# EP Infrastructure, a.s.

## Unaudited Condensed Consolidated Interim Financial Statements
## as of and for the six-month period ended 30 June 2021

prepared in accordance with IAS 34 – Interim Reporting – of IFRS

Deloitte.

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# REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

## To the Shareholders of
## EP Infrastructure, a.s.

Having its registered office at: Pařížská 130/26, Josefov, 110 00 Praha 1

Introduction

We have reviewed the accompanying condensed consolidated interim financial statements of EP Infrastructure, a.s. (hereinafter also the "Company") and its subsidiaries (the "Group"), which comprise the condensed consolidated interim statement of financial position as at 30 June 2021, and the condensed consolidated interim statement of comprehensive income for period of 6 months ended 30 June 2021, condensed consolidated interim statement of changes in equity and condensed consolidated interim statement of cash flows for the year then ended and notes to the condensed consolidated interim financial statements (hereinafter also the "Consolidated Financial Statements"). Management is responsible for the preparation and fair presentation of this interim financial information in accordance with International Accounting Standard (IAS) 34, "Interim Financial Reporting" as adopted by the European Union. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information does not give a true and fair view of the financial position of the entity as at 30 June 2021, and of its financial performance and its cash flows for the six-month period then ended in accordance with International Accounting Standard (IAS) 34, "Interim Financial Reporting" as adopted by the European Union.

In Prague on 27 August 2021

| | |
|---|---|
| Audit firm: | Statutory auditor: |
| Deloitte Audit s.r.o.<br>registration no. 079 | David Batal<br>on the basis of a power of attorney |

# Content

# Condensed consolidated interim statement of comprehensive income

**For the six-month period ended 30 June 2021**

| *In millions of EUR ("MEUR")* | **Note** | **2021 (six months)** | **2020 (six months)** |
|---|---|---|---|
| Revenues | 7 | 1,344 | 1,637 |
| Gain (loss) from commodity and freight derivatives, net | | (10) | 6 |
| **Total revenues** | | **1,334** | **1,643** |
| **Total Purchases and consumables** | 8 | **(500)** | **(653)** |
| **Subtotal** | 7 | **834** | **990** |
| Personnel expenses | | (106) | (116) |
| Depreciation and amortization | 13, 14 | (211) | (230) |
| Repairs and maintenance | | (9) | (9) |
| Emission rights, net | | (40) | (36) |
| Taxes and charges | | (3) | (5) |
| Other operating income | 9 | 31 | 31 |
| Other operating expenses | 10 | (54) | (52) |
| Own work, capitalized | | 12 | 14 |
| **Profit (loss) from operations** | | **454** | **587** |
| Finance income | 11 | 21 | 4 |
| Finance expense | 11 | (53) | (116) |
| Gain (loss) from financial instruments | 11 | 17 | (34) |
| **Net finance income (expense)** | | **(15)** | **(146)** |
| Share of profit (loss) of equity accounted investees, net of tax | | - | 1 |
| **Profit before income tax** | | **439** | **442** |
| Income tax expenses | | (110) | (128) |
| **Profit for the period** | | **329** | **314** |
| **Items that are not reclassified subsequently to profit or loss** | | | |
| Revaluation of property, plant and equipment, net of tax | 4(a) | - | 1,315 |
| **Items that are or may be reclassified subsequently to profit or loss** | | | |
| Foreign currency translation differences for foreign operations | 12 | (121) | 168 |
| Foreign currency translation differences from presentation currency | 12 | 119 | (144) |
| Effective portion of changes in fair value of cash-flow hedges, net of tax | 12 | (71) | (4) |
| **Other comprehensive income for the period, net of tax** | | **(73)** | **1,335** |
| **Total comprehensive income for the period** | | **256** | **1,649** |
| **Profit attributable to:** | | | |
| Owners of the Company | | 180 | 122 |
| Non-controlling interest | 17 | 149 | 192 |
| **Profit for the period** | | **329** | **314** |
| **Total comprehensive income attributable to:** | | | |
| Owners of the Company | | 148 | 802 |
| Non-controlling interest | | 108 | 847 |
| **Total comprehensive income for the period** | | **256** | **1,649** |
| **Total basic and diluted earnings per share in EUR** | 16 | 0.56 | 0.38 |

The notes presented on pages 6 to 37 form an integral part of these condensed consolidated interim financial statements.

# Condensed consolidated interim statement of financial position

| **As at 30 June 2021**<br>*In millions of EUR ("MEUR")* | **Note** | **30 June 2021** | **31 December 2020** |
|---|---|---|---|
| **Assets** | | | |
| Property, plant and equipment | 13 | 9,938 | 10,047 |
| Intangible assets | 14 | 37 | 103 |
| Goodwill | 14 | 102 | 99 |
| Equity accounted investees | | 3 | 3 |
| Restricted cash | | 1 | 2 |
| Financial instruments and other financial assets | 20 | 56 | 38 |
| Trade receivables and other assets | | 46 | 31 |
| Prepayments and other deferrals | | 1 | 3 |
| Deferred tax assets | | 14 | 17 |
| **Total non-current assets** | | **10,198** | **10,343** |
| | | | |
| Inventories | | 171 | 184 |
| Trade receivables and other assets | | 336 | 330 |
| Contract assets | 7 | 37 | 54 |
| Financial instruments and other financial assets | 20 | 163 | 38 |
| Prepayments and other deferrals | | 11 | 10 |
| Current income tax receivable | | 17 | 2 |
| Cash and cash equivalents | | 640 | 709 |
| Restricted cash | | 2 | 1 |
| **Total current assets** | | **1,377** | **1,328** |
| **Total assets** | | **11,575** | **11,671** |
| | | | |
| **Equity** | | | |
| Share capital | 15 | 2,988 | 2,988 |
| Share premium | | 8 | 8 |
| Reserves | 15 | (2,624) | (2,571) |
| Retained earnings | | 745 | 644 |
| **Total equity attributable to equity holders** | | **1,117** | **1,069** |
| Non-controlling interest | 17 | 3,000 | 3,012 |
| **Total equity** | | **4,117** | **4,081** |
| | | | |
| **Liabilities** | | | |
| Loans and borrowings | 18 | 4,264 | 3,926 |
| Financial instruments and financial liabilities | 20 | 221 | 134 |
| Provisions | 19 | 259 | 247 |
| Deferred income | | 84 | 85 |
| Contract liabilities | 7 | 74 | 115 |
| Deferred tax liabilities | | 1,788 | 1,831 |
| Trade payables and other liabilities | | - | 4 |
| **Total non-current liabilities** | | **6,690** | **6,342** |
| | | | |
| Trade payables and other liabilities | | 385 | 320 |
| Contract liabilities | 7 | 99 | 70 |
| Loans and borrowings | 18 | 42 | 616 |
| Financial instruments and financial liabilities | 20 | 137 | 97 |
| Provisions | 19 | 48 | 73 |
| Deferred income | | 26 | 24 |
| Current income tax liability | | 31 | 48 |
| **Total current liabilities** | | **768** | **1,248** |
| **Total liabilities** | | **7,458** | **7,590** |
| **Total equity and liabilities** | | **11,575** | **11,671** |

The notes presented on pages 6 to 37 form an integral part of these condensed consolidated interim financial statements.

# Condensed consolidated interim statement of changes in equity

**For the six-month period ended 30 June 2021**

| *In millions of EUR ("MEUR")* | Note | Share capital | Share premium | Non-distributable reserves | Translation reserve | Fair value reserve | Other capital reserves | Hedging reserve | Retained earnings | Total | Non-controlling interest | Total Equity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | **Attributable to owners of the Company** | | | | | | | | | | |
| | | | | **Reserves** | | | | | | | | |
| **Balance as at 1 January 2021 (A)** | | **2,988** | **8** | **1** | **(33)** | **1,377** | **(3,814)** | **(102)** | **644** | **1,069** | **3,012** | **4,081** |
| *Total comprehensive income for the year:* | | | | | | | | | | | | |
| Profit or loss (B) | | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **180** | **180** | **149** | **329** |
| *Other comprehensive income:* | | | | | | | | | | | | |
| Foreign currency translation differences for foreign operations | 12 | - | - | - | (41) | - | - | - | - | **(41)** | (80) | **(121)** |
| Foreign currency translation differences from presentation currency | 12 | - | - | - | 33 | - | - | - | - | **33** | 86 | **119** |
| Fair value reserve included in other comprehensive income, net of tax | | - | - | - | - | - | - | - | - | **-** | - | **-** |
| Revaluation reserve included in other comprehensive income, net of tax | | - | - | - | - | - | - | - | - | **-** | - | **-** |
| Effective portion of changes in fair value of cash-flow hedges, net of tax | 12 | - | - | - | - | - | - | (24) | - | **(24)** | (47) | **(71)** |
| **Total other comprehensive income (C)** | | **-** | **-** | **-** | **(8)** | **-** | **-** | **(24)** | **-** | **(32)** | **(41)** | **(73)** |
| **Total comprehensive income for the period** (D) = (B + C) | | **-** | **-** | **-** | **(8)** | **-** | **-** | **(24)** | **180** | **148** | **108** | **256** |
| *Contributions by and distributions to owners:* | | | | | | | | | | | | |
| Dividends to equity holders | 15, 17 | - | - | - | - | - | - | - | (100) | **(100)** | (120) | **(220)** |
| Transfer to retained earnings | | - | - | - | - | (21) | - | - | 21 | **-** | - | **-** |
| **Total contributions by and distributions to owners** (E) | | **-** | **-** | **-** | **-** | **(21)** | **-** | **-** | **(79)** | **(100)** | **(120)** | **(220)** |
| *Changes in ownership interests in subsidiaries that do not result in loss of control:* | | | | | | | | | | | | |
| Effect of acquisitions through business combinations | | - | - | - | - | - | - | - | - | **-** | - | **-** |
| Effect of changes in ownership of non-controlling interest | | - | - | - | - | - | - | - | - | **-** | - | **-** |
| Effects of acquisition of non-controlling interests | | - | - | - | - | - | - | - | - | **-** | - | **-** |
| **Total changes in ownership interests in subsidiaries** (F) | | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| **Total transactions with owners** (G) = (E + F) | | **-** | **-** | **-** | **-** | **(21)** | **-** | **-** | **(79)** | **(100)** | **(120)** | **(220)** |
| **Balance at 30 June 2021** (H) = (A + D + G) | | **2,988** | **8** | **1** | **(41)** | **1,356** | **(3,814)** | **(126)** | **745** | **1,117** | **3,000** | **4,117** |

The notes presented on pages 6 to 37 form an integral part of these condensed consolidated interim financial statements.

