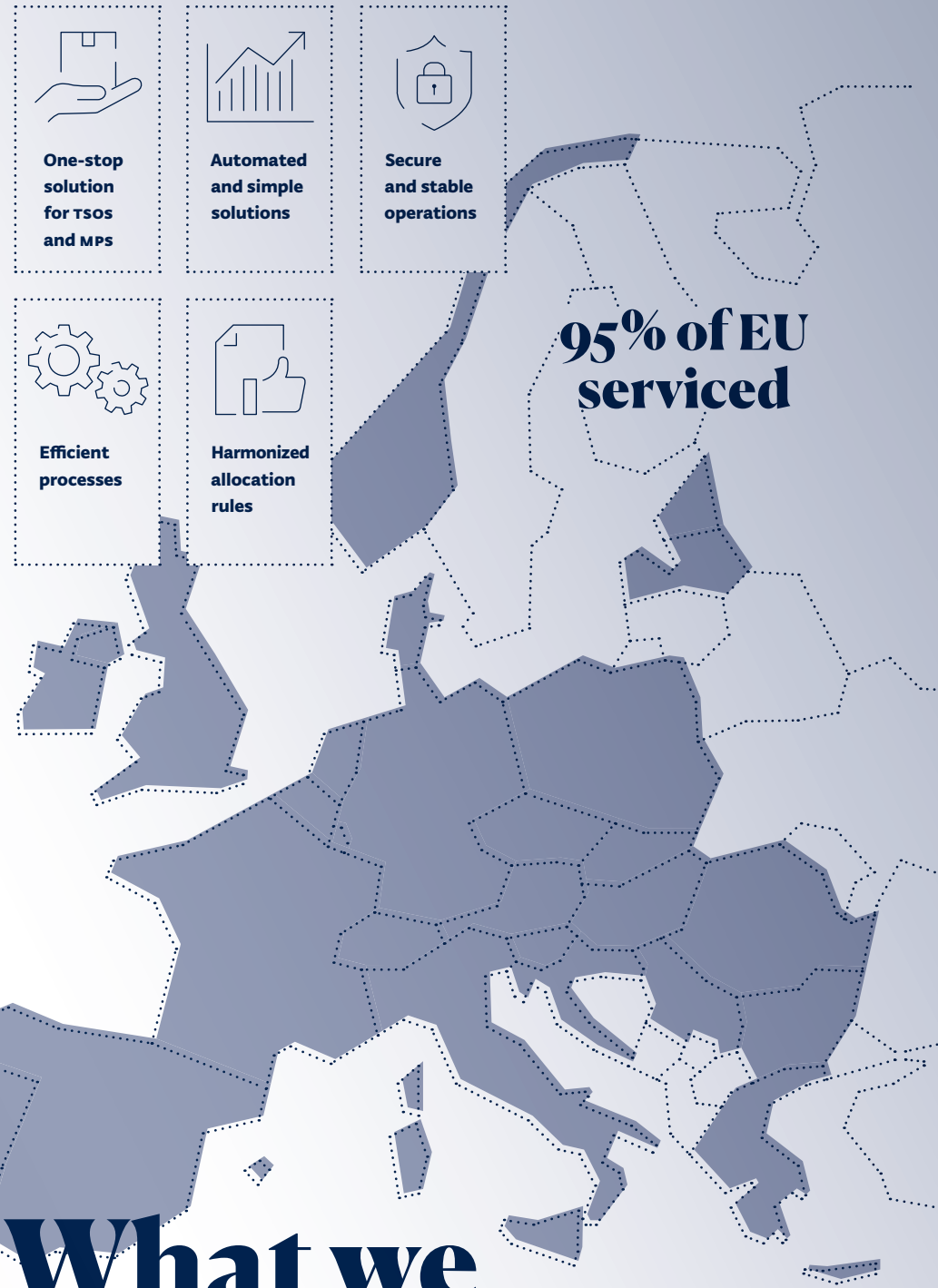
17 
million⁺
transactions

44 
bidding
zone borders

350 
market
participants

7 
hundred
million⁺
MWh

3 
billion
⁺EUR
turnover



95% of EU serviced

What we achieve



2.

Letters

Thanks to our dedicated, competent staff JAO evolved to the company it is right now

Since the establishment of the company in 2008, we have been constantly challenged to extend our services and to perfection our performance. Since the merger with CAO GmbH in 2015 the challenges have been taken to another level where we had to continuously adapt our services to meet requirements set by new laws and regulations. For example, the General Data Protection Regulation (GDPR), Know Your Customer/Counter Terrorist Financing/Anti Money Laundering (KYC/CTF/AML) requirements and the Regulation on wholesale Energy Market Integrity and Transparency (REMIT) had a significant impact on the internal organization and resulted in a significant growth of indirect personnel.



Corné Meeuwis
Chief Executive Officer

In 2019 we have seen a further extension of our services with the addition of new borders and tasks. You will find a more detailed overview of these developments further on in this document. At the same time, we welcomed 3 new shareholders showing the interest and commitment European TSOs have with our company. Currently 25 of the 30 European TSO's, are shareholder of JAO.

With being rewarded in 2019 the TERRE-project, being the settlement entity of the balancing platform for 8 TSO's, we have extended our settlement activities. It is expected that, following the decision of ACER, these activities potentially could grow significantly in the coming years. We believe that we can provide the TSO's an adequate, reliable and efficient service. Since TSO's need to increasingly settle a significant amount

of transactions amongst each other, a central settlement entity will reduce costs and complexity at the TSO's side, where JAO already has the experience to perform such tasks well. JAO's growth in overall activities is evident through our annual turnover. In 2019 the total

**Constantly adapting
and extending
our services.**

turnover has been close to 3 billion EUR and it is forecasted that in 2020 the total turnover could be as high as 3,5 billion EUR. Though the financial flows resulting from the auctions and the collection of congestion rent are still by far the largest part of our turnover, we foresee that settlement services can become a significant part of our turnover in future years. Therefore, when handling such significant amounts of money on behalf of Market Participants and TSO's, it is essential all related processes and procedures are state of the art. We are currently investigating the rules applying to financially regulated companies in order to see if our processes, procedures and control system can improve further. It cannot be excluded that, due to the growth in financial activities, JAO will, in due time, be required to obtain a financial license. The likelihood of this happening is currently under investigation.

