

Czech Gas Networks Investments S.à r.l.
Annual Report for the year ended 31 December 2025

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Czech Gas Networks Investments S.à r.l.

Consolidated Management Report

31 December 2025

1. CGNI Group Profile

The Czech Gas Networks Investments S.à r.l. consolidation scope is made up of Czech Gas Networks Investments S.à r.l. (the “Company” or “CGNI”) and its subsidiaries Czech Grid Holding, a.s., GasNet, s.r.o. and GasNet Služby, s.r.o. (together referred to as the “GasNet Group”). All subsidiaries are fully owned by Czech Gas Networks Investments S.à r.l. (together the “Group”).

The Company was incorporated on 22 March 2019 and is domiciled in the Grand Duchy of Luxembourg. The Company’s registered office is located at L-2411, Luxembourg, 15 Boulevard F.W. Raiffeisen, Grand Duchy of Luxembourg.

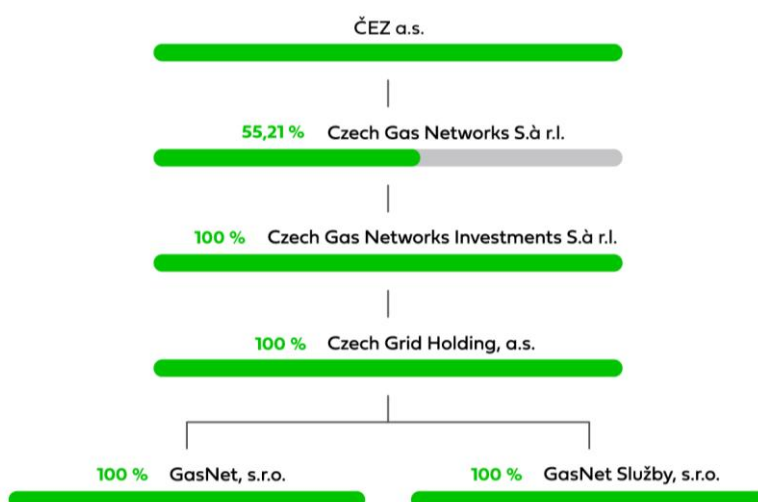
On 30 September 2019, the Group purchased 100% shares in GasNet Group.

In 2024, the Macquarie group, which was operating its share in the Company through Macquarie Infrastructure and Real Assets, completed a transaction leading to the sale of its majority share. On 28 August 2024, after obtaining approval from the European Commission and Ministry of Industry and Trade of the Czech Republic, the process was finalised by the sale of its 55.21 % stake in Czech Gas Networks S.à r.l. to ČEZ, a. s. Group (the “ČEZ Group”).

GasNet Group distributes natural gas throughout the territory of the Czech Republic with the exception of Prague and South Bohemia (South Bohemia is being served by the Group from 15 January 2026 when Gas Distribution s.r.o. was acquired by GasNet – see note 2.10 Subsequent events). The gas distribution activity is regulated by an independent regulatory body - Energy Regulatory Office (“ERO”). The regulation is conducted by determining the overall level of allowed revenues (the Revenue Cap) and the subsequent calculating of tariffs for distribution services for individual customers. These distribution prices (tariffs) are published annually in a price resolution issued by ERO. Further, GasNet Group oversees the operation and maintenance of the distribution system and the corresponding gas assets. The Group’s other business activities include comprehensive document management and administration, measuring natural gas consumption and quality, connecting and disconnecting customers, and, no less importantly, engineering services for the construction and reconstruction of natural gas distribution networks.

The Group prepares consolidated financial statements in accordance with IFRS Accounting Standards (“IFRS”) as adopted by the European Union (“EU”) under the historical cost convention. The Group financial year begins on 1 January and ends on 31 December.

Ownership structure of the Group as of 31 December 2025:



Minority shareholders of Czech Gas Networks S.à r.l. as of 31 December 2025:

- Varese IRR LP with a 26.29% share
- Allianz Infrastructure Luxembourg II S.à r.l. with an 18.5% share

2. Background and significant events in the year 2025

2.1 Key Group Ratios 2025

In millions of CZK

Total sales revenue	20,533
EBITDA	11,498
Operating profit	4,851
Profit before income tax	2,421
Profit for the year	1,848
Investments	5,384
Number of employees (FTE)	2,207

2.2 Current social and economic situation and its impact on the Group

Based on preliminary data, domestic consumption in 2025 remained approximately at the same level as in the previous year. In the context of the ongoing conflict in Ukraine, efforts continued to fully eliminate imports of Russian gas, while simultaneously ensuring supply security and reliability. Supply was secured via the western route through Germany, predominantly from Norway, which accounted for just under a half of the total volume, and additionally using liquefied natural gas (LNG) delivered through the Eemshaven terminal in the Netherlands. The terminal allowed for the import of gas mainly from the United States, complemented by lower volumes from Qatar, Canada, Nigeria, and Algeria. Compared to previous years, gas transit through Czech territory increased slightly (accounting for nearly one fifth of the transported volume), primarily to Slovakia as well as to Poland and Western Ukraine.

Within the European Union, pressure to expand domestic production from renewable sources persisted and continued to strengthen. In 2025, biomethane production saw a slight increase compared to the previous year. Thanks to a new subsidy system, a more substantial development is anticipated in 2026 and subsequent years.

In 2025, legislative work continued on the transposition of the Gas Package. In addition, the newly appointed government announced its intention to pursue a further deferral of the ETS2 system (emission allowances for individual heating and road transport) from 2028 to 2030, or its complete abolition, which would postpone the potential tax burden on the use of gas for individual household heating.

2.3 Group Investments

Throughout the reported year, the Group executed investment projects worth CZK 5,384 million in total, representing a significant increase of CZK 611 million compared to the previous year.

The most significant item over the long term is investment directed toward the renewal of the distribution network, which in 2025 accounted for approximately 80% of the total investment volume. The objective is to maintain network safety and reliability by upgrading assets that are at the end of their service life or have been identified as posing risk.

Development projects, including infrastructure acquisition, maintained a stable trajectory, creating room for potential future advancement.

In 2025, the Group began the gradual replacement of remote meters, transitioning from the GPRS technology to the more advanced NB-IoT communication technology. This step will enhance the reliability of remote data transmission, improve operational efficiency, and support long-term sustainability of the metering infrastructure.

Additionally, the Group continued the systematic renewal of its active corrosion protection system. A total of 21 cathodic protection stations underwent complete reconstruction, as technological components were modernised and an additional four stations partially reconstructed. The remote data transmission system was upgraded at 40 stations.

2.4 Distribution System

The distribution system is operated by GasNet, s.r.o., based on Gas Distribution License No. 220604925 awarded on 1 January 2007.

Overview of Gas Assets		2025
Length of operated pipelines:		
Local networks	km	42,809
Service lines	km	11,176
High-pressure pipelines	km	11,064
Transfer and very-high-pressure regulating stations	units	56
High-pressure regulating stations	units	2,737
Medium-pressure regulating stations	units	740
Cadastral communities with a gas distribution license	units	6,880

As at 31 December 2025, a total of 2,188,621 offtake points were connected to the distribution system, representing a decrease of 20,287 compared to the previous year. Despite this decline, there was a significant increase in the volume of gas distributed, rising by 4,174 GWh, which represents an approximate year-on-year increase of 7.1%. Total gas consumption therefore reached 63.3 TWh. Even though the average annual temperature in 2025 remained 0.3 °C above the long-term mean, climatic conditions were the primary factor behind this increase, as the heating season in 2025 was 1.3 °C colder compared to 2024.

2.5 Business and Risk Management

Business activities

As in previous years, communication in 2025 primarily focused on the safety and operational reliability of the gas infrastructure. A significant portion of the communication targeted the role of natural gas in the transformation of the heating and industrial sectors, where gas is perceived as a key transitional source toward carbon-neutral energy. The Group provided information on the connection of biomethane production facilities to the gas distribution network as well as on the preparation of its infrastructure and operational conditions for the distribution of low-carbon gases.

Despite the termination of Russian natural gas transit via Ukraine at the beginning of 2025, distribution was ensured throughout the year at the required volume, with no emergency shortages. The Czech Republic was fully supplied from alternative sources in Western Europe, Norway in particular, and through LNG supplies via Germany and the Netherlands, which favourably impacted the level of energy security.

In 2025, 167,000 gas supplier switches were made, which is consistent with the long-term average. The number of supplier switches was comparable to 2024, indicating that the gas market has stabilised and returned to normal functioning.

Risk management

The Risk Management Department is responsible for the ongoing monitoring and assessment of risks, based on regular and ad hoc interviews with managers and other employees. Collected suggestions serve the Risk Management Department as a basis for preparing and developing measures in cooperation with the owners of individual risks with the aim of reducing their probability and impact. Risks are systematically assessed using the prescribed methodology, recorded in the Risk Catalogue, including identified owners.

In 2025, changes occurred in the structure of key risks. That included increased certainty thanks to the finalisation of the rules for the Sixth Regulatory Period, cybersecurity progress, and the development of ESG processes. In addition, measures adopted in such areas as supplier risks and operational safety had a positive impact, as we continued to systematically strengthen safety controls and auditing procedures.

Risk assessment includes risks newly identified in 2025 in response to legislative changes, infrastructure challenges, and the impact of environmental trends. These risks include new legislative requirements for cybersecurity and risks arising from requirements for critical infrastructure management.

Foreign exchange rate risk

The Group is exposed to currency risks stemming from the cash and cash equivalents and bonds denominated in EUR. Based on internal policies, for at least 85% of the notional amount of each facility, which is denominated in a currency other than CZK, cross-currency swaps are concluded for a term of at least 12 months. The Group does not operate internationally and only FX risk that the Group is exposed to is from financing facilities and negligible from operational matters.

Interest-rate risk

The Group is exposed to interest-rate risk which relates primarily to the Group's loan facilities and bonds with a floating interest rate. To mitigate the interest-rate risk, the Group took internal measures and, for a minimum of 90% of the notional amount of all loan facilities and bonds, concluded interest-rate swaps in the past.

Credit risk

The Group exposes itself to credit risk, which is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to meet its obligations. Exposure to credit risk arises as a result of the Group's lending and other transactions with counterparties, giving rise to financial assets. Credit risk is one of the most significant risks for the Group's core distribution business. However, a major part of the Group's risk related to gas distribution services provided mostly to traders, gas suppliers and local distributors is managed by means of credit rules called "Conditions of Financial Eligibility" implemented in the Group's Network Code (that is a part of legal framework approved by ERO based on non-discriminatory rules). Moreover, the credit loss related to the P&L impact from bad debts is recognised by ERO and is fully reimbursed with a time lag as an eligible cost.

Liquidity risk

Liquidity risk consists of the potential shortage of funds needed for paying due obligations and for financing business activities. The Group manages its liquidity risk by securing sufficient funds to be able to meet its financial obligations within a period of no less than three months in accordance with the currently valid Cash-flow outlook.

To mitigate liquidity risk, the Group focuses on precise liquidity planning. Management drafts financial plans for individual years in the framework of regular forecasts. Subsequently, the planned cash flow is updated on a monthly basis for a 12-month period and, moreover, specified with greater accuracy through regular updates, if necessary. The Group plans cash flows for a period of at least 12 months on a daily basis.

Legislative Changes on the EU Gas Market

Crucially important for the adaptation of the gas sector to the growing share of renewable gases – particularly biomethane and, in the future, hydrogen – in the network is the revision of the EU Gas Package. The document provides the foundational framework for developing the hydrogen infrastructure based on the principles already applied on the electricity and natural gas markets. The Group continues to fulfil its obligations under the EU Methane Emissions Regulation, which entered into effect in August 2024.

2025 was the last year of the fifth regulatory period. At the same time, the Price Regulation Principles (hereinafter referred to as the "Principles") for the following 6th regulatory period (2026–2030) were issued. These Principles ensure the Group's financial stability and enable it to achieve its distribution system operation objectives in the period ending 2030.

2.6 Financial instruments

Derivative financial instruments, including currency and interest-rate swaps are carried at their fair value. All derivative instruments are carried as assets when fair value is positive and as liabilities when fair value is negative. Changes in the fair value of derivative instruments are included in profit or loss for the year. All the realised and unrealised results from trading derivatives are presented net in finance costs or finance income within profit or loss for the year. The Group does not apply hedge accounting.

The fair value of cross-currency swap agreements amounted to CZK 5,575 million recognised as a derivative liability of CZK 5,716 million and a derivative asset of CZK 141 million and the fair value of interest-rate swap agreements (derivative asset) amounted to CZK 1,879 million as at 31 December 2025.

2.7 Human Resources

In 2025, employee headcount (FTE) in the Group was 2,207. Wages evolved in accordance with the Group's business strategy and the remuneration principles agreed with the trade union.

2.8 OHS and Environmental Protection

In 2025, the Group continued to develop occupational health and safety, focusing on risk prevention, the stable functioning of the OHS system, and further strengthening the safety culture in its operations. Emphasis was placed on integrating strategic OHS management with the active involvement of employees at work sites.

As in previous years, the Group underwent independent assessments in 2025, which confirmed the high level of our ESG management efforts. One of the key evaluation tools was the GRESB rating, where Group achieved 94 out of 100 points, maintaining a high standard of results compared to previous years (95 points in 2024). Another evaluation was conducted by MSCI (Morgan Stanley Capital International), a global provider of financial indices, analytical tools, and ESG ratings. In 2025, MSCI evaluated CGNI for the first time as part of the Provisional ESG Rating, awarding it an AA rating, the second-highest result on the seven-point scale, ranging from AAA to CCC. This rating places the Group among industry leaders in the management of ESG risks and opportunities.

In September 2025, the fourth Sustainability Report was released, providing a comprehensive overview of the Group's impacts on the environment and society. The report also summarised strategic initiatives, measures adopted, and activities carried out to promote responsible business conduct and sustainable development. The Group continues its volunteer programme in protected areas within its operational locations.

No incident occurred in the framework of the Group's operations with a material-adverse effect on the environment in 2025.

2.9 Outlook

The Group continues preparing the distribution network for the safe integration of renewable gases into the natural gas mix, particularly through the connection of biomethane production plants (nine plants are currently connected) and, in the future, hydrogen as well. The Simone online model will be used to calculate the calorific value in the process of connecting biomethane plants. At the same time, the relevant regulatory conditions will be updated: the approval of another amendment to the Energy Act (Act No. 458/2000 Coll.) is expected during 2026, which will transpose the rules of the Gas Directive and the related EU regulation. These rules further develop the framework for the internal gas market, including the integration of hydrogen regulations, and they support the long-term transition of gas network operators to low-carbon and renewable gases. Simultaneously, they support coordinated and integrated planning for the maintenance and development of distribution networks, and their gradual transition to fully renewable gases.

In addition, the adoption of an adaptation law to the EU Regulation on methane emissions is expected. The regulation will define the role of oversight bodies in the Czech Republic, which will, among other tasks, be responsible for receiving reports on methane emissions monitoring and reporting.

2.10 Subsequent events

On 15 January 2026, the Group through its subsidiary GasNet, s.r.o., completed the acquisition of a 100% share in Gas Distribution s.r.o., the operator of the gas distribution network in the South Bohemian Region and in parts of the Vysočina Region in the Czech Republic. The Group is thus expanding its gas network and will be able to distribute gas throughout the whole Czech Republic with the exception of Prague region. The purchase price of CZK 8,190 million was fully paid, the seller was E.ON Group.

