



2025

Consolidated Annual Report and Consolidated Sustainability Report

of the NET4GAS Group
for 2025

net4gas.cz



Contents

Consolidated Annual Report:

Foreword by the Executives of NET4GAS	4
Consolidated Group Data	6
Consolidated Report on Operations	16
NET4GAS Group Main Financial Indicators	18
NET4GAS Main Financial Operations	19
NET4GAS Main Business Operations	19
BRAWA Business Operations	20
Human Resources	20
Health and Safety at Work	21
Environmental Protection	21
Reducing Emissions	21
Taxonomy Regulation Reporting	21
Internal Control Principles	22
NET4GAS Corporate Philanthropy	24
Report on Relations between the Controlling Entity and the Controlled Entity and between the Controlled Entity and Entities Controlled by the Same Controlling Entity	28
Subsequent Events	35
Persons Responsible for the Consolidated Annual Report	35
Annex No. 1: Consolidated Financial Statements	36
Annex No. 2: Separate Financial Statements	92
Annex No. 3: Independent Auditor's Report	150

Consolidated Sustainability Report:

List of abbreviations	158
Foreword	160
ESRS 2	162
EU Taxonomy	194
E1 – Climate change	208
S1 – Own workforce	228
G1 – Business conduct	246
Cybersecurity	255
Persons responsible for the Consolidated Sustainability Report	257
Annex No. 1: Independent auditor's report	258

Foreword by the Executives of NET4GAS

Ladies and Gentlemen,

The year 2025 was a period of further stabilisation, strengthening of strategic direction and a gradual recovery of the transit potential utilization of the Czech transmission system for NET4GAS. Following the challenging years marked by geopolitical upheavals and fundamental changes in gas flows across Europe, we succeeded in strengthening the Company's stability and creating the prerequisites for its long-term sustainable operations.

An important milestone was the approval of a new corporate strategy reflecting the changing energy landscape and clearly defining the role of NET4GAS. We will continue to ensure reliable and safe gas transmission services and play a key role in the energy transition. Our strategy also includes preparations for the future development of the gas sector, including the development of hydrogen technologies.

Another positive development in 2025 was a significant recovery of international gas transit. While in 2024 the transit volume amounted to 2.2 TWh, in 2025 it already reached 13 TWh. This increase confirms that the Czech transmission system continues to hold a firm position in the European energy system, is able to respond flexibly to changing market needs and contributes to the energy security of the entire region.

An important step towards ensuring long-term stability was the issuance of the new Price Regulation Methodology for the period 2026-2030. It creates a transparent and predictable framework for ensuring safe, reliable and efficient gas transmission. This regulatory framework is a key prerequisite for the Company's sustainable operations over the upcoming five-year period.

Confidence in our work was again reaffirmed by Fitch Ratings, which in December upgraded the credit rating by two notches from BBB- Outlook Positive to BBB+ Outlook Stable, and similarly upgraded the rating of our bonds from BBB to A-. This represents the highest level of NET4GAS credit rating since 2014.

NET4GAS also continued to develop innovations, research and international cooperation. Together with other companies of the ČEPS Group, we continued to participate in research and development projects and were actively involved in key international initiatives focused on the development of hydrogen corridors – the Czech-German H₂ Interconnector, Central European H₂ Corridor, Sunshyne Corridor and South-East European H₂ Corridor. These activities confirm our ambition to be part of the future low-emission energy sector and to prepare the existing infrastructure for new forms of utilisation. Our work in this area was also recognised by the European Union – two of our projects, CGHI and CEHC, were included in the second EU list of Projects of Common Interest (PCI projects).

Another major achievement in 2025 was a significant reduction in the Company's indebtedness by approximately CZK 10 billion, i.e. by nearly 30% of total interest-bearing debt. This step further strengthened the financial stability of NET4GAS and created a firmer foundation for future investments and development.

In 2025, NET4GAS continued to fulfil its commitment to safe and reliable gas transmission. We completed the project to enable reverse flow via the Cieszyn border interconnection point, which enhances the energy security of the Czech Republic, in particular the region of Northern Moravia, and increases our readiness to respond to extraordinary crisis situations.

Our vision is clear – to build a sustainable and resilient energy system for future generations. This goal is built on our values – trust, cooperation, innovation, safety, efficiency – and is reflected in our Sustainability Strategy, within which this year, for the first time, we present the reporting of key performance indicator values for individual strategic objectives and priorities. We continue, among other things, to invest in mobile compressors and flare technology to minimise vented methane. We are also increasing the frequency of detection activities on the system.



Michal Slabý



Rastislav Jamrich



Milan Váša

An integral part of our responsibility remains our care for employees – we create a safe and open environment, promoting health, development and equal opportunities for all. In 2025, we also expanded the scope of our reporting to include cybersecurity, which is essential for the reliable operation of our infrastructure and resilience to new threats. Details of our progress in the areas of environment, social responsibility and governance can be found in the ESG report, which forms part of this Annual Report and which we have prepared in accordance with the requirements of the CSRD Directive and ESRS standards.

In conclusion, we would like to thank our parent company ČEPS, regulatory authorities, business partners and customers for their trust and cooperation. Special thanks go to all employees of NET4GAS for their professionalism, dedication and commitment, which have enabled us to fulfil our key role in the energy system of the Czech Republic in 2025 as well.

Sincerely and with best wishes,

Michal Slabý
Executive
NET4GAS, s.r.o.

Rastislav Jamrich
Executive
NET4GAS, s.r.o.

Milan Váša
Executive
NET4GAS, s.r.o.

A photograph of large, curved, metallic industrial pipes and tanks, likely part of a refinery or chemical plant. The pipes are arranged in a series of arches, creating a sense of depth and scale. The background is a clear blue sky. The image is partially obscured by a dark blue overlay on the right side, which contains the page title.

01

Consolidated Group Data

Consolidated Group Data

The consolidated group (hereinafter referred to as “Group” or “NET4GAS Group”), for which this Consolidated Annual Report is prepared, consists of the consolidating company NET4GAS, s.r.o. (hereinafter referred to as “NET4GAS” or “consolidating company”) and consolidated company BRAWA, a.s. (hereinafter referred to as “BRAWA” or “consolidated company”).

Consolidating company

Company name:	NET4GAS, s.r.o.
Identification number:	272 60 364
LEI	529900ND5BL2CXRIPT15
Date of registration in the Commercial Register:	29 June 2005
Address:	Na Hřebenech II 1718/8, 140 21 Prague 4 – Nusle
Shareholders:	NET4GAS Holdings, s.r.o. (100 %)
Controlled companies:	BRAWA, a.s. (100 %)

Consolidated company

Company name:	BRAWA, a.s.
Identification number:	247 57 926
Date of registration in the Commercial Register:	10 November 2010
Address:	Na Hřebenech II 1718/8, 140 21 Prague 4 – Nusle
Shareholders:	NET4GAS, s.r.o. (100 %)
Controlled companies:	None

NET4GAS Company Profile

NET4GAS, s.r.o. is the gas transmission system operator in the Czech Republic, ensuring economically efficient, safe and reliable transmission services for its customers 24 hours a day, 7 days a week. Through its network of 4,058 km of pipelines, NET4GAS transports large scale quantities of gas. As a Central European transmission system operator, NET4GAS plays an active role in connecting and integrating European energy markets to the benefit of Czech and other European customers. At the same time, the company participates in shaping the European ener-

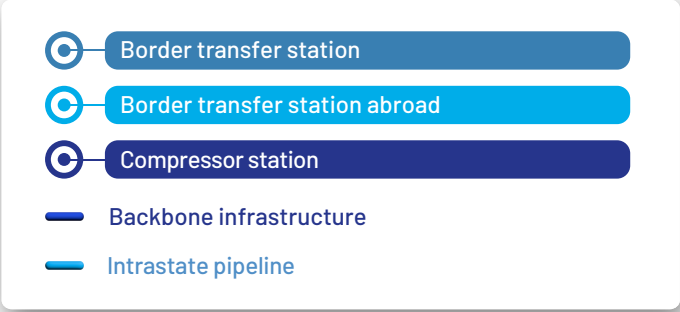
gy market in the context of the transition to a low-carbon economy. It is a member of the Czech Gas Association, the Confederation of Industry of the Czech Republic, and the international organisations ENTSG, ENNOH, GIE, EASEE-gas, as well as the IGU and MARCOGAZ working groups. The company has more than 500 employees and is committed to corporate social responsibility.

Ownership of NET4GAS

as of 31 December 2025

Throughout the year 2025, NET4GAS was fully owned by NET4GAS Holdings, s.r.o., a company that was held throughout 2025 by ČEPS, a.s., with its registered office at Elektrárenská 774/2, 101 52 Prague 10, Czech Republic, Identification No. 25702556, registered under Reg. No. B 5597 in the Commercial Register maintained by the Prague Municipal Court.

Transmission System



Mission, Vision and Strategy of NET4GAS



Vision

We are creating pathways to safe, low-carbon and accessible energy in the Czech Republic and Europe.



Mission

Our mission is to secure safe, reliable and economically efficient transmission services for natural, renewable and low-carbon gases to the Czech Republic, within the country and to neighbouring countries, and thereby contribute to the energy security of the region.

In 2025, NET4GAS developed a new corporate strategy in order to better respond to dynamic changes in the energy sector, particularly in connection with decarbonisation and the changing use of gas transmission systems.

NET4GAS formulated a strategy for its future development, setting out the key steps and priorities for the development of NET4GAS under various scenarios and in the context of a changing gas sector. The new strategy includes a new vision, mission and values for NET4GAS. The corporate vision reflects the ambition to be a reliable partner in the energy transition, while ensuring that our infrastructure will continue to play a key role in the future. At the same time, in

the context of the EU's decarbonisation policy, we are also focusing on the prospect of CO₂ transport.

During the strategy development process, we also defined the values of NET4GAS which, as shared principles of conduct, will help guide decision-making and strengthen trust among employees and towards NET4GAS. The new strategy is based on trend analyses, scenarios for the development of demand for the transmission of various types of gases, and specific strategic initiatives that will be implemented in the coming years. A total of 34 key initiatives were defined, covering both technical areas and the development of people, processes and the organisation.



NET4GAS Supervisory Board

as of 31 December 2025

Radek Lucký

Vice-Chairman of the Supervisory Board
Position held since: 20 December 2023
Member since: 12 December 2023

Martin Durčák

Member of the Supervisory Board
Member since: 1 November 2024

Changes in the NET4GAS Supervisory Board

In the course of 2025, the following changes took place in the composition of the NET4GAS Supervisory Board:

On 16 December 2025, based on a decision of the sole shareholder exercising the powers of the Company's General Meeting, Petr Doškář was discharged from the position of Member of the Supervisory Board of NET4GAS, effective as of 16 December 2025. No new Member of the Supervisory Board of NET4GAS was elected by 31 December 2025. As of 31 December 2025, the Supervisory Board of NET4GAS had two members in the composition stated above.

NET4GAS Executives

as of 31 December 2025

Michal Slabý

Executive and CEO
Position held since: 1 April 2025

Rastislav Jamrich

Executive and CFO
Position held since: 1 June 2024

Milan Váša

Executive and COO
Position held since: 1 October 2024

Changes in the NET4GAS Executives

In the course of 2025, the following changes took place in the composition of the Executives of NET4GAS:

Under its decision dated 26 March 2025, the Supervisory Board of NET4GAS appointed Mr Michal Slabý as Executive of NET4GAS, effective as of 1 April 2025.

Since 1 April 2025, NET4GAS has had three Executives in the composition stated above.

NET4GAS Audit Committee

as of 31 December 2025

Following the issue of investment securities accepted for trading on the regulated European market, NET4GAS has become a public interest entity within the meaning of Act No. 563/1991 Coll. on Accounting, as amended, and is subject to the duty to establish an Audit Committee. The main responsibilities of the Audit Committee include monitoring the efficiency of the internal control system and the risk management system, overseeing the effectiveness of internal audit and securing its functional independence, monitoring the compilation of financial statements and consolidated financial statements and the preparation of the sustainability report, recommending the statutory auditor to the Supervisory Board, assessing the independence of the statutory auditor and the audit company, evaluating the provision of supplementary services, and overseeing the conduct of mandatory audit and the assurance of the sustainability report.

The NET4GAS Audit Committee was established under a decision of the NET4GAS Executives on 31 May 2016 and has 3 members.

As of 31 December 2025, the members of the Audit Committee were as follows:

Stanislav Staněk

Chairman of the Audit Committee
Position held since: 24 June 2024
Member since: 1 June 2024
(Member of the Audit Committee continuously since 1 June 2016)

Štěpán Vondrášek

Member of the Audit Committee
Member since: 1 June 2024

Pavel Závitkovský

Member of the Audit Committee
Member since: 1 June 2024
(Member of the Audit Committee continuously since 1 June 2016)

Changes in the NET4GAS Audit Committee

No changes took place in the composition of the Audit Committee in the course of 2025.

In accordance with the Memorandum of Association of NET4GAS in effect, the term of office of Members of the Audit Committee is four years.

Fees for audit services provided to the NET4GAS Group

In 2025, Deloitte Audit, s.r.o. provided to the NET4GAS Group statutory audit services including ESG report assurance in the total amount of CZK 3,500 thousand, of which statutory audit services including ESG report assurance provided to NET4GAS amounted to CZK 3,146 thousand. Deloitte Audit, s.r.o. did not provide any non-audit services to the NET4GAS Group during 2025.

BRAWA

Company Profile

BRAWA is the owner of the DN 1200/DN 1400 pipelines, which span approximately 170 km and interconnect the transmission systems of the Czech Republic and the Federal Republic of Germany at the Brandov and Rozvadov interconnection points. The most significant pipeline owned by BRAWA is the GAZELLE pipeline (DN 1400, German border–Přimda, 85 bar, approximately 158 km). The pipelines are operated by NET4GAS.

BRAWA Shareholder

as of 31 December 2025

In 2025, BRAWA's sole shareholder was NET4GAS.

Supervisory Board of BRAWA

as of 31 December 2025

Martin Kolář

Chairman of the Supervisory Board
Position held since: 2 July 2024
Membership since: 1 July 2024
(in the Supervisory Board continuously since 20 March 2012)

Milan Váša

Vice-Chairman of the Supervisory Board
Position held since: 2 October 2024
Membership since: 2 October 2024

Rastislav Jamrich

Member of the Supervisory Board
Membership since: 2 October 2024

Changes in the BRAWA Supervisory Board

No changes took place in the composition of BRAWA's Supervisory Board in the course of 2025.

BRAWA Board of Directors

as of 31 December 2025

Jan Martinec

Chairman of the Board of Directors
Position held since: 8 July 2024
Membership since: 7 July 2024
(in the Board of Directors continuously since 7 July 2014)

Miroslav Holý

Vice-Chairman of the Board of Directors
Position held since: 1 December 2025
Membership since: 30 November 2025
(in the Board of Directors continuously since 1 November 2015)

Changes in the BRAWA Board of Directors

Under a decision of the sole shareholder of BRAWA dated 29 October 2025, Mr Miroslav Holý was re-elected as a member of the Board of Directors of the Company at the end of his five-year term of office with effect from 30 November 2025. Under a decision of the Board of Directors dated 1 December 2025, Miroslav Holý was re-elected Vice-Chairman of the Board of Directors of BRAWA.



02

Consolidated Report on Operations



Consolidated Report on Operations

NET4GAS Group Main Financial Indicators

Selected indicators*	2025 (CZK million)
Revenue	6,457
Operating profit	3,099
Profit before tax	2,327
Profit after tax	2,056
Investments – long-term projects finished in 2025	603
Capital expenditure to tangible and intangible assets in 2025	715

* according to IFRS as adopted by the European Union

Revenues, costs, profit

The Group’s main business activity is natural gas transmission in accordance with the Act No. 458/2000 Coll., on conditions for undertaking the business and for the execution of state administration in the energy sector and on changes to certain acts (the “Energy Act”).

In 2025, the Group achieved profit before tax of CZK 2,327 million and profit after tax of CZK 2,056 million**. Operating profit of the Group amounted to CZK 3,099 million.

The Group generated operating profit from its core business operations – transit of natural gas and domestic transmission. Total revenues amounted to CZK 6,457 million and total operating costs were CZK 3,358 million.

** The financial result for 2025 includes specific items that “visually” increase it significantly. These are primarily foreign exchange differences, derivative revaluations, and certain revenue items that will be subject to regulatory adjustments, resulting in a reduction of allowed revenues in the coming years. The total value of these specific effects ranges between CZK 0.9 and 1.4 billion.

Asset structure

The total assets of the Group in 2025 amounted to CZK 53,752 million, of which non-current assets accounted for CZK 48,189 million, representing 90%. The main components of these assets were tangible fixed assets valued at CZK 47,926 million, long-term receivables from derivative financial instruments at CZK 184 million, intangible fixed assets valued at CZK 78 million and prepayments for acquisition of fixed assets.

As of 31 December 2025, current assets amounted to CZK 5,563 million, representing 10% of total assets. Current assets were mainly represented by other financial assets and cash.

Investments

Capital expenditures in 2025 amounted to CZK 715 million. In 2025, the Group finished long-term projects in the amount of CZK 603 million (additions to fixed assets at cost).

Structure of liabilities

As of 31 December 2025, the Group's equity amounted to CZK 20,040 million and accounted for approximately 37% of the Group's total liabilities and equity.

Current and non-current liabilities amounted to CZK 33,713 million, of which non-current liabilities (bonds, bank loan, deferred tax, and derivatives) accounted for approximately 77% of total liabilities; current liabilities accounted for approximately 23% of total liabilities.

Investment instruments

To secure a return on its available cash during 2025, the Group made use of term deposits offered by leading banking institutions. No significant price, credit or liquidity risks were identified in connection with the instruments concluded, other than described in the consolidated financial statements, which are an integral part of this Consolidated Annual Report.

Research and development activities

The Group did not make any major expenditure into research and development in 2025.

Branches or other parts of business premises abroad

Neither of the companies of the Group has branches in the Czech Republic or abroad.

NET4GAS Main Financial Operations

In the course of 2025, NET4GAS further strengthened its financial resilience as the owner and operator of critical gas infrastructure in the Czech Republic. In 2025, NET4GAS carried out a two-phase debt reduction totalling approximately CZK 9.7 billion, representing a reduction of total interest-bearing debt by nearly 30%.

At the same time, in April 2025, NET4GAS concluded a credit facility of up to CZK 4 billion with a seven-year maturity, designated for the refinancing of debt planned for 2026.

On 9 December 2025, Fitch Ratings upgraded NET4GAS’s long-term credit rating by two notches from BBB- (Positive Outlook) to BBB+ (Stable Outlook) and the credit rating of unsecured bonds from BBB to A-. The upgrade reflects, in particular, the overall improvement of NET4GAS’s financial position together with the significant debt reduction and a stable regulatory framework.

NET4GAS Main Business Operations

The total volume of gas transmitted in 2025 amounted to 11.21 billion m³ (at 15 °C and 101.325 kPa), representing a year-on-year increase of more than 2.5 billion m³. A key factor was the significant recovery of demand for transit through the Czech Republic, which had virtually ceased in 2024. Also, in connection with the termination of Russian gas transit through Ukraine, the volumes of gas transmission towards Poland and particularly Slovakia increased to 1.29 billion m³ in 2025.

The second driver of growth was the increased need for gas injection into Czech gas storage facilities following the previous winter, which led to an increase in domestic transmission to 9.92 billion m³ per year, of which deliveries to domestic consumers amounted to 7.09 billion m³.

In 2025, NET4GAS fulfilled its contractual commitments under a total of 11,539 gas transmission agreements, which approximately corresponds to their number in 2024.

Among the strategic projects aimed at enhancing the security of gas supply for the Czech Republic is the Reverse Flow project at the Cieszyn border interconnection point. This involves enabling the physical transport of gas from Poland to the Czech Republic. In 2025, in accordance with the plan, the first phase of the project was successfully completed, including obtaining the final building approval and carrying out the operational test.

In preparation for transmission system development projects, in 2025 preparatory work continued on projects for connecting customers to the transmission system and expanding network capacity in the Ústí nad Labem, Central Bohemian and Moravian-Silesian Regions.

In terms of new connection applications, two applications for capacity increases to distribution systems were submitted in 2025.

In the field of innovation and the transition to a low-emission economy in Europe, NET4GAS’s primary focus in 2025 was preparing for the future transport of hydrogen. In 2025, NET4GAS continued its activities in the ENNOH organisation (European Network of Network Operators for Hydrogen), which brings together future operators of hydrogen transmission systems.

In line with the European Hydrogen Backbone (EHB) initiative and in cooperation with other partner transmission system operators (TSOs), NET4GAS started to develop the following specific hydrogen corridors that will pass through the Czech Republic:

1. **Czech-German Hydrogen Interconnector (CGHI)** – this corridor will enable the transport of hydrogen from northern Germany and the Baltic region to the Czech Republic and further to the southern part of Germany.

- 2. **Central European Hydrogen Corridor (CEHC)** – this corridor will enable the transport of renewable hydrogen produced in Ukraine to points of consumption in Slovakia, the Czech Republic and Germany.
- 3. **SunsHyne Corridor** – this corridor will enable the transport of hydrogen from North Africa to Italy, Austria, Slovakia, the Czech Republic and Germany.
- 4. **South East European Hydrogen Corridor (SEEHyC)** – this corridor will open the way for hydrogen from the Middle East and South-Eastern Europe to Greece, Bulgaria, Romania, Hungary, Slovakia, Croatia, Slovenia, Austria, the Czech Republic and Germany.