**For the six-month period ended 30 June 2020**

| *In millions of EUR ("MEUR")* | **Note** | **Share capital** | **Share premium** | **Attributable to owners of the Company** **Reserves** *Non-distributable reserves* | *Translation reserve* | *Fair value reserve* | *Other capital reserves* | *Hedging reserve* | **Retained earnings** | **Total** | **Non-controlling interest** | **Total Equity** |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Balance as at 1 January 2020 (A)** | | **2,988** | **8** | **1** | **(87)** | **774** | **(3,814)** | **(100)** | **641** | **411** | **2,371** | **2,782** |
| *Total comprehensive income for the year:* | | | | | | | | | | | | |
| Profit or loss (B) | | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **122** | **122** | **192** | **314** |
| *Other comprehensive income:* | | | | | | | | | | | | |
| Foreign currency translation differences for foreign operations | 12 | - | - | - | 48 | - | - | - | - | **48** | 120 | **168** |
| Foreign currency translation differences from presentation currency | 12 | - | - | - | (17) | - | - | - | - | **(17)** | (127) | **(144)** |
| Fair value reserve included in other comprehensive income, net of tax | | - | - | - | - | 643 | - | - | - | **643** | 672 | **1,315** |
| Revaluation reserve included in other comprehensive income, net of tax | | - | - | - | - | - | - | - | - | **-** | - | **-** |
| Effective portion of changes in fair value of cash-flow hedges, net of tax | 12 | - | - | - | - | - | - | 6 | - | **6** | (10) | **(4)** |
| **Total other comprehensive income (C)** | | **-** | **-** | **-** | **31** | **643** | **-** | **6** | **-** | **680** | **655** | **1,335** |
| **Total comprehensive income for the period** (D) = (B + C) | | **-** | **-** | **-** | **31** | **643** | **-** | **6** | **122** | **802** | **847** | **1,649** |
| *Contributions by and distributions to owners:* | | | | | | | | | | | | |
| Transfer to retained earnings | | - | - | - | - | - | - | - | - | **-** | - | **-** |
| Transfer from non-distributable reserves - release of legal fund | | - | - | - | - | (22) | - | - | 22 | **-** | - | **-** |
| **Total contributions by and distributions to owners** (E) | | **-** | **-** | **-** | **-** | **(22)** | **-** | **-** | **(178)** | **(200)** | **(106)** | **(306)** |
| *Changes in ownership interests in subsidiaries that do not result in loss of control:* | | | | | | | | | | | | |
| Effect of acquisitions through business combinations | | - | - | - | - | - | - | - | - | **-** | - | **-** |
| Effect of changes in ownership of non-controlling interest | | - | - | - | - | - | - | - | (1) | **(1)** | - | **(1)** |
| Effects of acquisition of non-controlling interests | | - | - | - | - | - | - | - | - | **-** | - | **-** |
| **Total changes in ownership interests in subsidiaries** (F) | | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **(1)** | **(1)** | **-** | **(1)** |
| **Total transactions with owners** (G) = (E + F) | | **-** | **-** | **-** | **-** | **(22)** | **-** | **-** | **(179)** | **(201)** | **(106)** | **(307)** |
| **Balance at 30 June 2020** (H) = (A + D + G) | | **2,988** | **8** | **1** | **(56)** | **1,395** | **(3,814)** | **(94)** | **584** | **1,012** | **3,112** | **4,124** |

The notes presented on pages 6 to 37 form an integral part of these condensed consolidated interim financial statements.

# Condensed consolidated interim statement of cash flow

**For the six-month period ended 30 June 2021**

| *In millions of EUR ("MEUR")* | **Note** | **2021 (six months)** | **2020 (six months)** |
|---|---|---|---|
| **OPERATING ACTIVITIES** | | | |
| Profit for the period | | 329 | 314 |
| *Adjustments for:* | | | |
| Income taxes expenses | | 110 | 128 |
| Depreciation and amortization | | 211 | 230 |
| Dividend income | 11 | - | (3) |
| Impairment losses on property, plant and equipment and intangible assets | 10 | (2) | (1) |
| (Gain) loss from commodity and freight derivatives, net | 7 | 10 | (6) |
| Loss on disposal of property, plant and equipment and intangible assets | | 5 | - |
| Emission rights, net | | 40 | 36 |
| Share of profit of equity accounted investees | | - | (1) |
| (Gain) loss from financial instruments | 11 | (17) | 34 |
| Interest expense, net | 11 | 50 | 59 |
| Change in allowance for impairment to trade receivables and other assets, write-offs | 10 | 7 | 5 |
| Change in provisions | | 4 | (1) |
| Other finance fees, net | 11 | - | 2 |
| Unrealized foreign exchange (gains) losses, net | | (27) | 54 |
| **Operating profit before changes in working capital** | | **720** | **850** |
| Change in trade receivables and other assets | | 7 | 2 |
| Change in inventories | | 13 | 7 |
| Change in trade payables and other liabilities | | (28) | (79) |
| Change in restricted cash | | - | 1 |
| **Cash generated from (used in) operations** | | **712** | **781** |
| Interest paid | | (68) | (53) |
| Income taxes paid | | (162) | (135) |
| **Cash flows generated from (used in) operating activities** | | **482** | **593** |
| **INVESTING ACTIVITIES** | | | |
| Received dividends | | - | 1 |
| Proceeds (outflows) from sale (settlement) of financial instruments | | 4 | 1 |
| Acquisition of property, plant and equipment and intangible assets | 13, 14 | (56) | (69) |
| Purchase of emission rights | 14 | (1) | (1) |
| Proceeds from sale of property, plant and equipment and other intangible assets | | 2 | 2 |
| Advance payment for acquisition of subsidiaries | 23 | (23) | - |
| Other investing activities | | - | (1) |
| **Cash flows from (used in) investing activities** | | **(74)** | **(67)** |
| **FINANCING ACTIVITIES** | | | |
| Proceeds from borrowings received | 18 | 105 | 708 |
| Repayment of borrowings | 18 | (764) | (601) |
| Proceeds from bonds issued | 18 | 1,000 | 500 |
| Repayment of bonds issued | 18 | (570) | - |
| Finance fees paid from repayment of borrowings and bond issue | | (5) | (3) |
| Payment of lease liability | | (4) | (6) |
| Loans provided to non-controlling shareholders as a prepayment for a dividend | 20 | (92) | (122) |
| Dividends paid | | (151) | (200) |
| **Cash flows from (used in) financing activities** | | **(481)** | **276** |
| Net increase (decrease) in cash and cash equivalents | | (73) | 802 |
| **Cash and cash equivalents at beginning of the period** | | **709** | **674** |
| Effect of exchange rate fluctuations on cash held | | 4 | (3) |
| **Cash and cash equivalents at end of the period** | | **640** | **1,473** |

The notes presented on pages 6 to 37 form an integral part of these condensed consolidated interim financial statements.

# Notes to the condensed consolidated interim financial statements

## 1. Background

EP Infrastructure, a.s. (the "Parent Company" or the "Company" or "EPIF" or "infrastructure subholding") is a joint-stock company, with its registered office at Pařížská 130/26, 110 00 Praha 1, Czech Republic. The Company was founded by Energetický a průmyslový holding, a.s. ("EPH") on 6 December 2013 as at that time a subsidiary that will hold/consolidate investments in entities belonging to the energy segment of Energetický a průmyslový holding, a.s. and its subsidiaries (the "EPH Group").

The infrastructure subholding was established to separate the strategic infrastructure energy assets from other business activities of the EPH Group.

The main activities of EPIF and its subsidiaries (together referred to as the "Group" or the "EPIF Group") are natural gas transmission, gas and power distribution and supply, gas storage and heat production and distribution.

The condensed consolidated interim financial statements of the Company for the six-month period ended 30 June 2021 include the statements of the Parent Company and its subsidiaries.

The shareholders of the Company as at 30 June 2021 were as follows:

| | Interest in share capital | | Voting rights |
|---|---|---|---|
| | **MEUR** | **%** | **%** |
| EPIF Investments a.s. | 2,062 | 69.00 | 69.00 |
| CEI INVESTMENTS S.a.r.l. | 926 | 31.00 | 31.00 |
| **Total** | **2,988** | **100.00** | **100.00** |

The shareholders of the Company as at 31 December 2020 were as follows:

| | Interest in share capital | | Voting rights |
|---|---|---|---|
| | **MEUR** | **%** | **%** |
| EPIF Investments a.s. | 2,062 | 69.00 | 69.00 |
| CEI INVESTMENTS S.a.r.l. | 926 | 31.00 | 31.00 |
| **Total** | **2,988** | **100.00** | **100.00** |

The members of the Board of Directors as at 30 June 2021 were:

- Daniel Křetínský (Chairman of the Board of Directors)
- Jiří Zrůst (Vice-chairman of the Board of Directors)
- Gary Wheatley Mazzotti (Vice-chairman of the Board of Directors)
- William David George Price (Member of the Board of Directors)
- Marek Spurný (Member of the Board of Directors)
- Pavel Horský (Member of the Board of Directors)
- Milan Jalový (Member of the Board of Directors)

## 2. Basis of preparation

### (a) Statement of compliance

The annual consolidated financial statements for the EPIF Group will be prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"), as adopted by the European Union. These unaudited condensed consolidated interim financial statements "Interim Financial Statements" have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34"). These Interim Financial Statements do not include all the information required for a complete set of IFRS financial statements and should be read in conjunction with the consolidated financial statements of the EPIF Group as of and for the year ended 31 December 2020 published on 31 March 2021. Changes to significant accounting policies are described in Note 2(d).

These unaudited condensed consolidated interim financial statements were approved by the Company's Board of Directors on 27 August 2021.

### (b) Critical accounting estimates and assumptions

The preparation of condensed consolidated interim financial statements in accordance with IAS 34 requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise judgement in the process of applying the Company's accounting policies. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as of and for the year ended 31 December 2020.

### (c) COVID-19 related disclosures

In relation to COVID-19 EPIF Group's operations continue to be significantly resilient to the COVID-19 impacts as described in the 31 December 2020 financial statements and the impacts have had a limited adverse effect on the EPIF Group's financial performance in 2021.

### (d) Changes in accounting policies

Except as described below, the accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the Group's consolidated financial statements as of and for the year ended 31 December 2020.

In 2021, the Group changed the labels of the selected line items in the statement of comprehensive income. In particular, the line item "Sales" was renamed to "Revenues" and the line item "Cost of sales" was renamed to "Purchases and consumables". In the disclosure notes, the label "Energy" has been expanded to "Energy and related services". The changes have been made to describe more accurately the activities of the Group.

### (e) Recently issued accounting standards

Following paragraphs provide a summary of the additional key requirements of IFRS that are effective for an annual period beginning on or after 1 January 2021 and that have thus been applied by the Group for the first time:

- Amendment to IFRS 16 – Covid 19-Related Rent Concessions (Effective for annual reporting periods beginning on or after 1 July 2020);
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest Rate Benchmark Reform – Phase 2 (Effective for annual periods beginning on or after 1 January 2021).

The amendments applied by the Group for the first time do not have any material impact on the Group's financial statements.

## (f) Basis of preparation

The condensed consolidated interim financial statements have been prepared on a going-concern basis using the historical cost method, except for the following material items in the statement of financial position, which are measured at fair value:

- gas transmission pipelines and gas distribution pipelines at revalued amounts;
- derivative financial instruments;
- financial instruments at fair value through profit or loss;
- financial instruments at fair value through other comprehensive income.

## (g) Foreign exchange rates used in the condensed consolidated interim financial statements

### *i. Foreign currency transactions*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). Company's functional currency is Czech crown. Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate at the transaction date. The consolidated financial statements are presented in Euro, which is the Group's presentation currency.