The table below presents the preliminary carrying amounts of the acquired identifiable assets of Gas Distribution s.r.o. as at 31 December 2025 available to the Group. The Group does not expect that the amounts are materially different to those as at 15 January 2026:

<i>In millions of CZK</i>	IFRS Gas Distribution, s.r.o. 31 December 2025
Intangible assets	3
Tangible fixed assets	8,891
Non-current assets	8,894
Receivables	850
Other current assets	430
Current assets	1,280
Deferred income tax liabilities	(1,255)
Other non-current liabilities	(653)
Non-current liabilities	(1,908)
Current liabilities	(793)
Net assets acquired	7,473

Accounting for the business combination was incomplete at the date of the issuing of these financial statements, since as at this date the Group has not finalised a purchase price allocation yet. It is not expected that a significant goodwill will be recognised because of the acquisition.

On 14 January 2026, the Luxembourg bailiff served CGNI and its parent company Czech Gas Networks, S.à r.l. (“CGN”) with a writ of attachment concerning an alleged disputed debt of the Czech Republic (as debtor) towards DIAG HUMAN SE (as creditor), arising from their previous arbitrations. The writ addresses CGN and CGNI as third parties and prohibits CGN or CGNI from making any payments owed to the debtor, i.e. the Czech Republic, as of 14 January 2026. The companies CGN and CGNI may continue their business as usual. Only potential debts and payments owed by CGN or CGNI to the Czech Republic as of 14 January 2026 would be blocked, pending further proceedings before Luxembourg courts.

On 19 February 2026, the long-term issuer credit rating of the Company was increased to A- from BBB+ by S&P Global Ratings.

In February and March 2026, the conflict between the United States, Israel and Iran escalated, causing regional instability and increased volatility in global energy markets, particularly due to risks related to the Strait of Hormuz. Although the conflict has contributed to heightened volatility in commodity markets, particularly crude oil prices, the Group has assessed that there is currently no material direct impact on its operations or financial position. The Group continues to monitor the situation.

As at the date of this Management Report, there have been no other reportable events liable to have a material impact on the assessment of the Group's business.

Audit report

To the Board of Managers of
Czech Gas Networks Investments S.à r.l.

Our opinion

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of Czech Gas Networks Investments S.à r.l. (the “Company”) and its subsidiaries (the “Group”) as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the European Union.

What we have audited

The Group’s consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2025;
- the consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the “Commission de Surveillance du Secteur Financier” (CSSF). Our responsibilities under the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the “Responsibilities of the “Réviseur d’entreprises agréé” for the audit of the consolidated financial statements” section of our report.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements. We have fulfilled our other ethical responsibilities under those ethical requirements.

Other information

The Board of Managers is responsible for the other information. The other information comprises the information stated in the annual report but does not include the consolidated financial statements and our audit report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Managers for the consolidated financial statements

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

In preparing the consolidated financial statements, the Board of Managers is responsible for assessing the Group'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 Managers either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the “Réviseur d’entreprises agréé” for the audit of the consolidated financial statements

The objectives of our audit are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF 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 consolidated financial statements.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated 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 Group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Managers;

- conclude on the appropriateness of the Board of Managers' 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the consolidated 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 audit report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities and business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Restriction on distribution and use

This report, including the opinion, has been prepared for and only for the Board of Managers in accordance with the terms of our engagement letter and is not suitable for any other purpose. We do not accept any responsibility to any other party to whom it may be distributed.

Luxembourg, 10 April 2026

PricewaterhouseCoopers Assurance, Société coopérative

Represented by

Signed by:

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Ezequiel Brasca

Czech Gas Networks Investments S.à r.l.

Consolidated Financial Statements

31 December 2025

15, Boulevard F.W. Raiffeisen

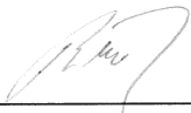
L-2411 Luxembourg

RCS Luxembourg: B 233444

Consolidated Statement of Financial Position as at 31 December 2025

<i>In millions of CZK</i>	Note	31 December 2025	31 December 2024
ASSETS			
Non-current assets			
Property, plant and equipment	3.1	94,029	95,487
Right-of-use assets	3.3	3,360	3,379
Intangible assets	3.2	784	637
Derivative financial assets	3.12	1,479	2,094
Other non-current assets		-	1
Total non-current assets		99,652	101,598
Current assets			
Inventories		11	11
Trade and other receivables	3.5	882	848
Cash and cash equivalents	3.4	1,889	2,238
Derivative financial assets	3.12	541	1,129
Total current assets		3,323	4,226
TOTAL ASSETS		102,975	105,824
EQUITY			
Share capital	3.7	1	1
Share premium	3.7	26,173	26,173
Accumulated deficit		(18,485)	(17,527)
Total equity		7,689	8,647
LIABILITIES			
Non-current liabilities			
Borrowings	3.8	61,650	70,658
Lease liabilities	3.3	2,134	2,183
Deferred income tax liabilities	4.5	13,991	14,468
Provisions		21	53
Other non-current liabilities	3.9	479	262
Derivative financial liabilities	3.12	4,157	3,627
Total non-current liabilities		82,432	91,251
Current liabilities			
Borrowings	3.8	7,224	455
Lease liabilities	3.3	241	236
Trade and other payables	3.11	2,671	2,401
Contract liabilities	3.6	442	737
Current income tax payable		421	362
Other taxes payable	3.10	246	239
Provisions		50	24
Derivative financial liabilities	3.12	1,559	1,472
Total current liabilities		12,854	5,926
Total liabilities		95,286	97,177
TOTAL LIABILITIES AND EQUITY		102,975	105,824

Approved for issue and signed on behalf of Board of the Managers on 9 April 2026.



Member of the Board



Member of the Board

**Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the year ended 31 December 2025**

<i>In millions of CZK</i>	Note	2025	2024
Revenue	4.1	20,533	18,250
Other income		113	125
Work performed by the Group and capitalised	3.1	578	584
Net impairment charge on financial assets	3.5	(19)	(6)
Raw materials and consumables used		(263)	(283)
Employee benefits expense	4.2.1	(2,283)	(2,255)
Depreciation and amortisation	3.1, 3.2, 3.3	(6,647)	(6,663)
Services	4.2.2	(5,671)	(4,632)
Other operating expenses	4.2.3	(1,490)	(1,289)
Operating profit		4,851	3,831
Finance income	4.4	1,596	883
Finance costs	4.3, 3.8	(4,026)	(2,862)
Profit before income tax		2,421	1,852
Income tax expense	4.5	(573)	(357)
Profit for the year		1,848	1,495
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,848	1,495

**Consolidated Statement of Changes in Equity
for the year ended 31 December 2025**

<i>In millions of CZK</i>	Note	Share capital	Share premium	Accumulated deficit	Total
Balance as at 1 January 2024		1	26,173	(16,277)	9,897
Profit for the year		-	-	1,495	1,495
Total comprehensive income for the year		-	-	1,495	1,495
Transactions with owners in their capacity as owners:					
Dividends declared and paid	3.7	-	-	(2,745)	(2,745)
Balance as at 31 December 2024		1	26,173	(17,527)	8,647
Profit for the year		-	-	1,848	1,848
Total comprehensive income for the year		-	-	1,848	1,848
Transactions with owners in their capacity as owners:					
Dividends declared and paid	3.7	-	-	(2,806)	(2,806)
Balance as at 31 December 2025		1	26,173	(18,485)	7,689

Consolidated Statement of Cash Flows for the year ended 31 December 2025

<i>In millions of CZK</i>	Note	2025	2024
Cash flows from operating activities			
Profit before income tax		2,421	1,852
Adjustments:			
Depreciation of property, plant and equipment	3.1	6,146	6,152
Amortisation of other intangible assets	3.2	274	293
Depreciation of right-of-use assets	3.3	227	218
Net impairment charge on financial assets	3.5	19	6
Net loss on disposals of property, plant and equipment	4.2.3	266	228
Interest income	4.4	(88)	(86)
Interest costs	4.3	1,825	2,124
Net (profit) / loss on trading derivatives	4.3, 4.4	2,187	(797)
Net foreign exchange (gain) / loss on borrowings	3.8	(1,505)	738
Other non-cash operating (income) costs		(12)	-
		11,760	10,728
Operating cash flows before working capital changes			
Increase in trade and other receivables		(53)	(201)
Increase in inventories		-	(5)
Increase / (decrease) in other non-current liabilities	3.9	(22)	(24)
Increase / (decrease) in contract liabilities, trade and other payables		(226)	153
Decrease in provisions		(6)	(3)
Net change in other taxes receivables and payables	3.10	7	72
Income taxes paid		(991)	(531)
Interest income received		88	86
Interest paid	3.8	(1,777)	(2,153)
Net payments for settlement of derivatives	3.12	(366)	(73)
		8,414	8,049
Net cash generated from operating activities			
Cash flows used in investing activities			
Purchases of property, plant and equipment and intangible assets		(4,920)	(4,804)
Proceeds from the sale of property, plant and equipment		21	23
		(4,899)	(4,781)
Net cash used in investing activities			
Cash flows used in financing activities			
Principal elements of lease payments	3.8	(258)	(279)
Loans received from credit institutions	3.8	-	1,300
Loans repaid to credit institutions and shareholder	3.8	(800)	(500)
Dividends paid to the Company's shareholders	3.7	(2,806)	(2,745)
		(3,864)	(2,224)
Net cash used in financing activities			
Net change in cash and cash equivalents		(349)	1,044
		2,238	1,194
Cash and cash equivalents at the beginning of the year			
		1,889	2,238
Cash and cash equivalents at the end of the year			

Notes to the Consolidated Financial Statements

1 General Information

1.1 Group and its Operations

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as adopted by the EU for the year ended 31 December 2025 for Czech Gas Networks Investments S.à r.l. (the “Company” or “CGNI”) and its subsidiaries (together the “Group”). CGNI controls the operating entities GasNet, s.r.o. and GasNet Služby, s.r.o. through the intermediate holding entity Czech Grid Holding a.s.

The entities Czech Grid Holding a.s., GasNet, s.r.o. and GasNet Služby, s.r.o. are together referred to as “GasNet Group”. There are no non-controlling interests within the Group.

The Company was incorporated on 22 March 2019 and is domiciled in the Grand Duchy of Luxembourg. The Company is organised under the laws of Luxembourg as a Société à Responsabilité Limitée for an unlimited period of time and was set up in accordance with the laws and regulations of Luxembourg. The Company’s registered office is located L-2411, Luxembourg, 15 Boulevard F.W. Raiffeisen, Grand Duchy of Luxembourg as at 31 December 2025.

As at 31 December 2025 and 31 December 2024, the Company’s immediate parent company, with its ownership share and shareholder voting rights of 100%, was Czech Gas Network S.à r.l. (“CGN”), with registered office at L-2411, Luxembourg, 15 Boulevard F.W. Raiffeisen, Grand Duchy of Luxembourg.

In 2024, the ultimate parent company of the Group, fund MEIF IV LP (Macquarie European Infrastructure Fund) registered in the Grand Duchy of Luxembourg, completed a transaction leading to sale of its majority share in the Group. On 28 August 2024, after obtaining an approval from the European Commission and Ministry of Industry and Trade of the Czech Republic, the process was finalised by sale of 55.21 % stake in Czech Gas Networks S.à r.l. to ČEZ Group. As at 31 December 2025 and 31 December 2024, the parent company of the Group is ČEZ, a.s registered in the Czech Republic. ČEZ, a. s. is controlled by the state of Czech Republic, represented by the Ministry of Finance, that owns 69.8% on the share capital of ČEZ, a. s. as at 31 December 2025 and 31 December 2024.

Principal activity. The Group’s main business activity is operating a natural gas distribution system. The Group operates a distribution system serving an area, defined in its license, which is the largest in the Czech Republic in terms of the area covered by and the length of the operated gas pipelines. The distribution system operator’s key obligations include providing for the safe, reliable, and economical operation and the maintenance, replacement, and development of the distribution system in the delineated area, while gaining funds for these activities by selling distribution capacity.

One of the main priorities of the Group is also environmental protection; a priority that is reflected in the majority of tasks, processes, and decisions. The Group’s business operations continue to be affected by the decarbonisation of the energy supply sector in the EU. The process consists of approving various legislative measures aimed at meeting the main target of the European Green Deal, specifically reducing greenhouse gas emissions in the EU by 55% between the years 1990 and 2030, and to attain carbon neutrality by the year 2050.

The Group is monitoring the potential impact of climate change and the energy transition on its business and is adapting its business strategy accordingly.

The ESG strategy is also supported by the issuance of Green Bonds in September 2021. They were issued with the main purpose of financing investments to prepare the network for the future distribution of low carbon gasses, mainly hydrogen. The Group has issued a Green Bond Allocation & Impact Report in June 2025 as a third report on the allocation of the net proceeds from the Green Bonds issued.

These events did not significantly impact the judgments and estimates of management used in preparing these consolidated financial statements.

Presentation currency. These consolidated financial statements are presented in millions of Czech Crowns (“CZK”), unless stated otherwise.

Regulatory framework. The gas distribution activity of the Group is regulated by an independent regulatory body, Energy Regulatory Office (“ERO”), as stipulated by the Energy Act.

The ERO determines the overall level of allowed revenues (the Revenue Cap) and the subsequent calculation of tariffs for distribution services for individual customers. These distribution prices (tariffs) are published annually in a price decree issued by ERO.

The year 2025 was the final year of the 5th regulatory period. At the end of February 2025, the ERO published the Price Regulation Principles for the 2026-2030 Regulatory Period. Unlike the principles in effect in the Fifth Regulatory Period, the document introduces and expands motivational tools promoting investments in the modernisation and development of the gas infrastructure. This way, after meeting the pre-set conditions, the Group will be able to obtain additional funds for investments into the renewal and development of the distribution network. Likewise, changes have been made regarding allowed costs, where the Office modified the methodology for setting eligible cost caps for companies using related-party services. These amendments will lead to greater transparency and standardization of cost assessment within the entire regulated sector.

During 2025, the Group actively prepared for the expected regulatory changes and evaluated their impacts on cost management, investment planning and long-term development of the distribution network. These activities reflect the broader climate and energy goals of the European Union and the gradual transformation of the gas sector.

Current liquidity gap. Current assets are lower than current liabilities by CZK 9,531 million. The increase in current liabilities is driven by the reclassification of a CZK bonds tranche of CZK 6,886 million as current as at 31 December 2025 due to its maturity in 2026. As at 31 December 2024, it was classified as non-current. The Group has sufficient undrawn committed credit facilities to compensate for this liquidity gap. Undrawn committed credit facilities amounted to CZK 7,500 million and EUR 355 million as at 31 December 2025 (CZK 700 million and EUR 0 million as at 31 December 2024). The ability of the Group to cover the liquidity gap was also confirmed by external rating agency S&P that increased the financial rating of the company from BBB+ to A- with stable outlook in February 2026. The intention of the Group is to raise non-current financing in the first half of 2026 to cover the gap.

These financial statements have been prepared on going concern assumption.

1.2 Material Accounting Policy Information

Basis of preparation. These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as adopted by the European Union (“EU”).

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments, which are measured at fair value.

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented.

The preparation of consolidated financial statements in conformity with IFRS as adopted by the EU requires the use of certain critical accounting estimates. It also requires that management exercises its judgement in the process of applying the Group’s accounting policies. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are critical to the consolidated financial statements, are disclosed in Note 1.3.

Foreign currency translation. The functional currency of each of the Group’s consolidated entities is the currency of the primary economic environment in which the entity operates. The functional currency of the Company and its subsidiaries, and the Group’s presentation currency, is the national currency of the Czech Republic, Czech koruna (CZK). Judgement involved in determining the functional currency of the Company is disclosed in Note 1.3.

Transactions and balances. Monetary assets and liabilities are translated into the functional currency (CZK) at the official exchange rate of the Czech National Bank (“CNB”) at the respective end of the reporting period. Foreign exchange gains and losses resulting from the settlement of the transactions and from the translation of monetary assets and liabilities into each entity’s functional currency at the official year-end exchange rates of the CNB are recognised in profit or loss as finance income or costs. Foreign exchange gains and losses that relate to borrowings and cash equivalents are presented in the statement of profit or loss within “finance income or costs”. Translation at year-end rates does not apply to non-monetary items that are measured at historical cost.