The NET4GAS Group defined the basic parameters – the technical solution and the expected commissioning year – for the following development projects related to the transport of pure hydrogen:

- 1. **Czech Hydrogen Backbone Infrastructure SOUTH project** (formerly the Central European Hydrogen Corridor, Czech section)
- 2. **Czech Hydrogen Backbone Infrastructure WEST project** (formerly the Czech-German Hydrogen Interconnector, Czech section)
- 3. **Czech Hydrogen Backbone Infrastructure NORTH project**

In 2025, NET4GAS also continued intensively with an extensive internal project aimed at mapping the existing infrastructure and its readiness for hydrogen transport. The results achieved in 2025 confirm the assumptions that the existing gas infrastructure will be usable for hydrogen transport with only minor modifications. Within the Czech Hydrogen Backbone WEST project, the documentation for the building permit was completed along with a validation study confirming the usability of the existing western branch pipelines for repurposing to hydrogen. The development of the second project, Czech Hydrogen Backbone NORTH, continued with the preparation of the preliminary design and the selection of a design engineer for the preparation of the building permit documentation.

In December 2025, the European Commission published a new EU-wide list of Projects of Common Interest (PCI) and Projects of Mutual Interest (PMI). Both hydrogen projects of NET4GAS, i.e. the Czech Hydrogen Backbone WEST and the

Czech Hydrogen Backbone NORTH, are included in this list within the hydrogen corridors passing through the Czech Republic, namely the Central European Hydrogen Corridor (CEHC) and the Czech-German Hydrogen Interconnector (CGHI).

BRAWA Business Operations

The core activity of BRAWA in 2025 was managing its property, the GAZELLE pipeline, and its lease to the transmission system operator NET4GAS.

Human Resources

On 31 December 2025, NET4GAS had 539 employees, of whom 19.85% were women. Further, women accounted for 11.97% of employees in managerial positions. The educational background of the company's workforce has remained stable. The standard of NET4GAS employees' working and social conditions is defined under a Collective Agreement valid for the years 2025–2029. As of 31 December 2025, BRAWA had no employees.

The NET4GAS Group pursues a long-term human resources and social policy aimed at promoting the satisfaction, health and work-life balance of its employees. It offers a wide range of benefits, which include, in particular, retirement savings and life insurance contributions, lump-sum meal contributions, five days of vacation above the legal requirement, three personal leave days, flexible working time, and contributions for leisure, sports and health activities. The NET4GAS Group also supports families with young children and creates conditions for a smooth return of employees after parental leave. This is ensured primarily through maintaining regular contact during absence, the possibility of involvement in selected projects, and flexible forms of work, including working from home. Through this approach, NET4GAS strengthens long-term employee loyalty, well-being and a healthy working environment.

Cooperation continued with schools, students and graduates with the aim of supporting related fields of study and preserving professional know-how. The NET4GAS Group

also continued to support the employment of handicapped persons. Every position was assessed as suitable or unsuitable for handicapped individuals and advertised as such.

Employee volunteer programmes and charitable support for non-profit organisations were also introduced. These programmes enable employees to actively participate in helping those in need through cooperation with selected funds, institutions and non-profit organisations.

Health and Safety at Work

The NET4GAS Group pays close attention to occupational health and safety. The primary objective is to ensure that every employee leaves the workplace as healthy as upon arrival. Efforts at maintaining a safe working environment target all parts of the workplace and apply not only to employees, but also to suppliers.

In 2025, no injuries resulting in incapacity for work were sustained by NET4GAS employees or by employees of suppliers. Maintaining a high standard of workplace safety to eliminate the risks of injuries will remain one of the main priorities in occupational health and safety.

Environmental Protection

Close attention is also paid to environmental protection, which the NET4GAS Group regards not only from the viewpoint of fulfilling legal requirements, but above all as a part of its corporate social responsibility. Environmental protection is taken into consideration in all decisions and processes with the aim of minimising any burden on the environment.

In 2025, the NET4GAS Group discharged all requirements arising under environmental protection laws, and an inspection carried out by government authorities in 2025 confirmed the full conformity of operations with the applicable environmental legislation and conditions of the issued permits in effect.

The Group's commitment to environmental protection goes beyond the scope of legal requirements. An example is the consistent regular use of mobile compressors that serve for the removal of gas from pipeline sections undergoing repairs, thanks to which the pumped gas is not released into the atmosphere. Recycling, energy savings, and other environmentally friendly activities were and remain an integral part of the operations. In 2025, the Group continued to support nature conservation and environmental protection projects under the NET4GAS Closer to Nature programme (see NET4GAS Corporate Philanthropy).

Reducing Emissions

In 2025, the NET4GAS Group continued its efforts to reduce greenhouse gas emissions of CO₂ and methane. The NET4GAS Group's overall carbon footprint was reduced compared to previous years. As far as reducing methane emissions, an example of the above efforts was putting into operation a low-pressure mobile booster compressor, which allows pumping a significantly higher quantity of methane from various parts of the gas pipeline network before depressurisation for maintenance purposes. In 2025, mobile compressors were used to pump a total of 2,613,924 m³ of natural gas (at standard conditions of 15 °C and 101.325 kPa).

Taxonomy Regulation Reporting

Based on the requirements set by the Taxonomy Regulation (EU) 2020/852,¹ as of 1 January 2023, NET4GAS discloses information on the proportion of the turnover, capital expenditure (CAPEX) and operating expenditure (OPEX), which is associated with environmentally sustainable economic activities, within two environmental objectives: climate change mitigation and climate change adaptation.

Additional details are provided in the Consolidated Sustainability Report of the NET4GAS Group for 2025.

¹ REGULATION (EU) 2020/852 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (Text with EEA relevance)

Internal Control Principles

Internal Audit

The essence of the Internal Audit is objective assurance focused on adding value to improving processes and reducing risks. It is an integral component of the management and control system and an important tool for the continuous improvement of the NET4GAS Group. The Internal Audit activities are conducted in cooperation with highly qualified and experienced service providers, including the parent company ČEPS, and are supervised by the Audit Committee.

Audit Committee

The Audit Committee is described in the section Consolidated Group Data.

Risk Management Committee

The NET4GAS Group manages its risk with due care and diligence. Risks are continuously identified, assessed from the point of view of their likely occurrence and the extent of potential damage and are reported to the internal Risk Management Committee. Existing risks are continuously monitored and updated.

The Risk Management Committee's responsibilities include, in particular, discussing identified risks to the Group and approving strategies for managing them. It is also the Committee's task to regularly assess the overall risk to the Group.

Code of Conduct

NET4GAS is conscious of its role in society and its responsibility towards all its stakeholders and the environment in which it operates. It has therefore committed itself to a clear set of principles that form a framework for its activities in the business and social spheres defined by the Code of Conduct. Its adherence is monitored by the Compliance Officer.

The conduct of the Group and the employees is based on personal responsibility, honesty, loyalty, and respect for others, their safety and the environment. The Group supports the internationally declared human rights, promotes

their protection and at the same time ensures that no violation of human rights occurs in the Group. It also acts against all forms of corruption, including extortion and bribery.

The Code of Conduct provides a basis for creating additional internal documents. Every employee is mandatorily acquainted with its contents. Annual reporting has been introduced as part of the implementation of the Code of Conduct. Moreover, NET4GAS regularly organises training sessions aimed at anti-corruption issues, intended for employees in positions with a higher risk. In 2025, the Compliance Officer received no report of a violation of the Code of Conduct.

Ombudsman and Fraud Prevention

The Ombudsman is an independent position, which chiefly involves collecting complaints and information relating to potentially fraudulent activities or to activities, which are in conflict with the company's internal regulations and the law. The Ombudsman evaluates these submissions before convening an investigation committee, whose role is to make an independent assessment and evaluation and then propose corrective measures. The Ombudsman may also be contacted by parties outside the company. The position of Ombudsman is performed for the NET4GAS Group by an external law firm. In 2025, the Ombudsman received no complaints.

More details are provided in the Consolidated Sustainability Report of the NET4GAS Group for 2025.

Whistleblower Protection

NET4GAS discharges the duties arising under Act No. 171/2023 Coll. on the Protection of Whistleblowers, as in effect, through the issue of an internal regulation laying down rules for protecting whistleblowers and the process for filing complaints in accordance with this act. In addition, the Company has created an internal whistleblowing system, the administration of which has been assigned to an independent entity, namely members of an external law firm. In 2025, the independent law firm received one complaint.

A photograph of an industrial facility, likely a gas processing plant, featuring large, curved, silver-colored pipes and red metal railings. The scene is set against a clear blue sky. The image is partially obscured by a blue geometric overlay on the right side of the page.

03

NET4GAS Corporate Philanthropy

NET4GAS Corporate Philanthropy

NET4GAS is aware of its corporate social responsibility and therefore, in 2025, it continued to engage in improving the living conditions in the Czech Republic in the following areas:

- NET4GAS Closer to Nature: nature and environment protection
- NET4GAS Closer to Knowledge: education, training and research
- NET4GAS Closer to Regions: local development

NET4GAS Closer to Nature

Come to nature with us at www.closertonature.cz!

NET4GAS pursues a responsible environmental policy with respect to current and future generations. This principle not only underlies the company's responsible entrepreneurship but is also the basis for its long-term strategy of corporate philanthropy and sponsorship, which has been implemented under the NET4GAS Closer to Nature programme since 2007. NET4GAS has been systematically providing long-term support to projects where a major aspect of sustainable development is expressed by precisely that motto – “Closer to Nature” – and is one of the largest corporate donors in the field of nature conservation in the Czech Republic.

NET4GAS has been a partner of the Czech Union for Nature Conservation since 2007 and the goal of their cooperation is to present attractive and valuable natural sites to the public stressing the awareness about the reasons for their protection, in both an educational and entertaining way. In 2025, they jointly restored five more such sites and opened one new site. Moreover, the support focused on the renovation of existing sites, direct nature conservation projects and the nationwide science and nature competitions Zlatý list (“Golden Leaf”) and Ekologická olympiáda (“Environmental Olympics”).

NET4GAS Closer to Knowledge

This second pillar of philanthropy and sponsorship has its foundation in the focus on operational excellence delivered by a trained and qualified team. Sustainable development would be impossible without quality training, education, research, and development, which the Company accordingly supports under the programme NET4GAS Closer to Knowledge. In 2022, in cooperation with the Czech Gas Association, the Company launched educational programmes at vocational training centres, and, as in previous periods, it continued to develop its partnership with the Department of Sustainable Fuels and Green Chemistry of the Faculty of Environmental Technology at the University of Chemistry and Technology Prague. Their cooperation mostly included merit scholarships and awards for students.

NET4GAS Closer to Regions: Local development

The Company's business consists of the operation, long-term development, and maintenance of the gas transmission system, which traverses almost all of the Czech Republic's regions. Dedicated to neighbourliness, the Company's third programme, NET4GAS Closer to Regions, is aimed at fostering local development in the localities where we operate. In this regard, our efforts are closely related to the programme NET4GAS Closer to Nature.



Report on Relations between the Controlling Entity and the Controlled Entity and between the Controlled Entity and Entities Controlled by the Same Controlling Entity

The Executives of NET4GAS, s.r.o. (hereinafter in this Report on Relations referred to as “Company” or “Controlled Entity”) have drawn up, in accordance with the provision of Section 82 of Act No. 90/2012 Coll., the Business Corporations Act (hereinafter referred to as “BCA”), the following Report on Relations covering the relations among the Company and controlling entities and among the Company and other entities controlled by the same controlling entities (hereinafter referred to as “Related Parties”) during 2025 in all cases where the Company is aware of the existence of such Related Parties (hereinafter referred to as “Report on Relations”). This Report on Relations forms an integral part of the Consolidated Annual Report of the NET4GAS Group for 2025 and is provided to the Company’s shareholder for review within the same period of time and under the same conditions as the Financial Statements.

1. Controlling entities

In the accounting period ended 31 December 2025, the Company was controlled by the following entities:

a) directly by

NET4GAS Holdings, s.r.o., with its registered office at Na Hřebenech II 1718/8, Nusle, 140 00 Prague 4, ID No. 291 35 001, recorded under Reg. No. C 202655 in the Commercial Register maintained by the Municipal Court in Prague;

b) indirectly by

– ČEPS, a.s., with its registered office at Elektrárenská 774/2, 101 52 Prague 10, ID No. 25702556, recorded under Reg. No. B 5597 in the Commercial Register maintained by the Municipal Court in Prague;

– The Czech Republic, the sole shareholder of ČEPS, a.s., where shareholder rights in ČEPS, a.s. are exercised on behalf of the state by the competent authority, specifically the Ministry of Industry and Trade, with its registered office at Na Františku 1039/32, 110 00 Prague 1, ID No. 47609109.

The structure of relationships pursuant to Section 82(2)(a) of the BCA is presented in Annex No. 1 to this Report on Relations.

2. Role of the Controlled Entity

The exclusive holder of the gas transmission licence in the Czech Republic, NET4GAS, s.r.o., operates gas pipelines with a total length of 4,058 km. As a Central European transmission system operator, NET4GAS plays an active role in interconnecting and integrating European energy markets, and takes part in creating the European energy market in the context of the transition to a low-carbon economy.

3. Means and method of control

NET4GAS, s.r.o. is controlled by NET4GAS Holdings, s.r.o. As the sole shareholder of NET4GAS, s.r.o., NET4GAS Holdings, s.r.o. exercises the powers of the General Meeting of NET4GAS, s.r.o.

In exercising the powers of the General Meeting of NET4GAS, s.r.o., NET4GAS Holdings, s.r.o. appoints and discharges members of the Supervisory Board of NET4GAS, s.r.o. The Supervisory Board of NET4GAS, s.r.o. appoints and discharges the Executives of NET4GAS, s.r.o.

In exercising the powers of the General Meeting of NET4GAS, s.r.o., NET4GAS Holdings, s.r.o. also appoints and discharges Members of the Audit Committee, which is tasked with special duties in accordance with relevant laws (for details, see the chapter NET4GAS Audit Committee as of 31 December 2025).

As the controlling entity and sole shareholder of NET4GAS, s.r.o., NET4GAS Holdings, s.r.o. exercises its rights and discharges its duties in acting with the authority of the General Meeting vis-à-vis NET4GAS, s.r.o. in accordance with relevant laws and regulations, particularly the BCA.

4. Agreements concluded between the Company and controlling entities or Related Parties

The agreements concluded between the Company and controlling entities or Related Parties during the most recent accounting period are listed in Annex No. 2 to this Report on Relations. The agreements concluded in preceding accounting periods which were in effect during the most recent accounting period form Annex No. 3 to this Report on Relations.

5. Acts performed in the most recent accounting period at the instigation or in the interest of controlling entities or Related Parties

No transactions were completed at the behest or in the interest of controlling or related parties during the most recent accounting period.

6. No damage

In the most recent accounting period, the Company incurred no damage as a result of agreements with controlling entities or Related Parties, or as a consequence of other acts or actions performed in the interest or at the instigation of the same, which were concluded or undertaken during the most recent accounting period or in any preceding accounting period. It has therefore not been necessary to secure compensation for damage or to conclude any agreements on such compensation.

7. Advantages and disadvantages resulting from relations with controlling entities or Related Parties

The Executives declare that (i) the Controlled Entity is subject to neither negative impacts arising from relations between controlling entities or Related Parties, of which the Executives would be aware, (ii) nor risks of which the Executives would be aware.

In the most recent accounting period, the relations among the controlling entities and Related Parties were an advantage for the Company in terms of the increased financial stability.

8. Confidentiality

None of the information contained in this Report on Relations constitutes a trade secret of the Company.

9. Conclusion

This Report on Relations has been prepared to the best knowledge of the Company’s Executives based on information and data obtained from available documents and sources. No facts of material importance, liable to have an effect on the accuracy of the assessment of the Controlled Entity, have been omitted.

This Report on Relations has been approved by the Company’s Executives on 27 March 2026 and submitted for a review to the Company’s Supervisory Board.

In Prague on 27 March 2026

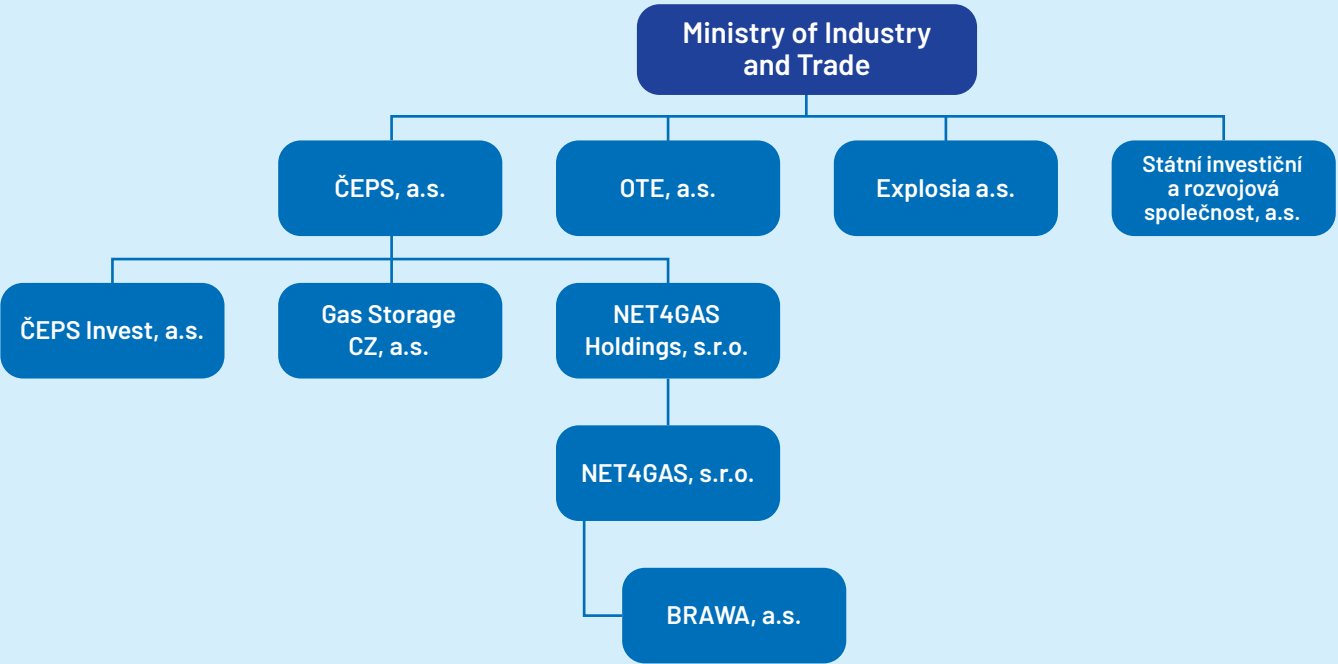
Michal Slabý
Executive

Rastislav Jamrich
Executive

Milan Váša
Executive

Annex No. 1

Structure of relations pursuant to Section 82(2)(a) of the BCA in the most recent accounting period



Note:

Furthermore, ČEPS, a.s. holds a 25% ownership interest in Elektroenergetické datové centrum, a.s., Business ID: 21020264, a company with its registered office at Na hroudě 1492/4, Vršovice, 100 00 Prague 10. However, ČEPS, a.s. is not the controlling entity of this company within the meaning of Section 74 et seq. of the BCA. Consequently, NET4GAS, s.r.o. is not required to disclose Elektroenergetické datové centrum, a.s. in this Report on Relations.

Annex No. 2

Agreements concluded between the Company and controlling entities or Related Parties in the most recent accounting period

SAP	Contracting party	Agreement	Date of entry	Details
1817000005	BRAWA, a.s.,	Amendment No. 003 to	24 September 2025	NET4GAS, s.r.o. established 2 new accounts (CZK and EUR) and through these amendments included them in the cash pooling. A party to the agreement and subsequent amendments is ČSOB, a.s.
1717000507	NET4GAS Holdings, s.r.o. (multilateral agreement)	Agreement ZBA/2017/07 on the Provision of Real Unidirectional Cash Pooling		
1900000130	NET4GAS Holdings, s.r.o. (multilateral agreement)	Amendment No. 003 to Agreement TBA/2017/08 on the Provision of Real Unidirectional Cash Pooling	24 September 2025	
1717000508				
1712001351	BRAWA, a.s.	Amendment No. 12 to Service Level Agreement for Selected Services	1 January 2025	The subject matter of the amendment is a change in the price list.

SAP	Contracting party	Agreement	Date of entry	Details
1725000459	ČEPS, a.s.	Service Level Agreement in the Field of Security	22 October 2025	Under this agreement, ČEPS, a.s. undertakes to provide NET4GAS, s.r.o. services in the field of security, primarily in the areas of critical infrastructure protection, physical security, personnel security, protection of classified information, and related regulations and standards, including technical, operational and process measures.
1725000232	ČEPS, a.s.	Master agreement on Conditions for the Purchase and Provision of Balancing Services	1 January 2025	The subject matter of the master agreement is the arrangement of conditions for the provision of balancing services as set out in the Transmission System Code.
1708000488	Gas Storage CZ, a.s.	Amendment to Agreement on the Terms of Operation of the Interconnection of the Transmission System and Virtual Underground Gas Storage No. 004 of 28 February 2025, No. 005 of 24 March 2025, No. 006 of 24 March 2025	28 February 2025 24 March 2025 24 March 2025	The subject matter of the amendments is the terms for the interconnection of the transmission system and gas storage.
1724000382	Gas Storage CZ, a.s.	Agreement on the Establishment of an Easement	12 March 2025	The subject matter of the agreement is the establishment of an easement – cadastral district Třanovice, Moravian-Silesian Region, Title Deed 466.
1725000333	OTE, a.s.	Agreement on the Settlement of Balancing Energy	29 July 2025	Under this agreement, OTE, a.s., as the market operator, undertakes, in accordance with the Market Rules, to financially settle with NET4GAS, s.r.o. as the provider of balancing energy the payments for delivered balancing energy upon the activation of ancillary services, within the scope determined by the transmission system operator, at the price determined according to the Market Rules.

