

**Czech Gas Networks Investments S.à r.l.**

**Condensed Consolidated Interim Financial Statements**

**30 June 2025**

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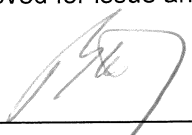
### Notes to the Condensed Consolidated Interim Financial statements

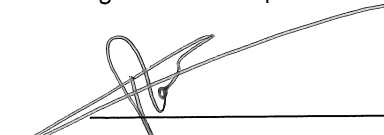
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## Condensed Consolidated Interim Statement of Financial Position as at 30 June 2025

<i>In CZK millions</i>	Note	30 June 2025	31 December 2024
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7	93,878	95,487
Right-of-use assets		3,374	3,379
Intangible assets		562	637
Derivative financial assets	9,13	1,713	2,094
Other non-current assets		-	1
<b>Total non-current assets</b>		<b>99,527</b>	<b>101,598</b>
<b>Current assets</b>			
Inventories		10	11
Trade and other receivables	3	713	848
Other taxes receivable		5	-
Cash and cash equivalents		1,746	2,238
Derivative financial assets	9,13	819	1,129
<b>Total current assets</b>		<b>3,293</b>	<b>4,226</b>
<b>TOTAL ASSETS</b>		<b>102,820</b>	<b>105,824</b>
<b>EQUITY</b>			
Share capital		1	1
Share premium		26,173	26,173
Accumulated deficit		(18,043)	(17,527)
<b>Total equity</b>		<b>8,131</b>	<b>8,647</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	8,10	69,176	70,658
Lease liabilities	10	2,219	2,183
Deferred income tax liabilities		14,236	14,468
Provisions		7	53
Other non-current liabilities		252	262
Derivative financial liabilities	9,13	3,770	3,627
<b>Total non-current liabilities</b>		<b>89,660</b>	<b>91,251</b>
<b>Current liabilities</b>			
Borrowings	8,10	494	455
Lease liabilities	10	167	236
Trade and other payables	5.4	1,589	2,401
Contract liabilities	5.4	227	737
Current income tax payable		829	362
Other taxes payable		263	239
Provisions		62	24
Derivative financial liabilities	9,13	1,398	1,472
<b>Total current liabilities</b>		<b>5,029</b>	<b>5,926</b>
<b>Total liabilities</b>		<b>94,690</b>	<b>97,177</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>102,820</b>	<b>105,824</b>

Approved for issue and signed on behalf of Board of Managers on 25 September 2025.

  
 \_\_\_\_\_  
 Chairman of the Board

  
 \_\_\_\_\_  
 Member of the Board

**Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income  
for the six-month period ended 30 June**

<i>In CZK millions</i>	Note	2025	2024
<b>Revenue</b>	5.1	<b>10,763</b>	<b>9,364</b>
Other income		39	40
Work performed by the Group and capitalised	7	216	206
Net impairment (charge)/reversals on financial assets		(9)	(4)
Raw materials and consumables used		(146)	(145)
Employee benefits expense		(982)	(963)
Depreciation and amortisation		(3,310)	(3,326)
Services	5.2	(2,696)	(2,189)
Other operating expenses		(835)	(672)
<b>Operating profit</b>		<b>3,040</b>	<b>2,311</b>
Finance income		748	125
Finance costs	5.3	(1,855)	(1,627)
<b>Profit before income tax</b>		<b>1,933</b>	<b>809</b>
Income tax expense		(418)	(264)
<b>PROFIT FOR THE PERIOD</b>		<b>1,515</b>	<b>545</b>
<b>TOTAL COMPREHENSIVE PROFIT FOR THE PERIOD</b>		<b>1,515</b>	<b>545</b>

**Condensed Consolidated Interim Statement of Changes in Equity  
for the six-month period ended 30 June**

<i>In CZK millions</i>	Note	Share capital	Share premium	Accumulated deficit	Total
<b>Balance as at 1 January 2024</b>		1	26,173	(16,277)	9,897
Profit for the six-month period ended 30 June 2024		-	-	545	545
<b>Total comprehensive income for six-month period ended 30 June 2024</b>		-	-	545	545
Dividends declared and paid	6	-	-	(1,757)	(1,757)
<b>Balance as at 30 June 2024</b>		1	26,173	(17,489)	8,685