It is thanks to a dedicated, competent staff that JAO has managed time and time again to fulfil the requests and expectations of our stakeholders. Without them, JAO could not have evolved to the company we are right now. We trust on our people when we face the challenges ahead together!

Corné Meeuwis
Chief Executive Officer
Chief Financial Officer
Chairman of the Management Board



Providing adequate, reliable and efficient services.

Our business keeps growing and changing, so we have to continuously be ready to adapt, understand and deliver

JAO is a special and unique company in the sense that it is both non-profit-driven and focused on cost efficiency, and at the same time customer-focused and striving for operational excellence with little room for error.

Integrating the departments of operations, projects, quality and IT, has allowed to bring together cross-functional activities and has contributed to JAO's success in 2019. This has allowed our employees to further develop skills, share knowledge and work together to maximize efficiency and allow us to cover for peaks in activity, which we have witnessed in our preparation for a hard Brexit. It is JAO's ambition to avoid a silo mentality and continuously improve cross-departmental skills and development.

The year 2019 has been a year with significant challenges, such as JAO onboarding multiple new borders and customers as part of becoming the Single Allocation Platform, and the development of new long-terms auction products. We also faced challenges and uncertainties related to the potential effects of Brexit, but we have pushed ahead with our preparation and are ready for all possible outcomes.

The priority for JAO is to keep a close watch on performance to ensure that we deliver on our commitments to both TSOs and Market Participants. This requires us to understand their needs and improve our services and systems to meet expectations. The industry changes quickly, so we have to continuously be ready to adapt, understand and deliver. The next project is never far away, and so we have no time to rest or be complacent.



Frederik Johnsen
Chief Operations Officer
Member of the Management Board

The priority for JAO is to keep a close watch on performance to ensure that we deliver on our commitments to both TSOs and Market Participants.

We need to create a culture where employees are always motivated and have room to challenge themselves and the company to create value for all our stakeholders.

Like most IT driven industries, we have been faced with the challenge of constantly developing solutions that meet tight deadlines, whilst securing the overall environment. We have continued to insource key IT tasks and knowledge to improve reactivity, flexibility and customer satisfaction, while reducing dependency on external providers. Our teams focus on providing assurance to our stakeholders and to demonstrate the level of information security we have in place. To do so, we will strive to be ISO27001 certified within the next 2 years.

Our specialists drive a customer-driven culture throughout the entire operational process, from initial registration to the final invoicing. While still keeping a key eye on efficiencies, JAO can provide more value to all our stakeholders: employees, service providers, market participants and our shareholders. In 2019 we successfully pushed to improve customer satisfaction which is reflected in our annual survey results, and we thank our market participants for their constructive feedback. We will continue to strive for further improvements in the year to come.

Frederik Johnsen
Chief Operations Officer
Member of the Management Board



We are closely involved in the process of overseeing and advising the Management Board

During the year 2019, JAO's Supervisory Board discussed the company's position and future development in depth, performing the tasks assigned to it by the company's Articles of Association and bylaws. We regularly liaised with the Management Board on its management of the company, monitored its work and were part of all fundamental decisions. In addition, the CEO kept the Chairman of the Supervisory Board continuously informed of the current developments affecting the company's business, significant transactions, upcoming decisions and the long-term outlook and discussed these issues with him.



Søren Dupont Kristensen
Chairman of the Supervisory Board

The year under review was characterised by important changes within the Supervisory Board body. 4 of the 8 Supervisory Board members were welcomed as new elected members by the General Assembly of JAO. Welcome was given to 3 new shareholders, bringing the total to 25. The Supervisory Board monitored the adherence process to ensure a non-discriminatory process.

We held 4 plenary meetings during 2019. In addition, one strategy workshop was held on the topics of IT strategy, business performance as well as development (April). At our meetings, the Management Board provided us with comprehensive and timely information in accordance with the legal requirements. The issues discussed covered the course of business, operational performance the company's position in the market, as well as the company's strategy and planning (regularly including legal elements, risk management and compliance).

This included the status on the implementation of the Single Allocation Platform, the adding of new borders to the serviced area of JAO, and the satisfaction of market parties. We discussed all of the company's significant financial transactions based on reports provided by the

Welcome was given to 3 new shareholders, bringing the total to 25.

Audit Committee and the Management Board proving that JAO achieved a significant increase of turnover thus creating value for the TSOS.

As the JAO's Supervisory Board, we are closely involved in the process of overseeing and advising the Management Board and the frequency of plenary meetings and workshops ensured an active exchange of information between the Supervisory Board and the Management Board. The average attendance rate for all Supervisory Board members at the plenary meetings was 97 per cent during the financial year 2019.

Kind regards,

Søren Dupont Kristensen
Chairman of the Supervisory Board





3.

About JAO

The energy flows in Europe start with us!

JAO is managed by two corporate bodies being the Management Board in charge of the day-to-day management of the company, and the Supervisory Board, which is in charge of conducting supervisory function.

Since 2008, JAO is facilitating the European electricity market by managing cross border transmission capacity auctions for TSOs and MPS.

In 2018, JAO was appointed as the “Single Allocation Platform” for the European Transmission System Operators and started operated as such in January 2019. Our company operates under the framework of the Harmonised Auction Rules and the Single Allocation Platform Cooperation Agreement (SAP CA) approved by all TSOs and National Regulatory Agencies.

In cooperation with our business partners, JAO has designed the tool and infrastructure for dedicated cross border capacity allocation, the e-CAT trading platform. This trading platform is designed to meet our shareholders’ precise and specific requirements: JAO offers auctions of transmission rights in various timeframes; annual, non-calendar annual, seasonal, quarterly, monthly, daily and intra-day.