Orders placed by NET4GAS, s.r.o. with BRAWA, a.s. in the most recent accounting period:

- 170087390 – Rent

Orders placed by BRAWA, a.s. with NET4GAS, s.r.o. in the most recent accounting period:

- SLA services for 2025, Order No. 4180000207 based on SLA
- D&O excess insurance, Orders No. 4180000201-6, 4180000210 – the service is not provided by NET4GAS, s.r.o., the cost is re-invoiced.

Annex No. 3

Agreements concluded between the Company and controlling entities or Related Parties in previous accounting periods and effective in the most recent accounting period

SAP	Contracting party	Agreement	Date of entry	Details
1819000007 1719000620	BRAWA, a.s.	Agreement on Payment for the Establishment of an Easement	10 September 2019	The subject matter of the agreement is the arrangement of a payment to the owner for the establishment of an easement under the easement agreement and the impossibility of realising the owner's project on the land plot (a party to the agreement is also the land owner).
1819000005 1719000618	BRAWA, a.s.	Personal Data Processing Agreement	2 January 2019	This agreement lays down the rights and obligations of the parties in relation to the processing of relevant personal data.
1818000007 1718001253	BRAWA, a.s.	Agreement on the Establishment of an Easement (No. 1)	3 August 2018	The subject matter of these agreements is the definition and establishment of an easement of an engineering network (High-pressure DN 1400 gas pipeline, RU Kateřinský potok – RU Přimda).
1818000008 1718001206	BRAWA, a.s.	Agreement on the Establishment of an Easement (No. 2)	3 August 2018	
1818000009 1718000243	BRAWA, a.s.	Agreement on the Establishment of an Easement (No. 3)	3 August 2018	
1812000034 1712001350	BRAWA, a.s.	Lease Agreement, as amended by Amendment No. 1 of 15 February 2017, Amendment No. 2 of 14 September 2020, Amendment No. 3 of 4 January 2021, Amendment No. 4 of 28 January 2022, Amendment No. 5 of 12 January 2023, and Amendment No. 6 of 30 December 2022	31 December 2012	Under the agreement, BRAWA, a.s. leases gas infrastructure to NET4GAS, s.r.o. consisting primarily of the "High-pressure DN 1400 gas pipeline – Brandov BTS – Rozvadov" interconnector of approximately 160 km in length. The subject matter of the amendments is a new Method for calculating the rent; Amendment No. 006 amends provisions pertaining to Investments and Payment of Investment Costs.
1812000035 1712001351	BRAWA, a.s.	Service Level Agreement for Selected Services, as amended by Amendment No. 1 of 20 December 2013, Amendment No. 2 of 27 January 2014, Amendment No. 3 of 6 February 2015, Amendment No. 4 of 30 November 2015, Amendment No. 5 of 30 December 2016, Amendment No. 6 of 30 December 2018, Amendment No. 7 of 30 December 2019, Amendment No. 8 of 4 January 2021, Amendment No. 9 of 31 December 2021, Amendment No. 10 of 2 January 2023, Amendment No. 11 of 2 January 2024	31 December 2012	The subject matter of the agreement is the provision of the following services by NET4GAS, s.r.o. to BRAWA, a.s.: GAZELLE project supervision, construction and assembly work during the project, accounting, controlling, tax administration, payroll administration, cash-flow, risk management, insurance, facility management, purchasing and logistics, corporate affairs, network documentation, price, and list of authorised representatives. The subject matter of the amendments is the Price and the method for calculating the Price, the specification of provided services, and the List of the authorised representatives.

SAP	Contracting party	Agreement	Date of entry	Details
1724000236	ČEPS, a.s.	Service Level Agreement for Internal Audit Services	9 September 2024	Under this agreement, ČEPS, a.s. undertakes to provide NET4GAS, s.r.o. an internal audit service in the scope defined in this agreement.
1721000418	ČEPS, a.s.	Agreement on Ensuring Construction Modifications of Gas Infrastructure of the Transmission System, Mutual Cooperation and Commissioning	20 August 2021	ČEPS, a.s., as the operator of the Czech electricity transmission system, finances the construction entitled "V406/407 Kočín – Mirovka, new 400 kV line", which, as an associated investment, includes the protection of gas infrastructure for which the scope of modifications has been approved to ensure the protection of gas infrastructure against the effects of very high voltage lines.
1721000419	ČEPS, a.s.	Agreement on Ensuring Modification of Existing Technical Infrastructure	20 August 2021	
1724000184	Gas Storage CZ, a.s.	Cooperation Agreement on Enabling Reverse Gas Flow in the Direction of the Czech Republic via the Cieszyn BTS	3 July 2024	Under this agreement, the contracting parties agreed on the basic features of the technical and time parameters of their mutual cooperation.
1716000662	Gas Storage CZ, a.s.	Master Gas Transmission Agreement, as amended by Amendment No. 001 of 10 January 2020	20 May 2016	All transactions concluded by the contracting parties for gas transmission are governed by this Master Agreement.
1714000921	Gas Storage CZ, a.s.	Transmission System Connection Agreement – Horní Věstonice	14 October 2015	NET4GAS, s.r.o. as the transporter, subject to the fulfilment of the stipulated conditions, shall connect the equipment to be connected to the transmission system and ensure the required transmission system capacity, at the location, in the manner, and in accordance with the deadlines specified in this agreement.
1711000685	Gas Storage CZ, a.s.	Transmission System Connection Agreement – Tvrdonice	12 November 2013	
1710000465	Gas Storage CZ, a.s.	Transmission System Connection Agreement – Tránovice	13 October 2010	
1708000488	Gas Storage CZ, a.s.	Agreement on the Terms of Operation of the Interconnection of the Transmission System and Virtual Gas Storage, as amended by Amendment No. 001 of 4 August 2010, Amendment No. 002 of 10 January 2017, Amendment No. 003 of 16 December 2024	3 March 2009	The subject matter of the agreement is the terms for the interconnection of the transmission system and gas storage.
1817000005 1717000507 1900000129	BRAWA, a.s., NET4GAS Holdings, s.r.o. (multilateral agreement)	Agreement No. ZBA/2017/07 on the Provision of Real Unidirectional Cash Pooling, as amended by Amendment No. 1 of 27 September 2018 and Amendment No. 2 of 26 May 2022	9 November 2017	The agreements establish the framework for cash pooling in CZK (among NET4GAS, s.r.o. and BRAWA, a.s. and NET4GAS Holdings, s.r.o.), and in USD and EUR (between NET4GAS, s.r.o. and NET4GAS Holdings, s.r.o.). The purpose is to optimise the use of financial resources among the related parties and reduce transaction costs. The amendments define the price of the provided services and the method for its determination. A party to the agreements on the Provision of Real Unidirectional Cash Pooling and subsequent amendments is ČSOB, a.s.
1900000130 1717000508	NET4GAS Holdings, s.r.o. (multilateral agreement)	Agreement No. TBA/2017/08 on the Provision of Real Unidirectional Cash Pooling, as amended by Amendment No. 1 of 27 September 2018 and Amendment No. 2 of 26 May 2022	9 November 2017	

SAP	Contracting party	Agreement	Date of entry	Details
1900000131 1717000509	NET4GAS Holdings, s.r.o. (multilateral agreement)	Agreement No. ZBA/2017/09 on the Provision of Real Unidirectional Cash Pooling, as amended by Amendment No. 1 of 27 September 2018	9 November 2017	The agreements establish the framework for cash pooling in CZK (among NET4GAS, s.r.o. and BRAWA, a.s. and NET4GAS Holdings, s.r.o.), and in USD and EUR (between NET4GAS, s.r.o. and NET4GAS Holdings, s.r.o.). The purpose is to optimise the use of financial resources among the related parties and reduce transaction costs. The amendments define the price of the provided services and the method for its determination. A party to the agreements on the Provision of Real Unidirectional Cash Pooling and subsequent amendments is ČSOB, a.s.
1900000039	NET4GAS Holdings, s.r.o.	Agreement on the Provision of Loans, as amended by Amendment No. 1 of 16 January 2014, Amendment No. 2 of 21 March 2014, Amendment No. 3 of 16 July 2015, Amendment No. 4 of 11 November 2019, and Amendment No. 5 of 22 December 2022	11 November 2013	
1813000047 1713000060	BRAWA, a.s.	Agreement on the Provision of Loans, as amended by Amendment No. 1 of 16 July 2015, Amendment No. 2 of 12 December 2019, and Amendment No. 3 of 22 December 2022	2 July 2013	
1719000837 1900000136	NET4GAS Holdings, s.r.o.	Personal Data Processing Agreement	6 December 2019	This agreement lays down the rights and obligations of the parties in relation to the processing of relevant personal data.
1715001647 1900000102	NET4GAS Holdings, s.r.o.	Service Level Agreement for Selected Services, as amended by Amendment No. 001 of 26 June 2015 and Amendment No. 002 of 6 December 2019	26 June 2015	The subject matter of the agreement is the provision of the following services by NET4GAS, s.r.o. to NET4GAS Holdings, s.r.o.: accounting, tax administration, cash flow, controlling, contract management and PR services. The amendment defines the overview of the provided services.
1724000378	OTE, a.s.	Cooperation Agreement, as amended by Amendment No. 1 of 22 January 2021 and Amendment No. 2 of 8 December 2021	12 May 2020	Study of the expected long-term balance in the gas and electricity sector. On its basis, NET4GAS prepares analyses of future supply and demand in the gas sector. The subject matter of the amendments is an extension of the agreement's validity.
1716000006	OTE, a.s.	Cooperation Agreement, as amended by Amendment No. 001 of 23 December 2016, Amendment No. 002 of 7 December 2017, Amendment No. 003 of 4 December 2018, Amendment No. 4 of 27 November 2019, and Amendment No. 5 of 24 November 2020	16 May 2016	The subject matter of the agreement is the commitment of the contracting parties to cooperate in the areas defined by the relevant provisions of the Energy Act and its implementing regulations.
1706000386	OTE, a.s.	Agreement on the establishment and maintenance of an emissions account, as amended by Amendment No. 001 of 20 July 2011, Amendment No. 002 of 19 March 2013, Amendment No. 003 of 27 June 2014, and Amendment No. 004 of 5 September 2016	11 July 2006	The subject matter of the agreement is the establishment and maintenance of an account in the registry for trading in greenhouse gas emission allowances.

Annex No. 4
Acts performed in the most recent accounting period at the behest or in the interest of controlling entities or Related Parties

No transactions were completed at the behest or in the interest of controlling or related parties during the most recent accounting period.

Subsequent Events

Subsequent events are described in Annex No. 1 – Consolidated Financial Statements, Note 34 Subsequent Events.

Persons Responsible for the Consolidated Annual Report

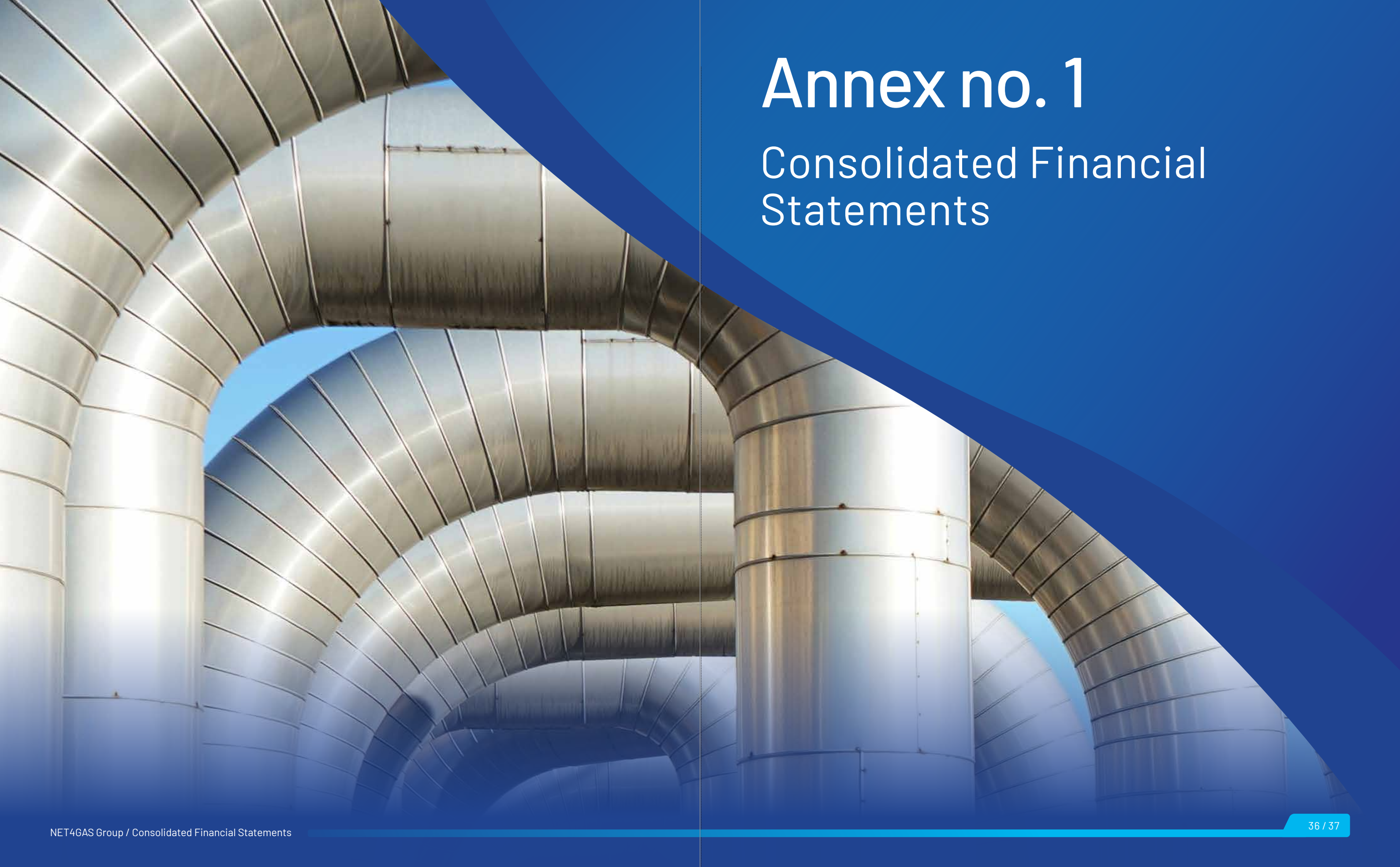
We hereby declare on our honour that the information stated in this Consolidated Annual Report is true and that no material facts have been omitted or misstated.

In Prague on 27 March 2026


Michal Slabý
Executive


Rastislav Jamrich
Executive


Milan Váša
Executive



Annex no. 1

Consolidated Financial Statements

NET4GAS Group

Consolidated Financial Statements

prepared in accordance with International Financial Reporting Standards
as adopted by the European Union, 31 December 2025

Contents

Consolidated Balance Sheet	40	18. Finance Lease Liability	73
Consolidated Statement of Profit or Loss and Other Comprehensive Income	42	19. Government and Other Grants	74
Consolidated Statement of Changes in Equity	43	20. Other Taxes Payable	74
Consolidated Statement of Cash Flows	44	21. Provisions for Liabilities	74
1. NET4GAS Group and Its Operations – General Information	46	22. Trade and Other Payables	75
2. Operating Environment of the Group	47	23. Accrued Employee Benefits	75
3. Summary of Material Accounting Policies	49	24. Other Non-Financial Liabilities	75
4. Critical Accounting Estimates and Judgements in Applying Accounting Policies	60	25. Expenses	76
5. Application of New IFRS Accounting Standards and Interpretations	62	26. Other Operating Income	76
6. Segment Information	63	27. Finance Income	76
7. Balances and Transactions with Related Parties	65	28. Finance Costs	77
8. Property, Plant and Equipment	67	29. Income Taxes	77
9. Intangible Assets	68	30. Contingencies and Commitments	79
10. Other Non-Current Assets	69	31. Derivative Financial Instruments	79
11. Inventories	69	32. Financial Risk Management	82
12. Loans to Related Parties	69	33. Management of Capital	88
13. Trade and Other Receivables	70	34. Fair Value of Financial Instruments	88
14. Other Non-Financial Assets	70	35. Subsequent Events	91
15. Cash and Cash Equivalents, Other Financial Assets	70		
16. Equity	71		
17. Borrowings	72		

NET4GAS Group
Consolidated Balance Sheet as at 31 December 2025

In millions of Czech crowns	Note	31 December 2025	31 December 2024
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	47,926	49,616
Intangible assets	9	78	116
Derivative financial instruments	30	184	358
Other non-current assets	10	1	1
Total non-current assets		48,189	50,091
CURRENT ASSETS			
Inventories	11	205	190
Trade and other receivables	13	108	91
Derivative financial instruments	30	102	162
Current income tax prepayments	28	—	15
Loans to related parties		4	—
Other non-financial assets	14	127	255
Other financial assets	15	3,300	7,589
Cash and cash equivalents	15	1,717	3,731
Total current assets		5,563	12,033
TOTAL ASSETS		53,752	62,124
EQUITY AND LIABILITIES			
EQUITY			
Registered capital	16	2,750	2,750
Capital contributions outside registered capital	16	6,617	6,617
Cash flow hedge reserve	16	290	428
Retained earnings		10,383	8,327
Total equity		20,040	18,122
NON-CURRENT LIABILITIES			
Other payables	22	2	2
Borrowings	17	18,356	23,642
Lease liability	18	160	193
Derivative financial instruments	30	—	1,230
Deferred income tax liability	28	7,323	7,431
Long-term employee benefits	23	109	113
Other non-financial liabilities	24	2	—
Total non-current liabilities		25,952	32,611
CURRENT LIABILITIES			
Borrowings	17	5,476	10,185
Lease liability	18	34	38
Trade and other payables	22	643	485
Derivative financial instruments	30	880	441
Current income tax payable	28	314	23
Other taxes payable	20	97	75
Provisions	21	150	—
Short-term employee benefits	23	120	111
Other non-financial liabilities	24	47	34
Total current liabilities		7,761	11,392
Total liabilities		33,713	44,003
EQUITY AND LIABILITIES		53,752	62,124

27 March 2026



Rastislav Jamrich
Executive



Milan Váša
Executive



Michal Slabý
Executive

NET4GAS Group
Consolidated Statement of Profit or Loss and Other Comprehensive
Income for the year ended 31 December 2025

In millions of Czech crowns	Note	2025	2024
Revenue	6	6,457	5,133
Raw materials consumed	25	(103)	(101)
Services purchased and lease charges	25	(549)	(401)
Employee benefits	25	(668)	(543)
Depreciation and amortisation	8, 9, 25	(2,443)	(2,494)
Loss (-) / Profit (+) – impairment on receivables	13	–	–
Gains less losses on disposal of property, plant and equipment		–	–
Changes in fair value of derivatives, net		860	96
Foreign exchange differences, net	25	(398)	(54)
Other operating income		12	2
Other operating expenses	25	(70)	(72)
Operating profit (+) / Loss (-)		3,099	1,566
Finance income	26	447	826
Finance costs	27	(1,219)	(2,358)
Finance result (net)		(772)	(1,532)
Profit (+) / Loss (-) before income tax		2,327	34
Income tax expense	28	(271)	(25)
PROFIT (+) / LOSS (-) FOR THE YEAR		2,056	9
Other comprehensive income			
<i>Items that may be subsequently reclassified to profit or loss</i>			
Cash flow hedge	16	(174)	(151)
Income tax recognised directly in other comprehensive income – cash flow hedge	28	37	32
TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR		(137)	(119)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,918	(110)

NET4GAS Group
Consolidated Statement of Changes in Equity
for the year ended 31 December 2025

In millions of Czech crowns	Registered capital	Capital contributions outside registered capital	Cash flow hedge reserve	Retained earnings	Total
Balance as at 31 December 2023	2,750	6,617	547	8,318	18,232
<i>Total comprehensive income</i>					
Profit 2024	–	–	–	9	9
Cash flow hedge – including related tax effect	–	–	(119)	–	(119)
Total comprehensive income for the year	–	–	(119)	9	(110)
<i>Transactions with owners</i>					
Contribution and decrease outside registered capital (Note 16)	–	–	–	–	–
Dividends paid	–	–	–	–	–
Advance dividends refunded	–	–	–	–	–
Balance as at 31 December 2024	2,750	6,617	428	8,327	18,122
<i>Total comprehensive income</i>					
Profit 2025	–	–	–	2,056	2,056
Cash flow hedge – including related tax effect	–	–	(137)	–	(137)
Total comprehensive income for the year	–	–	(137)	2,056	1,918
<i>Transactions with owners</i>					
Contribution and decrease outside registered capital (Note 16)	–	–	–	–	–
Dividends paid	–	–	–	–	–
Advance dividends refunded	–	–	–	–	–
Balance as at 31 December 2025	2,750	6,617	290	10,383	20,040

NET4GAS Group
Consolidated Statement of Cash Flows for the year ended 31 December 2025

In millions of Czech crowns	Note	2025	2024
Cash flows from operating activities			
Profit/loss before tax		2,327	34
Adjustments for:			
Depreciation and amortisation	8, 9	2,443	2,494
Finance income	26	(447)	(826)
Finance costs	27	1,160	2,358
Loss (-) / Profit (+) - impairment on receivables	13	—	—
Gains less losses on disposals of property, plant and equipment	8	—	—
Proceeds from intangible assets		—	—
Other non-cash operating expenses / (gains)		(818)	(55)
thereof: – provision others		150	—
– employee benefit provisions		3	3
– unrealised FX differences (derivatives etc)		(966)	—
– other		(4)	(58)
Operating cash flows before working capital changes		4,665	4,005
Decrease / (Increase) in trade and other receivables	13, 14	222	205
Increase / (Decrease) in trade and other payables	22	48	(22)
Decrease / (Increase) in inventories	11	(15)	(4)
Operating cash flows after changes in working capital		4,920	4,184
Interest paid	27	(1,239)	(1,825)
Interest received	26	568	730
Income tax paid	28	(36)	(54)
Net cash flows from operating activities		4,213	3,035
Cash flows from investing activities:			
Purchase of property, plant and equipment	8	(770)	(606)
Purchase of intangible assets	9	(22)	(44)
Proceeds from sale of property, plant and equipment	8	—	—
Proceeds from intangible assets	9	—	—
Loans provided to related parties		(4)	—
Purchase of other financial assets	15	4,288	(3,089)
Net cash flows used in investing activities		3,492	(3,739)
Cash flows from financing activities:			
Payments of decreased contributions outside registered capital to the Company's shareholder	16	—	—
Payments of increased contributions outside registered capital from Company's shareholder	16	—	—
Dividends paid	16	—	—
Advance dividends refunded	16	—	—
Repayments of borrowings	17	(9,717)	(14)
Proceeds from borrowings	17	(2)	(5)
Net cash flows from financing activities		(9,719)	(19)
Net decrease (-) / increase (+) in cash and cash equivalents		(2,014)	(723)
Cash and cash equivalents at the beginning of the period	15	3,731	4,453
Cash and cash equivalents at the end of the period	15	1,717	3,731

NET4GAS GROUP NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2025

1. NET4GAS Group and Its Operations – General Information

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union for the year ended 31 December 2025 for NET4GAS, s.r.o. (the “Company” or “NET4GAS”) and its subsidiary BRAWA, a.s. (the “Subsidiary” or “BRAWA”)(jointly the “Group” or “NET4GAS Group”).