Monetary assets and liabilities denominated in foreign currencies are retranslated to the respective functional currencies of Group entities at the exchange rate at the reporting date; where the functional currency is Czech crowns, at the exchange rate of the Czech National Bank.

Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated to the respective functional currencies of Group entities at the foreign exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the respective functional currencies at the foreign exchange rates at the dates the fair values are determined.

Foreign exchange differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of FVOCI equity instruments or qualifying cash flow hedges to the extent that the hedge is effective, in which case foreign exchange differences arising on retranslation are recognised in other comprehensive income.

### *ii. Translation to presentation currency*

These condensed consolidated interim financial statements are presented in Euro which is the Group's presentation currency. The process of translation into presentation currency is performed into two steps.

Condensed consolidated interim financial statements are first prepared in Czech crowns. The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated into Czech crowns at foreign exchange rates at the reporting date. The income and expenses of foreign operations are translated into Czech crowns using a foreign exchange rate that approximates the foreign exchange rate at the date of the transaction. For significant transactions the exact foreign exchange rate is used.

The condensed consolidated interim financial statements are then translated into Euros. The assets and liabilities, including goodwill and fair value adjustments arising on consolidation, are translated from Czech crowns into Euros at foreign exchange rate at the reporting date. The income and expenses are translated from Czech crowns into Euros using a foreign exchange rate that approximates the foreign exchange rate at the date of the transaction.

Foreign exchange differences arising on translation are recognised in other comprehensive income and presented in the translation reserve in equity. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportion of the translation difference is allocated to non-controlling interests. At disposal relevant part of translation reserve is recycled to financial income or expense in the statement of comprehensive income.

| Date | Closing exchange rate CZK/EUR | Average exchange rate CZK/EUR for the 6-month (12-month) period |
|---|---|---|
| 30 June 2021 | 25.485 | 25.854 |
| 31 December 2020 | 26.245 | 26.444 |
| 30 June 2020 | 26.740 | 26.326 |

## 3. Seasonality of operations

The seasonal character of sales revenues in the heat generation industry is affected by the climate of the temperate climatic zone. The heating season generally runs from the beginning of September to the end of May the next year. The length of the heating season differs year to year depending on the average day temperature and weather conditions, and as such, period to period comparability of heat revenues and associated expenses is limited.

For the 12 months ended 30 June 2021, the Group reported revenue of EUR 2,886 million (for year ended 31 December 2020: EUR 3,195 million) and Profit from operations of EUR 1,029 million (for year ended 31 December 2020: EUR 1,162 million).

## 4. Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

### (a) Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of a business combination is based on three different approaches which may be employed to determine the fair value:

*Market approach* uses prices and other relevant information generated by market transactions involving identical or comparable (i.e. similar) assets, liabilities or a group of assets and liabilities, such as a business. For example, valuation techniques consistent with the market approach often use market multiples derived from a set of comparables.

*Income approach* converts future amounts (e.g. cash flows or income and expenses) to a single current (i.e. discounted) amount. When the income approach is used, the fair value measurement reflects current market expectations about those future amounts.

*Cost approach* is based on the premise that a prudent investor would pay no more for an asset than its replacement or reproduction cost. The depreciated replacement cost approach involves establishing the gross current replacement cost of the asset, and then depreciating this value to reflect the anticipated effective working life of the asset from new, the age of the asset, the estimated residual value at the end of the asset's working life and the loss in service potential

IFRS 13 requires fair value measurements of assets to assume the highest and best use of the asset by market participants, provided that the use is physically possible, financially feasible and not illegal. Highest and best use might differ from the intended use by an individual acquirer. Although all three valuation approaches should be considered in the valuation analysis, the fact pattern surrounding each business combination, the purpose of valuation, the nature of the assets, and the availability of data dictate which approach or approaches including accounting-oriented approaches are ultimately utilized to calculate the value of each tangible asset.

Selected items of property, plant and equipment – gas transmission pipeline owned and operated by eustream, a.s. and gas distribution pipelines owned and operated by SPP – distribúcia, a.s. ("SPPD") – are recognized in revalued amount in accordance with IAS 16 since 1 January 2019 and 1 January 2020, respectively. The revalued amount represents the fair value as at the date of the most recent revaluation, net of any subsequent accumulated depreciation and subsequent accumulated impairment. The most recent revaluation was prepared as at 1 August 2019 for eustream, a.s. and as at 1 August 2018 for SPPD by an independent expert and will be carried out regularly (at least every five years), so that the carrying amount does not differ materially from the amount recognised on the balance sheet date using fair values.

Each revaluation was conducted by an independent expert who used mainly the depreciated replacement cost approach supported by the market approach for some types of assets. In general, the replacement cost method was used and the indexed historical cost method for assets where reproductive rates were not available. By determining the fair value of individual assets with the cost approach, physical deterioration, plus technological and economic obsolescence of assets was acknowledged.

The assumptions used in the revaluation model are based on the reports of the independent appraisers. The resulting reported amounts of these assets and the related revaluation surplus of assets do not necessarily represent the value in which these assets could or will be sold. There are uncertainties about future economic conditions, changes in technology and the competitive environment within the industry, which could potentially result in future adjustments to estimated revaluations and useful lives of assets that can significantly modify the reported financial position and profit. For further information, refer to Note 13 – Property, plant and equipment.

### (b) Intangible assets

The fair value of intangible assets recognised as a result of a business combination is based on the discounted cash flows expected to be derived from the use or eventual sale of the assets.

### (c) Inventories

The fair value of inventories acquired in a business combination is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

### (d) Non-derivative financial assets

The fair value of financial assets at fair value through profit or loss, debt and equity instruments at FVOCI and financial assets at amortized cost is based on their quoted market price at the reporting date without any deduction for transaction costs. If a quoted market price is not available, the fair value of the instrument is estimated by management using pricing models or discounted cash flows techniques.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is a market-related rate at the reporting date for an instrument with similar terms and conditions. Where pricing models are used, inputs are based on market-related measures at the reporting date.

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date

The fair value of trade and other receivables and of financial assets at amortized cost is determined for disclosure purposes only.

### (e) Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For leases the market rate of interest is determined by reference to similar lease agreements.

### (f) Derivatives

The fair value of forward electricity and gas contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on zero coupon rates).

The fair value of interest rate swaps is based on broker quotes or internal valuations based on market prices. Those quotes or valuations are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

The fair value of other derivatives (exchange rate, commodity, foreign CPI indices) embedded in a contract is estimated by discounting the difference between the forward values and the current values for the residual maturity of the contract using a risk-free interest rate (based on zero coupon rates).

Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and counterparty when appropriate.

## 5. Operating segments

The Group operates in four reportable segments under IFRS 8: Gas transmission, Gas and power distribution, Gas storage and Heat Infra.

Major indicators used by the Board of Directors, the chief operating decision maker, to measure these segments' performance is operating profit before depreciation, amortization and negative goodwill ("Underlying EBITDA") and capital expenditures.

### *i. Gas transmission*

The Group's Gas Transmission Business is operated through Eustream, which is the owner and operator of one of the major European gas pipelines and is the only gas transmission system operator in the Slovak Republic. The transmission network of Eustream is part of the Central Corridor which is the largest and the most important piped gas import route into Europe based on volume of gas transmitted by Eustream. Eustream generates revenue by charging tariffs for the transmission of gas through its pipelines and by the sale of gas in-kind which it receives from shippers and which remains in the network of Eustream after serving the network's technological needs. The majority of gas transmitted by Eustream stems from a long-term contract with a prominent Russian shipper of gas and one other long-term contract. Shippers are obliged to pay the capacity fees for the booked capacity irrespective of whether such capacity is utilised by the shipper as all contracts, regardless of duration, are based on a 100 per cent. ship-or-pay principle.

### *ii. Gas and power distribution*

The Gas and power distribution segment consists of Power distribution division, Gas distribution division and Supply division. The Power distribution division distributes electricity in the central Slovakia region while Gas distribution division is responsible for distribution of natural gas covering almost the complete gas distribution network in Slovakia. The Supply division primarily supplies power and natural gas to end-consumers in the Czech Republic and Slovakia. This segment is mainly represented by Stredoslovenská energetika Holding, a.s. (further "SSE"), Stredoslovenská distribučná, a.s. (further "SSD"), SPP – distribúcia, a.s. (further "SPPD"), and EP ENERGY TRADING, a.s. (further "EPET"). EPET and the SSE also purchase and sell power, including sales in the wholesale market of electricity generated by the Group in its Heat Infra Business and purchases of electricity and natural gas to supply customers as part of the division's supply activities. The majority of the Group's trades are conducted on back-to-back basis.

### *iii. Gas storage*

The Gas storage segment is represented by NAFTA a.s., SPP Storage, s.r.o., POZAGAS a.s. and NAFTA Germany GmbH and its subsidiaries which store natural gas primarily under long-term contracts in underground storage facilities located in the Czech Republic, Slovakia and Germany.

The Group stores natural gas in two locations in the Czech Republic and Slovakia and three locations in Germany. The storage capacities are utilised for injection, withdrawal and storage of natural gas according to seasonal needs to ensure the standards of security of supply based on the valid legislation and to utilise short-term market volatility of gas prices.

### *iv. Heat Infra*

The Heat Infra segment owns and operates three large-scale combined heat and power plants (CHPs) in the Czech Republic mainly operated in highly efficient co-generation mode and represented primarily by: Elektrárny Opatovice, a.s., United Energy, a.s. and Plzeňská teplárenská, a.s. The heat generated in its co-generation power plants is supplied mainly to retail customers through well maintained and robust district heating systems that the Group owns in most of the cases. Czech based heat supply is regulated in a way of cost plus a reasonable profit margin. EP Sourcing, a.s. and EP Cargo a.s. as main suppliers of the above-mentioned entities, are also included in this segment.

### *v. Other*

The Other operations represents mainly three solar power plants, one wind farm and a minority interest in an another solar power plant in the Czech Republic. The Group also runs two solar power plants in Slovakia, and a biogas facility in Slovakia.

### *vi. Holding entities*

The Holding entities mainly represent EP Infrastructure, a.s., EP Energy, a.s., Slovak Gas Holding B.V., EPH Gas Holding B.V., Seattle Holding B.V., SPP Infrastructure, a.s. and Czech Gas Holding Investment B.V. The segment profit therefore primarily represents dividends received from its subsidiaries, finance expense and results from acquisition accounting or disposals of subsidiaries and associates.