<i>In CZK millions</i>	Note	Share capital	Share premium	Accumulated deficit	Total
<b>Balance as at 1 January 2025</b>		1	26,173	(17,527)	8,647
Profit for the six-month period ended 30 June 2025		-	-	1,515	1,515
<b>Total comprehensive income for six-month period ended 30 June 2025</b>		-	-	1,515	1,515
Dividends declared and paid	6	-	-	(2,031)	(2,031)
<b>Balance as at 30 June 2025</b>		1	26,173	(18,043)	8,131

**Condensed Consolidated Interim Statement of Cash Flows  
for the six-month period ended 30 June**

<i>In CZK millions</i>	Note	2025	2024
<b>Cash flows from operating activities</b>			
Cash generated from operations		5,539	5,246
Income taxes paid		(183)	(352)
Interest income received		48	39
Interest paid	10	(873)	(1,058)
Net receipts / (payments) for settlement of derivatives	5.3	(160)	22
<b>Net cash from operating activities</b>		<b>4,371</b>	<b>3,897</b>
<b>Cash flows used in investing activities</b>			
Purchases of property, plant and equipment and intangible assets		(1,877)	(1,589)
Proceeds from the sale of property, plant and equipment		9	7
<b>Net cash used in investing activities</b>		<b>(1,868)</b>	<b>(1,582)</b>
<b>Cash flows used in financing activities</b>			
Principal elements of lease payments	10	(164)	(188)
Loans received from credit institutions	10	-	500
Loans repaid to credit institutions	10	(800)	(500)
Dividends paid to the Company's shareholders	6	(2,031)	(1,757)
<b>Net cash used in financing activities</b>		<b>(2,995)</b>	<b>(1,945)</b>
Change in cash and cash equivalents		(492)	370
<b>Cash and cash equivalents at the beginning of the period</b>		<b>2,238</b>	<b>1,194</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>1,746</b>	<b>1,564</b>

## **1 Corporate Information and Significant Changes in Business in the Current Reporting Period**

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" for the period ended 30 June 2025 for Czech Gas Networks Investments S.à r.l. (the "Company") and its subsidiaries (together "the Group"). The Company controls the operating entities GasNet, s.r.o. and GasNet Služby, s.r.o. through intermediate holding entity Czech Grid Holding, a.s.

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 30 June 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.

As at 30 June 2025 and 31 December 2024, the ultimate 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 30 June 2025.

**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, an effort reflected in all tasks, processes, and decisions.

**Presentation currency.** These consolidated financial statements are presented in millions of Czech koruna ("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 usually by the end of November each year.

Price Regulation Methodology is binding for the 5th regulatory period which runs from 2021 to 2025. The year 2025 is the last year of the 5th regulatory period. At the end of February 2025, the Energy Regulatory Office published the Price Regulation Principles for the 2026-2030 Regulatory Period. Unlike the principles in effect in the 5th Regulatory Period, the document introduces and expands motivational tools promoting investments into 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 in regard to costs, where the Office modified the methodology for setting eligible cost caps for companies using related-party services.

**Significant changes in the current reporting period.** The operating profit for the six-month period ended 30 June 2025 was affected by the following factor:

- The positive impact on revenues of CZK 1,388 million compared to the six-month period ended 30 June 2024 was mainly affected by the increase of revenue from gas distribution of CZK 1,388 million, impacted by higher gas distribution prices in 2025 compared to 2024 (the positive price effect of CZK

844 million) and by the higher distribution volume (positive quantity effect of CZK 544 million), see Note 5.1.

- The negative impact on services of CZK 507 million compared to the six-month period ended 30 June 2024 was mainly caused by the increase of gas transportation services by CZK 447 million, increase of IT and network services by CZK 26 million and increase of Energy market operating fee by CZK 28 million and other services by CZK 6 million (see Note 5.2).
- The negative impact on other operating expenses of CZK 163 million compared to the six-month period ended 30 June 2024 was mainly caused by the increase of operating losses within gas distribution network of CZK 158 million.

There were no other significant events and transactions affecting the six-month periods ended 30 June 2025.

## **2 Material Accounting Policies**

**Basis of preparation.** This condensed consolidated interim financial information for the period of six months ended 30 June 2025 (“the interim report”) has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union and should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2024, which have been prepared in accordance with IFRS Accounting Standards as adopted by the European Union (IFRS).