Amendment of the consolidated financial statements after issuance. Any changes to these consolidated financial statements after issuance require the approval of the general meeting of shareholders.

Material accounting policy information related to specific line items of the consolidated statement of the financial position and the consolidated statement of profit or loss and other comprehensive income are presented in the relevant sections of these financial statements (Notes 3-4). Other potentially material accounting policies are presented in Note 6.4.

1.3 Critical Accounting Estimates and Judgements in Applying Accounting Policies

The Group makes estimates and assumptions that affect the amounts recognised in the consolidated financial statements and the carrying amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. Judgements that have the most significant impact on the amounts recognised in the consolidated financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include the following:

Functional currencies of different entities of the Group. The functional currency is assessed individually for each entity based on the underlying economic conditions of their operations. This determination, of what the specific underlying economic conditions are, requires judgement. In making this judgement, the Group evaluates among other factors, the location of activities, the sources of revenue and denomination of currencies of operations of different entities. Specifically, in determining the functional currency of the Company, the Group based its judgement on the fact that the Company operates on markets mainly influenced by the Czech crown (CZK) and its major activities include the provision of services to Czech subsidiaries. Moreover, the majority of its operations are denominated in CZK and, also, CZK is the currency in which the business risks and exposures are managed, and the performance of its business is measured.

Segment reporting. The main activity of the Group is gas distribution. Other activities include construction activities, changes and removal of constructions, repairs and revisions, etc. and are inseparably connected with the main activity of the Group.

The Board of Managers (“Management”) of the Group is the “chief operating decision maker”. Management assesses financial performance based on the key performance indicators of the whole Group. Management of the Group regularly reviews the operating results of the whole Group based on financial information prepared according to IFRS and makes decisions about resources to be allocated to business activities and assesses the Group’s performance. Additionally, the means of controlling and assessing operating managers is carried out at the Group level. Their remuneration depends on the Group’s key performance indicators being fulfilled.

As a result, the Group management views the whole Group as one operating segment.

Impairment analysis

Impairment assessment. Throughout fiscal years 2025 and 2024, no impairment triggers have been identified.

Applying of IFRIC 12 Service Concession Arrangements or IAS 16 Property, plant and equipment to items of gas distribution infrastructure – see further information in Note 3.1.

Useful lives of property, plant and equipment - see further information in Note 3.1.

Revenue recognition - see further information in Note 4.1.

Determination of the lease term - see further information in Note 3.3.

1.4 Adoption of New or Revised Standards and Interpretations

The following amendment became effective from 1 January 2025 and has been adopted by the Group but did not have any material impact on the Group.

Amendments to IAS 21 Lack of Exchangeability (Issued on 15 August 2023 and effective for annual periods beginning on or after 1 January 2025). In August 2023, the IASB issued amendments to IAS 21 to help entities assess exchangeability between two currencies and determine the spot exchange rate, when exchangeability is lacking. An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. The amendments to IAS 21 do not provide detailed requirements on how to estimate the spot exchange rate. Instead, they set out a framework under which an entity can determine the spot exchange rate at the measurement date. When applying the new requirements, it is not permitted to restate comparative information. It is required to translate the affected amounts at estimated spot exchange rates at the date of initial application, with an adjustment to retained earnings or to the reserve for cumulative translation differences.

1.5 New Accounting Pronouncements

Certain new standards and interpretations have been issued that are mandatory for annual periods beginning on or after 1 January 2026 or later, and which the Group has not early adopted.

Amendments to the Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7 (issued on 30 May 2024 and effective for annual periods beginning on or after 1 January 2026). On 30 May 2024, the IASB issued amendments to IFRS 9 and IFRS 7 to:

- (a) clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- (b) clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
- (c) add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and
- (d) update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

The Group has assessed the impact of the amendments on its financial statements as not significant.

Annual Improvements to IFRS Accounting Standards (Issued in July 2024 and effective from 1 January 2026). IFRS 1 clarified that a hedge should be discontinued upon transition to IFRS Accounting Standards if it does not meet the 'qualifying criteria', rather than 'conditions' for hedge accounting, in order to resolve a potential confusion arising from an inconsistency between the wording in IFRS 1 and the requirements for hedge accounting in IFRS 9. IFRS 7 requires disclosures about a gain or loss on derecognition relating to financial assets in which the entity has a continuing involvement, including whether fair-value measurements included 'significant unobservable inputs'. This new phrase replaced reference to 'significant inputs that were not based on observable market data'. The amendment makes the wording consistent with IFRS 13. In addition, certain IFRS 7 implementation guidance examples were clarified and text added that the examples do not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7. IFRS 16 was amended to clarify that when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply IFRS 9 guidance to recognise any resulting gain or loss in profit or loss. This clarification applies to lease liabilities that are extinguished on or after the beginning of the annual reporting period in which the entity first applies that amendment. In order to resolve an inconsistency between IFRS 9 and IFRS 15, trade receivables are now required to be initially recognised at 'the amount determined by applying IFRS 15' instead of at 'their transaction price (as defined in IFRS 15)'. IFRS 10 was amended to use less conclusive language when an entity is a 'de-facto agent' and to clarify that the relationship described in paragraph B74 of IFRS 10 is just one example of a circumstance in which judgement is required to determine whether a party is acting as a de-facto agent. IAS 7 was corrected to delete references to 'cost method' that was removed from IFRS Accounting Standards in May 2008 when the IASB issued amendment 'Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate'. The Group is currently assessing the impact of the amendments on its financial statements.

Contracts Referencing Nature-dependent Electricity Amendments to IFRS 9 and IFRS 7 (Issued on 18 December 2024 and effective from 1 January 2026). The IASB has issued amendments to help companies better report the financial effects of nature-dependent electricity contracts, which are often structured as power purchase agreements (PPAs). Current accounting requirements may not adequately capture how these contracts affect a company's performance. To allow companies to better reflect these contracts in the financial statements, the IASB has made targeted amendments to IFRS 9, Financial Instruments, and IFRS 7, Financial Instruments: Disclosures. The amendments include: (a) clarifying the application of the 'own-use' requirements; (b) relaxing certain hedge accounting requirements if these contracts are used as hedging instruments; and (c) adding new disclosure requirements to enable investors to understand the effect of these contracts on financial performance and cash flows.

The Group has assessed the impact of the amendments on its financial statements as not significant.

IFRS 18 Presentation and Disclosure in Financial Statements (Issued on 9 April 2024 and effective for annual periods beginning on or after 1 January 2027).

In April 2024, the IASB issued IFRS 18, the new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to:

- the structure of the statement of profit or loss;
- required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and
- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

IFRS 18 will replace IAS 1; many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its 'operating profit or loss'. IFRS 18 will apply for reporting periods beginning on or after 1 January 2027 and also applies to comparative information.

The Group has already started assessing the impact of the new standard on its financial statements.

Based on the preliminary impact assessment performed to date, the Group expects that the adoption of IFRS 18 will primarily affect the presentation of the statement of profit or loss through the introduction of new categories and subtotals. While the operating category is expected to remain largely unchanged, with no significant impact on the operating profit or loss subtotal, a new investing category will be introduced, including interest income from cash and cash equivalents, resulting in a new subtotal of profit or loss before financing and income taxes. In addition, the Group is assessing the aggregation and disaggregation of income and expenses, assets and liabilities to ensure compliance with IFRS 18.

The Group also expects certain impact on the cash flow statement, e.g. change of the starting point to operating profit or loss and reclassification of interest paid from operating to financing cash flows.

The Group currently reports EBITDA measure to its investors. The Group expects that this measure will meet the definition of a management-defined performance measure. The Group is also performing an assessment of other measures that are currently being reported outside the financial information and whether or not these meet the definition of a management-defined performance measure.

IFRS 19 Subsidiaries without Public Accountability: Disclosures (Issued on 9 May 2024 and effective for annual periods beginning on or after 1 January 2027, not yet endorsed by the EU).

The International Accounting Standard Board (IASB) has issued a new IFRS Accounting Standard for subsidiaries. IFRS 19 permits eligible subsidiaries to use IFRS Accounting Standards with reduced disclosures. Applying IFRS 19 will reduce the costs of preparing subsidiaries' financial statements while maintaining the usefulness of the information for users of their financial statements. Subsidiaries using IFRS Accounting Standards for their own financial statements provide disclosures that maybe disproportionate to the information needs of their users. IFRS 19 will resolve these challenges by:

- enabling subsidiaries to keep only one set of accounting records – to meet the needs of both their parent company and the users of their financial statements;
- reducing disclosure requirements – IFRS 19 permits reduced disclosure better suited to the needs of the users of their financial statements.

The Group is currently assessing the impact of the new standard on its financial statements.

Amendments to IFRS 19 Subsidiaries without public accountability: Disclosures (Issued on 21 August 2025 and effective from 1 January 2027, not yet endorsed by the EU).

In August 2025, the IASB issued amendments to IFRS 19 Subsidiaries without Public Accountability: Disclosures, which help eligible subsidiaries by reducing disclosure requirements for Standards and amendments issued between February 2021 and May 2024, specifically: IFRS 18 Presentation and Disclosure in Financial Statements, Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7); International Tax Reform-Pillar Two Model Rules (Amendments to IAS 12); Lack of Exchangeability (Amendments to IAS 21); and Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7). With these amendments, IFRS 19 reflects the changes to IFRS Accounting Standards that take effect up to 1 January 2027, when IFRS 19 will be applicable. The Group is currently assessing the impact of the amendments on its financial statements.

2 Entity-wide disclosures

The Group derived revenue from the customer innogy Energie, s.r.o. in the amount of CZK 7,423 million in the year ended 31 December 2025 (2024: CZK 7,006 million), which represented 36% of the Group's total revenue as at the year ended 31 December 2025 (2024: 39%). Revenue from the customer ČEZ Group exceeded 10% of the Group's total revenue in the year ended 31 December 2025 with an amount of CZK 4,159 million (2024: CZK 3,608 million), which represented 20% of the Group's total revenue (2024: 20%). Revenue from the other customers of the Group individually did not exceed 10% of the Group's total revenue in both 2025 and 2024.

The Group derives all the revenues and holds all the non-current assets in the Czech Republic.

3 Statement of Financial Position Items

3.1 Property, Plant and Equipment

Material accounting policy

Property, plant and equipment. Property, plant and equipment are stated at cost, less accumulated depreciation and provision for impairment, where required. Cost includes expenditure that is directly attributable to the acquisition of the items. Property, plant and equipment include assets under construction for future use as property, plant and equipment.

Repairs and maintenance expenditures are expensed as incurred. Costs of replacing major parts or components of property, plant and equipment items are capitalised (only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably) and the replaced part is retired.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss for the year and presented in other income or other operating expenses.

Depreciation. Land is not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives:

	Useful lives in years
Buildings	14 to 50
Gas network	40
Equipment	7 to 20
Furniture and fittings	3

The residual values and useful lives of assets are reviewed, and adjusted if appropriate, at the end of each reporting period. The residual values of assets disposed are presented in other operating expenses.

Critical Accounting Estimates and Judgments in Applying Accounting Policies

Applying of IFRIC 12 Service Concession Arrangements or IAS 16 Property, plant and equipment to items of gas distribution infrastructure. Gas distribution licences are provided to the Group by the government for an indefinite period. The gas pipelines are fully owned by the Group, where the Group controls construction or maintenance. Decisions related to these pipelines are done at the Group level. The Group is not restricted in its practical ability to sell or pledge the infrastructure (gas pipeline). The Group is not obliged to hand over the pipeline at the end of service performance period to any of government institutions. It has full discretion to sell its infrastructure to a third party that would then operate it going forward (the process of disposal would be monitored by ERO though). The consideration for the infrastructure would be a result of negotiations between the two parties. In limited circumstances, the government, in accordance with Czech legislation, can entrust some parts of the Group's gas infrastructure to other operators; however, any restriction of ownership title should only be performed in exchange for a consideration. The specific terms of the consideration/compensation should fairly reflect the potential losses suffered by the Group in such a situation. The Group doesn't have any restrictions regarding the operation of the infrastructure (that has to be in line with the legislative requirements, e.g. safety).

Based on the facts and circumstances, despite the price regulation, there are no predefined conditions to hand over the infrastructure to any another party at the end of the period of the arrangement for little or no incremental consideration. The potential consideration in such cases (and such cases are rare) shall represent the fair value of the losses incurred by the Group. Therefore, based on management's judgement, the necessary condition according to IFRIC 12 about control over any significant residual interest in the infrastructure at the end of the term of the arrangement is not met. Thus, the gas distribution infrastructure and the infrastructure are accounted for in accordance with IAS 16, *Property, plant and equipment*.

Useful lives of property, plant and equipment. The estimation of the useful lives of items of property, plant and equipment is a matter of judgment based on experience with similar assets. The future economic benefits embodied in the assets are consumed principally through use. However, other factors, such as technical or commercial obsolescence and wear and tear, often result in the diminution of the economic benefits embodied in the assets. Management assesses the remaining useful lives in accordance with the current technical conditions of the assets and estimated period during which the assets are expected to earn benefits for the Group. The following primary factors are considered (a) the expected usage of the assets; (b) the expected physical wear and tear, which depends on operational factors and maintenance programme; and (c) the technical or commercial obsolescence arising from changes in market conditions.

Were the estimated useful lives to differ by 10% from management's estimates, the impact on depreciation for the period ended 31 December 2025 would be to increase it by CZK 506 million or decrease it by CZK 815 million (as at 31 December 2024: increase it by CZK 487 million or decrease it by CZK 845 million).

Czech Gas Networks Investments S.à r.l.

Movements in the carrying amount of property, plant and equipment were as follows:

<i>In millions of CZK</i>	Freehold Land	Buildings	Gas Network	Equipment	Construction in progress	Total
Carrying amount as at 1 January 2024	229	2,511	89,962	3,726	874	97,302
Additions	5	208	2,988	806	567	4,574
Transfers	4	44	394	94	(536)	-
Disposals	(1)	(4)	(213)	(18)	(1)	(237)
Depreciation charge	-	(197)	(5,185)	(770)	-	(6,152)
Carrying amount as at 31 December 2024	237	2,562	87,946	3,838	904	95,487
Cost at as 31 December 2024	237	4,116	116,299	8,107	904	129,663
Accumulated depreciation	-	(1,554)	(28,353)	(4,269)	-	(34,176)
Carrying amount as at 31 December 2024	237	2,562	87,946	3,838	904	95,487
Additions	6	283	3,320	744	610	4,963
Transfers	1	51	457	72	(581)	-
Disposals	-	(11)	(246)	(17)	(1)	(275)
Depreciation charge	-	(188)	(5,172)	(786)	-	(6,146)
Carrying amount as at 31 December 2025	244	2,696	86,305	3,852	932	94,029
Cost at as 31 December 2025	244	4,417	119,705	8,791	932	134,089
Accumulated depreciation	-	(1,721)	(33,400)	(4,939)	-	(40,060)
Carrying amount as at 31 December 2025	244	2,696	86,305	3,852	932	94,029

Construction in progress comprises mainly construction of the gas network. Upon completion, assets are transferred to use. Borrowing costs were capitalised to construction in progress in the year ended 31 December 2025 in the amount of CZK 37 million (2024: CZK 49 million). The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation was 4.57% in the year ended 31 December 2025 (2024: 5.68%). No assets are pledged.

The Group capitalised its own constructed fixed assets (mainly gas network) of CZK 578 million in the year ended 31 December 2025 (2024: CZK 584 million).