Moreover, we provide administrative and financial services to TSOs and act as a fall-back for the European Market Coupling. We are the one stop point in delivering quality and value for all stakeholders.

Our Shareholders



50Hertz
Transmission
GmbH, Germany



Amprion GmbH,
Germany



Austrian Power
Grid AG, Austria



ČEPS, A.S.,
Czech Republic



CREOS Luxembourg
S.A., Luxembourg



EirGrid plc,
Ireland



ELES, Ltd., Electricity
Transmission System
Operator, Slovenia



Elia System
Operator S.A.,
Belgium



EMS Elektromreža
Srbije AD, Serbia



Energinet.dk,
Denmark



ESO Elektroenergien
Sistemen Operator
EAD, Bulgaria



HOPS Croatian
Transmission System
Operator Ltd., Croatia



Independent Power
Transmission Operator
S.A., Greece



MAVIR Hungarian
Independent
Transmission Operator
Company Ltd., Hungary



Moyle Interconnector
Limited, Northern
Ireland



National Power Grid
Company Transelectrica
S.A., Romania



Polskie Sieci
Elektryczne
S.A., Poland



RTE Réseau de
Transport d'électricité,
France



SEPS Slovenská
elektrizačná sústava,
a.s., Slovak Republic



Statnett SF.,
Norway



Swissgrid AG,
Switzerland



TenneT tso bv,
Netherlands



Terna — Rete Elettrica
Nazionale Società
per Azioni, Italy

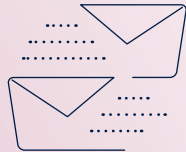


Transnetbw GmbH,
Germany



January

JAO entered the year 2019 as the SAP single allocation platform...



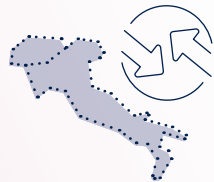
February

For all interested in dealing and reporting suspicious behaviour an email address was established by JAO's Market Surveillance Committee.



May

NEMOLink LT + Shadow Auctions Shareholders Client meeting, selection of the 4 candidates for the Supervisory board.



April

CH-IT Intraday Coupling



March

JAO was selected as the service provider for the clearing and settlement services of the TERRE project. The company launched the annual customer satisfaction survey and achieved the score 3.7 out of 5.



June

The Multiple NEMO Arrangements (MNA) in CWE zones went live.



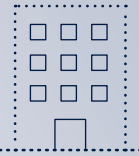
July

CWE MNA



September

4 Nordic tsos - Energinet, Svenska kraftnät, Ståttnet and Fingrid — select JAO as their congestion income collection and distribution party.



November & December

IFA1, BritNed, JAO's office space expanded to the first floor off the building



October

SAP HR, Cobracable (DK-NL)

Operations

How do we maintain the quality of work to guarantee reliability of the core of our business — auctions?

2019 was a big year for the operations team, being the first year of operating as the Single Allocation Platform and the onboarding of several borders at the end of 2018. JAO also introduced several new products.

With the increased number of auctions and borders to facilitate, the need to find and develop automated solutions has increased, to push for higher operational efficiency.

To better service our growing number of customers (350+ companies), we switched to a ticketing system, JIRA servicedesk, for all communication with market participants. This improved our follow-up procedures and overall customer service.

The uncertainties surrounding Brexit required the handling of multiple scenarios for UK borders. JAO needed to be prepared for switching from implicit to explicit allocation for day-ahead time frame and anticipate the introduction of new rules and the handling of multiple registrations.

A day in the life of an operator is non-stop work with auctions running 365 days a year and throughout every day with constantly increasing activity. From daily auctions early in the morning, to intraday explicit auctions, to the post-coupling activities of SDAC and further explicit intraday auctions in the afternoon. On top of this, there are annual, monthly, seasonal, quarterly and weekly auctions run throughout the day for 80 directional borders.

This means, over 13,000 auctions per year, meaning over 35 auctions per day with 350 market participants and a total of over 17,000,000 transactions. The overview on [the next page](#) gives an insight into the daily activity of the operations team.



● OFFICE HOURS
● ACTIVITIES ARE PERFORMED OUTSIDE OF OFFICE HOURS

While continuously monitoring capacity curtailment, ensure data publication of relevant auctions, and correctly reporting to NRAs, and answering tickets from market participants in JIRA.

Throughout the day we perform the long-term auctions in addition to the steps mentioned above, usually running from 11:00 – 17:00 every day.

In 2019, we worked closely with TSOs and Entso-e on the revision of the Harmonized Allocation Rules for long-term transmission rights. This revision has resulted in further harmonization and less border specific requirements, allowing for a more streamlined and simpler framework for market participants to participate in long-term capacity auctions across Europe.



Project

No two days are alike in the Project Team. The project team works on various projects from developing new products to enhancing our existing services. Specialists support the launch of new auctions for cross-border transmission capacity and the implementation of services JAO offers to the European Transmission System Operators. JAO maintains the high standards and the required flexibility to efficiently respond to changes. JAO has developed and trained its staff to with industry standard project management methodologies and we have adapted it to fit with the size of the company and to ensure flexibility.

For 2019 we introduced the following new developments.