The Company was incorporated and is domiciled in the Czech Republic, where the Group’s principal place of business is also located. The Company is a limited liability company. It was incorporated on 29 June 2005 and has its registered office at Na Hřebenech II 1718/8, Prague 4 – Nusle, the Czech Republic. The Company’s identification number is 272 60 364.

The subsidiary BRAWA, a.s. (joint stock company) was incorporated on 10 November 2010 as a 100% subsidiary of the Company and has its registered office at Na Hřebenech II 1718/8, Prague 4 – Nusle, the Czech Republic. The Subsidiary’s primary business activity is the lease of the GAZELLE gas pipeline to the Company. The Subsidiary’s identification number is 247 57 926.

The Group’s main business activity is natural gas transmission in accordance with Act No. 458/2000 Coll. (the “Energy Act”).

Since 2 August 2013, the Company had been fully owned by NET4GAS Holdings, s.r.o. (“NET4GAS Holdings”), which is the Group’s parent company. NET4GAS Holdings was, until 11 December 2023, a joint venture of two entities: Allianz Infrastructure Luxembourg I S.à r.l. (50%), with its registered office in Luxembourg and Borealis Novus Parent B.V. (50%), with its registered office in the Netherlands.

On 11 December 2023, the state-owned company, ČEPS, a.s., acquired a 100% stake in NET4GAS Holdings, s.r.o. As a result of this transaction, ČEPS became the sole shareholder of NET4GAS Holdings.

The Statutory Directors of the Company:

As at 31 December 2025	As at 31 December 2024
Rastislav Jamrich	Rastislav Jamrich
Milan Váša	Milan Váša
Michal Slabý	

Michal Slabý became a member of the Statutory Directors on 1 April 2025. The change was entered in the Commercial Register on 7 April 2025

The members of the Supervisory Board of the Company were at 31 December 2025 and at 31 December 2024 as follows:

As at 31 December 2025	Function	As at 31 December 2024	Function
		Petr Doškář	Chairman
Radek Lucký	Vice-Chairman	Radek Lucký	Vice-Chairman
Martin Durčák	Member	Martin Durčák	Member

Petr Doškář was dismissed from the Supervisory Board on 16 December 2025, with the entry in the Commercial Register on 7 February 2026.

About the Group. The Group is the exclusive licensee for gas transportation in the Czech Republic and operates more than 4,000 km of gas pipelines, five compressor stations and three border transfer stations (Lanžhot, Brandov and Hora Svaté Kateřiny).

The NET4GAS, s.r.o. is the successor to Tranzitní plynovod, n. p., Transgas, a.s., and RWE Transgas Net, s.r.o.

The NET4GAS, s.r.o. founded BRAWA, a.s. (“BRAWA”), as its subsidiary on 10 October 2010. Until 1 January 2013, BRAWA, a.s. had been a dormant company. On 1 January 2013, under the legal reorganisation of NET4GAS’s business, BRAWA became the sole owner of the GAZELLE pipeline. The GAZELLE pipeline is operated by NET4GAS.

Name	Activity	Percentage of voting rights	Ownership percentage	Country of registration
Subsidiary:				
BRAWA, a.s.	Owner of the GAZELLE natural gas pipeline, which is rented to the Company	100%	100%	Czech Republic

With effect from 2015, the reporting period of BRAWA ends on 30 November. The reporting period for 2025 started on 1 December 2024 and ended on 30 November 2025. In preparing the Group’s consolidated financial statements as at 31 December 2025, the actual transactions of BRAWA for January–December 2025 and balances as at 31 December 2025 were used.

Note

The consolidated financial statements have been prepared in Czech and in English. In the event of differing interpretations of information, views or opinions, the Czech version of these consolidated financial statements takes precedence over the English version.

2. Operating Environment of the Group

The regulatory environment in the Czech Republic:

(a) Legal framework pertaining to the transmission system operator

The transmission system operator holds an exclusive gas transmission license under the Energy Act and its operations are subject to regulation by the Energy Regulatory Office (“ERO”).

The transmission system operator is obliged to comply with the obligations arising from both directly applicable European Union legislation and the Energy Act, which incorporates the relevant European Union regulations and regulates (following directly applicable European Union regulations) business conditions and the performance of state administration in energy sectors.

(b) Regulatory framework pertaining to the transmission system operator

Gas transmission prices are set annually by the ERO based on the regulatory methodology valid in the given regulatory period. In accordance with Commission Regulation (EU) 2017/460 of 16 March, establishing a network code on harmonised transmission tariff structures for gas, the reference prices for interconnection points and multipliers applied to shorter than standard annual capacity products are published in the Price Decision no later than 30 days before the annual yearly capacity auction. By 30 November at the latest, the gas transmission prices for other points in the transmission system for the following year are published in the ERO Price Decision.

Gas transmission prices for 2025 were set by ERO Price Decisions No. 1/2024 of 31 May 2024, No. 2/2024 of 25 June 2024, and No. 10/2024 of 29 November 2024, on regulated prices related to the gas supply.

On 27 February 2025, the ERO published the Regulatory methodology for regulatory period 2026–2030 for the electricity and gas sector, for the market operator’s activities in the electricity and gas sectors, for electricity data centre, for mandatory buyers and for the supplier of last resort, which sets the rules for price setting for given years and introduces the gradual transition to a single revenue cap regime.

On 30 April 2025, the ERO also published the Decision under Article 27 (4) of Commission Regulation (EU) 2017/460 of 16 March 2017, establishing a network code on harmonised transmission tariff structures for gas, which builds on the issued Regulatory methodology and contains draft reference prices for interconnection points and for other points in the transmission network for years 2026–2030.

(c) Current regulatory period

The transmission system operator is currently subject to the rules of the sixth regulatory period, which began on 1 January 2026 and ends on 31 December 2030. The allowed revenues for the year 2026 were set in line with these rules.

The prices for cross-border interconnection points for the year 2026 were set by ERO Price Decision No. 2/2025 of 3 June 2025. The prices for other points in the transmission network were set by ERO Price Decision No.12/2025 of 27 November 2025 accordingly.

(d) Regulatory methodology applicable in the sixth regulatory period

Regulatory methodology for the transmission system operator is based on setting a ceiling for allowed revenues for each regulated year during the regulatory period, the so-called revenue cap regime.

Prices for reserved transmission capacities are then derived from the allowed revenues. The variable price component covering the actual costs of energy consumption of mainly compression work is determined for each regulated year in accordance with the applicable regulatory methodology and a model approved by the ERO.

During the sixth regulatory period, there will be a gradual transition to a single revenue cap regime for both domestic transmission and transit.

(e) Unregulated part

According to the decision of the ERO of 28 July 2011, the GAZELLE interconnecting pipeline has been under the conditions set out in the Energy Act exempted from the obligation to grant third-party access at a regulated price.

3. Summary of Material Accounting Policies

a) Basis of preparation

These consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (“IFRS” Accounting Standards) under the historical cost convention, as modified by the revaluation of relevant financial assets and financial liabilities (including derivative instruments) carried at fair value. The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented.

Preparation of financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

Presentation currency. These consolidated financial statements (“financial statements”) are presented in Czech crowns (“CZK”), which is also the functional currency of both Group entities.

b) Consolidation

Subsidiaries are investees, including structured entities, over which the Group exercises control. In assessing whether the Group controls an investee, the decisive factor is whether the Group has exposure, or rights, to variable returns from its involvement in the investee and may use its power over the investee to affect the returns.

Subsidiaries are consolidated from the date on which control is transferred to the Group (acquisition date) and are deconsolidated from the date on which control ceases.

Intercompany transactions, balances and unrealised gains on transactions between Group entities are eliminated from consolidation; unrealised losses are also eliminated except where the transaction indicates an impairment of the transferred asset. The Company and all of its subsidiaries use uniform accounting policies consistent with the Group’s policies.

c) Financial instruments – key measurement terms

Depending on their classification, financial instruments are carried at fair value or amortised cost as described below.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The best evidence of fair value is a price in an active market. An active market is one in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention (“regular way” purchases and sales) are recorded at the trade date, which is the date on which the Group commits to deliver the financial asset. All other purchases are recognised when the entity becomes a party to the contractual provisions of the instrument.

Fair value of financial instruments traded in an active market is measured as the product of the quoted price for the individual asset or liability and the quantity held by the entity. This is the case even if a market’s normal daily trading volume is not sufficient to absorb the quantity held and placing orders to sell the position in a single transaction might affect the quoted price.

A portfolio of financial derivatives that are not traded in an active market is measured at the fair value of a group of financial assets and financial liabilities on the basis of the price that would be received to sell a net long position (i.e. an asset) for a particular risk exposure or paid to transfer a net short position (i.e. a liability) for a particular risk exposure in an orderly transaction between market participants at the measurement date. This is applicable for assets carried at fair value on a recurring basis if the Group:

(a) manages the group of financial assets and financial liabilities on the basis of the Group's net exposure to a particular market risk (or risks) or to the credit risk of a particular counterparty in accordance with the entity's documented risk management or investment strategy; (b) it provides information on that basis about the group of assets and liabilities to the Group's key management personnel; and (c) the market risks, including duration of the entity's exposure to a particular market risk (or risks) arising from the financial assets and financial liabilities is substantially the same.

Fair value measurements are analysed in the fair value level hierarchy as follows (Note 33):

(i) Level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level three measurements are valuations not based solely on observable market data (that is, the measurement requires significant unobservable inputs). Transfers between levels of the fair value hierarchy are deemed to have occurred at the end of the reporting period.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial instrument. An incremental cost is one that would not have been incurred if the transaction had not taken place. Transaction costs include fees and commissions paid to agents (including employees acting as selling agents), advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs.

Amortised cost is the amount at which the financial instrument was recognised at initial recognition less any principal repayments, plus accrued interest, and for the gross carrying amount of financial assets less expected credit losses. Accrued interest includes amortisation of transaction costs deferred at initial recognition and of any premium or discount to maturity amount using the effective interest method. Accrued interest income and accrued interest expense, including both accrued coupon and amortised discount or premium (including fees deferred at origination, if any), are not presented separately and are included in the carrying amounts of related items in the balance sheet.

The effective interest method is a method of allocating interest income or interest expense over the relevant period, so as to achieve a constant periodic rate of interest (effective interest rate) on the carrying amount. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts (excluding future credit losses) through the expected life of the financial instrument to the net carrying amount of the financial instrument. The effective interest rate discounts cash flows of variable interest instruments to the next interest repricing date, except for the premium or discount which reflects the credit spread over the floating rate specified in the instrument, or other variables that are not reset to market rates. Such premiums or discounts are amortised over the whole expected life of the instrument. The present value calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate.

d) Classification of financial assets

Financial assets are classified in the following categories:

- Financial assets measured at amortised cost (AC)
- Financial assets measured at fair value:
 - through other comprehensive income (FVTOCI)
 - through profit or loss (FVTPL)

Financial assets measured at amortised cost (AC):

Debt instruments are measured at amortised cost if they meet the following two criteria:

- Business model test: the objective is to hold the financial asset to collect the contractual cash flows (rather than to sell the instrument prior to its contractual maturity to realise its fair value changes).
- Cash flow characteristics test: contractual cash flows from a financial asset are solely payments of principal and interest, where the most significant elements of interest only include the time value of money, credit risk of the counterparty, other basic lending costs (for example, liquidity and administration) and a reasonable profit margin.

Financial assets measured at fair value through profit or loss:

Financial assets at fair value through profit or loss, including financial derivatives are carried at their fair value. All derivative instruments are carried as assets when fair value is positive and as liabilities when fair value is negative. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in Note 33. Movements on the hedging reserve in other comprehensive income are shown in Note 16. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

Cash flow hedge: The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the profit or loss within 'Finance costs' or 'Finance income'. Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of cross-currency interest rate swaps hedging currency risk is recognised in profit or loss under Revenue (in respect of a foreign-currency revenues hedge) or within 'Finance income' or 'Finance costs' (in respect of a cash flow hedge relating to issued foreign-currency bonds).

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised in profit or loss when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was recorded in other comprehensive income is immediately transferred to profit or loss within 'Finance costs' or 'Finance income'.

e) Classification of financial liabilities

Financial liabilities have the following measurement categories: (a) held for trading which also includes financial derivatives, and (b) other financial liabilities.

Liabilities held for trading are carried at fair value with changes in value recognised in profit or loss for the year (as finance income or finance costs) in the period in which they arise. Other financial liabilities are carried at amortised cost.

The Group designates certain financial liabilities as hedges of a particular risk associated with highly probable forecast transactions (cash flow hedge – Note 31, section 'Hedging of currency risk').

f) Initial recognition of financial instruments

Financial instruments not carried at fair value through profit or loss are initially recognised at fair value plus transaction costs. Financial instruments carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in profit or loss. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets.

The Group uses discounted cash flow valuation techniques to determine the fair value of cross-currency interest rate swaps and loans that are not traded in an active market. Differences may arise between the fair value at initial recognition determined at initial recognition using the valuation techniques and the transaction price. Any such differences are amortised on a straight-line basis over the term of the cross-currency interest rate swaps and loans to related parties.

g) Derecognition of financial assets and financial liabilities

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

Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose additional restrictions on the sale.

If the financial asset is fully derecognised, it is recognised through profit or loss as a gain or loss on sale equal to the difference between the carrying amount of the asset and the payment received.

The Group derecognises financial liabilities only when the contractual liabilities of the Group are discharged, cancelled or expire (or when the terms of the existing liability or a part thereof are significantly modified). The difference between the carrying amount of a derecognised financial liability and the consideration paid or payable is recognised in profit or loss.

h) Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and provision for impairment, where required.

Significant spare parts are recognised and treated as property, plant and equipment.

Repairs and maintenance expenditures are expensed as incurred. Cost of replacing major parts or components of property, plant and equipment items are capitalised and the replaced part is retired. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

At the end of each reporting period management assesses whether there is any indication of impairment of property, plant and equipment. If any such indication exists, management estimates the recoverable amount, which is determined as the higher of an asset's fair value less costs to sell and its value in use.

The carrying amount is reduced to the recoverable amount and the impairment loss is recognised in profit or loss for the year. An impairment loss recognised for an asset in prior years is reversed where appropriate if there has been a change in the estimates used to determine the asset's value in use or fair value less costs to sell.

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

When the Group recognises the cost of a replacement as part of the carrying amount of property, plant and equipment, it derecognises the carrying amount of the replaced part regardless of whether the replaced part had been depreciated separately. If it was not practicable to determine the carrying amount of the replaced part, the Group used the cost of the replacement as an indication of what the cost of the replaced part was at the time it was acquired or constructed.

i) Depreciation

Land is not depreciated. Construction in progress is not depreciated. Depreciation on other assets is calculated using the straight-line method. Depreciation rates are determined based on estimated useful lives:

	Useful lives
Buildings and constructions	30 – 70 years
Plant, machinery and equipment	4 – 40 years
Furniture and fittings	4 – 8 years
Motor vehicles	5 – 8 years
Rights of use	6 – 70 years

The assets’ residual values and useful lives are reviewed, and adjusted if appropriate, every year.

j) Capitalisation of borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of assets that are not carried at fair value and that necessarily take a substantial time to get ready for the intended use or sale (qualifying assets) are capitalised as part of the costs of those assets.

The commencement date for capitalisation is when (a) the Group incurs expenditures for the qualifying asset; (b) it incurs borrowing costs; and (c) it undertakes activities that are necessary to prepare the asset for its intended use or sale.

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

The Group capitalises borrowing costs that could have been avoided if it had not made capital expenditure on qualifying assets. Borrowing costs capitalised are calculated at the Group's average funding cost (the weighted average interest cost is applied to the expenditures on the qualifying assets), except to the extent that funds are borrowed specifically for the purpose of obtaining a qualifying asset. Where this occurs, actual borrowing costs incurred on the specific borrowings less any investment income on the temporary investment of these borrowings are capitalised.

k) Leasing

The Group applies these accounting procedures in compliance with IFRS16 – Leases:

An agreement is considered or contains a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Short-term leases and leases for which the underlying asset is of low value. A lease is classified as a short-term lease if the estimated lease term is shorter than or equal to 12 months. An asset is classified as a low-value underlying asset the cost of which would be lower than CZK 100,000 if it were new. Instalments paid under short-term leases and leases for which the underlying asset is of low value are posted to profit or loss on a straight-line basis throughout the lease term.

The lease term is a non-cancellable period during which the lessee has the right to use the underlying asset together with both a) periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option and b) periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

Right-of-use assets and lease liabilities. An asset leased under a lease arrangement other than the abovementioned short-term lease or a lease for which the underlying asset is of low value is capitalised through the Group’s assets as at the lease commencement date. The right-of-use is initially measured at the lease liability and other auxiliary costs relating to its acquisition. As at the lease commencement date, the lease liability is measured at the current value of lease payments not made as at that date, using the Group’s incremental borrowing interest rate in effect as at that date. Every lease payment is divided into parts attributable to the payment of the lease liability and interest so that a constant interest rate applies to the outstanding balance of the liability. The corresponding amount of the total lease liability is included in lending transactions after the subtraction of interest. Interest is posted to profit or loss throughout the lease term using the effective interest rate method.

The right-of-use assets are reported in the balance sheet on the same line as the corresponding underlying assets if the Group were in possession of them.

Assets acquired by means of lease are depreciated throughout their service life or during the term of the lease agreement, if it is shorter and if the Group is uncertain whether it will gain ownership rights after the end of the lease.

I) Intangible assets

The Group’s intangible assets primarily include capitalised computer software, patents, trademarks and licences.

Acquired computer software licences, patents and trademarks and other intangibles are capitalised on the basis of the costs incurred to acquire and bring them to use.

Development costs that are directly associated with identifiable and unique software controlled by the Group are recorded as intangible assets if an inflow of incremental economic benefits exceeding costs is probable. Capitalised costs include staff costs of the software development team and an appropriate portion of relevant overheads. All other costs associated with computer software, e.g. its maintenance, are expensed when incurred.

m) Amortisation

Intangible assets are amortised using the straight-line method over their useful lives (unless the agreement or licence conditions state shorter or longer period):

	Useful lives
Software	3 years
Patents and other licences	1.5 – 6 years
Development costs	6 years
Other intangible assets	6 years

n) Emission allowances

The Group receives free emission allowances as a result of the European Emission Trading Schemes. The rights are received on an annual basis and in return the Group is required to return allowances equal to its actual emissions. Therefore, a provision is only recognised when actual emissions exceed the emission allowances received free of charge. The emission allowances which were granted free of charge are carried at cost, i.e. at zero. When emission allowances are purchased from third parties, they are measured at cost and treated as a reimbursement right. When emission allowances are acquired by exchange and such an exchange is deemed to have an economic substance, they are measured at fair value as at the date when they become available for use and the difference between the fair value of rights received and

cost of assets given up is recognised through profit or loss. The Group did not recognise any provision resulting from gas emissions as at 31 December 2025 and 31 December 2024.

o) Impairment of non-financial assets

Intangible assets not ready to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation and amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets are reviewed for possible reversal at each reporting date.

p) Non-current assets held for sale

Assets (or disposal groups) are classified as non-current assets held for sale and stated at the lower of their residual amount and fair value less costs to sell if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use. Non-current assets held for sale are not depreciated.

q) Taxes

Income tax

Income taxes have been provided for in the financial statements in accordance with legislation enacted or substantively enacted by the end of the reporting period. The income tax charge/credit comprises current tax and deferred tax and is recognised in profit or loss for the year, except if it is recognised in other comprehensive income or directly in equity because it relates to transactions that are also recognised, in the same or a different period, in other comprehensive income or directly in equity (for example the effective portion of changes in the fair value of financial derivatives that are designated and qualify as cash flow hedges).