Except as described below, the same accounting policies and computation methods were followed in the preparation of this consolidated condensed interim financial information as compared with the annual consolidated financial statements of the Group for the year ended 31 December 2024.

**Interim-period tax measurement.** Interim-period income tax expense is accrued using the effective tax rate that would be applicable to expected total annual earnings, that is, the estimated weighted average annual effective income tax rate applied to the pre-tax income of the interim period.

## **3 Adoption of New or Revised Standards and Interpretations**

There were no new and amended standards adopted by the Group that would affect the accounting policies or require retrospective adjustment.

## **4 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.

## 5 Profit or Loss information and Seasonality of Operations

### 5.1 Disaggregation of Revenue

Analysis of revenue by category is presented as follows:

<i>In CZK millions</i>	six-month period ended 30 June 2025	six-month period ended 30 June 2024
<b>Revenues recognised over time</b>		
Revenue from gas distribution	10,666	9,278
Revenues from rendering of other services and sale of goods	63	41
Total revenues recognised at a point of time	10,729	9,319
<b>Revenues recognised at a point in time</b>		
Revenues from sale of LNG on LNG stations	34	45
<b>Total revenue</b>	<b>10,763</b>	<b>9,364</b>

For the six-month period ended 30 June 2025, the Group recognised 96% of total gas distribution revenue from wholesale traders of gas (as at 30 June 2024: 96%) and 4% from end-consumers of gas distribution (as at 30 June 2024: 4%). The Group disaggregated its revenue by category of end consumers of gas distribution, which are either direct customers of wholesale traders (mentioned above) or customers of the Group:

<i>In CZK millions</i>	six-month period ended 30 June 2025	six-month period ended 30 June 2024
<b>Revenues from gas distribution</b>		
Large- and medium-sized consumers category	3,873	3,555
Small-sized customers category	1,621	1,326
Households category	5,172	4,397
<b>Total revenue from gas distribution</b>	<b>10,666</b>	<b>9,278</b>

The disaggregation of revenue was disclosed as such in order to present the structure of the portfolio of ultimate customers, since each customer category has its own pricing, risks and other specifics.

## 5.2 Services

<i>In CZK millions</i>	six-month period ended 30 June 2025	six-month period ended 30 June 2024
Gas transportation	2,088	1,641
IT and network services	212	186
Energy market operation fees	106	78
Gas network maintenance	99	64
Other services	35	76
Facility services and other maintenance	33	36
Consultancy and other fees	32	27
Measurement of gas consumption	31	20
Travel expenses	27	26
Car fleet maintenance	21	23
Training expenses	9	9
Phone costs	3	3
<b>Total services</b>	<b>2,696</b>	<b>2,189</b>

## 5.3 Finance Costs

<i>In CZK millions</i>	six-month period ended 30 June 2025	six-month period ended 30 June 2024
<b>Interest costs</b>		
Interest expense on borrowings	910	1,120
Interest expense on the lease liability	43	43
Less capitalised finance costs	(18)	(26)
<b>Net interest costs recognised in profit or loss</b>	<b>935</b>	<b>1,137</b>
<b>Other finance costs</b>		
Foreign exchange losses	-	490
Net loss on trading derivatives	920	-
Thereof: Loss on unrealised derivatives	760	-
Loss (Gain) on realised derivatives	160	-
<b>Total finance costs recognised in profit or loss</b>	<b>1,855</b>	<b>1,627</b>

The effect from realised derivatives was presented in the Statement of cash flows separately.

Foreign exchange losses on borrowings increased in the six-month period ended 30 June 2025 as compared to the six-month period ended 30 June 2024, however, this adverse impact was compensated by gain on realised derivatives that the Group concluded to mitigate the cross currency risk.

#### **5.4 Seasonality of Operations**

Gas distribution is directly affected by natural gas consumption and generally copies its consumption trend. Use of natural gas has both a seasonal peak and a bottom, with consumption patterns predominantly driven by weather.

Annual consumption correlates with a heating period (January to April and September to December) and a non-heating period (May to August). Based on the past history, the revenues and margin related to the heating period represent approximately 77% of the annual revenues and margin.