## Profit or loss

### For the six-month period ended 30 June 2021

| *In millions of EUR* | Gas trans-mission | Gas and power distribution | Gas storage | Heat Infra | Total segments | Other | Holding | Inter-segment eliminations | Consolidated financial information |
|---|---|---|---|---|---|---|---|---|---|
| Revenues: Energy and related services | 254 | 917 | 142 | 160 | 1,473 | 2 | - | (153) | 1,322 |
| *external revenues* | *181* | *913* | *126* | *100* | *1,320* | *2* | - | - | *1,322* |
| *of which: Gas* | *181* | *383* | *126* | - | *690* | - | - | - | *690* |
| *Electricity* | - | *530* | - | *19* | *549* | *2* | - | - | *551* |
| *Heat* | - | - | - | *81* | *81* | - | - | - | *81* |
| *inter-segment revenues* | *73* | *4* | *16* | *60* | *153* | - | - | *(153)* | - |
| Revenues: Logistics and freight services | - | - | - | 13 | 13 | - | - | - | 13 |
| *external revenues* | - | - | - | *13* | *13* | - | - | - | *13* |
| *inter-segment revenues* | - | - | - | - | - | - | - | - | - |
| Revenues: Other | - | 3 | - | 4 | 7 | 2 | - | - | 9 |
| *external revenues* | - | *3* | - | *4* | *7* | *2* | - | - | *9* |
| *inter-segment revenues* | - | - | - | - | - | - | - | - | - |
| Gain (loss) from commodity and freight derivatives, net | - | (10) | - | - | (10) | - | - | - | (10) |
| **Total revenues** | **254** | **910** | **142** | **177** | **1,483** | **4** | **-** | **(153)** | **1,334** |
| Purchases and consumables: Energy and related services | (13) | (564) | (12) | (60) | (649) | - | - | 153 | (496) |
| *external Purchases and consumables* | *(12)* | *(416)* | *(11)* | *(57)* | *(496)* | - | - | - | *(496)* |
| *inter-segment Purchases and consumables* | *(1)* | *(148)* | *(1)* | *(3)* | *(153)* | - | - | *153* | - |
| Purchases and consumables: Other | - | - | 2 | (5) | (3) | (1) | - | - | (4) |
| *external Purchases and consumables* | - | - | *2* | *(5)* | *(3)* | *(1)* | - | - | *(4)* |
| *inter-segment Purchases and consumables* | - | - | - | - | - | - | - | - | - |
| Personnel expenses | (14) | (50) | (17) | (21) | (102) | (1) | (3) | - | (106) |
| Depreciation and amortisation | (58) | (111) | (15) | (26) | (210) | (1) | - | - | (211) |
| Repairs and maintenance | - | (1) | - | (8) | (9) | - | - | - | (9) |
| Emission rights, net | (3) | - | (1) | (36) | (40) | - | - | - | (40) |
| Taxes and charges | - | (1) | (1) | (1) | (3) | - | - | - | (3) |
| Other operating income | 1 | 8 | - | 19 | 28 | - | 3 | - | 31 |
| Other operating expenses | (11) | (27) | (5) | (9) | (52) | - | (2) | - | (54) |
| Own work, capitalized | 2 | 9 | - | 1 | 12 | - | - | - | 12 |
| **Profit (loss) from operations** | **158** | **173** | **93** | **31** | **455** | **1** | **(2)** | **-** | **454** |

| *In millions of EUR* | **Gas trans-mission** | **Gas and power distribution** | **Gas storage** | **Heat Infra** | **Total segments** | **Other** | **Holding** | **Inter-segment eliminations** | **Consolidated financial information** |
|---|---|---|---|---|---|---|---|---|---|
| Finance income | 1 | - | 1 | 2 | 4 | - | *241 | *(224) | 21 |
| *external finance revenues* | *1* | *(1)* | *1* | *2* | *3* | - | *18* | - | *21* |
| *inter-segment finance revenues* | - | *1* | - | - | *1* | - | **223* | **(224)* | - |
| Finance expense | (15) | (8) | (3) | (1) | (27) | - | (36) | 10 | (53) |
| Profit (loss) from derivative financial instruments | 5 | (1) | - | 1 | 5 | - | 12 | - | 17 |
| Share of profit (loss) of equity accounted investees, net of tax | - | - | - | - | - | - | - | - | - |
| Gain (loss) on disposal of subsidiaries, special purpose entities, joint ventures and associates | - | - | - | - | - | - | - | - | - |
| **Profit (loss) before income tax** | **149** | **164** | **91** | **33** | **437** | **1** | ***215** | ***(214)** | **439** |
| Income tax expenses | (38) | (43) | (21) | (6) | (108) | - | (2) | - | (110) |
| **Profit (loss) for the period** | **111** | **121** | **70** | **27** | **329** | **1** | ***213** | ***(214)** | **329** |

* *EUR 214 million is attributable to intra-group dividends primarily recognised by Slovak Gas Holding B.V., Czech Gas Holding Investment B.V., SPP Infrastructure, a.s. and EP Energy, a.s.*

**Other financial information:**

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Underlying EBITDA(1) | 216 | 284 | 108 | 57 | 665 | 2 | (2) | - | 665 |

*(1) Underlying EBITDA represents profit from operations plus depreciation of property, plant and equipment and amortisation of intangible assets (negative goodwill not included, if applicable). For Underlying EBITDA reconciliation to the closest IFRS measure explanation see below.*

**For the six-month period ended 30 June 2020**

| *In millions of EUR* | **Gas trans-mission** | **Gas and power distribution** | **Gas storage** | **Heat Infra** | **Total segments** | **Other** | **Holding** | **Inter-segment eliminations** | **Consolidated financial information** |
|---|---|---|---|---|---|---|---|---|---|
| Revenues: Energy and related services | 347 | 857 | 138 | 328 | 1,670 | 3 | - | (58) | 1,615 |
| *external revenues* | *344* | *854* | *122* | *292* | *1,612* | *3* | - | - | *1,615* |
| *of which: Gas* | *344* | *294* | *122* | - | *760* | - | - | - | *760* |
| *Electricity* | - | *560* | - | *73* | *633* | *3* | - | - | *636* |
| *Heat* | - | - | - | *219* | *219* | - | - | - | *219* |
| *Coal* | - | - | - | - | - | - | - | - | - |
| *inter-segment revenues* | *3* | *3* | *16* | *36* | *58* | - | - | *(58)* | - |
| Revenues: Logistics and freight services | - | - | - | 8 | 8 | - | - | - | 8 |
| *external revenues* | - | - | - | *8* | *8* | - | - | - | *8* |
| *inter-segment revenues* | - | - | - | - | - | - | - | - | - |
| Revenues: Other | - | 3 | - | - | 11 | 3 | - | - | 14 |
| *external revenues* | - | *3* | - | - | *11* | *3* | - | - | *14* |
| *inter-segment revenues* | - | - | - | - | - | - | - | - | - |
| Gain (loss) from commodity and freight derivatives, net | - | 6 | - | - | 6 | - | - | - | 6 |
| **Total revenues** | **347** | **866** | **138** | **344** | **1,965** | **6** | **-** | **(58)** | **1,643** |
| Purchases and consumables: Energy and related services | (12) | (497) | (13) | (175) | (697) | - | - | 58 | (639) |
| *external Purchases and consumables* | *(11)* | *(445)* | *(10)* | *(173)* | *(639)* | - | - | - | *(639)* |
| *inter-segment Purchases and consumables* | *(1)* | *(52)* | *(3)* | *(2)* | *(58)* | - | - | *58* | - |
| Purchases and consumables: Other | - | (1) | 2 | (14) | (13) | (1) | - | - | (14) |
| *external Purchases and consumables* | - | *(1)* | *2* | *(14)* | *(13)* | *(1)* | - | - | *(14)* |
| *inter-segment Purchases and consumables* | - | - | - | - | - | - | - | - | - |
| Personnel expenses | (15) | (48) | (15) | (34) | (112) | (1) | (3) | - | (116) |
| Depreciation and amortisation | (65) | (110) | (14) | (40) | (229) | (1) | - | - | (230) |
| Repairs and maintenance | - | (1) | - | (8) | (9) | - | - | - | (9) |
| Emission rights, net | - | - | - | (36) | (36) | - | - | - | (36) |
| Negative goodwill | - | - | - | - | - | - | - | - | - |
| Taxes and charges | - | (1) | (2) | (2) | (5) | - | - | - | (5) |
| Other operating income | 2 | 9 | - | 20 | 31 | - | - | - | 31 |
| Other operating expenses | (7) | (23) | (5) | (15) | (50) | (1) | (1) | - | (52) |
| Own work, capitalized | 2 | 8 | - | 4 | 14 | - | - | - | 14 |
| **Profit (loss) from operations** | **252** | **202** | **91** | **44** | **(589)** | **2** | **(4)** | **-** | **587** |

| *In millions of EUR* | **Gas transmission** | **Gas and power distribution** | **Gas storage** | **Heat Infra** | **Total segments** | **Other** | **Holding** | **Inter-segment eliminations** | **Consolidated financial information** |
|---|---|---|---|---|---|---|---|---|---|
| Finance income | 1 | 2 | 1 | 1 | 5 | - | *212 | *(213) | 4 |
| *external finance revenues* | *1* | *2* | - | - | *3* | - | *1* | - | *4* |
| *inter-segment finance revenues* | - | - | *1* | *1* | *2* | - | **211* | **(213)* | - |
| Finance expense | (23) | (8) | (3) | (5) | (39) | - | (104) | 27 | (116) |
| Profit (loss) from derivative financial instruments | - | 3 | - | (3) | - | - | (38) | 4 | (34) |
| Share of profit (loss) of equity accounted investees, net of tax | - | - | - | - | - | 1 | - | - | 1 |
| **Profit (loss) before income tax** | **230** | **199** | **89** | **37** | **555** | **3** | ***66** | ***(182)** | **442** |
| Income tax expenses | (58) | (49) | (22) | (8) | (137) | - | 9 | - | (128) |
| **Profit (loss) for the period** | **172** | **150** | **67** | **29** | **418** | **3** | ***75** | ***(182)** | **314** |

* *EUR 182 million is attributable to intra-group dividends primarily recognised by Slovak Gas Holding B.V., Czech Gas Holding Investment B.V., SPP Infrastructure, a.s. and EP Energy, a.s.*

| **Other financial information:** | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Underlying EBITDA[1] | 317 | 312 | 105 | 84 | 818 | 3 | (4) | - | 817 |

*(1) Underlying EBITDA represents profit from operations plus depreciation of property, plant and equipment and amortisation of intangible assets (negative goodwill not included, if applicable). For Underlying EBITDA reconciliation to the closest IFRS measure explanation see below.*

## Underlying EBITDA reconciliation to the closest IFRS measure

The underlying EBITDA reconciles to the profit as follows:

**For the period ended 30 June 2021**

| *In millions of EUR* | Gas transmission | Gas and power distribution | Gas storage | Heat Infra | Total segments | Other | Holding | Inter-segment eliminations | Consolidated financial information |
|---|---|---|---|---|---|---|---|---|---|
| **Underlying EBITDA** | **216** | **284** | **108** | **57** | **665** | **2** | **(2)** | **-** | **665** |
| Depreciation and amortisation | (58) | (111) | (15) | (26) | (210) | (1) | - | - | (211) |
| Finance income | 1 | - | 1 | 2 | 4 | - | 241 | (224) | 21 |
| Finance expense | (15) | (8) | (3) | (1) | (27) | - | (36) | 10 | (53) |
| Gain/(loss) from derivative financial instruments | 5 | (1) | - | 1 | 5 | - | 12 | - | 17 |
| Income tax | (38) | (43) | (21) | (6) | (108) | - | (2) | - | (110) |
| **Profit for the period** | **111** | **121** | **70** | **27** | **329** | **1** | **213** | **(214)** | **329** |

