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The Information contains certain measures that are not measures defined by International Financial Reporting Standards, namely, EBITDA, Adjusted EBITDA, Pro-forma Adjusted EBITDA, Adjusted Free Cash Flow, Cash Conversion Ratio, Group Cash Conversion Ratio, Gross Debt, Net Debt, Net Leverage Ratio (either on fully consolidated or proportionate basis). These measures do not represent the measures of the same or similar names as may be defined by any documentation for any financial liabilities of the Group.

The Information should be read in conjunction with the "Annual Financial Report for the year 2023" as published on www.epinfrastructure.cz.

A credit rating is not a recommendation to buy, sell or hold any securities and may be revised, suspended or withdrawn by the rating agency at any time.

EP Infrastructure

26 March 2024

Results of EP Infrastructure Group for the year ended 31 December 2023

The Board of Directors of EP Infrastructure, a.s. ("**EPIF**" and together with its subsidiaries, the "**Group**") approved the Annual Financial Report for the year 2023. The Annual Financial Report and related results presentation are available on EPIF's website. For more information, please visit https://www.epinfrastructure.cz/en/investors/results-centre/.

The Group's core activities remain the transmission, distribution and storage of natural gas, the distribution of electricity and district heating. The Group owns and operates:

- the gas transmission pipeline through Slovakia
- the natural gas distribution network in Slovakia
- the electricity distribution network in Slovakia as one of the country's three main distributors of electricity
- the largest gas storage capacities in Central Europe and gas storage operations in Bavaria, Germany
- significant heat distribution networks and heat production plants in the Czech Republic.

The Group reported EBITDA[i] and Adjusted EBITDA[ii] of EUR 1,217 million each for the year ended 31 December 2023, representing a decrease of EUR 220 million and EUR 238 million compared to EBITDA and Adjusted EBITDA, respectively, for the year ended 31 December 2022. For further details see the reconciliation of the financial results.

The decrease in Adjusted EBITDA in 2023 compared to 2022 was primarily driven by the following:

- The Gas Transmission segment's performance in 2023 was adversely impacted by one-off risk mitigation measures, leading to a decline in profitability. Adjusted EBITDA declined by EUR 185 million, marking a 57% year-on-year drop. Furthermore, the segment encountered significant challenges stemming from a substantial decrease in Russian piped gas flows, a trend that persisted from 2022 into 2023.

- The Gas and Power Distribution segment experienced an increase in Adjusted EBITDA by EUR 40 million, or 7%, primarily due to the improved Slovak supply operations. This improvement was attributed to better supply margins and reduced costs of imbalances compared to 2022, a period during which the segment was negatively impacted by fulfilling supplier of last resort obligations at high spot prices. Despite the decline in distributed volumes in 2023, both distribution companies delivered robust performance. Gas distribution volumes decreased from 48.3 TWh to 45.5 TWh, mainly among large customers with lower unit prices, resulting in a relatively marginal financial impact. Similarly, electricity distribution volumes decreased to 6 TWh, implying a 5% year-on-year volume decrease. However, Stredoslovenská distribučná, the monopoly distributor in central Slovakia, improved its performance due to an enhanced network loss margin. Overall, the distribution companies' underlying business remains fundamentally stable and resilient, with a significant portion of distribution tariffs fixed under the new regulatory period that commenced in January 2023.

- The Gas Storage segment, crucial for mitigating supply disruptions and accommodating stringent decarbonisation strategies set by the EU, continued to demonstrate its importance in 2023. The segment's resilience was evident in the face of high demand for services and elevated storage prices, with Adjusted EBITDA remaining broadly stable at EUR 365 million, realising only a modest decline of 4%.
- The Heat infra segment recorded a decrease in Adjusted EBITDA of EUR 74 million on the back of the relative normalization of power market conditions in 2023. This decline was mainly attributable to a decrease in heat offtakes and reduced power spreads, leading to a decline in ancillary services related to grid-balancing power production. Heat offtakes experienced a 5% year-on-year drop, primarily influenced by milder weather conditions. The decrease in electricity prices, driven by declining gas prices, coupled with sustained higher levels of CO2 allowance costs, negatively affected power spreads. Consequently, the Heat Infra segment scaled back its electricity production volume to 1.5 TWh, representing a 40% decrease compared to the previous year.

From the cash generation perspective, the Group generated Adjusted Free Cash Flow[iii] of EUR 1,016 million in 2023, a significant improvement of 38% compared to 2022 result of EUR 736 million. The increase was largely influenced by margining movements, resulting in a return of EUR 274 million compared to an outflow of EUR 249 million in 2022. Consequently, the Group reported a substantial liquidity position, with EUR 1,695 million in Cash and cash equivalents. Coupled with the solid performance in terms of Adjusted EBITDA, this led to the Group's Proportionate Net Leverage Ratio[iv] of 2.7x (31 December 2022: 2.9x), significantly below the updated target at 3.5x.

Over the past few challenging years marked by the COVID-19 pandemic and the Russian invasion of Ukraine, EPIF has demonstrated resilience, effectively adapting to shifts in market dynamics, regulatory landscapes, government support measures, and geopolitical tensions. This adaptability is grounded in the Group's diversified portfolio, encompassing various economic models, and engaging with diverse counterparts across the region.

EPIF and its subsidiaries remain vigilant in regularly monitoring and analysing the current market landscape, including geopolitical risks beyond their control. Throughout the reporting period, EPIF's management remained proactive in managing the Group's risk profile, indebtedness, and liquidity position, demonstrating improvement compared to the previous year. The primary focus remains on maintaining the Proportionate Net Leverage Ratio[iv] of the EPIF Group consistent with the investment-grade rating, which currently stands below 3.5x.