EXTENSION OF LONG-TERM AUCTIONS

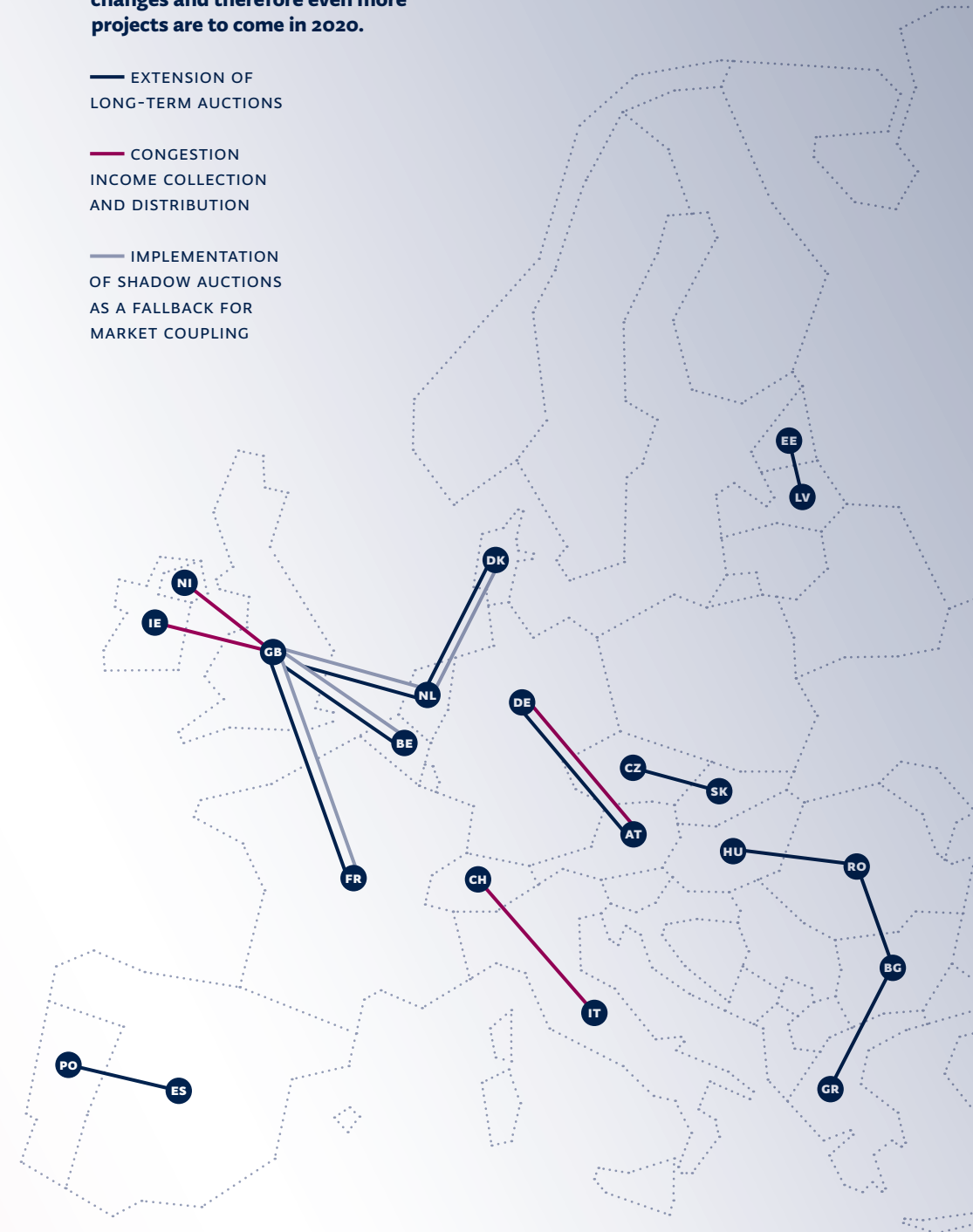
SK-CZ
 ES-PT
 BG-RO
 BG-GR
 EE-LV
 HU-RO
 DE-AT
 BE-GB (NemoLink)
 DK-NL (Cobracable)
 FR-GB (IFA1)
 NL-GB (BritNed)

MARKET COUPLING RELATED PROJECTS, BOTH DAY-AHEAD AND INTRADAY

Congestion income collection and distribution for:	Implementation of shadow auctions as a fallback for market coupling for:
IE-GB (EWIC)	NemoLink
NI-GB(Moyle)	DK-NL
DE-AT	FR-GB
CH-IT	NL-GB
	CWE MNA

We are never standing still, and we expect further extensions and changes and therefore even more projects are to come in 2020.

- EXTENSION OF LONG-TERM AUCTIONS
- CONGESTION INCOME COLLECTION AND DISTRIBUTION
- IMPLEMENTATION OF SHADOW AUCTIONS AS A FALLBACK FOR MARKET COUPLING



Information Technology

The JAO IT department, responsible for managing system and infrastructure providers, maintaining, monitoring and the development of all JAO IT systems, welcomed a 3rd developer in 2019 and formalized two new tester roles and is now has a team of 10 people.

The decision taken 2018 to insource key tasks and knowledge to improve reactivity, flexibility and customer satisfaction, showed its fruits during last year.

With developers, business analysts, testers, system administrators and the IT manager, the department supports the operational activities, ongoing projects and continuous improvements through all the JAO departments and services. The knowledge built within the IT team gives us the possibility to act proactively and not only react in solving problems or discussing technical proposals. A motivated, dynamic and enthusiastic team of experts is ready and eager to face the upcoming challenges for JAO.

Working together with our trusted vendors, 2019 focused on further increasing stability and to take proactive actions to ensure a flawless operation of the auction systems. This is reflected in a 100% availability of the auction system throughout the year 2019.

For the coming year, the big projects for the IT department are the ISO27001 certification and the migration of our auction tool to a PostgreSQL database and upgrading the underlying technology, which both are run in parallel to the day-to-day operations and the multiple ongoing tasks. The investment in the auction tool's infrastructure and technology, will allow us to anticipate market participants' and regulatory needs, giving a solid and stable basis on which to further grow and develop.

Human Resources

Our employees are our most valuable asset.

JAO's specialists apply their expertise to the Shareholders and Market Participants. The teams support each other in achieving the best results. JAO believes that the highly engaged employees remain a passion to the work.

The Human resources leader in collaboration with a "Great Place to Work" in November 2019 conducted a survey of JAO employees at the request of satisfaction with their jobs and work conditions.

Based on the result of the survey, JAO can be qualified as a "great place to work".

What people appreciate the most is the camaraderie and respect they get from working at JAO. On the pillars of inclusion and diversity JAO is building a friendly working environment.