**For the period ended 30 June 2020**

| *In millions of EUR* | Gas transmission | Gas and power distribution | Gas storage | Heat Infra | Total segments | Other | Holding | Inter-segment eliminations | Consolidated financial information |
|---|---|---|---|---|---|---|---|---|---|
| **Underlying EBITDA** | **317** | **312** | **105** | **84** | **818** | **3** | **(4)** | **-** | **817** |
| Depreciation and amortisation | (65) | (110) | (14) | (40) | (229) | (1) | - | - | (230) |
| Finance income | 1 | 2 | 1 | 1 | 5 | - | 212 | (213) | 4 |
| Finance expense | (23) | (8) | (3) | (5) | (39) | - | (104) | 27 | (116) |
| Gain/(loss) from derivative financial instruments | - | 3 | - | (3) | - | - | (38) | 4 | (34) |
| Share of profit of equity accounted investees | - | - | - | - | - | 1 | - | - | 1 |
| Income tax | (58) | (49) | (22) | (8) | (137) | - | 9 | - | (128) |
| **Profit for the period** | **172** | **150** | **67** | **29** | **418** | **3** | **75** | **(182)** | **314** |

## Segment assets and liabilities

**As of and for the period ended 30 June 2021**

| *In millions of EUR* | **Gas trans-mission** | **Gas and power distribution** | **Gas storage** | **Heat Infra** | **Total reportable segments** | **Other** | **Holding** | **Inter-segment eliminations** | **Consolidated financial information** |
|---|---|---|---|---|---|---|---|---|---|
| Reportable segment assets | 4,327 | 5,948 | 1,027 | 777 | 12,079 | 30 | 1,155 | (1,689) | 11,575 |
| Reportable segment liabilities | (2,279) | (2,162) | (612) | (282) | (5,335) | (16) | (3,796) | 1,689 | (7,458) |
| Additions to tangible and intangible assets(1) | 14 | 43 | 3 | 14 | 74 | - | - | - | 74 |
| Additions to tangible and intangible assets (excl. emission rights, right-of-use assets and goodwill) | 14 | 29 | 3 | 9 | 55 | - | - | - | 55 |

*(1) This balance includes additions to right of use assets, emission rights and goodwill.*

**As of and for the year ended 31 December 2020**

| *In millions of EUR* | **Gas trans-mission** | **Gas and power distribution(2)** | **Gas storage** | **Heat Infra** | **Total reportable segments** | **Other** | **Holding** | **Inter-segment eliminations** | **Consolidated financial information** |
|---|---|---|---|---|---|---|---|---|---|
| Reportable segment assets | 4,413 | 5,834 | 959 | 792 | 11,998 | 30 | 1,075 | (1,432) | 11,671 |
| Reportable segment liabilities | (2,383) | (1,963) | (517) | (325) | (5,188) | (16) | (3,818) | 1,432 | (7,590) |
| Additions to tangible and intangible assets(1) | 45 | 88 | 9 | 133 | 275 | - | - | - | 275 |
| Additions to tangible and intangible assets (excl. emission rights and goodwill) | 40 | 86 | 9 | 74 | 209 | - | - | - | 209 |

*(1) This balance includes additions to right of use assets, emission rights and goodwill.*

## Information about geographical areas

In presenting information on the basis of geography, segment revenue is based on geographical location of delivery of goods and services and segment assets are based on the geographical location of the assets.

**As of the period ended 30 June 2021**

| *In millions of EUR* | Czech Republic | Slovakia | Germany | Total |
|---|---|---|---|---|
| Property, plant and equipment | 616 | 9,152 | 170 | 9,938 |
| Intangible assets and goodwill | 112 | 27 | - | 139 |
| **Total** | **728** | **9,179** | **170** | **10,077** |

**For the period ended 30 June 2021**

| *In millions of EUR* | Czech Republic | Slovakia | Hungary | Germany | Other* | Total |
|---|---|---|---|---|---|---|
| Revenues: Gas | 134 | 448 | 3 | 41 | 64 | 690 |
| Revenues: Electricity | 171 | 372 | - | - | 8 | 551 |
| Revenues: Heat | 81 | - | - | - | - | 81 |
| Revenues: Logistics and freight services | 8 | 1 | - | - | 4 | 13 |
| Revenues: Other | 5 | 4 | - | - | - | 9 |
| Gain (loss) from commodity and freight derivatives, net | (10) | - | - | - | - | (10) |
| **Total** | **389** | **825** | **3** | **41** | **76** | **1,334** |

* The geographical area "Other" comprises income items primarily from Switzerland, Luxembourg, France and United Kingdom.

**As of the year ended 31 December 2020**

| *In millions of EUR* | Czech Republic | Slovakia | Germany | Total |
|---|---|---|---|---|
| Property, plant and equipment | 618 | 9,261 | 168 | 10,047 |
| Intangible assets and goodwill | 168 | 34 | - | 202 |
| **Total** | **786** | **9,295** | **168** | **10,249** |

**For the period ended 30 June 2020**

| *In millions of EUR* | Czech Republic | Slovakia | Hungary | Germany | Other* | Total |
|---|---|---|---|---|---|---|
| Revenues: Gas | 74 | 505 | 31 | 52 | 98 | 760 |
| Revenues: Electricity | 168 | 409 | 30 | - | 29 | 636 |
| Revenues: Heat | 178 | - | 41 | - | - | 219 |
| Revenues: Logistics and freight services | 6 | - | - | - | 2 | 8 |
| Revenues: Other | 11 | 3 | - | - | - | 14 |
| Gain (loss) from commodity and freight derivatives, net | 6 | - | - | - | - | 6 |
| **Total** | **443** | **917** | **102** | **52** | **129** | **1,643** |

* The geographical area "Other" comprises income items primarily from Switzerland, Luxembourg, France and United Kingdom.

# 6. Group companies, acquisitions and disposals of subsidiaries, joint-ventures and associates

The condensed consolidated interim financial statements of the Company for the six-month period ended 30 June 2021 include Parent company and all material companies which Parent company controls directly or indirectly using the full consolidation method. Material associates and joint ventures are included using the equity method. Number of the Group entities as at 30 June 2021 and 31 December 2020 is as follows:

| | **30 June 2021** | **31 December 2020** |
|---|---|---|
| Fully consolidated entities | 62 | 63 |
| Associates and joint-ventures accounted for using the equity method | 7 | 7 |

## (a) Acquisitions and step-acquisitions

### *i. 30 June 2021*

There were no significant acquisitions or step-acquisitions in the six-month period ended 30 June 2021.

## (b) Disposal of investments

### *i. 30 June 2021*

In April 2021, a liquidation process of Claymore Equity, s.r.o. v likvidácii, was completed and entity was dissolved from the Commercial Register and deconsolidated without any significant impact on the Group’s financial statements.

## 7. Revenues

| *In millions of EUR* | **30 June 2021 (six months)** | **30 June 2020 (six months)** |
|---|---|---|
| **Revenues: Energy and related services** | | |
| *of which: Electricity* | 551 | 636 |
| *Gas* | 690 | 760 |
| *Heat* | 81 | 219 |
| **Total Energy and related services** | **1,322** | **1,615** |
| **Revenues: Logistics and freight services** | **13** | **8** |
| **Revenues: Other** | **9** | **14** |
| **Total revenues from customers** | **1,344** | **1,637** |
| **Gain (loss) from commodity and freight derivatives, net** | **(10)** | **6** |
| **Total** | **1,334** | **1,643** |

For disaggregation of revenue based on type of service and based on geographical area refer to Note 5 – Operating segments.

Revenue Energy and related services: Gas consists primarily of revenue from gas transmission of EUR 254 million (30 June 2020: EUR 344 million) and from distribution of gas of EUR 231 million (30 June 2020: EUR 221 million).

Revenue Energy and related services: Electricity consists primarily of sale of electricity of EUR 477 million (30 June 2020: EUR 452 million). The amount of EUR 53 million (30 June 2020: EUR 109 million) relates to distribution of electricity.

Other revenue and logistics and freight services are represented mainly by sales of gypsum, revenues from transportation and disposal costs, sewage sludge incineration and restoration services to third parties.

In 2021 no material revenue was recognised from performance obligations satisfied (or partially satisfied) in previous periods.

Total revenues less total purchases and consumables are presented in line "Subtotal" in the statement of comprehensive income.

Contract assets and liabilities primarily relate to uninvoiced fulfilled performance obligations, payments received for services and goods where control over the assets was not transferred to customer and deferred income related to grid connection fees collected and free-of-charge non-current assets transferred from customers.

Several items of gas equipment (typically connection terminals) were obtained "free of charge" from developers and from local authorities (this does not represent a grant, because in such cases the local authorities act in the role of a developer). This equipment was recorded as property, plant, and equipment at the costs incurred by the developers and local authorities with a corresponding amount recorded as contract liability as receipt of the free of charge property is related to obligation to connect the customers to the grid. These costs approximate the fair value of the obtained assets. This contract liability is released in the income statement on a straight-line basis in the amount of depreciation charges of non-current tangible assets acquired free of charge.

| *In millions of EUR* | **30 June 2021** | **31 December 2020** |
|---|---|---|
| Contract assets | 37 | 54 |
| *Current* | *37* | *54* |
| *Non-Current* | *-* | *-* |
| Contract liabilities | 173 | 185 |
| *Current* | *99* | *70* |
| *Non-Current* | *74* | *115* |

The amount of EUR 56 million recognised in current contract liabilities at the beginning of the period has been recognised as revenue in the period for the six months ended 30 June 2021. Remaining part of EUR 14 million will be recognised till the end of 2021.

## 8. Purchases and consumables

| *In millions of EUR* | **30 June 2021 (six months)** | **30 June 2020 (six months)** |
|---|---|---|
| **Purchases and consumables: Energy and related services** | | |
| *Purchase cost of sold electricity* | 342 | 372 |
| *Purchase costs of sold gas and other energy products* | 60 | 59 |
| *Consumption of fuel and other material* | 62 | 53 |
| *Consumption of energy* | 22 | 144 |
| *Other purchase costs* | 10 | 11 |
| **Total Energy and related services** | **496** | **639** |
| | | |
| **Purchases and consumables: Other** | | |
| *Consumption of material* | 4 | 7 |
| *Changes in WIP, semi-finished products and finished goods* | (2) | (2) |
| *Other cost of goods sold* | - | 6 |
| *Consumption of energy* | 2 | 2 |
| *Other purchases* | - | 1 |
| **Total Other** | **4** | **14** |
| | | |
| **Total** | **500** | **653** |

Purchases and consumables presented in the above table contains only cost of purchased energy and purchased materials consumed in producing energy output, it does not contain directly attributable overhead (particularly personnel expenses, depreciation and amortisation, repairs and maintenance, emission rights, taxes and charges etc.).