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

Deferred income tax is provided using the balance sheet liability method for tax loss carry forwards and temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In accordance with the initial recognition exemption, deferred taxes are not recorded for temporary differences on initial recognition of an asset or a liability in a transaction other than a business combination if the transaction, when initially recorded, affects neither accounting nor taxable profit. Deferred tax balances are measured at tax rates (and tax legislation) enacted or substantively enacted at the end of the reporting period, which are expected to apply to the period when the temporary differences will reverse or the tax loss carry forwards will be utilised. Deferred tax assets and liabilities are only offset among the Group’s individual entities. Deferred tax assets for deductible temporary differences and tax loss carry forwards are recorded only to the extent that it is probable that future taxable profit will be available against which the deductions can be utilised.

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

The windfall tax (temporary) is effective for a period of 3 years (i.e. 2023–2025) starting 1 January 2023 and operates as a 60% surcharge on corporate income tax. Specifically listed companies based on the type of industry (including gas transmission) shall be subject to the windfall tax. The windfall tax is applied to the excess profit determined as the difference between the tax base in the given year and the average of the tax bases for the last 4 years(2018-2021)increased

by 20%. Furthermore, the windfall tax should be reported in the financial statements as part of the income tax payable. The Company, as a taxpayer, continuously evaluates the potential impact of windfall tax on the Group.

The Companies in the Group are taxpayers of the top-up tax in the Czech Republic, according to Act No. 416/2023 Coll., on top-up taxes for large multinational groups and large domestic groups, as amended. The Companies do not expect to pay the top-up tax within the payable corporate tax for the 2025 taxable period. The top-up tax was not taken into account in the calculation of deferred tax. The Companies do not carry out any activities outside the territory of the Czech Republic, that they know of that would give rise to their status as taxpayers for the top-up tax in another jurisdiction.

r) Uncertain tax positions

The Group’s uncertain tax positions are reassessed by management at the end of each reporting period. Liabilities are recorded for income tax positions that are determined by management as more likely than not to result in additional taxes being levied if the positions were to be challenged by the tax authorities. The assessment is based on the interpretation of tax laws that have been enacted or substantively enacted by the end of the reporting period, and any known court or other rulings on such issues. Liabilities for penalties, interest and taxes other than on income are recognised based on management’s best estimate of the expenditure required to settle the obligations at the end of the reporting period.

s) Inventories

Raw materials are mainly spare parts for the gas pipeline system. Purchased inventories are stated at the lower of cost and net realisable amount. Cost includes all costs related with its acquisition (mainly transport costs, customs duty, etc.). The weighted average cost method is applied for disposals of purchased inventories. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses. Significant spare parts are recognised and treated as property, plant and equipment.

t) Trade receivables

Trade receivables are carried at nominal value less expected credit loss.

u) Impairment of financial assets carried at amortised cost

Impairment of financial assets is recognised using a model that is based on expected losses and is recognised through profit or loss as expected loss on a financial asset over its life. The model is based on an estimated allowance based on historical experience and takes into account future economic developments and the situation of business partners.

In respect of financial assets in default, the Group assessed the impairment of the asset based on the expected loss until the maturity date of the asset.

The Group assesses the expected credit loss also on an individual basis. For receivables related to core revenues the following criteria are applied. The Group assesses the asset impairment of 10% for the receivables, when any portion of instalment is overdue for more than 1 fiscal year and less than 2 fiscal years, of 25%, when it is overdue for more than 2 and less than 3 fiscal years, of 50%, when it is overdue for more than 3 and less than 4 fiscal years and of 100%, when it is overdue for more than 4 fiscal years. Potentially, the approach is modified based on supportive information which occur in individual cases.

If the terms of an impaired financial asset held at amortised cost are renegotiated or otherwise modified because of financial difficulties of the counterparty, impairment is measured using the original effective interest rate before the modification of terms. The renegotiated asset is then derecognised and a new asset is recognised at its fair value only if the risks and rewards of the asset substantially changed. This is normally evidenced by a substantial difference between the present values of the original cash flows and the new expected cash flows.

If, in a subsequent period, the amount of the impairment loss decreases, the previously recognised impairment loss is reversed by adjusting the allowance account through profit or loss for the year.

Uncollectible assets are written off against the related impairment loss provision after all the necessary procedures to recover the asset have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off are credited to impairment loss account within the profit or loss for the year.

v) Deferred expenses and prepayments

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

w) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with maturities of three months or less from initial recognition. Cash and cash equivalents are carried at amortised cost using the effective interest method.

Cash and cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Deposit bills of exchange and term deposits with original maturity of more than three months from initial recognition are therefore classified as ‘Other financial assets’.

x) Dividends

Dividends are recorded as a liability and deducted from equity in the period in which they are declared and approved.

y) Advance dividends paid

The Group’s decision to pay an advance dividend is reflected in the financial statements as a decrease in equity at the date of the payment and is reported in the ‘Retained earnings’ balance sheet line.

z) Borrowings

Borrowings are carried at amortised cost using the effective interest method.

At their initial recognition, all bank credits, loans and issued bonds are recorded at their purchase price corresponding to the fair value of the received cash funds, less the costs of obtaining the credit or loan or issue of bonds.

Amortised cost is determined by taking into account the costs of obtaining the credit or loan, as well as the discounts or bonuses received at the settlement of the liability.

The Group designates certain borrowings as hedges of a particular risk associated with a highly probable forecast transaction (cash flow hedge – Note 31, section ‘Hedging of currency risk’).

aa) Government and other grants

Grants from the government and the European Commission are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Grants relating to the purchase of property, plant and equipment directly decrease the costs of the relevant asset.

bb) Trade and other payables

Trade payables are accrued when the counterparty performs its obligations under the contract and are carried at amortised cost using the effective interest method.

cc) Provisions for liabilities and charges

Provisions for liabilities and charges are non-financial liabilities of uncertain timing or amount. They are accrued when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Where there are a number of similar obligations, the probability that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

dd) Financial guarantees

Financial guarantees are irrevocable contracts that require the Group to make specified payments to reimburse the holder of the guarantee for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantees are initially recognised at their fair value, which is normally evidenced by the amount of fees received. When the Group expects to receive recurring future premiums from an issued financial guarantee contract, the guarantee is recorded at the premium receivable at the inception of the contract and no receivable is recognised in respect of the future premium payments receivable. The premium receivable in one instalment is amortised on a straight-line basis over the period covered by that instalment. At the end of each reporting period, the premium receivable in respect of the respective period is measured at its present value and the financial liability is measured at the higher of the remaining unamortised balance and the best estimate of expenditure required to settle the obligation at the end of the reporting period.

ee) Asset retirement obligations

The Group’s transmission system is mainly constructed on land owned by third parties. The current legislation requires the Group to bear the costs related to the transmission system’s operation and maintenance. The current Czech environmental and energy legislation does not set the obligation to dispose of the assets at the end of their useful life. Given the applicable legislation, management believes that there is no asset retirement obligation (dismantling and removing an item of property, plant and equipment) to be recognised in the financial statements.

ff) Foreign currency translation

The functional currency of each consolidated entity within the Group is the currency of the primary economic environment in which the entity operates. The functional currency of the Group and its subsidiary is Czech crowns (“CZK”) and the Group’s presentation currency is also CZK.

Monetary assets and liabilities are translated into each entity’s functional currency at the official spot exchange rate of the Czech National Bank (“CNB”) at the dates of the transactions. Foreign exchange gains and losses resulting from transactions and from the translation of monetary assets and liabilities denominated in foreign currencies into each entity’s functional currency at year-end official exchange rates of the CNB are recognised in profit or loss under ‘Foreign exchange differences, net’. Translation at year-end rates does not apply to non-monetary items that are measured at historical cost. Non-monetary items measured at fair value in a foreign currency, including equity investments, are translated using the exchange rates at the date when the fair value was determined. Effects of exchange rate changes on non-monetary items measured at fair value in a foreign currency are recorded as part of the fair value gain or loss.

gg) Revenue recognition

The Group recognises revenues once it has fulfilled (as it fulfils) its supply commitment by transferring the promised goods or service (the “asset”) to the customer. The asset is transferred (being transferred) once the customer has gained (as it gains) control over the asset. In determining the transaction price, the Group considers the terms of the contracts and its standard business practice. The transaction price is the amount of consideration to which the Group is, in its view, entitled in exchange for the transfer of the promised goods or service to the customer, with the exception of amounts collected on behalf or third parties. The consideration promised in the contract with the customer may include fixed amounts, variable amounts, or both.

The Group primarily provides transmission services: cross-border transmission of natural gas via the Czech Republic and domestic transmission of natural gas to partners in the Czech Republic. Auxiliary services to gas infrastructure operators primarily include maintenance and dispatching.

Each contract includes promises to transfer goods or services to a customer that are distinct. These promises are single performance obligations and are therefore accounted for separately and the entire transaction price is allocated to the single performance obligation.

Revenue from gas transmission services is recognised over time based on the reserved capacity as the customer receives control and consumes the benefits provided by the Group’s performance as the Group performs. Revenues are usually invoiced on a monthly, quarterly or annual basis and sales are shown net of VAT and discounts. Revenues are measured at the fair value of the consideration received or receivable.

The fee for services determined in the contract with the customer is always specified for each supply (provided service). Revenues from natural gas transmission via the Czech Republic and from domestic gas transmission to partners in the Czech Republic are regulated by the Energy Regulatory Office.

hh) Employee benefits

Wages, salaries, contributions to the Czech state pension and social insurance funds, paid annual leave and sick leave, bonuses, and non-monetary benefits (such as health services and other services) are accrued in the year in which the associated services are rendered by the employees of the Group.

a) Pension obligations

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

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

b) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the Group recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

c) Other long-term benefits

Long-term employee benefits, such as long-term bonuses, and long service awards are accounted for and measured using the projected unit credit method in the same way as defined benefit pension plan, with the exception that re-measurements (actuarial gains/losses) and related charges are recognised immediately through profit or loss.

ii) Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the balance sheet only when there is a legally enforceable right to offset the recognised amounts, and there is an intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously. Such a right of set off (a) must not be contingent on a future event and (b) must be legally enforceable in all of the following circumstances: (i) in the normal course of business, (ii) in the event of default and (iii) in the event of insolvency or bankruptcy.

jj) Segment reporting

Operating segments are components that engage in business activities that may earn revenues or incur expenses, whose operating results are regularly reviewed by the chief operating decision maker and for which discrete financial information is available. The CODM is the person or group of persons who allocates resources to the operating segments of the Group and assesses its performance. Segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker. Segments whose revenue, result or assets are ten percent or more of all the segments are reported separately.

4. Critical Accounting Estimates and Judgements in Applying Accounting Policies

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

Functional currency

Management assessed the relevant primary and secondary factors during the consideration about the Group's functional currency. The functional currency is the currency of the primary economic environment, in which the entity operates. The regulated sales prices of the Group are determined by the ERO – the Czech Regulatory Office – and are defined in CZK. The majority of the entity's revenue stems from regulated sales. The majority of the Group's operating expenses are incurred in CZK. Capital expenditures are twofold: regular capital expenditure safeguarding the existing system and its operational safety; and large one-off projects. The regular capital expenditure is almost entirely incurred in CZK, while the cost of large one-off projects is incurred in a mixture of currencies (including CZK, EUR and other). Cash from financing activities is generated in a mixture of currencies (including CZK, EUR and USD). Although the Group's operations are influenced by a mixture of currencies, management concluded that the majority of the indicators support CZK as the functional currency of the Group. The functional currency of BRAWA is affected by the functional currency of NET4GAS, the reason being that BRAWA does not perform its activities in a fully autonomous manner. In fact, it is more of an extension of the Group's activities.

Classification of pipeline capacity contract

The Group entered into long-term contract expiring on 1 January 2035 whereby it provided the majority of its GAZELLE pipeline capacity on a 'ship-or-pay' basis. Management considered whether the contract for the provision of pipeline capacity to its major customer is a lease contract. Management's conclusion that the contract is not a lease of the pipeline is based on the fact that there is significant capacity of the pipeline which is available to other customers and this capacity

can be used by the other customers. The pipeline is under the Group's full control and the major customer has no ability or right to control physical access to the pipeline. Therefore, the arrangement is not a lease contract under IFRS. The Group treats the pipeline as part of its property, plant and equipment and recognises revenue from the contract with the major customer in accordance with IFRS 15.

Monthly payments from the Major Customer

On 4 January 2023, the Group announced that it had not received monthly payments due from its major customer under the key contracts. As announced on 6 April 2023, negotiations with the major customer to resolve the situation have not been successful. As a result, the Group has decided to commence arbitration proceedings against the major customer in order to protect its rights and seek proper payment of the amounts owed by the major customer. In 2024, the Group achieved a significant success, when it received a favourable arbitral award from the arbitral tribunal in the first arbitration. In 2025, the Group received an arbitral award issued in the second arbitration. In this arbitral award, the arbitral tribunal agreed with the Group's arguments and upheld its claim against the main customer and its parent company in full. The Group is now considering its next steps regarding the possibilities of recovering the amounts owed. As the main customer continues to be in breach of its monthly payments, it is unlikely that the situation will change in the short term and that the receivables will be paid. In accordance with the applicable IFRS 15 rules and in line with the tax authorities' decisions on tax advances, the Company has elected to account for revenue from key contracts only on the off-balance sheet.

Depreciation

The Group makes other significant accounting estimates, such as depreciation. More detailed description is available in Note 3i).

Transmission System Operator licence and gas pipelines

Considering the applicability of IFRIC 12 to the Group, management believes that the requirements for state regulation have not been met as the title will never be transferred to the government nor can the government control the operator's practical ability to sell or pledge the infrastructure and the government is not controlling the construction process. Therefore, the Group's system is classified as property, plant and equipment and is not treated as infrastructure used in public-to-private service concession arrangements.

Segments

Operating segments are components that engage in business activities that may earn revenues or incur expenses, whose operating results are regularly reviewed by the chief operating decision maker (CODM) and for which discrete financial information is available. The CODM is the person or group of persons who allocates resources to the operating segments of the Group and assesses its performance. Recurring revenues are generated from contracts with foreign as well as domestic customers. Information for the CODMs (the Company's Statutory Directors) who are responsible for allocating resources and assessing the Group's performance is prepared for the whole Group without any particular structuring. Management regularly obtains information with assessment of the split of revenue between the transit revenue and domestic transmission revenue. There is no profit measure which would be based on similar basis. All profit measures used by the CODMs are based on the results of the Group considered as one business unit. As a result, management considers the whole Group as one segment for the purpose of segment reporting.

Assessment of non-current asset impairment

The Group's management has prepared a plan for possible future development with respect to the use of the transmission system and gas supply through the transmission system and has analysed the impact on its future operations, results of operations and possible impairment of the Group's fixed assets.

The plan is based on information and assumptions known at the time of its preparation and takes into account, among other things, positive changes in price regulation in response to the current geopolitical situation and unprecedented changes in gas flows through the Czech transmission system. This assumption has already been supported by the approved and published Price Regulation Methodology of the Energy Regulatory Office for the period 2026–2030 and the

ERO price assessment for 2026, which mean stability and an increase in the Company’s permitted revenues compared to the period 2023–2025.

The cash flows were discounted to present value using the weighted average cost of capital (WACC). At the reporting date, our calculation took into account, among other things, the cost of external financing and the Group’s cost of equity. In calculating the cost of equity, the Group took into account the yield to maturity of Czech government bonds, a risk premium derived from the Czech market risk premium and a beta coefficient calculated based on data from a group including relevant energy companies. The data were collected from reliable external sources.

Based on the assessment of the above plan, the Group has not identified any impairment of property, plant and equipment as of 31 December 2025 that would require an adjustment to the financial statements in accordance with applicable accounting policies.

5. Application of New IFRS Accounting Standards and Interpretations

a) Application of new standards and interpretations effective on or after 1 January 2025

The following amendments to the existing standards issued by the International Accounting Standards Board (IASB) and adopted by the EU are effective for an accounting period that begins on 1 January 2025:

Document	Major change	Effective from	Impact on the Group's financial statements
Amendments to IAS 21 <i>The Effects of Changes in Foreign Exchange Rates</i>	Lack of Exchangeability	1. 1. 2025	Applied. The adoption does not have a material impact on the disclosures or amounts disclosed in these financial statements.

b) New standards and interpretations not effective in the current reporting period

At the date of authorisation of these financial statements, the Group has not applied the following new IFRS and amendments to the existing standards that were not effective in the EU before 31 December 2025:

Document	Major change	Effective from	Adopted by the EU?
Amendments to IFRS 9 <i>Financial Instruments</i> and IFRS 7 <i>Financial Instruments Disclosures</i>	Adjustments to the Classification and Measurement of Financial Instruments	1. 1. 2026	Yes
Amendments to IFRS 9 <i>Financial Instruments</i> and IFRS 7 <i>Financial Instruments: Disclosures</i>	Contracts Referencing Nature-dependent Electricity	1. 1. 2026	Yes
Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10, and IAS 7	Annual Improvements to IFRS Accounting Standards (11th Edition)	1. 1. 2026	Yes
New IFRS 18 <i>Presentation and Disclosures in Financial Statements</i>	Replaces IAS1. New requirements for classification of revenue and expenses, performance measures, aggregation and disaggregation of information	1. 1. 2027	Yes
New IFRS 19 (and further amendments) <i>Subsidiaries Without Public Accountability</i>	Disclosure Requirements	1. 1. 2027	No
Amendments to IAS 21 <i>The Effects of Changes in Foreign Exchange Rates</i>	Translation to a Hyperinflationary Presentation Currency	1. 1. 2027	No

The Group anticipates that the adoption of these new standards and amendments to the existing standards will have no material impact on the financial statements of the Group in the period of initial application.

6. Segment Information

(a) Description of products and services from which each reportable segment derives its revenue

The Group is organised on the basis of one main business segment – Natural gas transmission (representing natural gas transmission services).

Revenues from core activities comprise revenues from international transit, domestic transmission and other. In 2025, revenues from international transit represented 13 %, revenues from domestic transmission amounted to 86 % and other revenues represented 1 % of the Group's total revenues from core activities (In 2024, revenues from international transit represented 13%, revenues from domestic transmission amounted to 86% and other revenues represented 1% of the Group's revenues from core activities).

(b) Factors that management used to identify the reportable segments

Refer to the information in Note 4.

(c) Information about reportable segment profit or loss, assets and liabilities

The whole Group is considered as one reportable segment. Segment information for the reportable segment for the years ended 31 December 2025 and 31 December 2024 is set out below:

In millions of Czech crowns	Natural gas transmission	Natural gas transmission
	2025	2024
Revenues	6,457	5,133
Other operating income	12	2
Other finance income	447	826
Total segment income	6,916	5,961
Materials consumed	103	101
Employee benefits	668	543
Depreciation and amortisation	2,443	2,494
Services purchased and lease charges	549	401
Changes in fair value of derivatives, net	(860)	(96)
Foreign exchange differences, net	398	54
Other operating expenses	70	72
Income tax expense	271	25
Finance costs	1,219	2,358
Segment profit for the year	2,056	9
Segment other comprehensive income for the year	(137)	(119)
Segment total comprehensive income for the year	1,918	(110)
Capital expenditure – additions at cost (Note 8, 9)	715	489

In millions of Czech crowns	Natural gas transmission	Natural gas transmission
	31 December 2025	31 December 2024
Total reportable segment Assets	53,752	62,124
Total reportable segment Liabilities	33,713	44,003

Capital expenditure represents additions to non-current assets other than financial instruments and deferred tax assets.

(d) Geographical information

Total revenues for geographical areas for which the revenues are material are reported separately and disclosed below.

The analysis is based on the registered office of shippers (users of the transmission system that is operated by the Group in the Czech Republic).

In millions of Czech crowns	2025	2024
Czech Republic	5,466	4,257
Other EU countries	748	720
Non-EU countries	243	156
Total consolidated revenues from core activities	6,457	5,133

Capital expenditure for each individual country is reported separately as follows:

In millions of Czech crowns	2025	2024
Czech Republic	715	489
Total consolidated capital expenditure – additions at cost (Note 8,9)	715	489

The analysis is based on location of assets. Capital expenditure represents additions to non-current assets other than financial instruments and deferred tax assets.

(e) Significant customers

Revenues from customers which represent 10% or more of the total revenues are as follows:

In millions of Czech crowns	2025	2024
Customer 1	4,426	3,260
Customer 2	659	–
Total revenues from significant customers	5,085	3,260

Revenues comprise only revenues from core activities. Entities known to the Group as being under common control are considered for the year 2025 as a single customer.

7. Balances and Transactions with Related Parties

Parties are generally considered to be related if the parties are under common control or if one party has the ability to control the other party or can exercise significant influence or joint control over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form. The Group is fully owned by NET4GAS Holdings and NET4GAS Holdings is the ultimate parent company of the Group. The Group’s balances and transactions with subsidiaries of the ultimate parent of ČEPS, a.s. are disclosed below within the category Subsidiaries of joint ventures’ ultimate parents.