With regards to the Group's results Václav Paleček, EPIF's Finance Director, commented as follows: *"Reflecting on the past two years, our Group has delivered strong performance, demonstrating resilience and strategic adaptability amidst market instability driven by geopolitical tensions and the imperatives of the European Green Deal. In 2023, the natural gas market underwent a gradual rebalancing following the gas supply shock we experienced in 2022. Our conservative financial strategy, which emphasizes maintaining or restoring our investment-grade rating and fostering business resilience through segment diversification, has been reflected positively in the robust results achieved in 2023. Consequently, we are very satisfied with the Group's financial strength as of 31 December 2023."*

For more details on the results, as well as the financial indicators used, please refer to https://www.epinfrastructure.cz/en/investors/results-centre/.

[i] EBITDA represents the profit (loss) for the period before income tax expense, finance expense, finance income, change in impairment losses on financial instruments and other financial assets, share of profit (loss) of equity accounted investees, net of tax, gain (loss) on disposal of subsidiaries, depreciation of property, plant and equipment and amortisation of intangible assets, negative goodwill and impairment charges relating to property, plant and equipment and intangible assets.

ii Adjusted EBITDA represents EBITDA adjusted by adding back the deficit from the purchase of electricity to cover network losses of the current year stemming from the difference between (i) regulated price of electricity to cover network losses valid for the current year, which is a fixed price calculated in line with the Slovak Decree of the Regulator No. 18/2017 Coll., Article 28, and (ii) spot market price at which electricity is being bought to cover network losses of the current year; and deducting the correction amount (also set by the Slovak Decree of the Regulator No. 18/2017 Coll., Article 28) which is supposed to compensate for the difference between the regulated price and spot market purchase price (2023: EUR 0 million; 2022: EUR -18 million)

Decree means the Slovak Decree of the Regulator No. 18/2017 Coll. (or any other applicable decree or law replacing it)

Reconciliation is as follows**:**

Key Metrics	**Gas Transmission**	**Gas and Power Distribution**	**Gas Storage**	**Heat Infra**	**Total segments**	**Other**	**Holding entities**	**Intersegment eliminations**	**Consolidated financial information**
Year 2023									
Profit (loss) for the period	(6)	274	253	57	578	(3)	403	(443)	**535**
Income tax expenses	(2)	87	81	21	187	-	1	-	**188**
Finance income	(5)	(28)	(16)	(17)	(66)	-	(502)	494	**(74)**
Finance expense	35	19	8	3	65	1	88	(51)	**103**
Impairment losses on financial instruments and other financial assets	-	4	2	-	6	-	-	-	**6**
Depreciation, amortisation, and impairment	117	240	37	60	454	4	1	-	**459**
EBITDA	**139**	**596**	**365**	**124**	**1,224**	**2**	**(9)**	**-**	**1,217**
EBITDA adjustments	-	-	-	-	-	-	-	-	-
Adjusted EBITDA	**139**	**596**	**365**	**124**	**1,224**	**2**	**(9)**	**-**	**1,217**

Key Metrics	**Gas Transmission**	**Gas and Power Distribution**	**Gas Storage**	**Heat Infra**	**Total segments**	**Other**	**Holding entities**	**Intersegment eliminations**	**Consolidated financial information**
Year 2022									
Profit (loss) for the period	168	228	263	115	774	1	504	(578)	**701**
Income tax expenses	55	74	85	27	241	1	11	-	**253**
Finance income	(69)	(15)	(2)	(6)	(92)	-	(634)	625	**(101)**
Finance expense	31	22	4	2	59	1	83	(47)	**96**
Impairment losses on financial instruments and other financial assets	-	-	1	-	1	-	(5)	-	**(4)**
Depreciation, amortisation, and impairment	139	229	28	60	456	2	34	-	**492**
EBITDA	**324**	**538**	**379**	**198**	**1,439**	**5**	**(7)**	**-**	**1,437**
Network losses correction	-	18	-	-	18	-	-	-	18
Adjusted EBITDA	**324**	**556**	**379**	**198**	**1,457**	**5**	**(7)**	**-**	**1,455**

[iii] Adjusted Free Cash Flow represents Cash flows generated from (used in) operations, less Income taxes paid and less Acquisition of property, plant and equipment, investment property and intangible assets, less Purchase of emission rights and disregarding Changes in restricted cash as presented in the Consolidated statement of cash flow of the Group, adjusted for: (i) working capital impact of the SOT, (ii) EBITDA effect of the network losses correction, (iii) working capital impact of the network losses correction.

[iv] Net Leverage Ratio represents Net Debt divided by Adjusted EBITDA. Proportionate Net Leverage Ratio represents Net Leverage Ratio, taking into consideration the proportionate ownership of EPIF in its subsidiaries.

[v] Net debt represents Gross debt less Cash and cash equivalents (as included in the Consolidated financial statements of the Group). Proportionate Net Debt represents Net Debt, taking into consideration the proportionate ownership of EPIF in its subsidiaries.

[vi] Gross debt of the Group represents the sum of indebtedness calculated as the total of current and non-current Loans and borrowings, adjusted to exclude unamortized transactions cost, premiums, discounts and accrued interest. For avoidance of doubt, the Gross Financial Indebtedness does not include mark to market of hedging instruments as it is reported under Financial instruments and financial liabilities and Financial instruments and other financial assets.