The amount of CZK 5,451 million represents the gross carrying amount of fully depreciated property, plant and equipment that is still in use as at 31 December 2025 (31 December 2024: CZK 3,682 million).

Contractual commitments for purchases of fixed assets are disclosed in Note 6.1.

3.2 Intangible Assets

Material accounting policy

Intangible assets. The Group's intangible assets have definite useful lives and primarily include capitalised computer software and royalties. Acquired computer software is capitalised on the basis of the costs incurred to acquire and bring it to use.

Intangible assets are amortised using the straight-line method over their useful lives:

	Useful lives in years
Software acquired	3
Other	up to 6

Capitalised development costs are recorded as intangible assets and amortised from the month in which the asset is ready for use.

Movements in the carrying amount of intangible assets were as follows:

<i>In millions of CZK</i>	Acquired software	Acquired software under development	Other	Total
Carrying amount as at 1 January 2024	656	62	13	731
Additions	132	67	-	199
Transfers	12	(12)	-	-
Amortisation charge	(287)	-	(6)	(293)
Carrying amount as at 31 December 2024	513	117	7	637
Cost as at 31 December 2024	1,473	117	58	1,648
Accumulated amortisation	(960)	-	(51)	(1,011)
Carrying amount as at 31 December 2024	513	117	7	637
Additions	343	78	-	421
Transfers	93	(93)	-	-
Amortisation charge	(271)	-	(3)	(274)
Carrying amount as at 31 December 2025	678	102	4	784
Cost as at 31 December 2025	1,880	102	59	2,041
Accumulated amortisation	(1,202)	-	(55)	(1,257)
Carrying amount as at 31 December 2025	678	102	4	784

Additions to intangible assets in the year ended 31 December 2025 and 31 December 2024 are related mainly to the IT environment.

3.3 Leases

Material accounting policy

Leases. Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present-value basis. Lease liabilities include the net present value of the fixed lease payments (including in-substance fixed payments), less any lease incentives receivable.

The lease payments are discounted using the interest rate implicit in the lease where it is known (lease of cars). If that rate cannot be determined, the Group incremental borrowing rate is used.

Right-of-use assets are measured at cost comprising the following:

- (a) The amount of the initial measurement of lease liability,
- (b) Any lease payments made at or before the commencement date.

Payments associated with short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option) and leases of low-value assets are recognised on a straight-line basis as other operating expenses in profit or loss. Low-value assets are assets of a value of CZK 0.1 million when new.

The Group leases gas pipelines, buildings, administration buildings, land, subsurface rights and cars. Lease contracts for gas pipelines are usually of an indefinite lease term with a termination option. As the Group assesses that it will not exercise the termination option in the foreseeable future, it sets the lease term according to an analysis of the average residual useful life of the pipeline. Determining the lease term involves significant judgement.

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Determining the lease term. In determining the lease term, management considers all facts and circumstances that create an economic incentive to not exercise a termination option as most of the lease contracts are for an indefinite period with a termination option.

Periods after termination options are only included in the lease term if it is reasonably certain that the lease will not to be terminated.

As the Group assesses that it will not exercise the termination option in the foreseeable future, it sets the lease term based on the expected period of asset use (usually remaining useful economic life).

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

A 10% increase or decrease in the lease term as at 31 December 2025 would result in an increase of CZK 148 million or, respectively, a CZK 163 million decrease in lease liabilities (as at 31 December 2024: a CZK 112 million increase and a CZK 124 million decrease).

Discount rates used for determining lease liabilities. The Group uses its incremental borrowing rates as a base for calculating the discount rate when the interest rate implicit in the lease cannot be readily determined. As an incremental borrowing rate, the Group uses market interest rates for interest-rate swaps with a similar maturity and currency, adjusted by the respective credit margin. Such an approach based on the management view, reflected the best estimate of the incremental borrowing rates as at the date of initial recognition of lease liability. The interest rates differ based on the length of the contract term (categories of contract terms). Such incremental borrowing rates are revised for new or modified contracts.

A 10% increase or decrease in the discount rate as at 31 December 2025 would result in a decrease of CZK 70 million or, respectively, a CZK 75 million increase in lease liabilities (as at 31 December 2024: a CZK 64 million decrease, a CZK 69 million increase).

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i) Amounts recognised in the balance sheet:

The movement in right-of-use assets is presented below:

<i>In millions of CZK</i>	Gas Network	Subsurface rights	Buildings	Motor vehicles	Land	Total
Carrying amount as at 1 January 2024	1,677	1,093	404	22	156	3,352
Additions	96	94	28	37	21	276
Modifications	(30)	-	-	(1)	-	(31)
Depreciation charge	(88)	(36)	(67)	(16)	(11)	(218)
Carrying amount as at 31 December 2024	1,655	1,151	365	42	166	3,379
Carrying amount as at 1 January 2025	1,655	1,151	365	42	166	3,379
Additions	62	107	44	5	11	229
Modifications	(9)	-	-	-	(12)	(21)
Depreciation charge	(89)	(40)	(70)	(16)	(12)	(227)
Carrying amount as at 31 December 2025	1,619	1,218	339	31	153	3,360

Additions represent mainly new leases. Modifications caused by an increase in the lease term and lease payments are shown as Additions; modifications caused by the shortening of the lease term are shown as Modifications.

Increase in the lease liabilities reflects additions to the right-of-use assets (including subsurface rights), which amounted during the year ended 31 December 2025 CZK 229 million (2024: 276 million), thereof subsurface rights related to gas network CZK 107 million (2024: CZK 94 million). This increase was compensated by the repayments of lease liabilities which led to decrease in the lease liabilities.

A significant part of lease contracts for the gas distribution network is concluded mainly with municipalities for an indefinite lease period, and the lease payment is a subject to the regulation.

Subsurface rights relate to contracts with a landowner from whom the Group obtains the right to place a pipeline in an underground space usually for an indefinite period in exchange for consideration. Such a contract specifies the exact location and dimensions (path, width, and depth) of the underground space within which the pipeline will be placed. The Group assessed that a contract contains a lease therefore IFRS 16 applies for subsurface rights. The useful life of these rights is determined based on the useful life of the pipeline placed.

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<i>In millions of CZK</i>	31 December 2025	31 December 2024
Lease liabilities		
Non-current	2,134	2,183
Current	241	236
Total lease liabilities	2,375	2,419

ii) Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts related to leases:

<i>In millions of CZK</i>	2025	2024
Depreciation charge of right-of-use assets		
Gas network	70	88
Buildings	89	67
Subsurface rights	40	36
Motor vehicles	16	16
Land	12	11
Total depreciation charge of right-of-use assets	227	218
Interest expense on the lease liability (included in finance cost) – Note 4.3	86	87

Expenses related to short-term leases were presented as Other operating expenses (see Note 4.2.3). Expenses related to leases of low-value assets and expenses related to variable lease payments were insignificant in the years ended 31 December 2025 and 31 December 2024.

The total cash outflow for leases in 2025 was CZK 384 million (2024: CZK 416 million). Out of that, the amount CZK 107 million (2024: CZK 94 million) was paid in advance for the whole length of the contract, i.e. for leases for which lease liability was not recognised.

During the current financial year, there was no significant financial effect of revising lease terms to reflect the effect of exercising termination options.

3.4 Cash and Cash Equivalents

Cash and cash equivalents were as follows:

<i>In millions of CZK</i>	31 December 2025	31 December 2024
Cash at bank	1,204	2,238
Treasury bills	685	-
Total cash and cash equivalents	1,889	2,238

The credit quality of cash and cash equivalents balances based on Moody's ratings:

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<i>In millions of CZK</i>	31 December 2025	31 December 2024
A1	159	1,301
A2	999	908
Aa3	731	29
Total cash and cash equivalents	1,889	2,238

Treasury bills are issued by the Czech National Bank with original maturity of less than 3 months. As the Moody's rating exists for the Czech Republic as a state only, not for the Czech National Bank as an institution, the credit quality was assessed as Aa3 based on the Moody's rating of the Czech Republic.

There was no expected credit loss allowance recognised in respect of cash and cash equivalents as at 31 December 2025 and 2024, as the expected loss was assessed as insignificant.

No cash and cash equivalents were pledged as at 31 December 2025 and 2024.

3.5 Trade and Other Receivables

Material accounting policy

Trade receivables. A receivable represents the Group's right to an amount of consideration that is unconditional (i.e. only the passage of time is required before payment of the consideration is due). Refer to the accounting policies of financial assets in the section on financial instruments – initial recognition and subsequent measurement (Note 6.4).

Expected credit losses (“ECL”). For trade receivables, the Group applies a simplified approach when calculating ECLs. Therefore, the Group does not track changes in credit risk but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for the impact of macroeconomic factors. The Group has identified the Czech GDP to be the most relevant factor and, accordingly, adjusts the historical loss rates based on expected changes in these factors.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2025 and 2024, respectively, and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of customers to settle receivables.

Trade and other receivables – write-off. Financial assets are written off, in whole or in part, when the Group has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event. The Group may write off financial assets that are still subject to enforcement activity when the Group seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery.

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Trade and other receivables were as follows:

<i>In millions of CZK</i>	31 December 2025	31 December 2024
Trade receivables gross amount	774	738
Other financial receivables	8	9
Less credit loss allowance	(46)	(43)
Total financial assets within trade and other receivables	736	704
Prepayments	146	144
Total non-financial assets within trade and other receivables	146	144
Total trade and other receivables	882	848

The credit loss allowance for trade receivables is determined according to the provision matrix presented in the tables below. The provision matrix is based on the number of days that an asset is past due, adjusted for forward-looking information on the GDP of the Czech Republic.

<i>In % of gross value</i>	31 December 2025		
	Loss rate	Gross carrying amount	Lifetime ECL
Trade receivables			
- current	0.10%	717	1
- less than 30 days overdue	11.20%	7	1
- 30 to 90 days overdue	60.00%	8	5
- 91 to 180 days overdue	75.00%	12	9
- 181 to 360 days overdue	95.00%	8	8
- over 360 days overdue	97.00%	22	22
Total trade receivables		774	46
Other financial receivables			
- current		8	-
Total financial assets within trade and other receivables		782	46
Total credit loss allowance		(46)	
Total financial assets within trade and other receivables (Net carrying amount)		736	

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<i>In % of gross value</i>	31 December 2024		
	Loss rate	Gross carrying amount	Lifetime ECL
Trade receivables			
- current	0.10%	683	1
- less than 30 days overdue	8.70%	10	1
- 30 to 90 days overdue	69.00%	5	3
- 91 to 180 days overdue	81.00%	5	4
- 181 to 360 days overdue	95.00%	6	6
- over 360 days overdue	97.00%	29	28
Total trade receivables		738	43
Other financial receivables			
- current		9	
Total financial assets within trade and other receivables		747	43
Total credit loss allowance		(43)	
Total financial assets within trade and other receivables (net carrying amount)		704	

The trade receivables gross carrying amount included to the line “gross amount over 360 days overdue” as at 31 December 2025 and 2024 comprised mainly trade receivables that were more than three years overdue as at 31 December 2025 and 2024.

3.6 Contract Balances

The Group has recognised the following balances arising from contracts with customers:

<i>In millions of CZK</i>	31 December 2025	31 December 2024
Trade receivables	728	695
Trade receivables consist of the Trade receivables gross amount less credit loss allowance (see Note 3.5).		
<i>In millions of CZK</i>	31 December 2025	31 December 2024
Contract liabilities – advances from customers for gas distribution (third parties)	442	737
Total current contract liabilities	442	737

As of 31 December 2025, total liabilities decreased by CZK 295 million compared to 31 December 2024. This decrease is primarily attributable to the increase in the balance of advances from customers for gas distribution of CZK 460 million, reduced by the increase of the balance of unbilled gas by CZK 755 million, which was driven by colder weather in 2025 compared to 2024 balance of unbilled gas is presented within trade receivables

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities.

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<i>In millions of CZK</i>	2025	2024
<i>Revenue recognised that was included in the contract liability balance at the beginning of the year:</i>		
Gas distribution (third parties)	737	627
Total	737	627

The Group does not need to disclose information about its remaining performance obligations, as it has a right to a consideration from a customer in an amount that corresponds directly to the value to the customer of the entity's performance completed to date.

3.7 Share Capital

Material accounting policy

Share capital and share premium. Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new shares are shown in equity as a deduction, net of tax, from the proceeds. Any excess of the fair value of a consideration received over the par value of shares issued is recorded as share premium in equity.

<i>In millions of CZK</i>	Share Capital	Share premium	Legal reserves
At 1 January 2024	1	26,173	0.07
At 31 December 2024	1	26,173	0.07
At 31 December 2025	1	26,173	0.07

Share capital was presented by subscribed capital, which consisted of 700,000 ordinary shares with a nominal value of CZK 1 each as at 31 December 2025 and 2024, all were fully paid. Each ordinary share carried one vote. They entitle the holder to participate in dividends, and to share in the proceeds of winding up the company in proportion to the number of and amounts paid on the shares held.

There were no movements in share capital during the accounting periods ended 31 December 2025 and 2024.

The Company is obliged to allocate at least 5 per cent of the profits each year to the legal reserve until it reaches an amount equal to 10 per cent of the share capital. The legal reserve is not available for distribution to shareholders.

On 4 June 2025, the Board of Managers decided on the interim dividend distribution of CZK 2,031 million and on 27 November 2025 on interim dividend distribution of CZK 775 million (CZK 4,008 per share in total). The interim dividends were recorded as a decrease in equity and were paid in 2025.

On 6 June 2024, the Board of Managers decided on the interim dividend distribution of CZK 1,757 million and on 28 November 2024 on interim dividend distribution of CZK 989 million (CZK 3,922 per share in total). The interim dividend was recorded as a decrease in equity and was paid in 2024.

Shareholder structure	As at 31 December 2025		As at 31 December 2024	
	Number of shares (in thousands)	Share (%)	Number of shares (in thousands)	Share (%)
Czech Gas Network S.à r.l.	700	100	700	100
Total	700	100	700	100

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On 28 August 2024, Macquaire Group sold its 55.21% share in Czech Gas Networks S.à r.l. to ČEZ, a. s. and thereby ČEZ Group indirectly acquired control over the Group and became the Group's parent company. As at 31 December 2024 ČEZ, a. s. was controlled by the state of Czech Republic, represented by the Ministry of Finance. There were no changes in 2025.

3.8 Borrowings

Material accounting policy

Borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred, and are subsequently carried at amortised cost using the effective-interest method.

Borrowings comprise lease liabilities (disclosed in Note 3.3), the loans received by the Group from its sole shareholder, borrowings from credit institutions and bonds issued, as follows:

<i>In millions of CZK</i>	31 December 2025	31 December 2024
Term loans		
- Non-current portion	61,650	70,658
- Current portion	7,224	455
Total borrowings	68,874	71,113
<i>In millions of CZK</i>	31 December 2025	31 December 2024
Non-current borrowings		
Bonds		
- EUR Tranche	38,696	40,164
- CZK Tranche	-	6,746
Bank borrowings		
- Multiple lenders	8,910	9,704
Loans from shareholder		
- Czech Gas Network S.à r.l.	14,044	14,044
Total non-current borrowings	61,650	70,658
Current borrowings – bonds and interest accrued		
- Loans from shareholder Czech Gas Network S.à r.l.	173	115
- Bonds	7,051	338
- Bank borrowings	-	2
Total current borrowings	7,224	455
Total borrowings	68,874	71,113

Bank borrowings.

Non-current bank borrowings as at 31 December 2025:

Nature	Lender	Maturity date	Interest rate	Currency	Carrying amount as at 31 December 2025
Subject to covenants					
Facility A	Multiple lenders	20 May 2028	0.65% + PRIBOR 6m*	CZK	8,910
Total					8,910

* Nominal interest rate was 4.14% as at 31 December 2025.