The peak occurs during the winter period when cold weather increases demand for natural gas and, consequently, gas distribution. The bottom is reached during the summer period with an inverse effect. However, the seasonality does not have a significant impact on the revenue split and operating profit between the first and the second halves of a year.

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.

Advance payments for gas distribution from low-volume customer categories and households are recognised on a relatively linear basis during the year, with the peak of gas distribution revenue in winter months during the heating period. The revenues from gas distribution in this period are recognised against relatively linear contract liabilities, resulting in a minimal level of contract liabilities after the whole heating period. Total contract liabilities as at 30 June 2025 decreased by CZK 510 million in comparison with the balance as at 31 December 2024.

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

<i>In CZK millions</i>	<b>30 June 2025</b>	<b>31 December 2024</b>
Contract liabilities – advances from customers for gas distribution	227	737
<b>Total current contract liabilities</b>	<b>227</b>	<b>737</b>

Trade and other payables decreased by CZK 811 million in comparison with the balance as at 31 December 2024. The main part of the decrease represents a decrease of CZK 317 million of liabilities from investment activities driven by seasonality, when investment activities are mainly finalised during the last quarter and before the year. The further decrease is caused by a trade liabilities decrease of CZK 201 million (mainly for gas distribution, electricity and other services) and estimated liabilities of CZK 57 million due to seasonality and the peak of heating season in December. Furthermore, the liabilities to employees decreased by CZK 201 million and deposit with customers and other liabilities decreased by CZK 35 million.

## 6 Dividends

Dividends declared and paid on ordinary shares during the interim period were as follows:

<i>In CZK millions</i>	<b>2025</b>	<b>2024</b>
<b>Dividends payable as at 1 January</b>		
Interim dividends declared during the interim period	2,031	1,757
Interim dividends paid during the interim period	(2,031)	(1,757)
<b>Dividends payable as at 30 June</b>	-	-
<b>Dividends per share (in CZK) declared in the period of six months ended 30 June</b>	<b>2,901.50</b>	<b>2,509.80</b>

All dividends are declared and paid in CZK.

On 4 June 2025, the Board of Managers decided on the interim dividend distribution of CZK 2,031 million. The interim dividend was recorded as a decrease in equity and was paid on 10 June 2025.

On 26 June 2025, the Sole Shareholder approved the individual financial statements of the Company under Luxembourg GAAP for 2024 with the profit for the year 2024 of CZK 1,861 million and decided about its allocation.

## 7 Property, Plant and Equipment

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

<i>In CZK millions</i>	<b>Freehold Land</b>	<b>Buildings</b>	<b>Gas Network</b>	<b>Equipment</b>	<b>Construction in progress</b>	<b>Total</b>
Cost as at 1 January 2025	237	4,116	116,299	8,107	904	129,663
Accumulated depreciation	-	(1,554)	(28,353)	(4,269)	-	(34,176)
<b>Carrying amount as at 1 January 2025</b>	<b>237</b>	<b>2,562</b>	<b>87,946</b>	<b>3,838</b>	<b>904</b>	<b>95,487</b>
Additions	1	18	469	156	852	1,496
Transfers	1	9	116	15	(141)	-
Disposals	-	(8)	(31)	(8)	-	(47)
Depreciation charge	-	(94)	(2,581)	(383)	-	(3,058)
<b>Carrying amount as at 30 June 2025</b>	<b>239</b>	<b>2,487</b>	<b>85,919</b>	<b>3,618</b>	<b>1,615</b>	<b>93,878</b>
Cost as at 30 June 2025	239	4,121	116,840	8,226	1,615	131,041
Accumulated depreciation	-	(1,634)	(30,921)	(4,608)	-	(37,163)
<b>Carrying amount as at 30 June 2025</b>	<b>239</b>	<b>2,487</b>	<b>85,919</b>	<b>3,618</b>	<b>1,615</b>	<b>93,878</b>

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 amount of CZK 18 million during the six-month period ended 30 June 2025 (2024: CZK 26 million). The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation was 4.47% in the six-month

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period ended 30 June 2025 (2024: 10.49%). The Group capitalised own constructed fixed assets (mainly gas network) of CZK 216 million during the six-month period ended 30 June 2025 (2024: CZK 206 million).