We share information and ideas, especially during the information meetings that take place every month. We recognize efforts, we celebrate projects go – live and we work in a positive atmosphere. Our experts coordinate activities and resources across the JAO departments and external vendors.

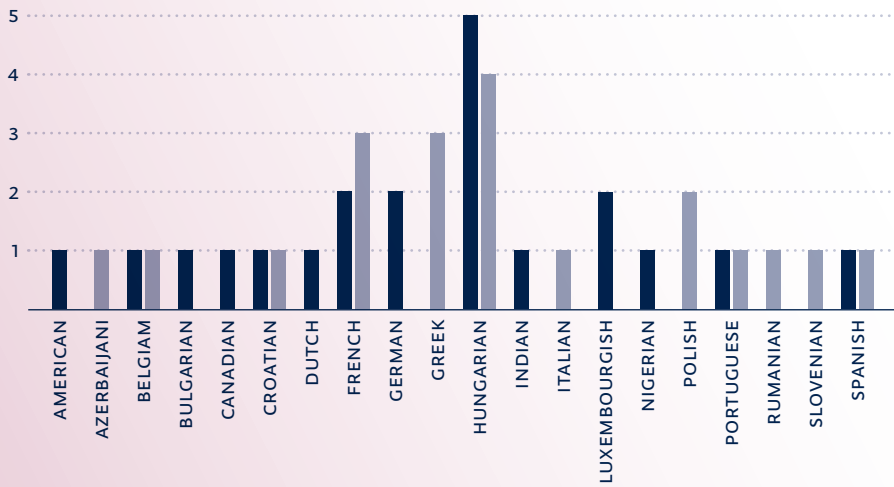
Therefore, JAO has an ambition further to attract motivated professionals capable of multitasking within a dynamic team.

The company offers the opportunity for professional growth and good work-life balance.

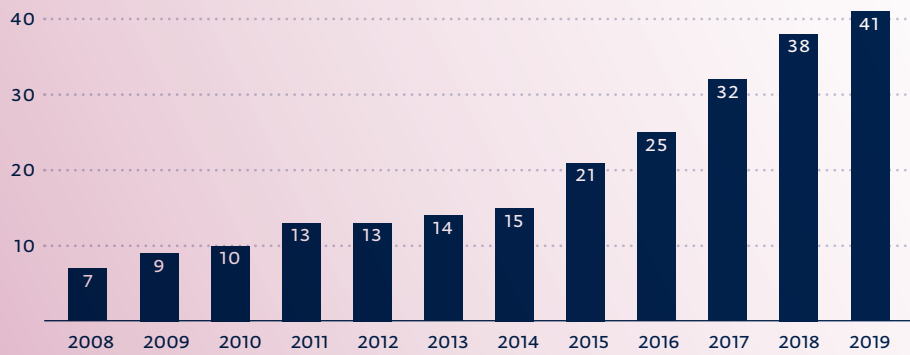
HUMAN RESOURCES

- MALE
- FEMALE

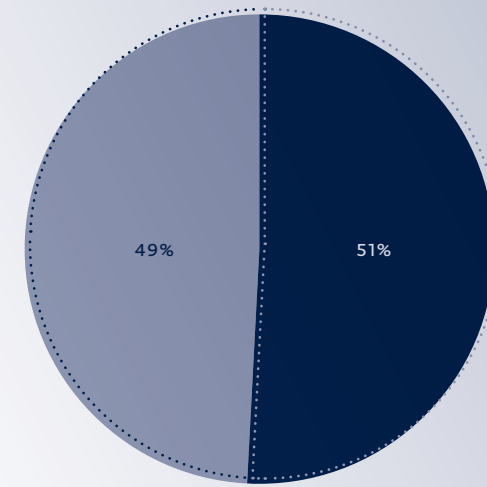
A truly multicultural environment with 20 different nationalities



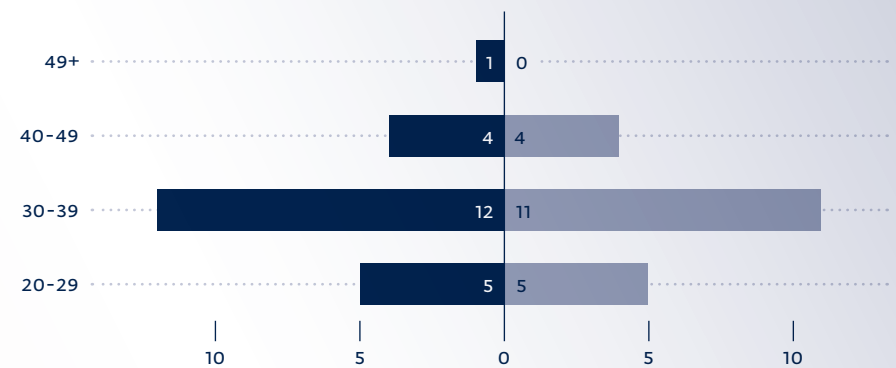
A steady growth in the number of employees



Almost perfect parity



A company young and dynamic



Communication

The activities in communication during 2019 were focused on defining the actions that should attribute to the growth of visibility and awareness about JAO.

Establishing and regularly using the company's LinkedIn profile helped us to attract followers who are interested on what we do. By portraying our business and people we have managed to engage both an internal and external audience. We also used our social media channel to publish job announcements, where we noticed an increase in quality applications compared to before.

Taking into account the outcome of Annual Customer Satisfaction Survey, we realised that we need to improve user experience of our website and are in the process of completely rebuilding it from the ground up.

Using JIRA simplified all business related communication between Market Participates and JAO, helping us to improve the resolution structure of requests and messages we receive and to increase the response time.





4.

Risk Management

RISK GOVERNANCE

The Risk management governance of JAO is based on three lines of defence that are represented by:



1. The process owners are the 1st line of defence under the responsibility of management for daily business and ensure the proper conduct of business operations by designing and implementing first level controls.