Non-current bank borrowings as at 31 December 2024:

Nature	Lender	Maturity date	Interest rate	Currency	Carrying amount as at 31 December 2024
Subject to covenants					
Facility A	Multiple lenders	20 May 2028	0.65% + PRIBOR 6m*	CZK	8,904
Not subject to covenants					
CAPEX facility	Multiple lenders	20 May 2028	0.65% + PRIBOR 6m*	CZK	800
Total					9,704

* Nominal interest rate was 4.44% per Facility A and 4.42% for CAPEX facility as at 31 December 2024

On 18 May 2021, the Group entered as Borrower into a new English law governed facilities agreement (the "Facilities Agreement") between several banks as Arrangers and Komerční banka, a.s. as the agent for a total commitment of CZK 22,000 million allocated as follows: Facility A commitment of CZK 20,500 million; a new CAPEX facility commitment of CZK 1,000 million and a new revolving credit facility of CZK 500 million.

The respective transaction costs were allocated by facilities proportionally based on the carrying amount of a facility drawn.

The Group has the possibility of drawing a revolving credit facility in the amount of CZK 500 million (CZK 500 million in 2024) and a CAPEX commitment in the amount of CZK 1,000 million (CZK 1,000 million in 2024). On 6 June 2025, the Group fully repaid the CAPEX facility of CZK 800 million, which was drawn on 6 December 2024.

In 2025, the Group entered into new revolving credit facility agreements providing additional committed funding of CZK 4,500 million and EUR 415 million (of which CZK 4,500 million and EUR 355 million were concluded in August, and EUR 60 million in December). The terms of the EUR facility allow a portion of the commitment, amounting to EUR 195 million, to be optionally drawn in CZK. These facilities in total of CZK 14,562 million, strengthen the Group's liquidity position and provide increased flexibility to support its general corporate purposes, including operating funding, capital expenditures and other strategic initiatives.

On 12 January 2026, the Group drew the original CZK 500 million revolving credit facility, the CZK 1,000 million CAPEX facility, and a portion of the 2025 revolving credit facilities in the total amount of CZK 8,200 million.

For information about loan covenants, please refer to Note 5.3.

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Bonds issued. On 31 March 2021 and on 8 September 2021, respectively, the Group issued EUR notes (the "Eurobonds") and Green EUR notes (the "Green Notes") in the amount of EUR 500 million each. There were no additional conditions in respect of Green notes except that the proceeds from the Green Bonds must be used for financing and refinancing of green-eligible assets (which are mainly used for polyethylene pipes replacing steel ones).

Details of the bonds issued were as follows:

Tranche	Issuer	Maturity date	Contractual interest rate	31 December 2025	31 December 2024
EUR fixed interest rate bonds	CGNI	16 July 2027	1.00%	14,589	15,141
CZK floating interest rate bonds*	CGNI	21 July 2026	1.00%+PRIBOR 6m*	6,886	6,913
EUR fixed interest rate bonds	CGNI	31 March 2031	0.875%	12,101	12,624
EUR Green Notes	CGNI	8 September 2029	0.450%	12,171	12,570
Total				45,747	47,248

* CZK floating interest rate bonds were classified as current borrowings as at 31 December 2025 and its nominal interest rate was 4.48% (31 December 2024: non-current borrowings, nominal interest rate 5.45%)

EUR fixed interest rate bonds are quoted in an active market (ISINs XS2193733503, XS2322438990, XS2382953789).

Loans from shareholders. Details of the loans from shareholder were as follows:

Tranche	Noteholder	Maturity date	Interest rate	31 December 2025	31 December 2024
Loan Notes B	CGN	30 September 2044	4.90%	14,218	14,159
Total				14,218	14,159

Loan Notes B received from the shareholder are at all times subordinated in right and priority of payment to all other existing and future liabilities and obligations of the Group.

In previous years, the Company entered into multiple derivative contracts with banks under which:

- A minimum of 90% of the notional amount of all borrowing effectively bears a fixed interest rate, either by a contractually fixed interest rate or by concluded derivative contracts following the maturity of the debt;
- For 85% of the notional amount of each borrowing, which is denominated in a currency other than CZK, a cross-currency swap is concluded for a term of at least 12 months.

Such derivatives do not meet the hedge accounting criteria, so they are classified as "held for trading" for accounting purposes and are accounted for at fair value through profit or loss. For more details, refer to Note 3.12.

Reconciliation of liabilities from financing activities. The table below sets out an analysis of liabilities from financing activities and the movements in the Group's liabilities from financing activities for each of the periods presented. The items of these liabilities are those that are reported as cash flows from investing or financing activities:

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<i>In millions of CZK</i>	Note	Bank borrowings	Loans from Shareholder	Bonds	Lease liabilities	Total liabilities from financing activities
Liabilities from financing activities as at 1 January 2025		9,704	14,159	47,249	2,419	73,531
Non-cash movements:						
Interest expense	4.3	385	688	655	86	1,814
Interest capitalised	4.3, 3.1	37	-	-	-	37
Foreign exchange difference		-	-	(1,505)	-	(1,505)
Increase of leases and lease modifications		-	-	-	208	208
Total non-cash movements		422	688	(850)	294	554
Cash movements:						
Settlement of borrowings		(800)	-	-	-	(800)
Interest paid (expensed and capitalised)		(416)	(629)	(652)	(80)	(1,777)
Cash outflows		-	-	-	(258)	(258)
Total cash movements		(1,216)	(629)	(652)	(338)	(2,835)
Liabilities from financing activities as at 31 December 2025		8,910	14,218	45,747	2,375	71,250
<i>In millions of CZK</i>	Note	Bank borrowings	Loans from Shareholder	Bonds	Lease liabilities	Total liabilities from financing activities
Liabilities from financing activities as at 1 January 2024		8,897	14,159	46,546	2,444	72,046
Non-cash movements:						
Interest expenses	4.3	533	661	795	87	2,076
Interest capitalised	4.3, 3.1	49	-	-	-	49
Foreign exchange difference		-	-	738	-	738
Increase of leases and lease modifications		-	-	-	245	245
Total non-cash movements		582	661	1,533	332	3,108
Cash movements:						
Drawing of borrowings		1,300	-	-	-	1,300
Interest paid (expensed and capitalised)		(575)	(661)	(830)	(78)	(2,153)
Settlement of borrowings		(500)	-	-	(279)	(779)
Total cash movements		225	(661)	(830)	(357)	(1,623)
Liabilities from financing activities as at 31 December 2024		9,704	14,159	47,249	2,419	73,531

Fair values of borrowings are disclosed in Note 5.4.

3.9 Other Non-current Liabilities

Material accounting policy

Government grants. Government grants relating to the purchase of property, plant and equipment are recognised at their fair value, included in Other non-current liabilities as deferred income and credited to profit or loss (Other income) on a straight-line basis over the expected lives of the related assets. The balance of non-current liabilities comprises the following:

<i>in millions of CZK</i>	31 December 2025	31 December 2024
Financial liabilities:		
Non-current payable from gas network construction	66	73
Non-current payable from IT projects implementation	237	-
Total financial payables within other non-current liabilities	303	73
Non-financial liabilities:		
Deferred income from government grants	176	189
Total non-financial payables within other non-current liabilities	176	189
Total	479	262

The main part of government grants was provided in 1999 for the development of the gas network. The Group also received a government grant in the amount of CZK 14 million for construction of LNG stations in 2022. The current part of government grants amounted to CZK 11 million as at 31 December 2025 (as at 31 December 2024: CZK 11 million) and was included in the Trade and Other payables. The respective income from government grants was recognised in the profit or loss line Other income and amounted to CZK 11 million in the year ended 31 December 2025 (2024: CZK 11 million).

3.10 Other Taxes Payable

Material accounting policy

Value-added tax. Output value-added tax related to sales is payable to tax authorities based on which of the following happens first: (i) collection of receivables from customers or (ii) delivery of goods or services to customers. Input VAT is generally recoverable against output VAT upon receipt of the VAT invoice. Tax authorities permit the settlement of VAT on a net basis. VAT related to sales and purchases is recognised in the consolidated statement of financial positions on a net basis and disclosed as a resulting asset and liability on each subsidiary level.

<i>In millions of CZK</i>	31 December 2025	31 December 2024
Other taxes payable within one year comprise the following:		
Value-added tax	229	221
Personal income tax	16	18
Other taxes	1	-
Other taxes payable	246	239

3.11 Trade and Other Payables

Material accounting policy

Trade and other payables. Trade payables are accrued when the counterparty performs its obligations under the contract and are recognised initially at fair value and subsequently carried at amortised cost using the effective-interest method.

<i>In millions of CZK</i>	31 December 2025	31 December 2024
Trade payables	1,737	1,553
Refundable deposits received	536	452
Other advances received	13	18
Other payables	19	7
Total financial payables within trade and other payables	2,305	2,030
Other payables	11	12
Liabilities to employees	297	301
Liabilities to social security and health insurance	58	58
Total non-financial payables within trade and other payables	366	371
Total trade and other payables	2,671	2,401

Refundable deposits received are cash deposits obtained from customers and serve as a guarantee for the Group. If cooperation with a customer is finished, they are returned in cash.

3.12 Derivative Financial Instruments

Material accounting policy

Derivative financial instruments. Derivative financial instruments, including currency and interest-rate swaps are carried at their fair value. All derivative instruments are carried as assets when fair value is positive and as liabilities when fair value is negative. Changes in the fair value of derivative instruments are included in profit or loss for the year. All the realised and unrealised results from trading derivatives are presented net in finance costs or finance income within profit or loss for the year. The Group does not apply hedge accounting.

The Group entered into several derivative contracts in the past under which:

- The foreign-exchange risk of a minimum of 85% of the notional amount of the notional amount of all borrowings denominated in a currency other than CZK is mitigated through cross-currency swaps for a term of at least 12 months.
- A minimum of 90% of the notional amount of all borrowings effectively bears a fixed interest rate, either by a contractually fixed interest rate or by concluded derivative contracts following the maturity of the debt.

In April 2023, the Group entered into three fixed-to-fixed cross-currency swap agreements maturing on 16 July 2027, 8 September 2029 and 31 March 2031 to mitigate the foreign-exchange risk related to the EUR fixed interest rate notes previously issued by the Group for the total amount of EUR 239.7 million (equivalent of CZK 5,601 million) to cover the Group's position in EUR.

The Group did not enter into any derivative contract in 2025 and 2024.

As at 31 December 2025 and 2024, the total notional amount of all cross-currency interest-rate swaps the Group has entered into equals EUR 1,600 million (equivalent of CZK 40,776 million). Maturities of these swaps range between 2026 and 2031.

As at 31 December 2025, the total notional amount of all interest rate swaps the Group has entered into equals CZK 34,329 million. Maturities of these swaps range between 2026 and 2031. Throughout 2025, the Company maintained interest rate swap agreements with a total notional amount of CZK 48,502 million, of which CZK 14,173 billion matured on 31 December 2025. As at 31 December 2024, the total notional amount of all interest rate swaps the Group had entered into equalled CZK 48,502 million with maturities ranging between 2025 and 2031.

The fair value of cross-currency interest-rate swap agreements amounted to CZK 5,575 million recognised as a derivative liability of CZK 5,716 million and a derivative asset of CZK 141 million as at 31 December 2025 (as at 31 December 2024: derivative liability of CZK 5,099 million and derivative asset of CZK 362 million).

The fair value of interest-rate swap agreements (derivative asset) amounted to CZK 1,879 million as at 31 December 2025 (as at 31 December 2024: CZK 2,861 million).

<i>In millions of CZK</i>	31 December 2025	31 December 2024
Non-current assets		
Interest-rate swaps	1,338	1,732
Cross-currency interest-rate swaps	141	362
Current assets		
Interest-rate swaps	541	1,129
Non-current liabilities		
Cross-currency interest-rate swaps	(4,157)	(3,627)
Current liabilities		
Cross-currency interest-rate swaps	(1,559)	(1,472)
Total net fair value of derivative financial instruments	(3,696)	(1,876)

(i) Classification of derivatives

Derivatives are only used for economic hedging purposes and not as speculative investments. The derivatives are classified as "held for trading" for accounting purposes and are accounted for at fair value through profit and loss. The portions of financial assets and liabilities expected to be realised within 12 months of the balance sheet date are presented as current assets and liabilities; the rest, where the realisation is expected after 12 months of the balance sheet date, are classified as non-current.

Foreign exchange derivative financial instruments entered into by the Group are generally traded in an over-the-counter market with professional market counterparties on standardised contractual terms and conditions. Derivatives have potentially favourable (assets) or unfavourable (liabilities) conditions as a result of fluctuations in market interest rates, foreign exchange rates, or other variables relative to their terms. The aggregate fair values of derivative financial assets and liabilities can fluctuate significantly over time.

(ii) Fair-value measurement

For information about the methods and assumptions used in determining the fair value of derivatives, refer to Note 5.4.

(iii) Amounts recognised in profit or loss

The following amounts were recognised in profit or loss in relation to derivatives:

<i>In millions of CZK</i>	2025	2024
Interest-rate swaps		
Fair-value gain on interest-rate swaps	142	1,016
Cross-currency interest-rate swaps		
Fair-value loss on cross-currency interest-rate swaps	(2,328)	(219)
Net gain / (loss) on derivative financial instruments	(2,186)	797

During 2025, the net cash settlements of derivatives paid out by the Group amounted to CZK 366 million (2024: CZK 73 million).

4 Profit or Loss Items

4.1 Analysis of Revenue by Category

Material accounting policy

Revenue. The Group provides natural gas distribution services within the Czech Republic, which represent the majority of the Group's revenue from contracts with customers.

The Group recognises revenues once it has fulfilled (as it fulfils) its performance obligation by transferring the promised goods or service to the customer. The service is transferred (being transferred) once the customer has gained (as it gains) benefits provided by the Group's performance.

In determining the transaction price, the Group considers the terms of the contracts and its standard business practice. The transaction price is the amount of consideration to which the Group is, in its view, entitled in exchange for transferring the promised goods or service to the customer, with the exception of amounts collected on behalf of third parties. The consideration promised in the contract with the customer may include fixed amounts, variable amounts, or both.

The transaction price, i.e. the fee for distributing gas, is determined in the contract with the customer (usually a gas trader) and is stated as a fixed amount for each performance obligation (per volume of distributed gas).

Revenues, i.e. the prices for natural gas distribution to partners in the Czech Republic, are regulated by ERO.

Revenue from gas distribution is generated over time and measured using the output method to assess progress towards complete satisfaction of the service, because the Group delivers the distribution services, and the customer (gas trader) receives and consumes the benefits over the period defined in the contract (i.e. continuous supply contract to meet immediate demands).

Revenues from distribution services are divided into several categories.

Natural gas distribution to end-consumers for high-volume and middle-volume categories is billed to traders on a monthly basis based on measured consumption by end-consumers. Gas distribution to low-volume categories and households is billed to particular traders periodically when the consumption reading is performed at least once every 14 months for each end-consumer.

Revenues from low-volume and household categories consist of actually billed revenues and revenues from so-called “unbilled distribution”. The amount of unbilled distribution is calculated from the total amount of distributed gas in the particular year based on the consumption of individual consumers and is measured based on the valid price resolution of ERO.

The Group operates LNG stations, which are used by trucks. Revenues from the sale of LNG are recognised at a point in time when the control of the goods has been transferred, being when LNG is delivered to the customer.

The normal credit term is 14 days upon delivery.

Critical Accounting Estimates and Judgments in Applying Accounting Policies

Identifying performance obligations. The contractual obligations of the Group are to:

- Distribute a certain amount of gas from the borders of the Czech Republic to gas end consumers; and
- To connect the gas end-consumers to the distribution network e.g. install the measuring equipment (gas meter). The gas meter remains in the ownership of the Group.