At 31 December 2025, the outstanding balances with related parties were as follows:

In millions of Czech crowns	Subsidiaries of joint venturers’ ultimate parents	Immediate parent
Gross value of trade and other receivables		
OTE, a.s.	2	–
Loans to related parties (Note 12)		
NET4GAS Holdings, s.r.o.	–	4
Borrowings (Note 17)		
NET4GAS Holdings, s.r.o.	–	–

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

In millions of Czech crowns	Subsidiaries of joint venturers’ ultimate parents	Immediate parent
Other revenues		
NET4GAS Holdings, s.r.o. – services + cash-pooling interest	–	1
NET4GAS Holdings, s.r.o. – other	–	–

At 31 December 2024, the outstanding balances with related parties were as follows:

In millions of Czech crowns	Subsidiaries of joint venturers’ ultimate parents	Immediate parent
Gross value of trade and other receivables		
OTE, a.s.	32	–
NET4GAS Holdings, s.r.o. Borrowings (Note 17)	–	2

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

	Subsidiaries of joint venturers' ultimate parents	Immediate parent
In millions of Czech crowns		
Other revenues		
NET4GAS Holdings, s.r.o. – services + cash-pooling interest	–	–
NET4GAS Holdings, s.r.o. – other	–	–

At 31 December 2025 and 2024, the Group did not have any other rights and obligations connected to related parties.

Key management compensation is presented below:

	2025		2024	
In millions of Czech crowns	Expense	Accrued liability	Expense	Accrued liability
<i>Short-term employee benefits:</i>				
– Salaries	50	3	75	4
– Short-term bonuses	11	16	14	15
<i>Other long-term employee benefits:</i>				
– Long-term bonus scheme	2	–	8	21
– Defined contribution benefits	8	4	7	3
Total	71	23	104	43

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

Key management represents Statutory Directors (or employees authorised to manage a department) and managers directly reporting to them.

8. Property, Plant and Equipment

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

	Freehold Land	Buildings and constructions	Buildings and constructions – right of use	Plant and equipment	Plant and equipment – rights of use	Construction in progress	Total
In millions of Czech crowns							
Cost at 31 December 2023	329	79,425	272	9,790	98	729	90,643
Accumulated depreciation	–	(31,751)	(100)	(7,180)	(44)	–	(39,075)
Carrying amount at 1 January 2024	329	47,674	172	2,610	54	729	51,568
Cost:							
Additions	–	–	11	–	11	453	475
Capitalised interest expense	–	5	–	–	–	(5)	–
Transfers	–	469	–	192	–	(661)	–
Others	–	–	–	–	–	–	–
Disposals	–	–	–	(21)	(14)	–	(35)
Accumulated depreciation:							
On disposals	–	–	–	21	14	–	35
Others	–	–	–	–	–	–	–
Depreciation charge	–	(1,953)	(19)	(434)	(21)	–	(2,427)
Carrying amount at 31 December 2024	329	46,195	164	2,368	44	516	49,616
Cost at 31 December 2024	329	79,899	283	9,961	95	516	91,083
Accumulated depreciation at 31 December 2024	–	(33,704)	(119)	(7,593)	(51)	–	(41,467)
Carrying amount at 1 January 2025	329	46,195	164	2,368	44	516	49,616
Cost:							
Additions	–	–	5	–	5	684	693
Capitalised interest expense	–	2	–	4	–	(6)	–
Transfers	1	288	–	291	–	(580)	–
Others	–	–	–	–	–	–	–
Disposals	–	–	–	(14)	(1)	–	(15)
Accumulated depreciation:							
On disposals	–	–	–	14	1	–	15
Others	–	–	–	–	–	–	–
Depreciation charge	–	(1,951)	(19)	(392)	(21)	–	(2,383)
Carrying amount at 31 December 2025	330	44,534	150	2,271	28	613	47,926
Cost at 31 December 2025	330	80,189	287	10,242	99	613	91,761
Accumulated depreciation at 31 December 2025	–	(35,655)	(138)	(7,971)	(71)	–	(43,835)

The Group is a tenant of the office space and parking spaces in the Kavčí Hory Office Park building. The rental period is 19 years, with the possibility of an extension. In the past, the Company has used this option and intends to use it again in the future.

The Company rents passenger cars, especially for the employees’ business trips. The rental period is in the range of two to seven years, and during this period, the ownership of the vehicles belongs to the lessor. At the end of the lease period, the car is returned to the lessor, and a new lease is usually arranged for the new vehicle. Due to many rented cars, the Company chose to use the portfolio approach for their valuation, recognition, and derecognition.

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted interest rate applicable to the entity’s general borrowings during the year and was 3.77 % in 2025 (2024: 4.33%).

The Group invested a total of 693 CZK million in property, plant and equipment (additions of property, plant and equipment – at cost) in 2025 (2024: CZK 475 million).

The total commissioning was CZK 586 million (2024: CZK 661 million), of which CZK 178 million was invested in the ‘Blend’ project – a project related to preparing the transition to a hydrogen gas blend – and CZK 408 million to the other projects.

As at 31 December 2025, the total amount of construction in progress was CZK 613 million, which consisted mainly of project to prepare the transition to 100% hydrogen of CZK 162 million and project for preparing the transition to a hydrogen gas blend of CZK 66 million. Other items include low-value projects.

9. Intangible Assets

	Acquired software licences	Development costs	Other	Assets under construction	Total
In millions of Czech crowns					
Cost at 31 December 2023	705	46	22	10	783
Accumulated amortisation at 31 December 2023	(546)	(46)	(22)	–	(614)
Additions at cost:					
Additions	–	–	–	14	14
Transfers	13	–	–	(13)	–
Disposals at cost	(1)	(1)	(1)	–	(3)
Amortisation:					
Accumulated amortisation on disposals	1	1	1	–	3
Amortisation charge	(67)	–	–	–	(67)
Carrying amount at 31 December 2024	105	–	–	11	116
Cost at 31 December 2024	717	45	21	11	794
Accumulated amortisation at 31 December 2024	(612)	(45)	(21)	–	(678)
Additions at cost:					
Additions	–	–	–	22	22
Transfers	17	–	–	(17)	–
Disposals at cost	–	–	(2)	–	(2)
Amortisation:					
Accumulated amortisation on disposals	–	–	2	–	2
Amortisation charge	(60)	–	–	–	(60)
Carrying amount at 31 December 2025	62	–	–	16	78
Cost at 31 December 2025	734	45	19	16	814
Accumulated amortisation at 31 December 2025	(672)	(45)	(19)	–	(736)

The Group invested (additions of intangible fixed assets – at cost) a total of CZK 22 million in intangible assets in 2025 (2024: CZK 14 million).

The total commissioning was CZK 17 million (2024: CZK 13 million), of which CZK 5 million was invested in the Capacity Management System (CaMS) project and CZK 12 million in the other projects.

10. Other Non-Current Assets

In millions of Czech crowns	31 December 2025	31 December 2024
Advances for acquisition of non-current assets	1	1
Total other non-current assets	1	1

11. Inventories

In millions of Czech crowns	31 December 2025	31 December 2024
Material	205	190
Total inventories	205	190

Material represents mainly spare parts for the gas transmission system.

There are no inventories valued at net realisable value as at 31 December 2025 and 2024.

12. Loans to Related Parties

In millions of Czech crowns	31 December 2025	31 December 2024
Short-term loans to related parties (cash-pooling NET4GAS Holdings)	4	0
Total loans to related parties	4	0

As of 31 December 2025, loans to related parties are provided on the basis of the Loan Agreement dated 11 November 2013 and are of short-term nature. There are no collaterals related to the above-mentioned loans.

Refer to Note 34 for the estimated fair value of each class of loans. Interest rate analysis of loans is disclosed in Note 32 – Interest rate risk. Information on related party transactions is disclosed in Note 7.

13. Trade and Other Receivables

Analysis by credit quality of trade and other receivables is as follows:

In millions of Czech crowns	31 December 2025 Trade and estimated receivables	31 December 2024 Trade and estimated receivables
<i>Neither past due nor impaired – exposure to</i>		
– Between A- and BBB-*	81	89
– Not rated	27	1
Total neither past due nor impaired	108	90
<i>Past due but without impairment</i>		
– less than 30 days overdue	–	–
– between 30 – 60 days overdue	–	1
– 60 days or more overdue	–	–
Total past due	–	1
<i>Individually determined to be impaired (gross)</i>		
– 360 days or more overdue	108	110
Total individually impaired	108	110
Less impairment provision	(108)	(110)
Total net trade and other receivables **	108	91

* Rating disclosed is based on the equivalent credit rating from the third-party rating agencies defined in the Network Code approved by the Energy Regulation Office (ERO) which is applicable for the Group.

** Impairment was recorded in accordance with the policy described in Note 3 t), u)

14. Other Non-Financial Assets

In millions of Czech crowns	31 December 2025	31 December 2024
Deferred expenses – services	31	255
Deferred income – interest	92	–
Others	4	–
Total non-financial assets	127	255

15. Cash and Cash Equivalents, Other Financial Assets

In millions of Czech crowns	31 December 2025	31 December 2024
Other financial assets	3,300	7,589
Bank balances available on demand	1,717	3,731
Total cash and cash equivalents, other financial assets	5,017	11,320

The credit quality of cash, cash equivalents balances and other financial assets (fixed-term deposits with maturity longer than 3 months) may be summarised as follows:

In millions of Czech crowns	31 December 2025	31 December 2024
<i>Neither past due nor impaired</i>		
– A+ to A- rated	5,017	11,320
– BBB+ to BBB- rated	–	–
Total	5,017	11,320

16. Equity

The Company is a limited liability company und has issued no shares. Rights attached to a share in equity correspond to the ownership interest.

On 22 April 2025, the Sole Shareholder of the Company decided on the transfer of the 2024 profit of CZK 9 million to retained earnings.

Description of the nature and purpose of individual funds is provided below the table.

In millions of Czech crowns	Capital contributions outside registered capital	Cash flow hedges	Total other reserves
Balance as at 31 December 2023	6,617	547	7,164
RRevaluation gains or losses – hedge accounting	–	(151)	(151)
Revaluation gains or losses – revenues	–	23	23
Revaluation gains or losses – costs	–	(23)	(23)
Deferred tax effect	–	32	32
Balance as at 31 December 2024	6,617	428	7,045
Revaluation gains or losses – hedge accounting	–	(174)	(174)
Revaluation gains or losses – revenues	–	47	47
Revaluation gains or losses – costs	–	(47)	(47)
Deferred tax effect	–	37	37
Balance as at 31 December 2025	6,617	290	6,907

Capital contributions other than to registered capital

Capital contributions other than to registered capital include cash and non-cash capital contributions that do not increase the value of the registered capital.

No additions or decreases were made in 2025 or 2024.

Cash flow hedges

Cash flow hedges are used to recognise gains or losses on hedging instruments that are designated and qualify as cash flow hedges in other comprehensive income (effective portion), as described in Note 31 – Hedging of currency risk, Hedging of interest rate risk. Amounts are reclassified to profit or loss (line ‘Revenue’ or ‘Finance costs’/‘Finance income’) when the associated hedged transaction affects profit or loss.

17. Borrowings

In millions of Czech crowns	31 December 2025	31 December 2024
Short-term borrowings from related parties (cash pooling NET4GAS Holdings)	—	2
Current portion of bonds and bank borrowings		
– CZK denominated bank borrowings (repayable on 26 May 2025, 31 July 2028)	65	7,176
– CZK denominated bonds (repayable on 17 July 2025)	—	2,675
– EUR denominated bonds (repayable on 28 July 2026) – issued in 2014*	3,932	55
– EUR denominated bonds (repayable on 28 July 2026) – issued in 2015*	1,226	14
– CZK denominated bonds (repayable on 28 January 2028)*	79	93
– CZK denominated bonds (repayable on 28 January 2031)*	174	170
Non-current bonds and bank borrowings		
– CZK denominated bank borrowing (repayable on 31 July 2028)	7,383	7,385
– CZK denominated bond (repayable on 17 July 2025)	—	—
– EUR denominated bond (repayable on 28 July 2026) – issued in 2014	—	4,025
– EUR denominated bond (repayable on 28 July 2026) – issued in 2015	—	1,258
– CZK denominated bond (repayable on 28 January 2028)	4,092	4,092
– CZK denominated bond (repayable on 28 January 2031)	6,881	6,882
Total borrowings – current	5,476	10,185
Total borrowings – non-current	18,356	23,642
Total borrowings	23,832	33,827

* Current portion of bonds represents coupon and interest payments due in 12 months.

Bank borrowings and bonds

The borrowings as at 31 December 2025 included bank borrowing acquired in 2020 and bonds issued in 2014, 2015 and 2021. Five banks with different shares participated in the total bank borrowings as at 31 December 2025 (six banks as at 31 December 2024).

In April 2025, the Company has committed a new long-term bank facility with a drawdown period extending through July 2026. The total credit line for the new long-term loan, provided by a consortium of domestic banks to refinance existing debt, is CZK 4,000 million. The loan is due on 10 April 2032. As of 31 December 2025, this loan had not been drawn down. In May 2025, the Company repaid a long-term bank loan in the amount of CZK 7,074 million. In July 2026, the Company repaid bond No. 5 in the amount of CZK 2,643 million.

There is no collateral related to the above-mentioned bank borrowings or bonds.

Group’s senior debts are all issued at pari-passu. The drawn bank borrowing has no quantitative financial covenants. There are several qualitative covenants applied, i.e. negative pledge, change of control put and redemption on loss of licence. Violation of these covenants can lead to immediate maturity of the debt.

Bank borrowings and bonds denominated in foreign currencies represent a constituent of hedge accounting, which represents the hedging instrument for securing of foreign exchange risk associated with selected future cash flows resulting from natural gas transmission revenues (cash flow hedge – Note 31, Hedging of currency risk, Hedging of interest rate risk).

Bonds issued may be analysed as follows:

In millions of Czech crowns					
	Issue nominal value	Due date	Annual coupon repayment due date	31 December 2025	31 December 2024
Bond EUR, serial no. 2, ISIN XS1090449627**	EUR 160,000,000	28 Jul 2026	Each 28 Jul in arrears	3,932	4,080
Bond EUR, serial no. 4, ISIN XS1172113638**	EUR 50,000,000	28 Jul 2026	Each 28 Jul in arrears	1,226	1,272
Bond CZK, domestic, serial no. 5, ISIN CZ0003519472*	CZK 2,643,000,000	17 Jul 2025	Each 17 Jul in arrears	—	2,675
Bond CZK, domestic, serial no. 6, ISIN CZ0003529786*	CZK 4,098,000,000	28 Jan 2028	Each 28 Jan/Jul in arrears	4,171	4,185
Bond CZK domestic, serial no. 7, ISIN CZ0003529794*	CZK 6,900,000,000	28 Jan 2031	Each 28 Jan/Jul in arrears	7,055	7,052
Total bonds				16,384	19,264

* Bonds issued in denominations of CZK 3,000,000.

** Bonds issued in denominations of EUR 100,000.

Coupon rates of the above-mentioned bonds are in the range of 2.745% – 5.36% p.a. The weighted average interest rate of the Company’s bonds in 2025 was 3.60% for CZK-denominated bonds and 3.43% for EUR-denominated bonds (3.60% for CZK-denominated bonds and 3.43% for EUR-denominated bonds in 2024). The terms of issue of all the above stated bonds have been approved by the decision of the Central Bank of Ireland (serial no. 2 and 4) or the Czech National Bank (domestic bond, serial no. 6-7).

The bonds with serial no. 2 were accepted for trading on a regulated market of the Irish Stock Exchange on 28 July 2014. The 2015 bonds, serial no. 4, were issued via private placement. Domestic “CZ” bonds were accepted for trading on a regulated market of the Prague Stock Exchange on 28 January 2021 (bonds with serial no. 6-7). Domestic bonds (serial no. 5) were withdrawn from trading on the regulated market of the Prague Stock Exchange on 16 June 2025.

The fair value of borrowings is disclosed in Note 34.

18. Finance Lease Liability

Minimum lease payments under finance leases and their present values are as follows:

In millions of Czech crowns	Due in 1 year	Due between 1 and 5 years	Due after 5 years	Total
Minimum lease payments at 31 December 2025	40	111	66	217
Less future finance charges	6	14	3	23
Present value of minimum lease payments at 31 December 2025	34	97	63	194
Minimum lease payments at 31 December 2024	45	125	91	261
Less future finance charges	7	18	5	30
Present value of minimum lease payments at 31 December 2024	38	107	86	231

Total interest expense on lease liabilities amounted to CZK 7 million in the 2025 reporting period (CZK 8 million in 2024). The cost of leases of low-value assets was CZK 1 million in the 2025 reporting period (CZK 1 million in 2024). Costs related to variable lease payments amounted to CZK 0 million in the 2025 reporting period (CZK 0 million in 2024). The Group’s total expenditure on lease under in 2025 was CZK 47 million (CZK 47 million in 2024).

19. Government and Other Grants

In 2025, the Group received grants from the European Commission for construction projects of CZK 2 million and, upon meeting the relevant conditions, will deduct the value of the respective grants from the carrying amount of the applicable tangible fixed assets.

In millions of Czech crowns	31 December 2025	31 December 2024
Total subsidies	2	–

20. Other Taxes Payable

In millions of Czech crowns	31 December 2025	31 December 2024
Other taxes payable within one year comprise:		
Employee income tax	5	5
Social and health insurance	18	16
Value added tax	74	54
Other taxes payable – current	97	75

21. Provisions for Liabilities

Movements in provisions are as follows:

In millions of Czech crowns	2025		2024	
	Current	Non-current	Current	Non-current
Carrying amount at 1 January	–	–	16	–
Additions charged to profit or loss	150	–		
Unused amounts reversed	–		(16)	–
Amounts used during the year	–	–	–	–
Carrying amount at 31 December	150	–	–	–

22. Trade and Other Payables

In millions of Czech crowns	31 December 2025	31 December 2024
Trade payables for purchased property, plant and equipment	143	74
Trade payables – other	93	120
Estimated payables – purchased property, plant and equipment	14	20
Estimated payables – other	91	45
Received deposits from customers	302	226
Other financial liabilities	–	–
Total payables within trade and other payables – current	643	485
Other payables	2	2
Total payables within other payables – non-current	2	2

23. Accrued Employee Benefits

In millions of Czech crowns	31 December 2025	31 December 2024
Employee benefits		
– Salaries and bonuses*	98	89
– Defined contribution costs – retirement compensation	9	9
– Untaken holiday costs	13	13
– Unused leisure-time benefits	–	–
Total employee benefits – current	120	111

* Salaries and bonuses in 2025 include estimates for extraordinary bonuses in the amount of CZK 19 million (CZK 19 million in 2024).

In millions of Czech crowns	31 December 2025	31 December 2024
Employee benefits – other long-term benefits	109	113
Total employee benefits – non-current	109	113

24. Other Non-Financial Liabilities

In millions of Czech crowns	31 December 2025	31 December 2024
Received advances for ordered gas transit and gas transport services	47	34
Total other non-financial liabilities – current	47	34

25. Expenses

In millions of Czech crowns	2025	2024
Raw materials consumed*	103	101
Salaries	460	382
Statutory and private pension contribution	208	161
Employee benefits**	668	543
Depreciation and amortisation	2,443	2,494
Gains less losses on disposal of property, plant and equipment	—	—
Impairment loss on receivables	—	—
Repairs and maintenance services	217	162
IT & Telecommunications expenses	102	97
Consultancy and advisory services	47	85
Lease charges	28	28
Marketing	8	7
Other services	147	22
Services purchased and lease charges	549	401
Losses / (gains) on derivative financial instruments, net	(860)	(96)
Foreign exchange differences, net	398	54
Other expenses	70	72
Total operating expenses	3,371	3,569

* Represents mainly consumption of natural gas.
** Excluding costs capitalised as part of the acquisition of fixed assets (2025: CZK 87 million, 2024: CZK 136 million).

26. Other Operating Income

In millions of Czech crowns	2025	2024
Income from insurance claims	7	—
Income from energy re invoicing	5	2
Total operating income	12	2

27. Finance Income

In millions of Czech crowns	2025	2024
Financial instruments measured at amortised cost:		
■ Interest income on other financial assets	447	826
■ Foreign Exchange Differences (see Note 30)	—	—
Total finance income recognised in profit and loss	447	826

28. Finance Costs

In millions of Czech crowns	2025	2024
Financial instruments measured at amortised cost:		
■ Interest expense – lease	7	8
■ Interest expense – other	1,160	1,666
Financial instruments measured at FVTPL:		
■ Finance costs – hedging activities	—	661
■ Other finance costs	52	23
Total finance costs recognised in profit or loss	1,219	2,358

29. Income Taxes

(a) Components of income tax expense

Income tax expense / (credit) recorded in profit or loss comprises the following:

In millions of Czech crowns	2025	2024
Adjustment in respect of current income tax from prior year	—	—
Current income tax expense	342	37
Deferred income tax expense / income	(71)	(12)
Income tax expense for the year in statement of profit or loss	271	25

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

The income tax rate applicable to the majority of the Group’s 2025 income is 21% (21% for 2024). The reconciliation between the expected and the actual tax charge is provided below.