2. The Management Board and the Risk management function stand for the 2nd line of defence and are responsible for Risk oversight and guidance within the company. The Management Board approves the company's risk strategy and is in charge of the implementation of an effective Risk management structure through the allocation of Risk management roles and responsibilities.

3. The Supervisory Board, supported by the Audit Committee, is an independent body and gives objective assurance to the shareholders and recommendations to the Management Board on the overall effectiveness of risk management and the system of internal control (mitigation and monitoring activities as performed by the 1st and 2nd lines of defence).

RISK CULTURE

The Risk culture corresponds to the system of values and behaviours that shapes risk decisions within our organisation. The risk culture of JAO is built around the following values:



1. All employees of JAO are Risk management actors.

2. Effective risk management is only possible if risk-related information is freely shared between actors in a transparent way.

3. The main goal and benefit of risk management is to provide management with anticipated risk information to be effectively used as a key management and strategic tool.

4. Commitment includes the allocation of appropriate resources and budget for developing corrective actions as well as setting the "Tone at the top".

5. Risk management orientates internal resource allocation by taking into consideration significant risks to cover with induced costs as well as added-value of controls

**RISK MANAGEMENT
OBJECTIVE / GOAL**

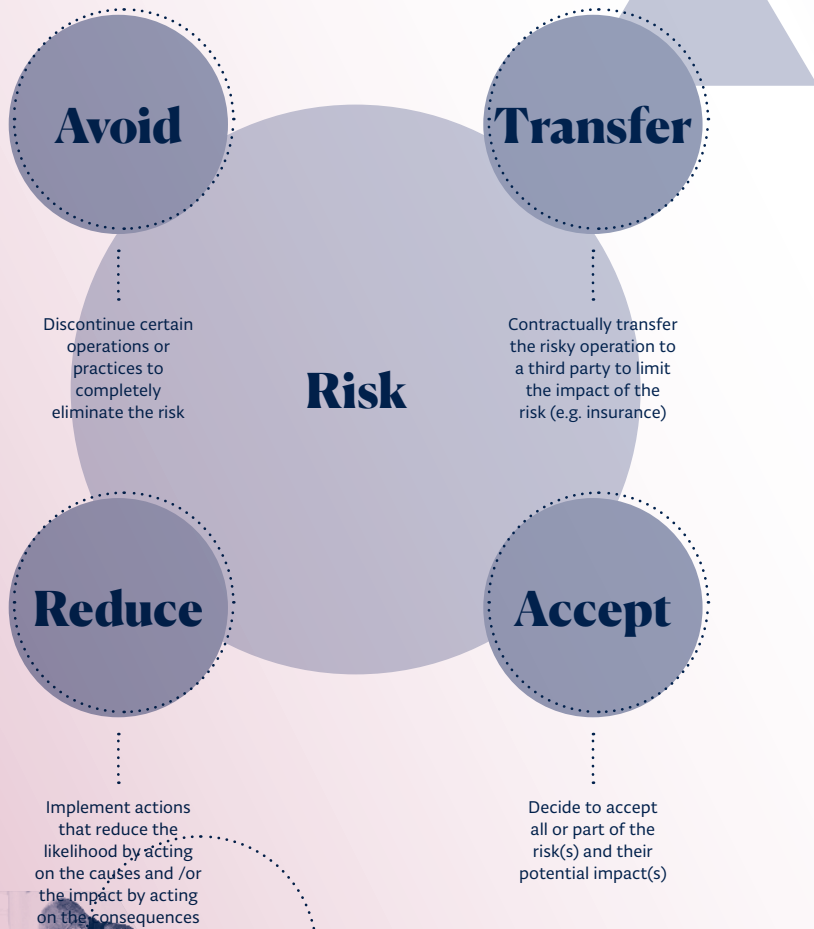
The objective / goal of the Risk management function of JAO is to ensure an appropriate and effective internal control environment, supported by Risk management policies. Through the Risk management policy and strategy, JAO pursues the following objectives:



RISK MITIGATION PLAN

The outcome of the risk assessment defines the mitigation plan, including a set of response methods and approaches.

The Risk mitigation plan is supported by a cost-benefit based evaluation and translates into one or a combination of the following risk responses:



RISK PROFILE

During the year 2019, there were no risks identified that threatened the existence of the company, either individually or in their entirety.