The transport of gas and installation of gas meter are not distinct because they do not provide a benefit to the customer individually (or together with other available resources that are readily available to the customer) – the installation of a gas meter is not beneficial to the customer if these services are not bundled with gas distribution. Therefore, the two activities represent a single performance obligation.

Determining the timing of satisfaction of performance obligation, i.e. gas distribution services.

The Group concluded that revenue from gas distribution services is to be recognised over time because the customer simultaneously receives and consumes the benefits provided by the Group. The fact that another entity would not need to re-perform the distribution services that the Group has provided to date demonstrates that the customer simultaneously receives and consumes the benefits of the Group’s performance as it performs it.

The Group records revenue based on:

- Volume of gas distributed and measured (actually billed revenues); and
- Volume of gas distributed but not yet measured (unbilled distribution).

The total volume of gas distributed is adjusted by gas losses in the distribution system, which are calculated as the four-year average of the last known difference between the volume of gas entering the system and the real billing to all customers in the same period.

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Analysis of revenue by category is presented as follows:

<i>In millions of CZK</i>	2025	2024
Revenues recognised over time		
Revenue from gas distribution	20,313	18,004
Revenues from rendering of other services	157	162
Total revenues recognised over time	20,470	18,166
Revenues recognised at a point in time		
Revenues from sale of LNG-on-LNG stations	63	84
Total revenue	20,533	18,250

As at 31 December 2025, the Group recognised 96% of total gas distribution revenue from wholesale traders of gas (as at 31 December 2024: 96%) and 4% from end consumers of gas distribution (as at 31 December 2024: 4%).

The Group disaggregated its revenue from gas distribution by the end-customer category, who are either direct customers of wholesale traders (mentioned above) or customers of the Group:

<i>In millions of CZK</i>	2025	2024
Revenues from gas distribution		
Large and medium-sized consumers category	7,667	7,046
Small sized consumers category	3,029	2,568
Household category	9,617	8,390
Total revenue	20,313	18,004

Revenues from gas distribution and other services were recognised over time in the year ended 31 December 2025 and 2024. The disaggregation of revenue from gas distribution was disclosed as such in order to present the structure of the ultimate customers' portfolio, since each customer category has its own pricing, risks, and other specifics.

4.2 Expenses

Material accounting policy

Capitalisation of operating expenses. The Group presents its operating expenses on a "gross" basis, before the deduction of any amounts capitalised in property, plant and equipment. The operating expenses capitalised within the reporting period are presented in the profit or loss line "Work performed by the Group and capitalised".

Employee benefits. Wages, salaries, contributions to the Czech state pension and social insurance funds, paid annual leave and sick leave, bonuses, and non-monetary benefits (such as health services and other services) are accrued in the year in which the associated services are rendered by the employees of the Group. The Group has no legal or constructive obligation to make pension or similar benefit payments beyond the payments to the statutory defined contribution scheme.

The Czech state pension plan is a defined contribution plan. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan.

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For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due.

The Group provides its employees with a voluntary defined contribution scheme. Participating employees can contribute part of their salaries each month to a pension fund approved by CNB, with a contribution from the Group. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due.

4.2.1 Employee benefits expense

<i>In millions of CZK</i>	2025	2024
Wages and salaries	1,632	1,628
Statutory pension contributions	393	375
Statutory health insurance and social security	148	144
Other employee benefits	62	62
Supplementary pension insurance	48	46
Total employee benefits expense	2,283	2,255

The following is the breakdown by professional categories as at 31 December 2025 and 2024:

<i>Number of employees</i>	2025	2024
Blue Collar	798	807
White Collar	1,403	1,417
Total number of employees	2,201	2,224

4.2.2 Services

<i>In millions of CZK</i>	2025	2024
Gas transportation	4,182	3,292
Gas network maintenance	395	362
IT and network services	390	394
Energy market operation fees	215	150
Consultancy and other fees	125	83
Other maintenance	121	109
Travel expenses	55	54
Car fleet maintenance	54	46
Other services	51	63
Measurement of gas consumption	46	44
Training expenses	17	17
Posting and printing services	12	10
Phone costs	8	8
Total services	5,671	4,632

4.2.3 Other operating expenses

<i>In millions of CZK</i>	2025	2024
Operating losses within gas transportation	971	817
Net loss on disposal of property, plant and equipment	266	228
Utilities	143	159
Lease expenses (low value and short-term leases)	46	59
Other taxes and charges	24	13
Other items	23	(3)
Insurance expenses	17	16
Total other operating expenses	1,490	1,289

4.2.4 Auditor's fees

<i>In millions of CZK</i>	2025	2024
Audit fees	8	12
Total auditor's fees	8	12

4.3 Finance Costs

<i>In millions of CZK</i>	2025	2024
Interest costs		
Interest expense on borrowings	1,765	2,076
Interest expense on the lease liability	86	87
Interest expense on refundable deposits received	11	10
Less capitalised finance costs	(37)	(49)
Net interest costs recognised in profit or loss	1,825	2,124
Other finance costs		
Net exchange loss on foreign currency balances and transactions	2	738
Net loss on trading derivatives	2,187	-
Commitment fees	12	-
Total finance costs recognised in profit or loss	4,026	2,862

4.4 Finance income

<i>In millions of CZK</i>	2025	2024
Net exchange gain on foreign currency balances and transactions	1,508	-
Net gain on trading derivatives	-	797
Interest income	88	86
Total finance income	1,596	883

4.5 Income Taxes

Material accounting policy

The group is within the scope of the OECD Pillar Two model rules. Pillar Two legislation was enacted in Luxembourg, the jurisdiction in which the Company is incorporated, and came into effect for the fiscal year starting on 1 January 2024. The Group did not recognise any Pillar Two current tax for the year. The group applies the IAS 12 exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

(a) Components of income tax expense

Income tax expense recorded in profit or loss comprises the following:

<i>In millions of CZK</i>	2025	2024
Current tax expense	1,050	900
Deferred tax expense / (credit)	(477)	(543)
Income tax expense for the year	573	357

(b) Reconciliation between the tax expense and profit or loss multiplied by the applicable tax rate

The income tax rate applicable to the majority of the Group's 2025 income is 21% (2024: 21%).

The reconciliation between the expected and the actual taxation charge is provided below.

<i>In millions of CZK</i>	2025	Effective tax rate %	2024	Effective tax rate %
Profit before tax	2,421		1,852	
Theoretical tax charge at statutory rate of 21% (2024: 19%):	508	21	389	21
Tax effect of items which are not deductible or assessable for taxation purposes:				
- Income which is exempt from taxation	(320)	(13.23)	(187)	(10.07)
- Non-deductible expenses	385	15.92	155	8.34
Income tax expense for the year	573	23.67	357	19.28

Non-deductible expenses in the year ended 31 December 2025 were mainly related to finance costs (net loss on trading derivatives, refer to Note 4.3), income that is exempt from taxation was mainly related to finance income (net foreign exchange gains, refer to Note 4.4). In the year ended 31 December 2024 non-deductible expenses were mainly related to finance costs (net exchange loss on foreign currency balances, refer to Note 4.3), income that is exempt from taxation was mainly related to finance income (net income on interest-rate swaps and cross-currency swaps, refer to Note 4.4). The corporate income tax rate of 21% was applied when calculating the deferred tax as at 31 December 2025, which is the rate enacted for the accounting period beginning on and after 1 January 2024 in the Czech Republic.

(c) Deferred taxes analysed by type of temporary difference

Differences between IFRS and statutory taxation regulations give rise to temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their tax bases. The tax effect of the movements in these temporary differences is detailed below.

<i>In millions of CZK</i>	1 January 2025	Credited / (charged) to profit or loss	31 December 2025
Tax effect of deductible / (taxable) temporary differences			
Difference between tax base and carrying value of Property, plant and equipment (different tax depreciation)	(14,498)	483	(14,015)
Provisions, trade and other payables and others	67	(3)	64
Right of use assets	(529)	10	(519)
Lease liabilities	492	(13)	479
Net deferred tax liability recognised	(14,468)	477	(13 991)
Total deferred tax asset	559	(16)	543
Total deferred tax liability	(15,027)	493	(14,534)
Net deferred tax liability recognised	(14,468)	477	(13,991)

<i>In millions of CZK</i>	1 January 2024	Credited / (charged) to profit or loss	31 December 2024
Tax effect of deductible / (taxable) temporary differences			
Difference between tax base and carrying value of Property, plant and equipment (different tax depreciation)	(15,043)	545	(14,498)
Provisions, trade and other payables and others	67	-	67
Right of use assets	(528)	(1)	(529)
Lease liabilities	493	(1)	492
Net deferred tax liability recognised	(15,011)	543	(14,468)
Total deferred tax asset	560	(1)	559
Total deferred tax liability	(15,571)	544	(15,027)
Net deferred tax liability recognised	(15,011)	543	(14,468)

The current portion of net deferred tax liability which related to different tax depreciation of property, plant and equipment amounted to CZK 425 million as at 31 December 2025 (CZK 464 million as at 31 December 2024).

In the context of the Group's current structure, the tax losses and current tax assets of different Group companies may not be offset against the current tax liabilities and taxable profits of other Group companies and, accordingly, taxes may accrue even where there is a consolidated tax loss. Therefore, deferred tax assets and liabilities are offset only when they relate to the same taxable entity.

As at 31 December 2025, the Group has not recognised deferred tax assets in respect of tax losses amounting to CZK 10,413 million for Czech Gas Networks Investments S.à r.l. These tax losses were generated by a holding entity, which is not expected to generate sufficient taxable income in the foreseeable future against which the losses could be utilised. Management has therefore concluded that it is not probable that future taxable profits will be available, and accordingly no deferred tax assets have been recognised in respect of these losses.”

The Group is within the scope of the OECD/EU Pillar Two rules. Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions in which the Group operates. The Ultimate Parent Entity is located in Czech Republic and, therefore, applies the Income Inclusion Rule (“IIR”) for all jurisdictions where Pillar Two rules were not (fully) enacted. The legislation came into effect for the Group’s financial year beginning as from 1 January 2024.

Under the legislation, the Group is liable to pay a top-up tax for the difference between its Pillar Two effective tax rate per jurisdiction and the 15% minimum tax rate.

The Group performed an impact assessment of the Pillar Two rules and concluded that the Company will not be required to pay and account for top-up taxes for the Czech Republic and Luxembourg operations of the Group for the years 2025 and 2024.

5 Risk Management

5.1 Offsetting Financial Assets and Financial Liabilities

Financial assets and liabilities are offset, and the net amount is reported in the balance sheet where the Group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

There was no offsetting of financial assets and financial liabilities as at 31 December 2025 and 31 December 2024.

Agreements with derivative counterparties are based on an ISDA (International Swaps and Derivatives Association) Master Agreement. Under the terms of these arrangements, only where certain credit events occur (such as default), will the net position owing/receivable to a single counterparty in the same currency be taken as owing and all the relevant arrangements terminated. As the Group does not presently have a legally enforceable right of set-off with respect to derivative assets and liabilities, these amounts have not been offset in the statement of financial position. The amounts subject to the netting provisions under the ISDA Master Agreements are presented in the table below.

<i>In millions of CZK</i>	Note	Amounts recognised in the statements of financial position	Potential impacts of offsetting contracts that do not meet the conditions for offsetting in the statement of financial position (amounts subject to master netting arrangements)	Net amount after potential set-off
31 December 2025				
Derivative financial assets	3.12	2,020	(1,717)	303
Derivative financial liabilities	3.12	(5,716)	1,717	(3,999)
31 December 2024				
Derivative financial assets	3.12	3,223	(2,837)	386
Derivative financial liabilities	3.12	(5,099)	2,837	(2,261)

5.2 Financial Risk Management

The Board of Managers defines the objectives, principles, tasks, and competencies to manage financial, operational and legal risks. All risk management is described in the respective directives that all companies in the Group must adhere to. Financial risk comprises market risk (including interest-rate risk and foreign currency exchange risk), credit risk and liquidity risk. The primary focus of financial risk management is to establish risk limits and to ensure that any exposures to risk stay within these limits.

The operational and legal risk management functions are intended to ensure the proper functioning of internal policies and procedures in order to minimise operational and legal risks.

Credit risk. The Group exposes itself to credit risk, which is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to meet its obligations.

Exposure to credit risk arises as a result of the Group's lending and other transactions with counterparties, giving rise to financial assets. The maximum credit risk exposure of financial assets (consisting of trade and other receivables, cash and cash equivalents and derivatives) amounted to CZK 4,645 million as at 31 December 2025 (as at 31 December 2024: CZK 6,165 million).

100% of Cash and the cash equivalents balance as at 31 December 2025 is placed within 6 banks, of which the Czech National bank is the issuer of treasury bills and 5 banks as at 31 December 2024. Credit risk concentration in respect of trade and other receivables is not significant.

Credit risk management. Credit risk is one of the most significant risks for the Group's core distribution business. However, a major part of the Group's risk related to gas distribution services provided mostly to traders, gas suppliers and local distributors is managed by means of credit rules called "Conditions of Financial Eligibility" implemented in the Group's Network Code (that is a part of legal framework approved by ERO based on non-discriminatory rules). Moreover, the credit loss related to the P&L impact from bad debts is recognised by ERO and is fully reimbursed with a time lag as an eligible cost.

The Conditions of Financial Eligibility of the Group define individual counterparty Credit Limits for its counterparties differentiated based on the counterparty's ratings from external international rating agencies such as Standard & Poor's, Fitch and Moody's, or scorings from agencies like Crefoport or Creditreform. There are threshold ratings for minimum acceptable creditworthiness.

The evaluation of the Group's Credit Exposure (settlement exposure) from the distribution business is generally defined in the Conditions of Financial Eligibility. It is modelled and takes into account specific payment terms (such as prepayments) related to customer categories based on type of metering their consumption and legal terms and conditions for switching and early contract termination. The Credit Exposure is calculated automatically on a daily basis in monthly granularity for the period of the following 12 months based on the current status of the counterparty's customer portfolio and distribution capacity booking requests. The counterparty receives automated notifications from the Group's system in the event that the Credit Exposure exceeds the set Credit Limit.

A counterparty is entitled to arrange an unsecured Credit Limit only if it fulfils threshold ratings for minimum acceptable creditworthiness as well as all the defined financial covenants ($Debt \leq 0.8 \times equity$; $EBIT/Interest\ costs \geq 2.7$; $3 \times EBITDA \geq Debt$). These financial covenants are calculated from the latest audited annual reports that have to be provided to the Group. If the rating/scoring is not sufficient and/or if the financial covenants are broken, then the Group's credit exposure has to be collateralised by means of the one (or a combination) of the following risk mitigation tools: bank guarantee, cash deposit or parent company guarantee. There are also minimum rating requirements introduced for guarantee providers (for banks and parent companies). As at 31 December 2025 and 2024, there were no such significant guarantees or credit enhancements received by the Group. The Group applies the IFRS 9 simplified approach to measure expected credit losses for Trade receivables, the description of the method is disclosed in Note 3.5.

Significant increase in credit risk ("SICR"). In order to determine whether there has been a significant increase in credit risk, the Group compares the risk of a default occurring over the life of a financial instrument at the end of the reporting date with the risk of default at the date of initial recognition. There is a presumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due.

Definition of default. For the purposes of measuring PD, the Group defines *default* as a situation when the exposure meets one or more of the following criteria:

- (a) The borrower is significantly past due on its contractual payments;
- (b) International rating agencies have classified the borrower in the default rating class;
- (c) The borrower meets the unlikelihood-to-pay criteria listed below:
 - It is becoming likely that the borrower will enter bankruptcy.

- The borrower is insolvent (indication of being insolvent is when contractual payments are more than 90 days past due).