## 9. Other operating income

| *In millions of EUR* | **30 June 2021 (six months)** | **30 June 2020 (six months)** |
|---|---|---|
| Decentralization and cogeneration fee(1) | 9 | 7 |
| Rental income | 4 | 3 |
| Property acquired free-of-charge and fees from customers | 3 | 2 |
| Consulting fees | 3 | 2 |
| Compensation from other and insurance companies | 2 | 5 |
| Contractual penalties | - | 2 |
| Profit from sale of material | - | 1 |
| Revenues from write-off liabilities | - | 1 |
| Other(2) | 10 | 8 |
| **Total** | **31** | **31** |

*(1) Decentralization and cogeneration fees relate to subsidy for producing electricity in cogeneration with heat. This revenue does not meet the criteria of revenues from customers.*

*(2) Other consists of miscellaneous items. No individual value exceeds EUR 1 million.*

## 10. Other operating expenses

| *In millions of EUR* | | 30 June 2021 (six months) | 30 June 2020 (six months) |
|---|---|---|---|
| Outsourcing and other administration fees | | 11 | 14 |
| Rent expenses | | 8 | 4 |
| Information technologies costs | | 6 | 6 |
| Transport expenses | | 6 | 5 |
| Impairment losses | | 6 | 1 |
| *Of which relates to:* | *Property, plant and equipment and intangible assets* | *(2)* | - |
| | *Trade receivables and other assets* | *8* | *1* |
| | *Inventories* | - | - |
| Consulting expenses | | 3 | 3 |
| Office equipment and other material | | 3 | 3 |
| Insurance expenses | | 2 | 3 |
| Advertising expenses | | 1 | 1 |
| Gifts and sponsorship | | 1 | - |
| Security services | | 1 | 1 |
| Loss from receivables written-off | | - | 3 |
| Training, courses, conferences | | - | 1 |
| Creation and reversal of provision | | - | (1) |
| Other | | 6 | 8 |
| **Total** | | **54** | **52** |

## 11. Finance income and expense, profit (loss) from financial instruments

**Recognised in profit or loss**

| *In millions of EUR* | 30 June 2021 (six months) | 30 June 2020 (six months) |
|---|---|---|
| Interest income | 1 | 1 |
| Dividend income | 1 | 3 |
| Net foreign exchange gain | 19 | - |
| **Finance income** | **21** | **4** |
| | | |
| Interest expense | (51) | (59) |
| Interest expense from unwind of provision discounting | - | (1) |
| Fees and commissions expense for other services | (2) | (2) |
| Net foreign exchange loss | - | (54) |
| **Finance expense** | **(53)** | **(116)** |
| | | |
| Profit (loss) from hedging derivatives | (3) | 5 |
| Profit (loss) from currency derivatives for trading[(1)] | 2 | (4) |
| Profit (loss) from interest rate derivatives for trading[(1)] | 18 | (35) |
| **Gain (loss) from financial instruments** | **17** | **(34)** |
| **Net finance (expense) recognised in profit or loss** | **(15)** | **(146)** |

*(1) All derivatives are for the risk management purposes.*

## 12. Income tax expenses

**Income tax recognised in other comprehensive income**

| *In millions of EUR* | 2021 (six months) | | |
|---|---|---|---|
| | **Gross** | **Income tax** | **Net of income tax** |
| **Items that are not reclassified subsequently to profit or loss** | | | |
| Revaluation reserve included in other comprehensive income | - | - | - |
| | | | |
| **Items that are or may be reclassified subsequently to profit or loss** | | | |
| Foreign currency translation differences for foreign operations | (121) | - | (121) |
| Foreign currency translation differences from presentation currency | 119 | - | 119 |
| Effective portion of changes in fair value of cash-flow hedges(1) | (91) | 20 | (71) |
| **Total** | **(93)** | **20** | **(73)** |

*(1) Deferred tax recognized in other comprehensive income of equity accounted investees is not shown in the table as it is not relevant to the financial statements of the Group.*

| *In millions of EUR* | 2020 (six months) | | |
|---|---|---|---|
| | **Gross** | **Income tax** | **Net of income tax** |
| **Items that are not reclassified subsequently to profit or loss** | | | |
| Revaluation reserve included in other comprehensive income | 1,762 | (447) | 1,315 |
| | | | |
| **Items that are or may be reclassified subsequently to profit or loss** | | | |
| Foreign currency translation differences for foreign operations | 168 | - | 168 |
| Foreign currency translation differences from presentation currency | (144) | - | (144) |
| Effective portion of changes in fair value of cash-flow hedges(1) | (2) | (2) | (4) |
| **Total** | **1,784** | **(449)** | **1,335** |

*(1) Deferred tax recognized in other comprehensive income of equity accounted investees is not shown in the table as it is not relevant to the financial statements of the Group.*

The foreign currency translation differences related to non-controlling interest are presented under other comprehensive income attributable to non-controlling interest.

Tax for the six-month period is charged at 25.06% (six-month period ended 30 June 2020: 28.96%), representing the best estimate of the average annual effective tax rate expected for the full year, applied to the pre-tax income of the six-month period.

## 13. Property, plant and equipment

In the six-month period ended 30 June 2021 the additions of property, plant and equipment mainly consists of additions of buildings of EUR 28 million attributable to SPPD of EUR 9 million, NAFTA Germany GmbH of EUR 6 million, NAFTA a.s. of EUR 5 million and SSD of EUR 5 million, additions to machinery and equipment of EUR 14 million attributable to SPPD of EUR 6 million, SSD of EUR 4 million and NAFTA a.s. of EUR 2 million, addition to gas pipelines of EUR 9 million attributable solely to SPPD.

In the six-month period ended 30 June 2021 the Group has disposed of property, plant and equipment in net book value of EUR 7 million.

## 14. Intangible assets (including goodwill)

In the six-month period ended 30 June 2021 the additions of intangible assets by the EPIF Group consisted mainly of purchased emission allowances of EUR 1 million and emission allowances allocated to the Group by the Ministry of the Environment of the Czech Republic of EUR 3 million.

In the six-month period ended 30 June 2021 the disposals of intangible assets by the EPIF Group consisted mainly of consumed emission allowances of EUR 67 million, which were mainly represented by Czech entities in Heat infra segment of EUR 63 million and eustream, a.s. of EUR 4 million.

### Impairment testing for cash-generating units containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's cash-generating units which represent the lowest level within the Group at which goodwill is monitored for internal management purposes.

The aggregate carrying amounts of goodwill allocated to single cash generating units are as follows:

| *In millions of EUR* | **30 June 2021** | **31 December 2020** |
|---|---|---|
| Elektrárny Opatovice, a.s. | 91 | 88 |
| EP Cargo a.s. | 5 | 5 |
| EP ENERGY TRADING, a.s. | 5 | 5 |
| SPV100, s.r.o. | 1 | 1 |
| **Total goodwill** | **102** | **99** |

### Additional information on CGU with significant goodwill assigned:

As at 30 June 2021, management didn't identify any impairment trigger that would cause the Group to perform impairment testing of Goodwill recognized in relation to Elektrárny Opatovice, a.s. or above listed other entities. According to the Group's policy, the impairment test will be performed as at 31 December 2021 unless an impairment trigger is identified earlier.

## 15. Equity

### Share capital and share premium

The authorised, issued and fully paid share capital as at 30 June 2021 consisted of 222,870,000 ordinary shares with a par value of CZK 250 each (31 December 2020: 222,870,000 ordinary shares) ("Shares A") and 100,130,000 shares (with which special rights relating to profit distribution are connected as specified in the Articles of Incorporation) with a par value of CZK 250 each (31 December 2020: 100,130,000 shares) ("Shares B").

The shareholder is entitled to receive dividends and to cast 1 vote per 1 share of nominal value CZK 250 at meetings of the Company's shareholders.

In 2021 the Company declared and paid dividends in amount of EUR 100 million (2020: EUR 1,128 million) to its shareholders.

| **30 June 2021** *In thousands of pieces* | **Number of shares 250 CZK** **Shares A** | **Shares B** | **Ownership %** | **Voting rights %** |
|---|---|---|---|---|
| EPIF Investments a.s. | 228,870 | - | 69.00% | 69.00% |
| CEI INVESTMENTS S.a.r.l. | - | 100,130 | 31.00% | 31.00% |
| **Total** | **228,870** | **100,130** | **100.00%** | **100.00%** |

| **31 December 2020** *In thousands of pieces* | **Number of shares 250 CZK** **Shares A** | **Shares B** | **Ownership %** | **Voting rights %** |
|---|---|---|---|---|
| EPIF Investments a.s. | 228,870 | - | 69.00% | 69.00% |
| CEI INVESTMENTS S.a.r.l. | - | 100,130 | 31.00% | 31.00% |
| **Total** | **228,870** | **100,130** | **100.00%** | **100.00%** |

Reserves recognised in equity comprise the following items:

| *In millions of EUR* | **30 June 2021** | **31 December 2020** |
|---|---|---|
| Revaluation reserve | 1,356 | 1,377 |
| Hedging reserve | (126) | (102) |
| Non-distributable reserves | 1 | 1 |
| Other capital reserves | (3,814) | (3,814) |
| Translation reserve | (41) | (33) |
| **Total** | **(2,624)** | **(2,571)** |

## 16. Earnings per share

### Basic earnings per share

Basic earnings per share in EUR per 1 share of CZK 250 (30 June 2020: in EUR per 1 share of CZK 250) nominal value equal 0.56 (30 June 2020: 0.38).

The calculation of basic earnings per share as at 30 June 2021 was based on profit attributable to ordinary shareholders of EUR 180 million (30 June 2020: EUR 122 million), and a weighted average number of ordinary shares outstanding of 323,000,000 (30 June 2020: 323,000,000).

**Weighted average number of ordinary shares as at 30 June 2021**

| *In pieces* | **Nominal** | **Weighted** |
|---|---|---|
| Issued shares | 323,000,000 | 323,000,000 |
| *of which classified as:* | | |
| *Ordinary shares "A" (1 share/CZK 250)* | *222,870,000* | *222,870,000* |
| *Shares "B" (1 share/CZK 250)* | *100,130,000* | *100,130,000* |
| **Total** | **323,000,000** | **323,000,000** |

**Weighted average number of ordinary shares as at 30 June 2020**

| *In pieces* | **Nominal** | **Weighted** |
|---|---|---|
| Issued shares | 323,000,000 | 323,000,000 |
| *of which classified as:* | | |
| *Ordinary shares "A" (1 share/CZK 250)* | *222,870,000* | *222,870,000* |
| *Shares "B" (1 share/CZK 250)* | *100,130,000* | *100,130,000* |
| **Total** | **323,000,000** | **323,000,000** |

### Dilutive earnings per share

As the Group issued no convertible debentures or other financial instruments with dilutive potential effects on ordinary share, diluted earnings per share is the same as basic earnings per share.