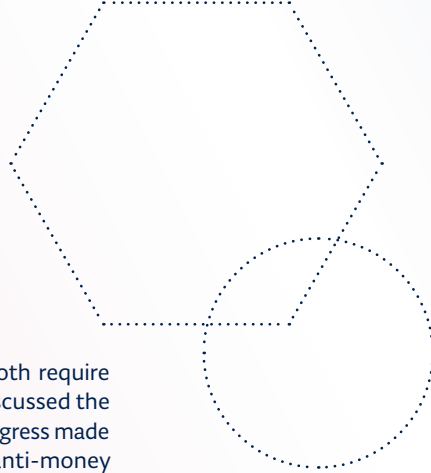




Legal and Regulatory Affairs

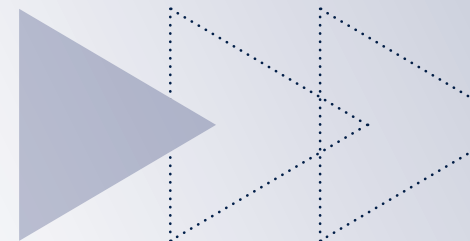
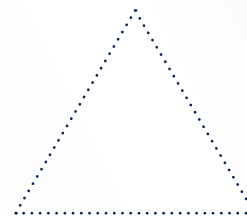
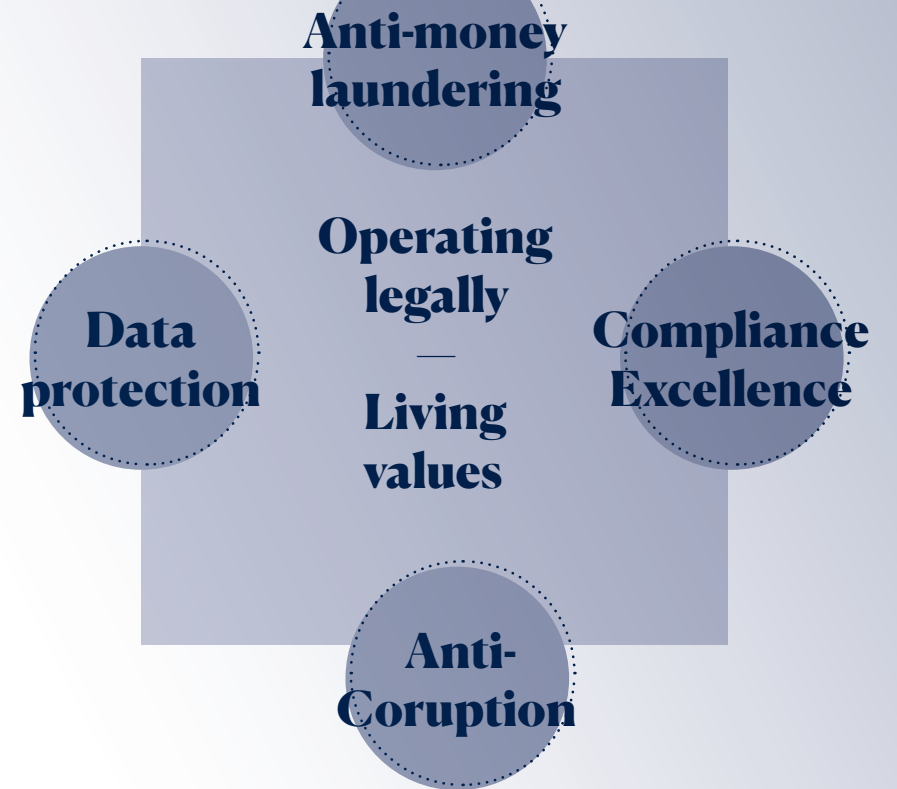
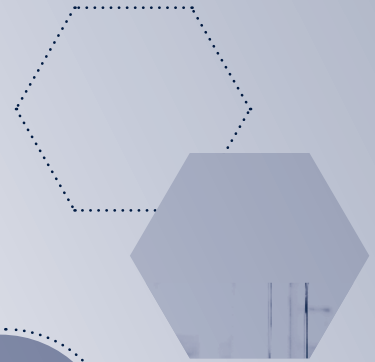
The legal framework for the relationship between JAO and the market parties is determined by the articles of association of JAO and the service level agreements concluded within the forward capacity market. The General Assembly of JAO has approved in the year under review updated articles of association and bylaws with modern legal features such as a mechanism for authorized share capital increase increasing JAO's efficiency and agility to ease corporate acquisitions and pertaining transparency towards shareholders. JAO is working towards an optimized awareness the way law and regulation applies to JAO's business, its relationships, processes, products and services and has significantly developed internal expertise on legal matters. Increased focus has been given to strengthen involvement of JAO in determining the contractual framework of service level agreements.

Compliance



Compliance and integrity are matters that both require constant attention. The Supervisory Board discussed the quarterly compliance reports and noted the progress made in the implementation of data protection, anti-money laundering and know-your-customer policies as well as forward capacity market specific policies. It is of utmost importance to JAO to act in good faith and fairly, in compliance with the laws and regulations, and to use only means allowed by legislation. Suppliers are selected based on the contents of their business offers and previous references, avoiding any conflict of interest or any exception aimed at influencing the selection.

JAO will carry on with its programme to upgrade its core tasks and systems, which will require significant IT developments. Digital capabilities will continue to be enhanced while ensuring regulatory compliance at all times.





5.

Finance
— Report

The Company closes its fiscal year 2019 with an EBT amount of KEUR 465 which represents a margin level of 5.51%, putting the company close to its 5% EBT margin target.

The Company has also performed investments related to the extension of its services, especially in market coupling related systems to accommodate increase in borders, complexity of MNA and flow-based in CORE region, financial systems, as well as investments related to new services that will be performed from 2020, such as TERRE project for example.

Investments on the database migration and technology upgrade of our action tool has also started, with target go-live in late 2020.

As at December 31, 2019, the Company's subscribed capital increased to KEUR 125 (2018: EUR 110) following the adherence of the new shareholders National Power Grid Company Transelectrica S.A., Electricity System Operator EAD and EMS AD Beograd with effective date November 1, 2019. The subscribed capital is issued and fully paid. The subscribed capital is now represented by 1.250 shares (2018: 1.100) without par value and with an accounting value of EUR 100 per share.

Each shareholder holds 50 shares which represent a 4,00% share in the Company.

Annual accounts 2019

BALANCE SHEET	2019	2018
ASSETS	KEUR	KEUR
Formation expenses	125	302
Fixed assets	3.478	3.302
Intangible assets	3.241	3.062
Tangible assets	237	240
Current assets	500.618	518.103
Debtors (Note 2)	86.634	79.194
Cash at bank (Note 3)	413.984	438.909
Prepayments	21.550	10.721
Total assets	525.771	532.427

(under Lux GAAP) As of or for the
year ended December 31.

BALANCE SHEET	2019	2018
CAPITAL, RESERVES AND LIABILITIES	KEUR	KEUR
Capital and reserves	6.484	5.389
Subscribed capital	125	110
Share premium account	5.123	4.360
Reserves: Legal reserve	11	11
Profit or loss brought forward	908	618
Profit or loss for the financial year	318	290
Provisions	2.714	896
Financial debt and similar liabilities	210	0
Creditors	494.717	515.415
Deposits made on business accounts (Note 4)	362.763	372.298
Trade creditors (Note 5)	131.403	142.666
Other creditors	551	451
Deferred income	21.645	10.727
Total capital, reserves and liabilities	525.771	532.427

(under Lux GAAP) As of or for the
year ended December 31.