Quantitative credit risk disclosures for Trade and other receivables and Cash and cash equivalents are presented in Note 3.5 and Note 3.4, respectively.

Market risk. The Group's market risk is predominantly controlled by a central treasury department (Group's treasury) under policies approved by the Board of Managers. The Group's treasury identifies, evaluates, and manages financial risks in close co-operation with the Group's operating units. The board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign-exchange risk, interest-rate risk. Market risks arise from open positions in interest-bearing assets and liabilities and from assets and liabilities denominated in currencies other than CZK which are exposed to market movements.

Foreign exchange rate risk. The Group is exposed to the currency risk stemming from the cash and cash equivalents and bonds denominated in EUR.

Based on internal policies, for at least 85% of the notional amount of each facility, which is denominated in a currency other than CZK, cross-currency swaps are concluded for a term of at least 12 months. The Group does not operate internationally and only FX risk that the Group is exposed to is from financing facilities and negligible from operational matters.

The Group's exposure to foreign currency risk at the end of the reporting period, expressed in CZK, was as follows:

<i>In millions of CZK</i>	31 December 2025 EUR	31 December 2024 EUR
Assets		
- Cash and cash equivalents	154	168
Liabilities		
- Borrowings	(38,861)	(40,335)
- Cross-currency swap agreements (notional amount)	40,776	40,776

As shown in the table above, the Group is primarily exposed to changes in CZK/EUR exchange rates. The sensitivity of profit or loss to changes in the exchange rates arises mainly from EUR-denominated financial instruments.

<i>In millions of CZK</i>	Impact on post tax profit and equity	Impact on post tax profit and equity
	2025	2024
EUR / CZK exchange rate - increase 10% (CZK depreciates)	-	-
EUR / CZK exchange rate - decrease 10% (CZK appreciates)	-	-

Interest-rate risk. The Group is exposed to interest-rate risk which relates primarily to the Group's loan facilities and bonds with a floating interest rate. To mitigate the interest-rate risk, the Group took internal measures and, for a minimum of 90% of the notional amount of all loan facilities and bonds, concluded interest-rate swaps in the past. The fair value of interest swap agreements (derivative asset) amounted to CZK 1,879 million as at 31 December 2025 (as at 31 December 2024: CZK 2,861 million).

All the Group's external long-term debt instruments have floating interest rates except for EUR interest rate bonds, while the shareholder loans have fixed interest rates and do not expose the Group to any interest-rate risk.

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The table below summarises the Group's exposure to interest-rate risks. The table presents the aggregated carrying amounts of the interest-sensitive assets and liabilities and aggregated notional of financial derivatives, both categorised by the earlier of contractual interest repricing or maturity dates:

<i>In millions of CZK</i>	Note	Demand and less than 1 month	From 1 to 6 months	Over 6 months	Total
31 December 2025					
Variable rate borrowings (carrying amount) – repricing dates	3.8	(6,750)	(8,910)	-	(15,660)
Fixed to variable rate cross-currency interest-rate swaps (notional amount) – repricing dates	3.12	-	(35,174)	-	(35,174)
Less: variable to fixed rate interest-rate swaps (notional amount) – repricing dates	3.12	6,750	27,579	-	34,329
Net interest sensitivity gap as at 31 December 2025		-	(16,505)	-	(16,505)

<i>In millions of CZK</i>	Note	Demand and less than 1 month	From 1 to 6 months	Over 6 months	Total
31 December 2024					
Variable rate borrowings (carrying amount) – repricing dates	3.8	(6,746)	(9,704)	-	(16,450)
Fixed to variable rate cross-currency interest-rate swaps (notional amount) – repricing dates	3.12	-	(35,174)	-	(35,174)
Variable to fixed rate interest-rate swaps (notional amount) – repricing dates	3.12	6,750	41,752	-	48,502
Net interest sensitivity gap as at 31 December 2024		4	(3,126)	-	(3,122)

Swaps currently in place cover approximately 75% (83% as at 31 December 2024) of the variable loan principal outstanding until maturity. The swap contracts require settlement of the net interest receivable or payable semi-annually. The settlement dates do not coincide exactly with the dates on which interest is payable on the underlying debt.

In general, the volatility of market interest rates can have a significant impact on profit, which can be positive or negative depending on the development. An increase in interest rates causes the Group's financing costs to rise. If the interest rates during 2025 were 50 basis points higher / lower for loans and bonds at floating interest with all other variables held constant, net profit for the year ended 31 December 2025 and equity as at 31 December 2025 would have been CZK 11 million lower / higher (2024: CZK 10 million lower / higher).

The range of actions, responsibilities and controls are set out in guidelines to which the Group is obliged to adhere when conducting financial transactions. The Group's financial transactions are recorded in the system, enabling them to be monitored. To mitigate interest-rate risk and liquidity risk, the maturity of the long-term debts is spread over several years, and a new loan financing the development project is issued in each year.

Cash and cash equivalents comprising bank balances payable on demand bear a floating interest rate and are insignificant.

Liquidity risk. Liquidity risk consists of the potential shortage of funds needed for paying due obligations and for financing business activities. The Group manages its liquidity risk by securing sufficient funds to be able to meet its financial obligations within a period of no less than three months in accordance with the currently valid Cash-flow outlook.

To mitigate liquidity risk, the Group focuses on precise liquidity planning. Management drafts financial plans for individual years in the framework of regular forecasts. Subsequently, the planned cash flow is updated on a monthly basis for a 12-month period and, moreover, specified with greater accuracy through regular updates, if necessary.

The Group plans cash flows for a period of at least 12 months on a daily basis.

Financial planning mainly concentrates on planning revenues and expenses with respect to exact due dates (weekends and public holidays must be taken into account) with an emphasis on the conformity of planned reciprocal items between individual Group companies.

The table below shows liabilities as at 31 December 2025 and 2024 by their remaining contractual maturity. The amounts disclosed in the maturity table are the contractual undiscounted cash flows and gross loan commitments.

When the amount payable is not fixed, the amount disclosed is determined by referencing the conditions existing at the end of the reporting period.

The maturity analysis of non-derivative financial liabilities based on undiscounted cash flows as at 31 December 2025 is as follows:

<i>In millions of CZK</i>	Carrying amount	Future payments, including principal and interest	Demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	From 12 months to 5 years	Over 5 years
Liabilities							
Trade and other payables	2,305	2,305	1,685	588	32	-	-
Bank borrowings	8,910	9,882	-	-	386	9,496	-
Bonds	45,747	46,996	155	106	7,104	27,402	12,229
Loans from shareholder	14,217	27,129	232	111	519	2,755	23,512
Lease liability	2,375	3,401	10	18	218	891	2,264
Other non-current liabilities	303	303	-	-	-	243	60
Total	73,857	90,016	2,082	823	8,259	40,787	38,065

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The maturity analysis of non-derivative financial liabilities based on undiscounted cash flows as at 31 December 2024 is as follows:

<i>In millions of CZK</i>	Carrying amount	Future payments, including principal and interest	Demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	From 12 months to 5 years	Over 5 years
Liabilities							
Trade and other payables	2,030	2,030	1,388	630	12	-	-
Bank borrowings	9,706	11,198	-	-	421	10,777	-
Bonds	47,248	49,219	188	110	370	35,738	12,813
Loans from shareholder	14,159	27,758	173	111	519	2,755	24,200
Lease liability	2,419	3,459	10	19	218	868	2,344
Other non-current liabilities	73	73	-	-	-	5	68
Total	75,635	93,737	1,759	870	1,540	50,143	39,425

The tables below show the cash flow from derivatives as at 31 December 2025 and 2024. The inflow from gross settled cross-currency interest-rate swaps is expressed in CZK but settled in EUR. The cash flow from gross settled cross-currency interest-rate swaps is shown on a gross basis at fair market value and split into contractual maturities. The cash flow from net settled interest-rate swaps is shown on a net basis at fair market value and split into contractual maturities.

As at 31 December 2025:

<i>In millions of CZK</i>	Carrying amount	Total contractual cash flows	Demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	From 12 months to 5 years	Over 5 years
Derivatives							
Gross settled cross-currency interest-rate swaps							
inflow	141	40,747	-	-	2,982	25,132	12,633
Outflow	(5,716)	(46,768)	-	-	(4,578)	(29,052)	(13,138)
Net settled interest-rate swaps							
Net inflow	1,879	2,045	90	-	463	1,429	63
Total	(3,696)	(3,975)	90	-	(1,133)	(2,491)	(441)

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As at 31 December 2024:

<i>In millions of CZK</i>	Carrying amount	Total contractual cash flows	Demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	From 12 months to 5 years	Over 5 years
Derivatives							
Gross settled cross-currency interest-rate swaps							
inflow	362	43,407	-	-	320	29,539	13,548
Outflow	(5,099)	(48,471)	-	-	(1,833)	(32,889)	(13,749)
Net settled interest-rate swaps							
Net inflow	2,861	3,105	123	-	1,042	1,661	279
Total	(1,875)	(1,959)	123	-	(471)	(1,689)	78

The Group had access to the following undrawn bank borrowing facilities at the end of the reporting period:

<i>In millions of CZK</i>	31 December 2025	31 December 2024
Revolving credit facility line	15,062	500
CAPEX facility line	1,000	200

The banks' CAPEX facility line and revolving credit facility lines are committed credit lines and might be drawn at any time until termination day of the facility agreement from the portfolio of banks. The CAPEX facility is available until 18 May 2028, and revolving facilities have termination dates ranging between 2026 and 2028. At the reporting date, the CAPEX facility was not drawn (CZK 800 million as of 31 December 2024 was drawn) by the Group and no revolving credit facilities were drawn as at 31 December 2025 and 2024.

5.3 Management of Capital

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amounts of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The amount of capital that the Group managed as at 31 December 2025 was CZK 7,689 million (2024: CZK 8,647 million) which corresponds to total equity as recognised in the balance sheet.

In maintaining or adjusting its capital structure, the Group targets a long-term capital structure compliant with an investment grade rating.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio reflects the requirements of the rating agencies Fitch and Standard and Poor, in order to comply with BBB+ rating objectives. More specifically, the Group's strategy was to maintain the most constraining rating metric called FFO net leverage, calculated as total borrowings less cash and cash equivalents divided altogether by FFO (Funds From Operations) below 6.7. As at 31 December 2025, the actual value of FFO net leverage was 5.1 (as at 31 December 2024: 5.61 as a result of lower allowed revenues set by ERO for 2024). The ratio is assessed by Fitch on a medium-term basis; the BBB+ senior unsecured rating has been affirmed by Fitch on 22 March 2024 and upgraded to A- on 14 March 2025.

The covenants imposed by banks require that the Company be assigned a credit rating corresponding to the investment grade. If the rating were below the investment one and the amount of RAB (Regulated Asset Base - the amount of the total non-current assets defined by the regulator) were less than net debt, the banks may require the Group to repay its bank borrowings immediately. The Company was assigned a credit rating by S&P Global Ratings and Fitch Ratings corresponding to the investment grade as at 31 December 2025 and 31 December 2024.

5.4 Fair-Value Disclosures

Fair-value measurements are analysed by level in the fair-value hierarchy, as follows: (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities; (ii) level two measurements are valuation techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and (iii) level three measurements are valuations not based on observable market data (that is, unobservable inputs). Management applies its judgement in categorising financial instruments using the fair-value hierarchy. If a fair-value measurement uses observable inputs that require significant adjustment, that measurement is a Level 3 measurement. The significance of a valuation input is assessed against the fair-value measurement in its entirety.

Financial assets and liabilities measured at fair value

The Fair value of the interest-rate swaps was determined as the present value of future cash flows based on the observable yield curve from the Bloomberg terminal as at 31 December 2025 and 31 December 2024. The cross-currency interest-rate swap was determined as the present value of future cash flows based on the forward exchange rates as at the balance sheet date and future cash flows were discounted by the observable yield curves from the Bloomberg terminal as at 31 December 2025 and 31 December 2024.

<i>Recurring fair-value measurements in millions of CZK</i>	31 December 2025	31 December 2024
	Level 2 fair value	Level 2 fair value
ASSETS		
Derivatives		
- Interest-rate swaps	1,879	2,861
- Cross-currency interest swap	141	362
TOTAL ASSETS	2,020	3,223
LIABILITIES		
Derivatives		
- Interest-rate swaps	-	-
- Cross-currency interest swap	(5,716)	(5,099)
TOTAL LIABILITIES	(5,716)	(5,099)

Financial liabilities measured at amortised cost but for which fair value is disclosed

The fair value of EUR fixed interest rate bonds issued (Note 3.8) amounts to CZK 35,915 million as at 31 December 2025 (as at 31 December 2024: CZK 36,410 million). EUR fixed interest rate bonds issued belong to Level 1 of the fair-value hierarchy, since they are quoted in an active market.

The loans from the shareholder were provided at market terms on 30 September 2019. As at 31 December 2025 the fair value of the loans from shareholder amounts to CZK 13,038 million (CZK 13,752 million as at 31 December 2024). They belong to Level 2 of the fair-value hierarchy.

All other borrowings (bank borrowings, CZK floating interest rate bonds) belong to Level 2 of the fair-value hierarchy. As at 31 December 2025 and 2024, their fair values were not materially different from their carrying amounts.

The fair value of floating-rate instruments that are not quoted in an active market were estimated to be equal to their carrying amount. The fair value of unquoted fixed interest rate instruments was estimated based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risks and remaining maturities. As inputs to the DCF model, the Group used intra-group credit margins and market interest rates for interest rate swaps (“IRS”) with the similar duration to that of financial instruments held at AC. The discount rate was determined as a sum of the intra-group margin and IRS rate.

Carrying values of Trade and other receivables and Trade and other payables approximate their fair values because of their short-term nature. The difference between fair value and carrying amount of Other non-current liabilities was insignificant.

Liabilities carried at amortised cost. The estimated fair value of fixed interest rate instruments with stated maturities were estimated based on expected cash flows discounted at current interest rates for new instruments with similar credit risks and remaining maturities.

5.5 Presentation of Financial Instruments by Measurement Category

As at 31 December 2025 and 2024, all the Group’s financial liabilities and financial assets presented in Note 5.4 were carried at amortised cost except for the derivatives, which were carried at fair value through profit or loss.

6 Other

6.1 Contingencies and Commitments

Tax contingencies. Czech tax legislation which was enacted or substantively enacted at the end of the reporting period is subject to varying interpretations when being applied to the transactions and activities of the Group. Consequently, tax positions taken by management and the formal documentation supporting the tax positions may be challenged by tax authorities. The Czech tax administration is gradually strengthening, including the fact that there is a higher risk of review of tax transactions without a clear business purpose or with tax noncompliant counterparties. Fiscal periods remain open for review by the authorities in respect of taxes for three calendar years preceding the year when decisions about the review were made. Under certain circumstances, reviews may cover longer periods.

Czech transfer pricing (TP) legislation is generally aligned with the international TP principles developed by the Organisation for Economic Cooperation and Development (OECD), although it has specific features. The TP legislation provides for the possibility of additional tax assessment for controlled transactions (transactions between related parties and certain transactions between unrelated parties) if such transactions are not on an arm’s-length basis. Management has implemented internal controls to comply with current TP legislation.

Tax liabilities arising from controlled transactions are determined based on their actual transaction prices. It is possible, with the evolution of the interpretation of TP rules, that such prices could be challenged. The impact of any such challenge cannot be reliably estimated, but it may be significant to the financial position and / or the Group’s operations.

The Group does not have any significant contingent liabilities as at 31 December 2025 and 2024.

Capital expenditure commitments. As at 31 December 2025, the Group had contractual capital expenditure commitments in respect of property, plant and equipment of CZK 4,506 million (2024: CZK 4,235 million).