# 17. Non-controlling interest

| **30 June 2021** *In millions of EUR* | **Stredoslovenská energetika, a.s. and its subsidiaries (included SSD)** | **NAFTA a.s. and its subsidiaries** | **SPP Infrastructure, a.s. and its subsidiaries[(2)]** | **SPP distribúcia, a.s. and its subsidiaries** | **eustream a.s.** | **POZAGAS a.s.** | **Plzeňská teplárenská, a.s.** | **Other subsidiaries** | **TOTAL** |
|---|---|---|---|---|---|---|---|---|---|
| **Non-controlling percentage** | **[(3)]51.00%** | **[(3)]31.01%** | **[(3)]51.00%** | **[(3)]51.00%** | **[(3)]51.00%** | **38.01%** | **[(3)]65.00%** | | |
| Business activity | Distribution of electricity | Gas storage and exploration | Distribution of gas | Distribution of gas | Transmission of gas | Gas storage and exploration | Production and distribution of heat | | |
| Country[(1)] | Slovakia | Slovakia, Germany | Slovakia | Slovakia | Slovakia | Slovakia | Czech Republic | | |
| **Carrying amount of NCI at 30 June 2021** | **372** | **107** | **(222)** | **1,530** | **1,044** | **34** | **132** | **3** | **3,000** |
| **Profit (loss) attributable to non-controlling interest for the period** | **24** | **17** | **-** | **36** | **56** | **2** | **8** | **6** | **149** |
| **Dividends declared** | **(113)** | **(2)** | **-** | **-** | **-** | **-** | **(5)** | **-** | **[(4)](120)** |

*(1) Principal place of business of subsidiaries and associates varies.*

*(2) Excluding NAFTA a.s. and its subsidiaries, SPP Storage, s.r.o. and SPP – distribúcia, a.s. and its subsidiaries, eustream, a.s. and its subsidiaries and POZAGAS a.s.*

*(3) Even though the immediate parent companies hold less than half of the voting rights, the Group assumes its control over the subgroups through shareholders' agreements that provide the Group with management control as the shareholder's agreement provides the Group with right and ability to manage subgroups' activities and influence thus their performance and return on the investment.*

*(4) Dividends in amount of EUR 51 million were paid to non-controlling interest.*

| **31 December 2020** *In millions of EUR* | **Stredoslovenská energetika, a.s. and its subsidiaries (included SSD)** | **NAFTA a.s. and its subsidiaries** | **SPP Infrastructure, a.s. and its subsidiaries (2)** | **SPP distribúcia, a.s. and its subsidiaries** | **eustream a.s.** | **POZAGAS a.s.** | **Plzeňská teplárenská, a.s.** | **Other individually immaterial subsidiaries** | **TOTAL** |
|---|---|---|---|---|---|---|---|---|---|
| **Non-controlling percentage** | **(3)51.00%** | **31.01%** | **(3)51.00%** | **(3) 51.00%** | **(3)51.00%** | **38.01%** | **(3)65.00%** | | |
| Business activity | Distribution of electricity | Gas storage and exploration | Distribution of gas | Distribution of gas | Transmission of gas | Gas storage and exploration | Production and distribution of heat | | |
| Country(1) | Slovakia | Slovakia, Germany | Slovakia | Slovakia | Slovakia | Slovakia | Czech Republic | | |
| **Carrying amount of NCI at 31 December 2020** | **461** | **111** | **(252)** | **(4)1,493** | **1,036** | **38** | **125** | **-** | **3,012** |
| **Profit (loss) attributable to non-controlling interest for the period** | **78** | **32** | **-** | **59** | **191** | **7** | **7** | **10** | **384** |
| **Dividends declared** | **(96)** | **(1)** | **(268)** | **-** | **-** | **-** | **(8)** | **(1)** | **(5)(374)** |

*(1) Principal place of business of subsidiaries and associates varies.*

*(2) Excluding NAFTA a.s. and its subsidiaries, SPP Storage, s.r.o. and SPP - distribúcia, a.s. and its subsidiaries, eustream, a.s. and POZAGAS a.s.*

*(3) Even though the Group holds less than half of the voting rights it assumes its control over the subgroups through shareholders' agreements that provide the Group with management control. As the shareholder's agreement provides the Group with right and ability to manage subgroups activities and influence thus their performance and return on the investment.*

*(4) Increase of NCI on SPP distribúcia, a.s. in year 2020 relates to revaluation of property, plant and equipment of EUR 1,315 million increasing NCI by EUR 672 million.*

*(5) No dividends were paid to non-controlling interest.*

## 18. Loans and borrowings

| *In millions of EUR* | **30 June 2021** | **31 December 2020** |
|---|---|---|
| Issued debentures at amortised costs | 3,856 | 3,441 |
| Loans payable to credit institutions | 382 | 1,042 |
| Lease liabilities | 68 | 58 |
| Loans payable to other than credit institution | - | 1 |
| Bank overdraft | - | - |
| **Total** | **4,306** | **4,542** |
| *Non-current* | *4,264* | *3,926* |
| *Current* | *42* | *616* |
| **Total** | **4,306** | **4,542** |

*EP Infrastructure bonds (2031 Notes)*

On 2 March 2021, EP Infrastructure, a. s. successfully placed at par its offering of EUR 500 million 1.816% fixed rate unsecured notes due in February 2031 in the denomination of EUR 100,000 each (“2031 Notes”). The 2031 Notes are listed on Irish Stock Exchange (Euronext Dublin). Unless previously redeemed or cancelled, the 2031 Notes will be redeemed at their principal amount on 2 March 2031. The 2031 EPIF bond is stated net of debt issue costs of EUR 3 million. These costs are amortized over the maturity of the notes to the profit and loss account through the effective interest rate of 1.888%. The proceeds of the 2031 Notes were used for various purposes, including, among other things, partial prepayment of the Group’s financial indebtedness, distribution of dividends to the Company’s shareholders and general corporate purposes.

*2031 SPPD bond*

On 9 June 2021, SPP - distribúcia, a.s. issued bonds in the amount of EUR 500 million with a fixed interest rate of 1% p.a. The maturity of bonds is on 9 June 2031. The 2031 SPPD bond is stated net of debt issue costs of EUR 2 million. These costs are amortized over the maturity of the notes to the profit and loss account through the effective interest rate of 1.079%. The proceeds of the 2031 SPPD Notes were used for repayment of the SPPD’s notes due in June 2021 and general corporate purposes.

## 19. Provisions

| *In millions of EUR* | **Employee benefits** | **Provision for emission rights** | **Provision for lawsuits and litigations** | **Provision for restoration and decommissioning** | **Other** | **Total** |
|---|---|---|---|---|---|---|
| **Balance at 1 January 2021** | **43** | **66** | **1** | **188** | **22** | **320** |
| Provisions made during the period | - | 43 | - | 12 | - | **55** |
| Provisions used during the period | (1) | (67) | - | (1) | (1) | **(70)** |
| Provisions released during the period | - | - | - | - | - | **-** |
| Unwind of discount[(1)] | - | - | - | 1 | - | **1** |
| Effect of movements in foreign exchange rates | 1 | 1 | - | (2) | 1 | **1** |
| **Balance at 30 June 2021** | **43** | **43** | **1** | **198** | **22** | **307** |
| | | | | | | |
| **Non-current** | *42* | *-* | *1* | *194* | *22* | **259** |
| **Current** | *1* | *43* | *-* | *4* | *-* | **48** |

*(1) Unwinding of discount is included in interest expense.*

| *In millions of EUR* | **Employee benefits** | **Provision for emission rights** | **Provision for lawsuits and litigations** | **Provision for restoration and decommissioning** | **Other** | **Total** |
|---|---|---|---|---|---|---|
| **Balance at 1 January 2020** | **40** | **68** | **1** | **182** | **31** | **322** |
| Provisions made during the period | 1 | 41 | - | 3 | - | **45** |
| Provisions used during the period | (1) | (65) | - | - | (2) | **(68)** |
| Provisions released during the period | - | - | - | - | (1) | **(1)** |
| Transfer | - | - | - | (1) | 1 | **-** |
| Unwind of discount[(1)] | - | - | - | 1 | - | **1** |
| Effect of movements in foreign exchange rates | 1 | (3) | - | (1) | - | **(3)** |
| **Balance at 30 June 2020** | **41** | **41** | **1** | **184** | **29** | **296** |
| | | | | | | |
| **Non-current** | *40* | *-* | *1* | *180* | *22* | **243** |
| **Current** | *1* | *41* | *-* | *4* | *7* | **53** |

*(1) Unwinding of discount is included in interest expense.*

# 20. Financial instruments

### Financial instruments and other financial assets

| *In millions of EUR* | **30 June 2021** | **31 December 2020** |
|---|---|---|
| **Assets carried at amortized cost** | | |
| Loans to other than credit institutions | 129 | 38 |
| *of which receivables from related parties* | *8* | *8* |
| **Total** | **129** | **38** |
| **Assets carried at fair value** | | |
| **Hedging:** *of which* | 75 | 24 |
| *Commodity derivatives cash flow hedge*[(1)] | *75* | *24* |
| **Non-hedging:** *of which* | 2 | 1 |
| *Commodity derivatives reported as trading* | - | - |
| *Currency derivatives reported as trading* | *2* | *1* |
| **Equity instruments at fair value through OCI:** *of which* | 13 | 13 |
| *Shares at fair value through OCI* | *13* | *13* |
| **Total** | **90** | **38** |
| Non-current | 56 | 38 |
| *of which owed by other Group related companies* | *8* | *8* |
| Current | 163 | 38 |
| **Total** | **219** | **76** |

*(1) Commodity derivatives designated as cash flow hedges primarily relate to forwards for sale/purchase of electricity which EP ENERGY TRADING, a.s. used to hedge the cash flows arising from purchase and from sale of electricity, as part of its activities as supplier of electricity to final customers. The effectiveness of the hedging relationship is typically assessed by comparison of changes in fair value of hypothetical derivatives (CZK equivalent of hedged item) and changes in fair value of derivatives. Additionally, eustream, a.s. is active in hedging cash inflows predominantly from gas-in-kind received from shippers. eustream, a.s. regularly performs estimations of the surplus of natural gas from received gas-in-kind and enters into short and mid-term commodity swaps in order to hedge its natural gas selling prices.*

### Financial instruments and other financial liabilities

| *In millions of EUR* | **30 June 2021** | **31 December 2020** |
|---|---|---|
| **Liabilities carried at fair value** | | |
| **Hedging:** *of which* | 185 | 88 |
| *Interest rate swaps cash flow hedge* | *4* | *63* |
| *Commodity derivatives cash flow hedge* | *181* | *24* |
| *Currency forwards cash flow hedge* | - | *1* |
| **Non-hedging:** *of which* | 173 | 143 |
| *Interest rate swaps reported as trading* | *171* | *143* |
| *Currency forwards reported as trading* | *2* | - |
| **Total** | **358** | **231** |
| Non-current | 221 | 134 |
| Current | 137 | 97 |
| **Total** | **358** | **231** |

Fair values and respective nominal amounts of derivatives are disclosed in the following table:

| *In millions of EUR* | **30 June 2021 Notional amount buy** | **30 June 2021 Notional amount sell** | **30 June 2021 Positive fair value** | **30 June 2021 Negative fair value** |
|---|---|---|---|---|
| **Hedging:** *of which* | 383 | (574) | 75 | (185) |
| *Interest rate swaps cash flow hedge* | *77* | *(77)* | - | *(4)* |
| *Commodity derivatives cash flow hedge* | *307* | *(497)* | *75* | *(181)* |
| **Non-hedging:** *of which* | 2,119 | (2,153) | 2 | (173) |
| *Interest rate swaps reported as trading* | *2,000* | *(2,000)* | - | *(171)* |
| *Commodity derivatives reported as trading* | *4* | *(28)* | - | - |
| *Currency forwards reported as trading* | *115* | *(125)* | *2* | *(2)* |
| **Total** | **2,502** | **(2,727)** | **77** | **(358)** |

| *In millions of EUR* | **31 December 2020 Notional amount buy** | **31 December 2020 Notional amount sell** | **31 December 2020 Positive fair value** | **31 December 2020 Negative fair value** |
|---|---|---|---|---|
| **Hedging:** *of which* | 2,015 | (2,020) | 24 | (88) |
| *Interest rate swaps cash flow hedge* | *1,572* | *(1,577)* | - | *(63)* |
| *Commodity derivatives cash flow hedge* | *367* | *(366)* | *24* | *(24)* |
| *Currency forwards cash flow hedge* | *76* | *(77)* | - | *(1)* |
| **Non-hedging:** *of which* | 2,179 | (2,239) | 1 | (143) |
| *Interest rate swaps reported as trading* | *2,088* | *(2,150)* | - | *(143)* |
| *Commodity derivatives reported as trading* | *2* | *(2)* | - | - |
| *Currency forwards reported as trading* | *89* | *(87)* | *1* | - |
| **Total** | **4,194** | **(4,259)** | **25** | **(231)** |

Commodity derivatives are recognised in respect of contracts for purchase and sale of electricity and gas, which are denominated in CZK and EUR with maturity up and over one year and where the contractual condition of derivatives does not meet the "own use exemption" as noted in IFRS 9.