## 8 Borrowings

Borrowings comprise the loans received by the Group from its sole shareholder and borrowings from credit institutions and bondholders, as follows:

<i>In CZK millions</i>	30 June 2025	31 December 2024
<b>Term loans</b>		
- Non-current portion	69,177	70,658
- Current portion	494	455
<b>Total borrowings</b>	<b>69,671</b>	<b>71,113</b>

<i>In CZK millions</i>	30 June 2025	31 December 2024
<b>Non-current borrowings</b>		
<b>Bonds</b>		
- EUR Tranches	39,481	40,164
- CZK Tranche	6,747	6,746
<b>Bank borrowings</b>		
- Multiple lenders	8,904	9,704
<b>Loans from shareholder</b>		
- Czech Gas Network S.à r.l.	14,044	14,044
<b>Total non-current borrowings</b>	<b>69,176</b>	<b>70,658</b>
<b>Current borrowings – interest accrued</b>		
- Loans from shareholder Czech Gas Network S.à r.l.	115	115
- Bonds	379	338
- Bank borrowings	-	2
<b>Total current borrowings</b>	<b>494</b>	<b>455</b>
<b>Total borrowings</b>	<b>69,670</b>	<b>71,113</b>

### Bank borrowings.

Non-current bank borrowings as at 30 June 2025:

Nature	Lender	Maturity date	Interest rate	Currency	Carrying amount as at 30 June 2025
<b>Subject to covenants</b>					
Facility A	Multiple lenders	20 May 2028	0.65% + PRIBOR 6m	CZK	8,904
<b>Total</b>					<b>8,904</b>

\* Nominal interest rate was 4.14% as at 30 June 2025.

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Non-current bank borrowings as at 31 December 2024:

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

\* 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.

**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	30 June 2025	31 December 2024
EUR fixed interest rate bonds	CGNI	16 July 2027	1.00%	14,957	15,141
CZK floating interest rate notes	CGNI	22 July 2026	1.00% + PRIBOR 6m*	6,911	6,913
EUR fixed interest rate bonds	CGNI	31 March 2031	0.875%	12,356	12,624
EUR Green Notes	CGNI	8 September 2029	0.450%	12,383	12,570
<b>Total</b>				<b>46,607</b>	<b>47,248</b>

\* Nominal interest rate was 4.75% as at 30 June 2025 (31 December 2024: 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	30 June 2025	31 December 2024
Loan Notes B	CGN	30 September 2044	4.90%	14,159	14,159
<b>Total</b>				<b>14,159</b>	<b>14,159</b>

Loans 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.

## 9 Derivative Financial Instruments

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

- A minimum of 90% of the notional amount of each 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.

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 329.7 million (equivalent of CZK 5,601 million) to cover the Group’s position in EUR.

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

As at 30 June 2025, the total notional amount of all cross currency 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 2024 the notional amount of all cross currency swaps the Group had entered into equalled EUR 1,600 million (equivalent of CZK 40,776 million) with maturities ranging between 2026 and 2031.

As at 30 June 2025, the total notional amount of all interest rate swaps the Group has entered into equals CZK 48,502 million. Maturities of these swaps range between 2025 and 2031. As at 31 December 2024, the total notional amount of all interest rate swaps the Group has entered into equals CZK 48,502 million. Maturities of these swaps range between 2025 and 2031

The fair value of cross-currency swap agreements amounted to CZK 4,890 million recognised as a derivative liability of CZK 5,168 million and a derivative asset of CZK 277 million as at 30 June 2025 (as at 31 December 2024: derivative liability of CZK 5,099 million and a derivative asset of CZK 362 million).

The fair value of interest-swap agreements (derivative asset) amounted to CZK 2,255 million as at 30 June 2025 (as at 31 December 2024: CZK 2,862 million).

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<i>In CZK millions</i>	30 June 2025	31 December 2024
<b>Non-current assets</b>		
Interest-rate swaps	1,436	1,733
Cross currency interest-rate swaps	277	362
<b>Current assets</b>		
Interest-rate swaps	819	1,129
<b>Non-current liabilities</b>		
Cross currency interest-rate swaps	(3,770)	(3,627)
<b>Current liabilities</b>		
Cross currency interest-rate swaps	(1,398)	(1,472)
<b>Total net fair value of derivative financial instruments</b>	<b>(2,636)</b>	<b>(1,876)</b>

**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 is 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.

**Fair value measurement.**

For information about the methods and assumptions used in determining the fair value of derivatives, refer to Note 13.