Bank commitments. There were no-pledges as at 31 December 2025 and 2024.

6.2 Balances and Transactions with Related Parties

As at 31 December 2025 and 2024, the Group was owned by Czech Gas Networks S.à r.l. As at 31 December 2025 and 2024, the parent company of the Group is ČEZ, a. s. ČEZ, a. s. is controlled by the state of Czech Republic, represented by the Ministry of Finance.

The outstanding balances with related parties for the year ended 31 December 2025 and 2024 were as follows:

<i>In millions of CZK</i>	Note	Immediate parent company CGN	ČEZ Group	Immediate parent company CGN	ČEZ Group
		31 December 2025	31 December 2025	31 December 2024	31 December 2024
Borrowings	3.8	14,217	-	14,159	-
Consultancy fees		-	1	-	-
Contract liabilities	3.6	-	78	-	133
Trade and other receivables	3.5	2	126	2	116
Trade and other payables	3.11	-	27	-	33

Loans from the shareholder were provided at market terms.

The income and expense items with related parties for the year ended 31 December 2025 and 2024 were as follows:

<i>In millions of CZK</i>	Note	Immediate parent company CGN	ČEZ Group	Immediate parent company CGN	ČEZ Group
		2025	2025	2024	9-12/2024
Revenues	4.1	-	4,159	-	1,353
Finance costs	3.8	688	-	690	-
Other operating expenses	4.2	-	52	-	47
Other income		-	1	-	-

Finance costs are related to borrowings that were provided at market terms at the date of the respective tranche.

For the year ended 31 December 2025, the Group purchased services for gas transportation under the conditions regulated by ERO from NET4GAS, s.r.o. (entity owned by ČEPS, a.s. which is controlled by the state of the Czech Republic) of CZK 4,150 million (in the period from September to December 2024: CZK 1,092 million). In accordance with the exemption under IAS 24, the Group does not disclose any further detailed information about transactions with entities under control or joint control or significant influence of the Czech government because these transactions are not material to an understanding of the financial position and performance of the Group.

Key management compensation. Key management represents 3 Senior Executives of the subsidiaries, 7 Non-executive Managers of the Group's Board of Managers and 7 Non-executive Directors of Czech Grid Holding, a.s. as at 31 December 2025 (2024: 3 Senior Executives of the subsidiaries, 9 Non-executive Managers of the Group's Board of Managers and 9 Non-executive Directors of Czech Grid Holding, a.s.).

Non-executive directors are directors whose main responsibilities are outside of the Group, and only occasionally dedicate time to the Group's activities. Their remuneration was paid by entities outside of the Group and no payments were recharged to the Group from this title. Therefore, the Group does not have a basis to provide information about their compensation in relation to the Group.

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The information regarding remuneration of the three Senior Executives in the year ended and as at 31 December 2025 and 2024 is set out below:

<i>In millions of CZK</i>	2025			2024		
	Expense	Provisions	Trade and other payables	Expense	Provisions	Trade and other payables
<i>Short-term benefits:</i>						
- Salaries	13	-	1	27	-	1
- Short-term motivation programme	-	-	-	14	-	14
- Social security costs	3	-	-	6	-	3
<i>Other long-term employee benefits:</i>						
- Long-term motivation programme	1	26	-	21	25	-
Total key management compensation	17	26	1	68	25	18

Short-term bonuses fall due fully within 12 months after the end of the period in which management rendered the related services.

Besides the above-stated, the in-kind consideration in the form of using the cars owned by the Group amounted to CZK 5 million and presented as a depreciation of the right-of-use assets in the year ended 31 December 2025 (2024: CZK 1 million).

6.3 Principal Subsidiaries

The Group's principal subsidiaries as at 31 December 2025 and 31 December 2024 are set out below.

The country of registration is also their principal place of business.

Name	Nature of business	Percentage of voting rights	Percentage of ownership	Country of registration	Method of consolidation
Czech Grid Holding, a.s.	Holding of participations in directly owned subsidiaries	100%	100%	Czech Republic	Full
GasNet Služby, s.r.o.	Construction activities, repairs, revisions of designated gas and electrical equipment.	100%	100%	Czech Republic	Full
GasNet, s.r.o.	Gas distribution	100%	100%	Czech Republic	Full

6.4 Summary of other potentially material accounting policies

Consolidated financial statements. Subsidiaries are those investees that the Group controls because the Group (i) has power to direct the relevant activities of the investees that significantly affect their returns; (ii) has exposure, or rights, to variable returns from its involvement with the investees; and (iii) has the ability to use its power over the investees to affect the amount of the investor's returns. Subsidiaries are consolidated from the date on which control is transferred to the Group (acquisition date) and are deconsolidated from the date on which control ceases.

Intercompany transactions, balances, and unrealised gains on transactions between Group companies are eliminated; unrealised losses are also eliminated unless the cost cannot be recovered. The Company and all its subsidiaries use uniform accounting policies consistent with the Group's policies.

Impairment of property, plant and equipment. At the end of each reporting period, management assesses whether there is any indication of impairment of property, plant and equipment. If any such indication exists, management estimates the recoverable amount, which is determined as the higher of an asset's fair value less costs of disposal and its value in use. For the purposes of assessing impairment, items of property, plant and equipment are grouped at the lowest levels for which there are largely independent cash inflows, the whole Group is considered as a cash-generating unit. The carrying amount is reduced to the recoverable amount, and the impairment loss is recognised in profit or loss for the year. Prior impairments of property, plant and equipment are reviewed for possible reversal at each reporting date as well.

Financial instruments – initial recognition. Financial instruments at Fair Value Through Profit or Loss ("FVTPL") are initially recorded at fair value. All other financial instruments are initially recorded at fair value adjusted for transaction costs. Fair value at initial recognition is best evidenced by the transaction price. After the initial recognition, an ECL allowance is recognised for financial assets measured at AC and investments in debt instruments measured at Fair Value through Other Comprehensive Income ("FVOCI"), resulting in an immediate accounting loss.

Financial assets – classification and subsequent measurement – measurement categories. Financial assets are classified in the following measurement categories: FVTPL, FVOCI and AC. The classification and subsequent measurement of debt financial assets depends on (i) the Company's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset.

Financial assets – classification and subsequent measurement – business model. The business model reflects how the Group manages its assets in order to generate cash flows – whether the Group's objective is (i) solely to collect the contractual cash flows from the assets ("hold to collect contractual cash flows") or (ii) to collect both the contractual cash flows and the cash flows arising from the sale of assets ("hold to collect contractual cash flows and sell") or, if neither (i) nor (ii) is applicable, the financial assets are classified as part of "other" business model and measured at FVTPL.

Financial assets – classification and subsequent measurement – cash-flow characteristics. Where the business model is to hold assets to collect contractual cash flows or to hold contractual cash flows and sell, the Group assesses whether the cash flows represent solely payments of principal and interest ("SPPI").

The relevant category to the Group is financial assets at amortised cost. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets impairment – credit loss allowance for ECL. The Group assesses, on a forward-looking basis, the ECL for debt instruments measured at AC. The Group measures ECL and recognises Net impairment losses on financial assets at each reporting date.

The Group applies a three-stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1. Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 months ECL"). If the Group identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). If the Group determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL.

Expected credit loss ("ECL") measurement. Measurement of ECLs is an accounting estimate that involves the determination methodology, models, and data inputs. The following components have a major impact on credit loss allowance: definition of default, significant increase in credit risk ("SICR"), probability of default ("PD"), exposure at default ("EAD"), and loss given default ("LGD"). The Group regularly reviews and validates the models and inputs to the models to reduce any differences between ECL estimates and actual credit loss experience. In general, ECL is the sum of the multiplications of the following credit risk parameters: EAD, PD and LGD, that are defined and explained below, and discounted to present value using the instrument's effective interest rate.

Probability of default ("PD"). Two types of PDs are used to calculate ECLs: 12-month and lifetime PD. An assessment of a 12-month PD is based on the latest available historic default data and adjusted for supportable forward-looking information when appropriate. Lifetime PDs represent the estimated PD occurring over the remaining life of the financial instrument and it is a sum of the 12-month PDs over the life of the instrument.

Exposure at default ("EAD") is an estimate of exposure at a future default date taking into account expected changes in the exposure after the reporting period, including repayments of principal and interest, and expected drawdowns on committed facilities.

Loss given default ("LGD") is an estimate of a loss arising on a default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from any collateral. It is usually expressed as a percentage of the EAD. The expected losses are discounted to the present value at the end of the reporting period. The discount rate represents the effective interest rate ("EIR") for the financial instrument or an approximation thereof.

Cash and cash equivalents. Cash and cash equivalents include cash in hand and deposits held at call with banks. Cash equivalents have the original maturity of less than three months. Cash and cash equivalents are carried at amortised cost using the effective-interest method.

Other receivables. Other receivables are recognised initially at fair value and are subsequently carried at amortised cost using the effective-interest method.

Capitalisation of borrowing costs. General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the costs of those assets. A qualifying asset is the one that needs more than 12 months to construct. The Group finances the acquisition of qualifying assets mainly from specific borrowings.

Capitalisation of borrowing costs continues up to the date when the assets are substantially ready for their use or sale.

Borrowing costs capitalised are calculated at the Group's average funding cost (the weighted average interest cost is applied to the expenditures on the qualifying assets), except to the extent that funds are borrowed specifically for the purpose of obtaining a qualifying asset. Where this occurs, actual borrowing costs incurred on the specific borrowings less any investment income on the temporary investment of these borrowings are capitalised.

Financial assets - derecognition. The Group derecognises financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expire, or (b) the Group has transferred the rights to the cash flows from the financial assets or entered into a qualifying pass-through arrangement while (i) also transferring substantially all the risks and rewards of ownership of the assets or (ii) neither transferring nor retaining substantially all the risks and rewards of ownership but not retaining control.

Financial assets impairment – credit loss allowance for ECL. The Group assesses, on a forward-looking basis, the ECL for debt instruments measured at AC. The Group measures ECL and recognises Net impairment losses on financial assets at each reporting date.

The Group applies a three-stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1. Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter (“12 months ECL”). If the Group identifies a significant increase in credit risk (“SICR”) since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any (“Lifetime ECL”). If the Group determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL.

Income taxes. Income taxes have been provided for in the consolidated financial statements in accordance with legislation enacted or substantively enacted by the end of the reporting period. The income tax charge comprises current tax and deferred tax and is recognised in profit or loss for the year, except if it is recognised in other comprehensive income or directly in equity because it relates to transactions that are also recognised, in the same or a different period, in other comprehensive income or directly in equity.

Current tax is the amount expected to be paid to, or recovered from, the taxation authorities in respect of taxable profits or losses for the current and prior periods. Taxable profits or losses are based on estimates if the consolidated financial statements are authorised prior to filing the relevant tax returns. Taxes other than on income are recorded within operating expenses.

Deferred income tax is provided using the balance sheet liability method for tax loss carry-forwards and temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In accordance with the initial recognition exemption, deferred taxes are not recorded for temporary differences on the initial recognition of an asset or a liability in a transaction other than a business combination if the transaction, when initially recorded, affects neither accounting nor taxable profit. Deferred tax balances are measured at tax rates enacted or substantively enacted at the end of the reporting period, which are expected to apply to the period when the temporary differences reverse, or the tax loss carry forwards are utilised.

Deferred tax assets for deductible temporary differences are recorded only to the extent that it is probable that the temporary difference will reverse in the future, and there is sufficient future taxable profit available against which the deductions can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis. Deferred tax assets and liabilities are netted only within the individual companies of the Group.

The Group controls the reversal of temporary differences relating to taxes chargeable on dividends from subsidiaries or on gains upon their disposal. The Group does not recognise deferred tax liabilities on such temporary differences except to the extent that management expects the temporary differences to reverse in the foreseeable future.

The Group recognises a deferred income tax asset or liability on the right-of-use asset and lease liability on a net basis.

Prepayments. Prepayments are carried at cost less the provision for impairment. A prepayment is classified as non-current when the goods or services relating to the prepayment are expected to be obtained after one year, or when the prepayment relates to an asset which will itself be classified as non-current upon initial recognition. Prepayments to acquire assets are transferred to the carrying amount of the asset once the Group has obtained control of the asset and it is probable that future economic benefits associated with the asset will flow to the Group. Other prepayments are written off to profit or loss when the goods or services relating to the prepayments are received. If there is an indication that the assets, goods, or services relating to a prepayment will not be received, the carrying value of the prepayment is written down accordingly and a corresponding impairment loss is recognised in profit or loss for the year.

Provisions for liabilities and charges. Provisions for liabilities and charges are non-financial liabilities of uncertain timing or amount. They are accrued when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense.

Contract liabilities. A contract liability is the obligation to transfer goods or services to a customer for which the Group has received a consideration (or an amount of consideration is due) from the customer in advance. Contract liabilities are recognised as revenue when the Group performs under the contract.

Segment reporting. Operating segments are components that engage in business activities that may earn revenues or incur expenses, whose operating results are regularly reviewed by the chief operating decision maker (CODM), and for which discrete financial information is available. The CODM is the person or group of persons responsible for allocating resources to the operating segments of the Group and assessing their performance. Segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker. Management assessed that the whole Group is one reportable segment.

7 Events after the Reporting Period

Acquisition of Gas Distribution s.r.o. On 15 January 2026, the Group through its subsidiary GasNet, s.r.o., completed the acquisition of a 100% share in Gas Distribution s.r.o., the operator of the gas distribution network in the South Bohemian Region and in parts of the Vysočina Region in the Czech Republic. The Group is thus expanding its gas network and will be able to distribute gas throughout the whole Czech Republic with the exception of Prague region. The purchase price of CZK 8,190 million was fully paid, the seller was E.ON Group.

The table below presents the preliminary carrying amounts of the acquired identifiable assets of Gas Distribution s.r.o. as at 31 December 2025 available to the Group. The Group does not expect that the amounts are materially different to those as at 15 January 2026:

<i>In millions of CZK</i>	IFRS Gas Distribution, s.r.o. 31 December 2025
Intangible assets	3
Tangible fixed assets	8,891
Non-current assets	8,894
Receivables	850
Other current assets	430
Current assets	1,280
Deferred income tax liabilities	(1,255)
Other non-current liabilities	(653)
Non-current liabilities	(1,908)
Current liabilities	(793)
Net assets acquired	7,473

Accounting for the business combination was incomplete at the date of the issuing of these financial statements, since as at this date the Group has not finalised a purchase price allocation yet. It is not expected that a significant goodwill will be recognised because of the acquisition.

Writ of attachment concerning an alleged disputed debt of the Czech Republic. On 14 January 2026, the Luxembourg bailiff served CGN and CGNI with a writ of attachment concerning an alleged disputed debt of the Czech Republic (as debtor) towards DIAG HUMAN SE (as creditor), arising from their previous arbitrations. The writ addresses CGN and CGNI as third parties and prohibits CGN or CGNI from making any payments owed to the debtor, i.e. the Czech Republic, as of 14 January 2026. The companies CGN and CGNI may continue their business as usual. Only potential debts and payments owed by CGN or CGNI to the Czech Republic as of 14 January 2026 would be blocked, pending further proceedings before Luxembourg courts.

Other matters. On 19 February 2026, the long-term issuer credit rating of the Company was increased to A- from BBB+ by S&P Global Ratings.

Conflict in Middle East. In February and March 2026, the conflict between the United States, Israel and Iran escalated, causing regional instability and increased volatility in global energy markets, particularly due to risks related to the Strait of Hormuz. Although the conflict has contributed to heightened volatility in commodity markets, particularly crude oil prices, the Group has assessed that there is currently no material direct impact on its operations or financial position. The Group continues to monitor the situation.

No other events have occurred subsequent to year-end that would have a material impact on the financial statements as at 31 December 2025.