### Fair value hierarchy for financial instruments carried at fair value

In general, financial instruments carried at fair value are measured based on quoted market prices at the reporting date. If the market for a financial instrument is not active, fair value is established using valuation techniques. In applying valuation techniques, management uses estimates and assumptions that are consistent with available information that market participants would use in setting a price for the financial instrument.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: are observable on the market for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

| | 30 June 2021 | | | |
|---|---|---|---|---|
| *In millions of EUR* | **Level 1** | **Level 2** | **Level 3** | **Total** |
| **Financial assets carried at fair value:** | | | | |
| **Hedging:** *of which* | - | 75 | - | **75** |
| *Commodity derivatives cash flow hedge* | - | *75* | - | ***75*** |
| **Non hedging:** *of which* | - | 2 | - | **2** |
| *Currency forwards reported as trading* | - | *2* | - | ***2*** |
| **Equity instruments at fair value through OCI**: of which | - | - | 13 | **13** |
| *Shares at fair value through OCI* | - | - | *13* | ***13*** |
| **Total** | **-** | **77** | **13** | **90** |
| | | | | |
| **Financial liabilities carried at fair value:** | | | | |
| **Hedging:** *of which* | - | 185 | - | **185** |
| *Interest rate swaps cash flow hedge* | - | *4* | - | ***4*** |
| *Commodity derivatives cash flow hedge* | - | *181* | - | ***181*** |
| **Non-hedging:** *of which* | - | 173 | - | **173** |
| *Interest rate swaps reported as trading* | - | *171* | - | ***171*** |
| *Currency forwards reported as trading* | - | *2* | - | ***2*** |
| *Commodity derivatives reported as trading* | - | - | - | - |
| **Total** | **-** | **358** | **-** | **358** |

| | 31 December 2020 | | | |
|---|---|---|---|---|
| *In millions of EUR* | **Level 1** | **Level 2** | **Level 3** | **Total** |
| **Financial assets carried at fair value:** | | | | |
| **Hedging:** *of which* | - | 24 | - | **24** |
| *Commodity derivatives cash flow hedge* | - | *24* | - | ***24*** |
| **Non-hedging:** *of which* | - | 1 | - | **1** |
| *Currency forwards reported as trading* | - | *1* | - | ***1*** |
| **Equity instruments at fair value through OCI:** of which | - | - | 13 | **13** |
| *Shares at fair value through OCI* | - | - | *13* | ***13*** |
| **Total** | **-** | **25** | **13** | **38** |
| | | | | |
| **Financial liabilities carried at fair value:** | | | | |
| **Hedging:** *of which* | - | 88 | - | **88** |
| *Interest rate swaps cash flow hedge* | - | *63* | - | ***63*** |
| *Commodity derivatives cash flow hedge* | - | *24* | - | ***24*** |
| *Currency forwards cash flow hedge* | - | *1* | - | ***1*** |
| **Non-hedging:** *of which* | - | 143 | - | **143** |
| *Interest rate swaps reported as trading* | - | *143* | - | ***143*** |
| **Total** | **-** | **231** | **-** | **231** |

The fair value of financial instruments held at amortised costs is shown in the table below:

| *In millions of EUR* | **Carrying value 30 June 2021** | **Fair value 30 June 2021** |
|---|---|---|
| **Financial assets** | | |
| Loans to other than credit institutions | 129 | 129 |
| **Financial instruments held at amortised costs*** | **129** | **129** |
| | | |
| **Financial liabilities** | | |
| **Loans and borrowings** | **4,306** | **4,339** |

| *In millions of EUR* | **Carrying value 31 December 2020** | **Fair value 31 December 2020** |
|---|---|---|
| **Financial assets** | | |
| Loans to other than credit institutions | 38 | 37 |
| **Financial instruments held at amortised costs*** | **38** | **37** |
| | | |
| **Financial liabilities** | | |
| **Loans and borrowings** | **4,542** | **4,606** |

* *The fair value of trade receivables and other receivables and trade payables and other liabilities equal to their carrying amount.*

## 21. Commitments and contingencies

### Off balance sheet liabilities

| *In millions of EUR* | **30 June 2021** | **31 December 2020** |
|---|---|---|
| Commitments | 417 | 373 |
| Other granted guarantees and warranties | 3 | 12 |
| **Total** | **420** | **385** |

### Commitments

The majority of commitments relate to contracts to purchase physical energy in following years by SSH Group (Stredoslovenská energetika holding, a.s. included all its subsidiaries) in amount of EUR 383 million (31 December 2020: EUR 273 million), where physical delivery of the energy will be realised in future. Contracts for purchase of non-current assets of EUR 32 million (31 December 2020: EUR 61 million) are recognised by eustream. Remaining EUR 2 million (31 December 2020: EUR 39 million) arise from different type of service contracts.

### Off balance sheet asset

| *In millions of EUR* | **30 June 2021** | **31 December 2020** |
|---|---|---|
| Received promises | 1,263 | 1,233 |
| Other received guarantees and warranties | 192 | 133 |
| **Total** | **1,455** | **1,366** |

### Received promises

Received promises mainly comprise the loan commitments received by the various companies within the Group in amount of EUR 882 million (31 December 2020: EUR 884 million). Contracts for the future sale of energy in amount of EUR 381 million (31 December 2020: EUR 349 million).

### Other received guarantees and warranties

Other received guarantees and warranties mainly consist of guarantees received from a parent company of the customer to secure trade receivables in the amount of EUR 112 million (31 December 2020: EUR 112 million) recognised by eustream, a.s. and SPP - distribúcia, a.s. and guarantees received from banks of EUR 80 million (31 December 2020: EUR 21 million) recognised by NAFTA a.s.

## 22. Litigations and claims

**Plzeňská teplárenská, a.s. ("PLTEP")**

In August 2012, Škoda Investment a.s. (SI) filed a claim for unjust enrichment against Plzeňská energetika a.s. ("PE"; merged with Plzeňská teplárenská, a.s. effectively on 31 October 2018, until then Plzeňská energetika, a.s. is used in the paragraph) for approximately EUR 2 million. This unjust enrichment claim allegedly arises from the fact that Plzeňská energetika a.s. owns and operates utility distribution systems (e.g., for gas, water and heat), which lie on the property of Škoda Investment a.s., thereby illegally restricting the ownership of Škoda Investment a.s. In February 2016 both parties, i.e. PE as well as SI, received an official request from the court to settle the dispute by mediation. Following this request the hearing has been adjourned until further notice. In June 2016 SI has filed an additional claim for unjust enrichment against PE for approximately EUR 1 million. Additional claim covers period 2013 – 2014. The claim was further extended in 2018 to the total of ca EUR 4 million. In January 2018, another court hearing was held and the Court ruled in favor of Plzeňská energetika, a.s. SI appealed and as a result of the appeal, the legal case was returned back to the District court, the hearing will take place later in 2021. Since the legal case is still open and after considering all the circumstances Plzeňská teplárenská, a.s. reported as of 30 June 2021 an adequate provision representing its best estimate of the outcome.

***Waste incineration plant project and related bank guarantee***

PLTEP relationships with ČKD PRAHA DIZ, a.s., the former general supplier of the project ZEVO Plzeň (waste incineration plant, "ZEVO"), are primarily burdened by the year 2016 when PLTEP terminated a contract for work before the work itself was completed. In line with contractual documentation, PLTEP exercised a bank guarantee on completion of the work. ČKD PRAHA DIZ, a.s. has challenged this decision. ČKD PRAHA DIZ, a.s., which declared bankruptcy in May 2019, is in insolvency proceeding and currently represented by an insolvency administrator. Based on an internal analysis PLTEP recorded an accrual to account for the risk of the guarantee to be returned. In 2019, the accrual was almost fully used against a realized payment. PLTEP considers the obligation to ČKD PRAHA DIZ a.s. as substantially settled. However, there is additional hearing at the court of arbitration to take place in the last quarter 2021 which should deal with some additional payments claimed from PLTEP. Nevertheless, PLTEP considers these additional payments as wrongful and therefore believes that the current provision represents the best estimate of the potential future outcome.

**Stredoslovenská energetika Holding, a.s. Group ("SSE Holding Group")**

The SSE Holding Group is a party to various legal proceedings with its customers who demand the return of payments which they made to SSD for access to the distribution network pursuant to applicable rules set by RONI and the Slovak legislation. The total amount of claims cannot be reliably and precisely calculated. Based on a legal analysis, the Group management concluded that payment of those claims are unlikely and no legal provisions were recorded as at 31 December 2020.

## 23. Subsequent events

On 1 July 2021, the Group through EP ENERGY TRADING, a.s. completed an acquisition of 100% share in Dobrá energie s.r.o. ("DE") in exchange for a preliminary cash consideration of EUR 22.6 million. The purchase price was paid upfront and is presented under Other asset (long term) in the condensed consolidated interim financial statements as at 30 June 2021. The final purchase price is subject to a standard mechanism of a closing accounts settlement. DE is a Czech based entity that primarily owns a portfolio of natural gas and power retail customers. The Company expects to complete the business combination accounting as per IFRS 3 (allocation of the purchase consideration to the assets acquired and liabilities assumed) in the consolidated financial statements as of and for the year ended 31 December 2021.

On 23 August 2021, EPIF announced an appointment of Mr. Gary Mazzotti to the position of Chief Executive Officer with an immediate effect.

On 25 August 2021, Nafta a.s. voluntarily repaid EUR 120 million on a term loan facility maturing 2024 using own cash.

Except for the matters described above and elsewhere in the Notes, the Company's management is not aware of any other material subsequent events that could have an effect on the condensed consolidated interim financial statements as at 30 June 2021.

| Date: | Signature of the authorised representative | |
|---|---|---|
| 27 August 2021 | Daniel Křetínský<br>Chairman of the Board of Directors<br>of EP Infrastructure, a.s. | Pavel Horský<br>Member of the Board of Directors<br>of EP Infrastructure, a.s. |