**Amounts recognised in profit or loss.**

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

<i>In CZK millions</i>	Six-month period ended 30 June 2025	Six-month period ended 30 June 2024
<b>Interest-rate swaps</b>		
Fair value gain (loss) on interest-rate swaps	(154)	(162)
<b>Cross currency interest-rate swaps</b>		
Fair value gain (loss) on cross-currency interest-rate swaps	(606)	225
<b>Net gain/(loss) on derivative financial instruments</b>	<b>(760)</b>	<b>63</b>

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During six-month period ended 30 June 2025, the net cash settlements of derivatives paid out by the Group amounted to CZK 161 million (six-month period ended 30 June 2024: outgoing payments CZK 73 million).

**10 Reconciliation of liabilities arising 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:

<i>In CZK millions</i>	Note	Bank Borrowings	Loans from Shareholder	Bonds	Lease liabilities	Total liabilities from financing activities
<b>Liabilities from financing activities as at 1 January 2025</b>		<b>9,704</b>	<b>14,159</b>	<b>47,249</b>	<b>2,419</b>	<b>73,531</b>
<b>Non-cash movements:</b>						
Interest expenses	5.3	201	341	350	43	935
Interest capitalised	7	18	-	-	-	18
Foreign exchange difference		-	-	(699)	-	(699)
Increase of leases and lease modifications		-	-	-	108	108
<b>Total non-cash movements</b>		<b>219</b>	<b>341</b>	<b>(349)</b>	<b>151</b>	<b>362</b>
<b>Cash movements:</b>						
Settlement of borrowings		(800)	-	-	-	(800)
Interest paid (expensed and capitalised)		(219)	(341)	(293)	(20)	(873)
Repayment of principal		-	-	-	(164)	(164)
<b>Total cash movements</b>		<b>(1019)</b>	<b>(341)</b>	<b>(293)</b>	<b>(184)</b>	<b>(1,837)</b>
<b>Liabilities from financing activities as at 30 June 2025</b>		<b>8,904</b>	<b>14,159</b>	<b>46,607</b>	<b>2,386</b>	<b>72,056</b>

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<i>In CZK millions</i>	Note	Bank Borrowings	Loans from Shareholder	Bonds	Lease liabilities	Total liabilities from financing activities
<b>Liabilities from financing activities as at 1 January 2024</b>		<b>8,897</b>	<b>14,159</b>	<b>46,546</b>	<b>2,444</b>	<b>72,046</b>
<b>Non-cash movements:</b>						
Interest expenses	5.3	305	343	446	43	1,137
Interest capitalised	7	26	-	-	-	26
Foreign exchange difference		-	-	490	-	490
Increase of leases and lease modifications		-	-	-	184	184
<b>Total non-cash movements</b>		<b>331</b>	<b>343</b>	<b>936</b>	<b>227</b>	<b>1,837</b>
<b>Cash movements:</b>						
Drawing of borrowings		500	-	-	-	500
Settlement of borrowings		(500)	-	-	-	(500)
Interest paid (expensed and capitalised)		(328)	(343)	(377)	(10)	(1,058)
Repayment of principal		-	-	-	(187)	(187)
<b>Total cash movements</b>		<b>(328)</b>	<b>(343)</b>	<b>(377)</b>	<b>(197)</b>	<b>(1,245)</b>
<b>Liabilities from financing activities as at 30 June 2024</b>		<b>8,900</b>	<b>14,159</b>	<b>47,105</b>	<b>2,474</b>	<b>72,638</b>

## 11 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 30 June 2025 and 31 December 2024.

**Capital expenditure commitments.** As at 30 June 2025, the Group has contractual capital expenditure commitments in respect of property, plant and equipment of CZK 4,633 million (31 December 2024: CZK 4,235 million).