In millions of Czech crowns	2025	2024
Profit before tax	2,327	34
Theoretical tax charge at statutory rate of 21%	489	7
Tax effect of items which are not deductible or assessable for income tax purposes:		
– Impact of non-deductible items	(218)	18
Difference from previous periods	—	—
Income tax expense for the year	271	25

(c) Deferred taxes analysed by type of temporary difference

Differences between IFRS and tax regulation in the Czech Republic give rise to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. The tax effect of the movements in these temporary differences is detailed below.

	1 January 2025	(Charged) / credited to profit or loss	(Charged) / credited to other comprehensive income	31 December 2025
In millions of Czech crowns				
Tax effect of deductible/(taxable) temporary differences				
Difference between tax and accounting carrying amounts of property, plant and equipment except right-of-use assets (different tax depreciation)	(7,390)	58	–	(7,332)
Other liabilities; tax deductible in different periods	73	13	–	86
Cash flow hedges	(114)	113	(76)	(77)
Net deferred tax asset/(liability)	(7,431)	184	(76)	(7,323)

Management estimates that net deferred tax liabilities of CZK 7,323 million (2024: CZK 7,431 million) are recoverable in more than twelve months after the end of the reporting period.

The tax effects of the movements in the temporary differences for the year ended 31 December 2024 were:

	1 January 2024	(Charged) / credited to profit or loss	(Charged) / credited to other comprehensive income	31 December 2024
In millions of Czech crowns				
Tax effect of deductible/(taxable) temporary differences				
Difference between tax and accounting carrying amounts of property, plant and equipment except right-of-use assets (different tax depreciation)	(7,415)	25	–	(7,390)
Other liabilities; tax deductible in different periods	85	(12)	–	73
Cash flow hedges	(145)	61	(30)	(114)
Net deferred tax asset/(liability)	(7,475)	74	(30)	(7,431)

(d) Tax effects on other comprehensive income

Disclosure of tax effects relating to cash flow hedge reserve:

	31 December 2025			31 December 2024		
In millions of Czech crowns	Before tax	Tax effects	After tax	Before tax	Tax effects	After tax
Cash flow hedge	367	(77)	290	542	(114)	428
Other comprehensive income for the period	367	(77)	290	542	(114)	428

Based on EU Council Directive 2022/2523 on ensuring a global minimum level of effective taxation of multinational groups of enterprises and large domestic groups, Act No. 416/2023 Coll., on top-up taxes for large multinational groups and large domestic groups, was adopted. The top-up taxes aim to stop competition between individual states regarding different corporate income tax rates by introducing a uniform minimum tax rate, which is intended to ensure a level playing field for entities worldwide and to enable individual states to better protect their tax revenues. Top-up taxes will be levied if the calculated effective tax rate in a given country is lower than 15%. The payers of top-up taxes are companies in a group whose consolidated annual revenues reported in the consolidated financial statements of the ultimate parent entity are at least the equivalent of EUR 750 million in at least 2 of the 4 reporting periods immediately preceding the tax period in question.

The Company is a taxpayer of the top-up tax. The top-up tax was not taken into account in the calculation of deferred tax. The Company has no tax liability arising from top-up taxes for the years 2025 and 2024.

30. Contingencies and Commitments

Capital expenditure commitments. As at 31 December 2025, the Group has contractual investment obligations in respect of tangible fixed assets totalling CZK 147 million (31 December 2024: CZK 95 million). The commitments relate predominantly to the development projects.

Guarantees. The Group did not recognise any obligations from financial guarantees as at 31 December 2025 and 2024.

Assets pledged and restricted. In connection with the Group’s bank borrowings, the Group’s right to lien its property in favour of another creditor is restricted.

Compliance with covenants. The Group is subject to certain qualitative covenants related to its borrowings. Non-compliance with such covenants may result in immediate maturity of the debt. The Group was in compliance with covenants at 31 December 2025 and 31 December 2024.

Leased assets with a carrying amount disclosed in Note 8 are effectively pledged for lease liabilities in the event of the lessor’s failure to fulfil the liability.

Other contingent liabilities. The Group did not recognise any significant contingent liabilities as at 31 December 2025 and 2024.

31. Derivative Financial Instruments

The table below sets out an aggregate overview of fair values of currencies derivative assets or liabilities under financial derivative contracts entered into by the Group at the end of the reporting period. All derivative financial instruments are designated to hedge relationships. The table reflects gross positions before the offsetting of any counterparty positions (and payments) and covers the contracts with settlement dates after the respective end of the reporting period.

Cross-currency interest rate swap and interest rate swap contracts are long-term while foreign exchange swap contracts are short-term in nature. The respective part of fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months.

Cash flow hedge (IFRS 7 requirements for disclosures)

- Value of the hedged item used as a basis for recognising hedge ineffectiveness amounts to CZK 242 million as at 31 December 2025 (31 December 2024: CZK (405) million)
- The balance of the cash flow hedge reserve amounts to CZK 367 million. (31 December 2024: CZK 541 million)
- The balance remaining in the cash flow hedge reserve from hedging relationships for which hedge accounting is no longer applied amounts to CZK 349 million. (31 December 2024: CZK 0 million)
- Hedging loss of the reporting period that was recognised in other comprehensive income amounts to CZK 174 million (31 December 2024: hedging loss CZK 151 million)
- Hedge ineffectiveness recognised in profit or loss amounts to CZK 24 million (31 December 2024: CZK 0 million)

The Group did not have any other derivative financial instruments besides cross-currency interest rate swaps and interest rate swap as at 31 December 2025.

31 December 2025				
In millions of Czech crowns	Current		Non-Current	
	Contracts with positive fair value	Contracts with negative fair value*	Contracts with positive fair value	Contracts with negative fair value*
Cross-currency interest rate swaps and interest rate swap at fair values for the reporting period:				
EUR/USD swap				
- USD payable on settlement (-)	—	(4,581)	—	—
- EUR receivable on settlement (+)	—	3,972	—	—
EUR/CZK swap				
- CZK payable on settlement (-)	—	(1,415)	—	—
- EUR receivable on settlement (+)	—	1,231	—	—
CZK interest rate swap				
- CZK payable on settlement (-)	—	—	—	—
- CZK receivable on settlement (+)	102	—	184	—
CZK/USD swap				
- USD payable on settlement (-)	—	—	—	—
- CZK receivable on settlement (+)	—	—	—	—
Total USD payable on settlement (-)	—	(4,581)	—	—
Total EUR receivable on settlement (+)	—	5,203	—	—
Total CZK payable on settlement (-)	102	(1,415)	184	—
Net fair value of cross-currency interest rate swaps and interest rate swap	102	(793)	184	—

* Negative fair value contracts include transactions with a negative total market revaluation at the balance sheet date. Revaluation of cross-currency interest rate swaps and interest rate swap is divided into factors of individual currencies.

31 December 2024				
In millions of Czech crowns	Current		Non-Current	
	Contracts with positive fair value	Contracts with negative fair value*	Contracts with positive fair value	Contracts with negative fair value*
Cross-currency interest rate swaps and interest rate swap at fair values for the reporting period:				
EUR/USD swap				
- USD payable on settlement (-)	—	(270)	—	(5,155)
- EUR receivable on settlement (+)	—	139	—	4,038
EUR/CZK swap				
- CZK payable on settlement (-)	—	(38)	—	(1,368)
- EUR receivable on settlement (+)	—	35	—	1,255
CZK interest rate swap				
- CZK payable on settlement (-)	—	—	—	—
- CZK receivable on settlement (+)	162	—	358	—
CZK/USD swap				
- USD payable on settlement (-)	—	(2,402)	—	—
- CZK receivable on settlement (+)	—	2,095	—	—
Total USD payable on settlement (-)	—	(2,672)	—	(5,155)
Total EUR receivable on settlement (+)	—	174	—	5,293
Total CZK payable on settlement (-)	162	2,057	358	(1,368)
Net fair value of cross-currency interest rate swaps and interest rate swap	162	(441)	358	(1,230)

* Negative fair value contracts include transactions with a negative total market revaluation at the balance sheet date. Revaluation of cross-currency interest rate swaps and interest rate swap is divided into factors of individual currencies.

The Group had outstanding payable from foreign exchange swaps as at 31 December 2025.

31 December 2025				
In millions of Czech crowns	Current		Non-Current	
	Contracts with positive fair value	Contracts with negative fair value	Contracts with positive fair value	Contracts with negative fair value
Foreign exchange forwards and swaps: fair values, as at the reporting period, of				
- USD receivable on settlement (+)	—	1,853	—	—
- CZK Payable on settlement (-)	—	(1,940)	—	—
Net fair value of foreign exchange forwards and swaps – current	—	(87)	—	—

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

Cross-currency interest rate swaps

The nominal principal amounts of the outstanding cross-currency interest rate swap contracts at 31 December 2025 were EUR 210 million / USD 215 million / CZK 1,397 million (2024: EUR 210 million / USD 315 million / CZK 3,477 million). The nominal principal amounts of the outstanding currency forward contracts at 31 December 2025 were USD 90 million / CZK 1 940 million (the Company did not have any currency forwards contracts concluded in 2024). All cross-currency interest rate swaps have fixed interest rates on both legs. At 31 December 2025, the fixed interest rates vary from 2.745% to 5.23% p.a. (as at 31 December 2024: 2.745% to 5.23% p.a.).

The Group designates certain cross-currency interest rate swaps, in combination with bonds denominated in EUR, as a hedging instrument of a foreign exchange risk associated with highly probable forecasted cash flows from an issued bond (cash flow hedge – Note 31, Hedging of currency risk).

In 2021, the Group entered into a cross-currency interest rate swap with an effective period from 22 July 2021 to 26 May 2025 and a notional principal of USD 100 million. The derivative instrument is designated as a floating-to-fixed interest rate, where the floating rate is 6M PRIBOR + 0.53% spread and the fixed rate is 1.652% p.a. The cross-currency interest rate swap is part of he cash-flow hedge (Note 31 – Hedging of currency risk). As of 31 March 2025, part of the swap in the amount of USD 50 million was terminated early, with the fair value of the dissolved part being absorbed by the existing interest rate swap. On 26 May 2025, the remaining part (50%) of the swap in the amount of USD 50 million was settled.

Interest rate swap

In 2020, the Group entered into a forward starting interest rate swap with an effective period from 22 July 2021 to 22 July 2028 and a notional principal of CZK 7,400 million. The derivative instrument is designated as floating-to-fixed interest rate, where the floating rate is 3M PRIBOR and the fixed rate is 2.120% p.a. (as of 31 March 2025, the rate increased from 1.662% to 2.120% as a result of the restructuring of the CZK/USD swap). The interest rate swap is part of he cash-flow hedge (Note 31 – Hedging of interest rate risk).

All derivatives are measured at FVTPL.

32. Financial Risk Management

The risk management function within the Group is carried out in respect of financial risks, operational risks, market risks and business risks. Financial risk comprises market risk (including currency risk and interest rate risk), credit risk and liquidity risk. Management sets a strategy for each of the risk, including a limit on open position that may be accepted. The primary objectives of the financial risk management function are to set risk limits and then to ensure that exposure to risks stays within these limits. Monitoring is performed continuously but at least on a monthly basis.

Credit risk. Exposure to credit risk arises as a result of cash and cash equivalents held with banks, loans provided to related parties, trade receivables and other transactions with counterparties giving rise to an increase in financial assets.

The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to counterparties. Limits on the level of credit risk are approved by management. The risks are monitored on a revolving basis and are subject to a monthly review. The Group is exposed to credit concentration risk considering the receivables from financial institutions.

The credit risk is mitigated by advance payments and a system of creditworthiness assessment which is applied to the Group’s customers, suppliers of services with a potentially significant credit position and financial counterparties such as banks or insurance companies. The conditions are incorporated in the Network Code, relevant tender documentation and internal guidelines.

The Group’s management reviews ageing analysis of outstanding trade and other receivables and follows up on past due balances. Other relevant information ageing and other information about credit risk is disclosed in Note 13 and in Note 15.

Market risks. The Group takes on exposure to market risks. Market risks arise from open positions in (a) foreign currencies and (b) interest bearing assets and liabilities, all of which are exposed to general and specific market movements.

Sensitivities to market risks included below are based on a change in a factor while holding all other factors constant. In practice this is unlikely to occur and changes in some of the factors may be correlated – for example, changes in interest rate and changes in foreign currency rates.

Currency risk. The Group’s risk management policy is to hedge against foreign currency movements.

Management approves the strategy of the currency risk management. The positions are monitored continuously but at minimum on a monthly basis. The amount of risk is evaluated in terms of open positions.

The offsetting of currency positions is applied where possible. The outstanding positions are managed by means of buying or selling the relevant currency in the short-term derivative forward or swap contract. The Group reports outstanding foreign exchange forwards and no foreign exchange swap as at 31 December 2025. The Group reported no outstanding foreign exchange swaps and no foreign exchange forwards as at 31 December 2024.

The table below summarises the Group’s exposure to foreign currency exchange rate risk (principal) at the end of the reporting period:

	At 31 December 2025					At 31 December 2024				
In millions of Czech crowns	Monetary financial assets	Monetary financial liabilities	Derivatives (assets)	Derivatives (liabilities)	Net position	Monetary financial assets	Monetary financial (liabilities)	Derivatives (assets)	Derivatives (liabilities)	Net position
US Dollars	2,710	—	1,857	4,436	131	1,971	—	—	7,635	(5,664)
Euros	192	5,158	5,091	—	125	68	5,280	5,289	—	77
Total exposed to currency risk	2,902	5,158	6,948	4,436	256	2,039	5,280	5,289	7,635	(5,587)
Czech crowns	2,309	19,512	—	3,337	(20,540)	9,372	28,779	2,080	1,397	(18,724)
Total	5,211	24,670	6,948	7,773	(20,284)	11,411	34,059	7,369	9,032	(24,311)

As at 31 December 2025 and 2024, the outstanding derivatives, i.e. in this case cross-currency interest rate swaps and foreign exchange forwards, were disclosed in their nominal amounts translated to Czech crowns using the foreign exchange rate as at 31 December 2025 and 2024. The fair values are disclosed in Note 33.

The above analysis includes only monetary assets and liabilities. Investments in non-monetary assets are not considered to give rise to any currency risk.

Hedging of currency risk. In 2014, the Group decided to introduce two cash-flow hedges to manage the foreign exchange currency risk in revenues in line with the Group risk management policy. The financial instruments designated as hedging instruments are represented by bonds maturing in 2026 denominated in EUR and cross-currency interest rate swaps EUR/USD (Note 17, Note 30). Due to cessation of USD payments in 2023, the relevant part of hedge reserve was released to profit and loss (note 30).

In 2015, the Group introduced an additional, third, cash-flow hedge. The financial instruments designated as hedging instruments are represented by cross-currency interest rate swap EUR/CZK (Note 17, Note 30). The hedged item is

represented by cash flow related to the private placement EUR bond maturing in 2026. Gains and losses recognised in other comprehensive income will be continuously released to profit or loss within finance costs up until 2026 (Note 17, Note 30). There was no ineffectiveness to be recorded from cash flow hedges in 2025 and 2024.

In 2021, the Group introduced additional cash-flow hedge. The financial instruments designated as hedging instruments are represented by committed term loan maturing 2025 and cross-currency interest rate swap USD/CZK (Note 17, Note 30). Due to cessation of USD payments in 2023, the relevant part of hedge reserve was released to profit and loss (note 30). The table below analyses the volume of hedged cash flows that were designated as hedged item:

	Within 1 year	1-3 years	3-5 years	5-10 years	Over 10 years	Total
In millions of Czech crowns						
31 December 2025						
Currency risk exposure:						
Hedging of future cash flows – future receivables USD	–	–	–	–	–	–
Hedging of future cash flows – future receivables EUR	–	–	–	–	–	–
Hedging of future cash flows – future payables EUR	(1,246)	–	–	–	–	(1,246)
TOTAL	(1,246)	–	–	–	–	(1,246)

	Within 1 year	1-3 years	3-5 years	5-10 years	Over 10 years	Total
In millions of Czech crowns						
31 December 2024						
Currency risk exposure:						
Hedging of future cash flows – future receivables USD	–	–	–	–	–	–
Hedging of future cash flows – future receivables EUR	–	–	–	–	–	–
Hedging of future cash flows – future payables EUR	(35)	(1,295)	–	–	–	(1,330)
TOTAL	(35)	(1,295)	–	–	–	(1,330)

No amount was reclassified from other comprehensive income to revenues in 2025 (2024: no reclassification from other comprehensive income to revenues). No amount was reclassified from other comprehensive income to finance income during 2025 (2024: no reclassification from other comprehensive income to finance income).

The following table presents the sensitivities stress test of profit or loss or equity (cash flow hedge) to changes in exchange rates applied at the end of the reporting period relative to the functional currency, with all other variables held constant:

	At 31 December 2025		At 31 December 2024	
	Impact on profit or loss	Impact on equity	Impact on profit or loss	Impact on equity
In millions of Czech crowns				
US Dollar strengthening by 10%	(10)	–	(625)	–
US Dollar weakening by 10%	10	–	625	–
Euro strengthening by 10%	26	123	7	129
Euro weakening by 10%	(26)	(123)	(7)	(129)

The exposure was calculated only for monetary balances denominated in currencies other than the functional currency of the respective entity of the Group and for currency sensitive derivatives.

The Group's exposure to currency risk with impact on profit or loss as at 31 December 2025 is influenced by (i) cash balances held in foreign currency and (ii) outstanding payables and receivables.

Hedging of interest rate risk. The Group's bank borrowings are contracted at floating interest rates. Some instruments, such as bonds and fix-to-fix cross-currency interest rate swaps, are priced at fixed rates and are exposed to re-pricing risk at maturity. The fair value is among other factors also sensitive to interest rates through the discounted cash flow model which is used for the valuation (see Note 30).

In 2020, the Group introduced additional, fourth, cash-flow hedge. The financial instrument designated as hedging instrument is represented by interest rate swap in CZK currency. The hedged item is represented by cash flow related to the new committed term loan maturing in 2028. Gains and losses recognised in other comprehensive income will be continuously released to profit or loss within finance costs up until 2028 (Note 17, Note 30). As of 31 March 2025, the rate increased from 1.662% to 2.120%. This restructuring changed the effectiveness of this hedge, which became ineffective, and the hedging relationship was terminated. At the same time, a new hedging relationship was established for the modified IRS, which is recognized in the Company's hedge accounting and meets the conditions for effectiveness.

The table below summarises the Group's exposure to interest rate risks (e.g. term deposits; bonds and borrowings from related parties on fixed rate, both with re-pricing risk). The table presents the aggregated amounts of the Group's financial assets and liabilities at carrying amounts, categorised by the earlier of contractual interest re-pricing or maturity dates.

	On demand and to 3 months	From 3 months to 12 months	From 12 months to 5 years	Over 5 years	Total
In millions of Czech crowns					
31 December 2025					
Financial assets – floating rate	236	–	–	–	236
Financial assets – fixed rate with re-pricing risk	1,481	3,300	–	–	4,781
Financial liabilities– floating rate	(4,236)	–	–	–	(4,236)
Financial liabilities– fixed rate	(244)	(5,088)	(7,383)	(6,881)	(19,596)
Financial liabilities – fixed rate with re-pricing risk-finance lease	(9)	(25)	(97)	(63)	(194)
Net interest sensitivity gap at 31 December 2025	(2,772)	(1,813)	(7,480)	(6,944)	(19,009)
31 December 2024					
Financial assets – floating rate	151	–	–	–	151
Financial assets – fixed rate with re-pricing risk	3,580	7,589	–	–	11,169
Financial liabilities– floating rate	(4,299)	(4,649)	–	–	(8,948)
Financial liabilities– fixed rate	(174)	(5,172)	(12,656)	(6,877)	(24,879)
Financial liabilities – fixed rate with re-pricing risk-finance lease	(10)	(28)	(107)	(86)	(231)
Net interest sensitivity gap at 31 December 2024	(752)	(2,260)	(12,763)	(6,963)	(22,738)

* Note 30 – Derivative Financial instruments

As the Group's bank assets and liabilities (borrowings) are directly exposed to the floating interest rate, the change in interest rates has an impact on the Group's profit or loss for the current year.

The following table presents sensitivities of profit or loss to reasonably possible changes in short term interest rates applied at the end of the reporting period, with all other variables held constant:

	At 31 December 2025
In millions of Czech crowns	Impact on profit or loss
1M CZK PRIBOR increase of 25 bps	(5)
1M CZK PRIBOR decrease of 25 bps	5
1M EUR ESTR increase of 25 bps	—
1M EUR ESTR decrease of 25 bps	—
1M USD SOFR increase of 25 bps	7
1M USD SOFR decrease of 25 bps	(7)

	At 31 December 2024
In millions of Czech crowns	Impact on profit or loss
1M CZK PRIBOR increase of 25 bps	—
1M CZK PRIBOR decrease of 25 bps	—
1M EUR ESTR increase of 25 bps	—
1M EUR ESTR decrease of 25 bps	—
1M USD SOFR increase of 25 bps	5
1M USD SOFR decrease of 25 bps	(5)

The Group interest rate risk management policy requires that at least 70% of the interest rate exposure arising from bonds and term loans is at fixed rate. The existing financing structure achieves this requirement.

The Group monitors interest rates for its financial instruments. The table below summarises effective interest rates at the respective end of the reporting period based on reports reviewed by key management personnel. Increase in effective interest rates in CZK in 2025 is due to the repayment of a long-term loan and a bond acquired in 2017 and 2019.