Note 1

— Significant accounting and valuation methods

BASIS OF PREPARATION

The annual accounts are prepared in accordance with laws and regulations applicable to limited liabilities companies as well as generally accepted accounting principles in the Grand Duchy of Luxembourg. The accounting methods applied by the Company are in conformity with going concern principle.

The preparation of annual accounts requires the use of certain critical accounting estimates. It also requires Management to exercise its judgement in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the annual accounts in the period in which the assumptions changed. Management believes that the underlying assumptions are appropriate and that the annual accounts therefore present the financial position and results fairly.

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities in the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company's books and records are held in euro ("EUR") and the annual accounts are expressed in that currency.

Income and charges denominated in other currencies are translated into EUR at the exchange rates ruling at the date of each transaction.

PROFIT AND LOSS	2019	2018
	KEUR	KEUR
Net turnover (Note 6)	2.944.269	2.785.240
Other operating income	1	6
Other external expenses (Note 7)	-2.939.174	-2.780.921
Staff costs	-3.325	-2.954
Value adjustments in respect of formation expenses and of tangible and intangible fixed assets	-1.283	-995
Other operating expenses	-10	44
Other interest payable and similar expenses	-15	-13
Tax on profit or loss	-128	-112
Profit or loss after taxation	336	294
Other taxes	-19	-4
Net result for the financial period	318	290

(under LUX GAAP) As of or for the year ended December 31.

Note 2

— Debtors

DEBTORS	2019	2018
	KEUR	KEUR
Amounts due by the Market Participants invoiced by JAO S.A. for their participation to the cross border capacity auctions	21.224	23.480
Amounts due by the Transmission System Operators which own the cross border capacity and to which JAO S.A. charged a fixed monthly fee for the service performed and compensations relating to the capacity that is distributed to the Market Participants	61.347	46.415
Amounts due by the Central Counter Parties in relation to the Market Coupling	3.469	7.584
Other debtors	595	1.715
Total	86.634	79.194

Note 3

— Cash at bank

Cash at bank is composed by KEUR 51,221 (2018: KEUR 66,611) bank accounts owning to the Company and by KEUR 362,763 (2018: KEUR 372,298) bank accounts dedicated to Market Participants.

The Company has opened a business bank account for each Market Participant. Each business bank account is managed, controlled and operated exclusively by the Company and is a special dedicated account to which the Market Participant pays all the amounts required under the auction rules and all the payments for the allocated capacities acquired or to be acquired by the Participant in accordance with auction rules.

The Company cannot use the dedicated bank accounts for its own account.

Note 4

— Deposits made on business accounts

DEPOSITS MADE ON BUSINESS ACCOUNTS	2019	2018
	KEUR	KEUR
Payments received on account of orders relate to deposits made by the Market Participants on dedicated bank accounts, to cover their positions in relation to cross border capacity auctions (see note 3)	362.763	372.298

Note 5

— Trade creditors

DEPOSITS MADE ON BUSINESS ACCOUNTS	2019	2018
	KEUR	KEUR
Amounts due to the Market Participants invoicing JAO S.A. for compensations relating to cross border capacity	94.126	95.244
Amounts due to the Transmission System Operators which own the cross border capacity and which sell it to JAO S.A. after related auctions	21.134	23.892
Amounts due to the Transmission System Operators in relation to the Market Coupling performed by JAO S.A. on behalf of the Transmission System Operators	15.743	22.070
Amounts due to Central Counter Parties — Market Coupling recharge and Amount due to Other Parties — General Administration expenses	400	1.460
Total	494.166	514.964

Note 6

— Net turnover

The geographical market per December 31, 2019, is the Central West European region, the Central South European region, the Central Eastern Europe Region and the Swiss Northern borders, specifically all borders handled by the TSOs in these regions including the following countries: Austria, Belgium, Bulgaria Croatia, Czech Republic, Denmark, Estonia, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Luxembourg, the Netherlands, Norway, Poland, Portugal Romania, Serbia, Slovakia, Slovenia, Spain, Switzerland and UK. Other recharges revenue include collected income where the Company acts as contracting entity on behalf of the Transmission System Operators for Market Coupling and various other service projects.

The turnover is analyzed as follows:

NET TURNOVER	2019	2018
	KEUR	KEUR
Monthly fees charged to the Transmission System Operators for the service performed on their behalf	8.425	7.380
Allocation of cross border electricity capacities charged to the Market Participants	2.056.615	1.683.226
Market Coupling	862.546	1.083.523
Other recharges (see note 17)	16.684	11.110
Total	2.944.269	2.785.240

Note 7

— Other external expenses

Other external expenses are composed by charges equal to the turnover composed by the allocation of cross border electricity capacities charged to Market Participants, by other recharges which are expenses where the Company acts as contracting entity on behalf of Transmission System Operators to external service providers, by market coupling as the Company acts as an intermediary between sellers and buyers of the cross border electricity capacities, and by the external charges as follows:

OTHER EXTERNAL EXPENSES	2019	2018
	KEUR	KEUR
Allocation of cross border electricity capacity invoiced to the Market Participants	2.295.712	2.020.345
Market coupling charges	623.449	746.405
Other recharges (see note 6)	16.684	11.110
IT maintenance and Supplies	2.235	2.014
Office charges	185	248
Travel expenses	98	84
Consultancy fees	88	57
Property charges	309	267
Legal advices	15	28
Insurances	81	72
Administration and bank charges	188	87
Audit and other professional fees	132	205
Total	2.939.174	2.780.921

Note 6

— Subsequent events

In light of the recent developments in the context of the Corona pandemic, the Company's Management Board is currently evaluating the potential impact on its operations in 2020 and beyond. The Company's Management Board expects a negative impact on the overall economy which may have a negative impact on the ability of the various stakeholders to meet payment deadlines, being for the auctions or for the services performed. Given the specific set up of the Company, Management Board expects a limited impact on its operational results due to the cost-plus model and the number of TSO contributing to covering JAO's operational costs. Given the overall uncertainty on the future evolution of the situation in the coming months, it is not possible yet at this point to give a precise indication on the magnitude of such impacts.