**Bank commitments.** There were no-pledges as at 30 June 2025 and 31 December 2024.

## 12 Balances and Transactions with Related Parties

As at 30 June 2025 and 31 December 2024, the Group was owned by Czech Gas Networks S.à r.l., 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 were as follows:

<i>In millions of CZK</i>	Immediate parent	ČEZ Group	Immediate parent	ČEZ Group
	company CGN		company CGN S.à r.l.	
	30 June 2025	30 June 2025	31 December 2024	31 December 2024
Borrowings	14,159	14,159-	14,159	-
Trade and other receivables	2	99	2	116
Contract liabilities	-	37	-	133
Trade and other payables	-	20	-	33
Lease liabilities	-	1	-	-

Loans from the shareholder were provided at market terms.

Details of Borrowings are disclosed in Note 8.

The income and expense items with related parties for the six-month period ended 30 June were as follows:

<i>In millions of CZK</i>	Immediate parent	ČEZ Group	Immediate parent
	company CGN S.à r.l.		company CGN S.à r.l.
	Six-month period ended 30 June 2025	Six-month period ended 30 June 2025	Six-month period ended 30 June 2024
Revenues	-	2,153	-
Finance costs	341	-	343
Other operating expenses	-	12	-

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

In the period from January to June 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 2,080 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 30 June 2025 and 31 December 2024.

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.

The information regarding the remuneration of the three Senior Executives in the six-month period ended 30 June 2025 and three Senior Executives in the six-month period ended 30 June 2024 is set out below.

<i>In CZK millions</i>	Six-month period ended 30 June 2025			Six-month period ended 30 June 2024		
	Expense	Provisions	Trade and other payables	Expense	Provisions	Trade and other payables
<i>Short-term benefits:</i>						
- Salaries	8	-	1	8	-	1
- Short-term bonuses	-	-	-	1	-	-
- Social security costs	2	-	-	1	-	-
<i>Other long-term employee benefits:</i>						
- Long-term motivation program	(8)	17	-	16	29	-
<b>Total key management compensation</b>	<b>2</b>	<b>17</b>	<b>1</b>	<b>26</b>	<b>29</b>	<b>1</b>

Short-term bonuses fall due wholly within twelve 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 of the Group amounted to CZK 5 million and presented as Property, plant and equipment as at 30 June 2025. As at 30 June 2024, the in-kind consideration in the form of using the cars leased by the Group amounted to CZK 1 million and was presented as a depreciation of the right-of-use assets for the six-month period ended 30 June 2024.

### 13 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 30 June 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 30 June 2025 and 31 December 2024.

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<i>Recurring fair value measurements in CZK millions</i>	<b>30 June 2025</b>	<b>31 December 2024</b>
	<b>Level 2 fair value</b>	<b>Level 2 fair value</b>
<b>ASSETS</b>		
<b>Derivatives</b>		
- Interest-rate swaps	2,255	2,861
- Cross currency interest swap	277	362
<b>TOTAL ASSETS</b>	<b>2,532</b>	<b>3,223</b>
<b>LIABILITIES</b>		
<b>Derivatives</b>		
- Interest-rate swaps	-	-
- Cross currency interest swap	(5,168)	(5,099)
<b>TOTAL LIABILITIES</b>	<b>(5,168)</b>	<b>(5,099)</b>

The fair value of EUR fixed interest rate bonds issued amounts to CZK 36,244 million as at 30 June 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 30 June 2025 the fair value of the loans from shareholder amounts to CZK 13,582 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 30 June 2025 and 31 December 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 rates 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 to 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.

#### **14 Presentation of Financial Instruments by Measurement Category**

As at 30 June 2025 and 31 December 2024, all the Group's financial liabilities and financial assets presented in Note 13 were carried at amortised cost except the derivatives, which were carried at fair value through profit or loss.

## **15 Events after the Reporting period**

In August 2025 the Group signed new Facility agreements with several banks based on which the Group's credit limits have increased. These agreements provide the Group with access to additional revolving credit facilities for general corporate purposes in the aggregate amount of EUR 355 million (equivalent to CZK 8,941 million) and CZK 4,500 million.

On 4 September 2025 GasNet s.r.o. on behalf of the Group signed an agreement on the purchase of a 100% ownership interest in Gas Distribution s.r.o., the operator of the gas distribution network in South Bohemia region of the Czech Republic. The transaction is subject to further regulatory approvals, including an approval from the European Commission, and is expected to be settled at the turn of years 2025 and 2026.

No other events have occurred subsequent to the balance sheet date that would have a material impact on the condensed consolidated interim financial statements as at 30 June 2025.

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