	31 December 2025			31 December 2024		
In % p.a.	CZK	USD	EUR	CZK	USD	EUR
Assets						
Cash and cash equivalents	3.30	3.43	1.80	3.80	4.45	2.85
Loans to related parties	4.84	n/a	n/a	n/a	n/a	n/a
Liabilities						
Borrowings	4.73	n/a	3.43	4.26	n/a	3.43

Liquidity risk. Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Group is exposed to daily calls on its available cash resources. Liquidity risk is managed by Treasury department of the Group and monitored in terms of monthly (one month forward), short-term (one year forward) and mid-term (five years forward) forecasts. Management monitors short-term forecasts of the Group's cash flows provided on a monthly basis.

The Group has such a liquidity position that is able to secure its operating funding needs through the cash collected from the business operations continuously throughout the year. The Group's liquidity portfolio comprises cash and cash equivalents (Note 15) and bank term deposits and deposit bills. Management estimates that the liquidity portfolio can be realised in cash within few days in order to meet unforeseen liquidity requirements. The Group does not plan to pay out

dividends before settling its indebtedness maturing in 2026. Management believes that there is no material uncertainty that could affect the going concern principles in 2026.

The tables below show liabilities as at 31 December 2025 and 2024 by their remaining contractual maturity. The amounts disclosed in the table below are the contractual undiscounted cash flows and gross loan commitments. Such undiscounted cash flows differ from the amount included in the balance sheet because the balance sheet amount is based on discounted cash flows Financial derivatives are included in the contractual amounts to be paid or received unless the Group expects to close the derivative position before its maturity date in which case the derivatives are included based on the expected cash flows.

When the amount payable is not fixed, the amount disclosed is determined by reference to the conditions existing at the end of the reporting period. Foreign currency payments are translated using the spot exchange rate at the end of the reporting period.

The maturity analysis of financial liabilities at 31 December 2025 is as follows:

	Demand and to 3 months	From 3 months to 12 months	From 12 months to 5 years	Over 5 years	Total
In millions of Czech crowns					
Liabilities					
Bank borrowings, bonds and borrowings from related parties (Note 17)	366	5,599	13,137	7,089	26,191
Lease liability (Note 18)	9	25	97	63	194
Trade and other payables (Note 22)	643	—	2	—	645
Gross settled cross-currency interest rate swaps (Note 30)					
- inflows	(67)	(5,457)	(486)	—	(6,010)
- outflows	40	6,227	279	—	6,546
Total future payments, including future principal and interest payments	991	6,394	13,029	7,152	27,566

The maturity analysis of financial liabilities at 31 December 2024 is as follows:

	Demand and to 3 months	From 3 months to 12 months	From 12 months to 5 years	Over 5 years	Total
In millions of Czech crowns					
Liabilities					
Bank borrowings, bonds and borrowings from related parties (Note 17)	408	10,480	19,116	7,279	37,283
Lease liability (Note 18)	10	28	107	86	231
Trade and other payables (Note 22)	485	—	2	—	487
Gross settled cross-currency interest rate swaps (Note 30)					
- inflows	(78)	(2,513)	(6,203)	—	(8,794)
- outflows	31	2,852	7,268	—	10,151
Total future payments, including future principal and interest payments	856	10,847	20,290	7,365	39,358

The net current liquidity position calculated as difference between current assets and current liabilities at 31 December 2025 is a net current payable of CZK 2,198 million (31 December 2024: a net current receivable of CZK 642 million).

Payments in respect of gross cross-currency interest rate swaps will be accompanied by related cash inflows which are disclosed at their present values in Note 30.

The Group secured a new long-term bank loan in the amount of CZK 4,000 million to refinance its existing debt (Note 18).

33. Management of Capital

The Group’s objectives when managing capital are to safeguard the Group’s ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

According to the Group’s policy, capital structure consists mainly of equity, non-subordinated borrowings from banks, non-subordinated bonds and non-subordinated short-term borrowings from related parties.

In millions of Czech crowns	At 31 December 2025	At 31 December 2024
Equity	20,040	18,122
Non-subordinated borrowings from banks and bonds	23,832	33,825
Non-subordinated short-term borrowings from related parties	–	2
Total	43,872	51,949

The Group has complied with all covenants arising from the borrowings as at 31 December 2025 and 31 December 2024.

34. Fair Value of Financial Instruments

Fair value measurements are analysed by level in the fair value hierarchy. Management applies judgement in categorising financial instruments using the fair value hierarchy. If a fair value measurement uses observable inputs that require significant adjustment, that measurement is a Level 3 measurement. The significance of a valuation input is assessed against the fair value measurement in its entirety.

(a) Recurring fair value measurements

Recurring fair value measurements are those that the accounting standards require or permit in the balance sheet at the end of each reporting period.

(b) Financial instruments carried at fair value

Only derivatives are measured at fair value.

All recurring fair value measurements are categorised in the fair value hierarchy into level 2 as at 31 December 2025 and 2024.

There have been no changes in the valuation technique for level 2 since 31 December 2017.

The description of valuation technique and description of inputs used in the fair value measurement for level 2 measurements at 31 December 2025:

In millions of Czech crowns	Fair value	Valuation technique	Inputs used
Derivative financial instruments			
Cross currency interest rate swap contracts	(793)	Discounted cash flow method	Czech National Bank foreign exchange rates, inter-bank swap rates
Interest rate swap contracts	286	Discounted cash flow method	Czech National Bank foreign exchange rates, inter-bank swap rates
Currency forward contracts	(87)	Discounted cash flow method	Czech National Bank foreign exchange rates, inter-bank swap rates
TOTAL RECURRING FAIR VALUE MEASUREMENTS AT LEVEL 2	(594)		

The description of valuation technique and description of inputs used in the fair value measurement for level 2 measurements at 31 December 2024:

In millions of Czech crowns	Fair value	Valuation technique	Inputs used
Derivative financial instruments			
Cross currency interest rate swap contracts	(1,671)	Discounted cash flow method	Czech National Bank foreign exchange rates, inter-bank swap rates
Interest rate swap contracts	521	Discounted cash flow method	Czech National Bank foreign exchange rates, inter-bank swap rates
Currency forward contracts	–	Discounted cash flow method	Czech National Bank foreign exchange rates, inter-bank swap rates
TOTAL RECURRING FAIR VALUE MEASUREMENTS AT LEVEL 2	(1,150)		

The following table presents movements in fair values of derivative financial instruments:

In millions of Czech crowns	2025	2024
Opening balance	(1,150)	(433)
Change in fair value of contracts concluded and realised during the period	307	–
Settlement of contracts held and performed during the period	–	–
Change in unrealised gains or losses for the period included in other comprehensive income for contracts held at the end of the reporting period	249	(717)
Closing balance	(594)	(1,150)

(c) Non-recurring fair value measurements

There are no non-current assets held for sale or other items held for sale with non-recurring fair value measurements as at 31 December 2025 and 31 December 2024.

(d) Financial assets and liabilities not measured at fair value but for which fair value is disclosed

Fair values analysed by level in the fair value hierarchy and carrying value of assets and liabilities not measured at fair value are as follows:

31 December 2025					31 December 2024			
In millions of Czech crowns	Level 1	Level 2	Level 3	Carrying value	Level 1	Level 2	Level 3	Carrying value
ASSETS								
Other financial assets								
- Loans to related parties	—	—	4	4	—	—	—	—
TOTAL ASSETS	—	—	4	4	—	—	—	—
LIABILITIES								
Borrowings								
- Borrowings from related parties	—	—	—	—	—	—	2	2
- Bank borrowings	—	—	7,467	7,448	—	—	14,595	14,561
- Bonds	3,820	10,429	—	16,384	3,814	13,660	—	19,264
TOTAL LIABILITIES	3,820	10,429	7,467	23,832	3,814	13,660	14,597	33,827

Trade and other receivables’ carrying values approximate to their fair values.

The fair values in level 1 of fair value hierarchy reflects the price of fixed interest rate bonds listed in active markets in public stock exchanges.

The fair values in level 3 of fair value hierarchy were estimated using the discounted cash flows valuation technique. Inputs used for loans to related parties are market observable (market rates) adjusted by unobservable estimated credit spreads. Inputs used for bank borrowings, borrowings from related parties and leases are market observable (market rates) adjusted by unobservable estimated credit spreads.

The fair value of unquoted bonds was determined based on estimated future cash flows expected to be received discounted by market observable yield curve adjusted by observable estimated spreads.

Financial assets measured at amortised cost. The estimated fair value of asset instruments is based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risk and remaining maturity.

Financial liabilities measured at amortised cost. The estimated fair value of liability instruments is based on expected cash flows discounted at current interest rates for new instruments with similar credit risk and remaining maturity.

35. Subsequent Events

On 12 March 2026, Mr. Martin Durčák resigned from his position as a member of the Company’s Supervisory Board. This position is currently vacant.

Situation in the Middle East: the Group continuously monitors the situation in the Middle East as well as the security situation in the Czech Republic. Based on the facts known today, the Group does not anticipate that this situation will have a negative impact on it or on gas supplies to the Czech Republic.

No other events occurred after the balance sheet date that would have a significant impact on the financial statements

27 March 2026



Rastislav Jamrich
Executive



Milan Váša
Executive



Michal Slabý
Executive



Annex no. 2

Separate Financial Statements

NET4GAS, s.r.o.

Separate Financial Statements

prepared in accordance with International Financial Reporting Standards
as adopted by the European Union, 31 December 2025

Contents

Separate Balance Sheet	96
Separate Statement of Profit or Loss and Other Comprehensive Income	98
Separate Statement of Changes in Equity	99
Separate Statement of Cash Flows	100
1. NET4GAS, s.r.o. and Its Operations – General Information	102
2. Operating Environment of the Company	103
3. Summary of Material Accounting Policies	104
4. Critical Accounting Estimates and Judgements in Applying Accounting Policies	115
5. Adoption of New or Revised Standards and Interpretations and New Accounting Pronouncements	118
6. Segment Information	119
7. Balances and Transactions with Related Parties	121
8. Property, Plant and Equipment	124
9. Intangible Assets	125
10. Investment in Subsidiary	126
11. Other Non-Current Assets	126
12. Inventories	126
13. Loans to Related Parties	127
14. Trade and Other Receivables	127
15. Other Non-Financial Assets	128
16. Cash and Cash Equivalents, Other Financial Assets	128

17. Equity	128
18. Borrowings	130
19. Lease Liability	131
20. Government and Other Subsidies (Grants)	132
21. Other Taxes Payable	132
22. Provisions	132
23. Trade and Other Payables	133
24. Accrued Employee Benefits	133
25. Other Non-Financial Liabilities	133
26. Expenses	134
27. Other Operating Income	134
28. Finance Income	135
29. Finance Costs	135
30. Income Taxes	135
31. Contingencies and Commitments	137
32. Derivative Financial Instruments	137
33. Financial Risk Management	140
34. Management of Capital	146
35. Fair Value of Financial Instruments	146
36. Subsequent Events	149

NET4GAS, s.r.o.
Separate Balance Sheet as at 31 December 2025

In millions of Czech crowns	Note	31 December 2025	31 December 2024
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	47,924	49,616
Intangible assets	9	78	116
Investment in subsidiary	10	5,425	5,605
Derivative financial instruments	32	184	358
Other non-current assets	11	1	1
Total non-current assets		53,612	55,696
CURRENT ASSETS			
Inventories	12	205	190
Trade and other receivables	14	108	91
Derivative financial instruments	32	102	162
Current income tax prepayments	30	—	15
Borrowings and loans	18	4	—
Other non-financial assets	15	126	255
Other financial assets	16	3,300	7,589
Cash and cash equivalents	16	1,716	3,731
Total current assets		5,561	12,033
TOTAL ASSETS		59,173	67,729
EQUITY AND LIABILITIES			
EQUITY			
Registered capital	17	2,750	2,750
Capital contributions outside registered capital	17	6,617	6,617
Cash flow hedge reserve	17	290	428
Retained earnings		10,028	7,955
Total equity		19,685	17,750
NON-CURRENT LIABILITIES			
Other payables	23	2	2
Borrowings	18	18,356	23,642
Lease liability	19	6,285	6,427
Derivative financial instruments	32	—	1,230
Deferred income tax liability	30	6,265	6,415
Long-term employee benefits	24	109	113
Other non-financial liabilities	25	2	—
Total non-current liabilities		31,019	37,829
CURRENT LIABILITIES			
Borrowings	18	6,000	10,758
Lease liability	19	144	147
Trade and other payables	23	742	593
Derivative financial instruments	32	880	441
Current income tax payable	30	298	—
Other taxes payable	21	88	66
Provisions	22	150	—
Short-term employee benefits	24	120	111
Other non-financial liabilities	25	47	34
Total current liabilities		8,469	12,150
Total liabilities		39,488	49,979
EQUITY AND LIABILITIES		59,173	67,729

27 March 2026



Rastislav Jamrich
Executive



Milan Váša
Executive



Michal Slabý
Executive

NET4GAS, s.r.o.
Separate Statement of Profit or Loss and Other Comprehensive
Income for the year ended 31 December 2025

In millions of Czech crowns	Note	2025	2024
Revenue	6	6,460	5,136
Raw materials consumed	26	(103)	(101)
Services purchased and lease charges	26	(553)	(405)
Employee benefits	26	(667)	(542)
Depreciation and amortisation	8, 9, 26	(2,443)	(2,494)
Changes in fair value of derivatives, net	26	860	96
Foreign exchange differences, net	26	(398)	(54)
Other operating income	27	356	252
Other operating expenses	26	(70)	(72)
Operating profit (+) / loss (-)		3,442	1,816
Finance income	28	447	826
Finance costs	29	(1,632)	(2,786)
Finance result (net)		(1,185)	(1,960)
Profit/loss before income tax		2,257	(144)
Income tax expense	30	(184)	61
PROFIT (+) / LOSS (-) FOR THE YEAR		2,073	(83)
Other comprehensive income			
<i>Items that may be subsequently reclassified to profit or loss</i>			
Cash flow hedge	17	(174)	(151)
Income tax recognised directly in other comprehensive income – cash flow hedge	30	37	32
TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR		(137)	(119)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,935	(202)

NET4GAS, s.r.o.
Separate Statement of Changes in Equity
for the year ended 31 December 2025

In millions of Czech crowns	Registered capital	Capital contributions outside registered capital	Cash flow hedge reserve	Retained earnings	Total
Balance as at 31 December 2023	2,750	6,617	547	8,038	17,952
<i>Total comprehensive income</i>					
Profit (+) / Loss (-) for the year 2024	–	–	–	(83)	(83)
Cash flow hedge – net of related tax effect	–	–	(119)	–	(119)
Total comprehensive income for the year	–	–	(119)	(83)	(202)
<i>Transactions with owners</i>					
Contribution and decrease outside registered capital (Note 17)	–	–	–	–	–
Dividends paid	–	–	–	–	–
Advance dividends refunded	–	–	–	–	–
Balance as at 31 December 2024	2,750	6,617	428	7,955	17,750
<i>Total comprehensive income</i>					
Profit (+) / Loss (-) for the year 2025	–	–	–	2,073	2,073
Cash flow hedge – net of related tax effect	–	–	(137)	–	(137)
Total comprehensive income for the year	–	–	(137)	2,073	1,935
<i>Transactions with owners</i>					
Contribution and decrease outside registered capital (Note 17)	–	–	–	–	–
Dividends paid	–	–	–	–	–
Advance dividends refunded	–	–	–	–	–
Balance as at 31 December 2025	2,750	6,617	290	10,028	19,685

NET4GAS, s.r.o.
Separate Statement of Cash Flows
for the year ended 31 December 2025

In millions of Czech crowns	Note	2025	2024
Cash flows from operating activities			
Profit/loss before tax		2,257	(144)
Adjustments for:			
Depreciation and amortisation	8, 9	2,443	2,494
Finance income	28	(447)	(826)
Finance costs	29	1,632	2,786
Dividend income from subsidiary		(343)	(250)
Other non-cash operating expenses / (gains)		(818)	(55)
thereof: – provision for legal costs		150	–
– employee benefit provisions		3	3
– unrealized FX differences (derivatives etc)		(966)	–
– other		(4)	(58)
Operating cash flows before working capital changes		4,724	4,005
Decrease / (Increase) in trade and other receivables	14, 15	225	210
Increase / (Decrease) in trade and other payables	23, 25	(164)	(29)
Decrease in inventories	12	(15)	(4)
Operating cash flows after changes in working capital		4,770	4,182
Interest paid	29	(1,712)	(2,252)
Interest received	28	565	730
Income tax paid	30	15	(15)
Net cash flows from operating activities		3,641	2,645
Cash flows from investing activities			
Purchase of property, plant and equipment	8	(770)	(606)
Purchase of intangible fixed assets	9	(22)	(44)
Proceeds from decreased other capital funds of the subsidiary	10	180	230
Loans provided to related parties	13	(4)	–
Purchase of other financial assets	16	4,288	(3,089)
Dividends received from subsidiary	27	343	250
Net cash flows used in investing activities		4,015	(3,259)
Cash flows from financing activities			
Payments of decreased contributions outside registered capital to the Company's owner	17	–	–
Payments of increased contributions outside registered capital from the Company's owner	17	–	–
Dividends paid	17	–	–
Advance dividends refunded	17	–	–
Repayment of borrowings	18	(9,717)	(103)
Proceeds from borrowings	18	46	(5)
Net cash flows from financing activities		(9,671)	(108)
Net increase in cash and cash equivalents		(2,015)	(722)
Cash and cash equivalents at the beginning of the year	16	3,731	4,453
Cash and cash equivalents at the end of the year	16	1,716	3,731

NET4GAS, s.r.o.

Notes to the Separate Financial Statements

for the year ended 31 December 2025

1. NET4GAS, s.r.o. and Its Operations – General Information

These separate financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union for the year ended 31 December 2025 for NET4GAS, s.r.o. (the “Company” or “NET4GAS”).

The Company was incorporated and is domiciled in the Czech Republic, where its principal place of business is also located. The Company is a limited liability company. It was incorporated on 29 June 2005 and has its registered office at Na Hřebenech II 1718/8, Prague 4 – Nusle, the Czech Republic. The Company’s identification number is 272 60 364.

The Company’s main business activity is natural gas transmission in accordance with Act No. 458/2000 Coll. (the “Energy Act”).

Since 2 August 2013, the Company is fully owned by NET4GAS Holdings, s.r.o. (“NET4GAS Holdings”), incorporated in the Czech Republic, which was the Group’s parent company. NET4GAS Holdings was, until 11 December 2023, a joint venture of two entities: Allianz Infrastructure Luxembourg I S.à r.l. (50%), with its registered office in Luxembourg and Borealis Novus Parent B.V. (50%), with its registered office in the Netherlands.

On 11 December 2023, the state-owned company, ČEPS, a.s., acquired a 100% stake in NET4GAS Holdings, s.r.o. As a result of this transaction, ČEPS became the sole shareholder of NET4GAS Holdings.

The Statutory Directors of the Company:

As at 31 December 2025	As at 31 December 2024
Rastislav Jamrich	Rastislav Jamrich
Milan Váša	Milan Váša
Michal Slabý	

Michal Slabý became a member of the Statutory Directors on 1 April 2025. The change was entered in the Commercial Register on 7 April 2025.

The members of the Supervisory Board of the Company were at 31 December 2025 and at 31 December 2024 as follows:

As at 31 December 2025	Function	As at 31 December 2024	Function
		Petr Doškář	Chairman
Radek Lucký	Vice-Chairman	Radek Lucký	Vice-Chairman
Martin Durčák	Member	Martin Durčák	Member

Petr Doškář was dismissed from the Supervisory Board on 16 December 2025, with the entry in the Commercial Register on 7 February 2026.

About the Company. The Company is the exclusive licensee for gas transportation in the Czech Republic and operates more than 4,000 km of pipelines, five compressor stations and three border transfer stations (Lanžhot, Brandov and Hora Svaté Kateřiny).

The Company is the successor to Tranzitní plynovod, n. p., Transgas, a.s., and RWE Transgas Net, s.r.o.

The Company founded BRAWA, a.s. (“BRAWA”), as its subsidiary on 10 October 2010. Until 1 January 2013, BRAWA, a.s. had been a dormant company. On 1 January 2013, under the legal reorganisation of NET4GAS’s business, BRAWA became the sole owner of the GAZELLE pipeline. The GAZELLE pipeline is operated by NET4GAS.

Note

The separate financial statements have been prepared in Czech and in English. In all matters of interpretation of information, views or opinions, the Czech version of these financial statements takes precedence over the English version.

2. Operating Environment of the Company

The regulatory environment in the Czech Republic:

(a) Legal framework pertaining to the transmission system operator

The transmission system operator holds an exclusive gas transmission license under the Energy Act and its operations are subject to regulation by the Energy Regulatory Office (“ERO”).

The transmission system operator is obliged to comply with the obligations arising from both directly applicable European Union legislation and the Energy Act, which incorporates the relevant European Union regulations and regulates (following directly applicable European Union regulations) business conditions and the performance of state administration in energy sectors.

(b) Regulatory framework pertaining to the transmission system operator

Gas transmission prices are set annually by the ERO based on the regulatory methodology valid in the given regulatory period. In accordance with Commission Regulation (EU) 2017/460 of 16 March, establishing a network code on harmonised transmission tariff structures for gas, the reference prices for interconnection points and multipliers applied to shorter than standard annual capacity products are published in the Price Decision no later than 30 days before the annual yearly capacity auction. By 30 November at the latest, the gas transmission prices for other points in the transmission system for the following year are published in the ERO Price Decision.

Gas transmission prices for 2025 were set by ERO Price Decisions No. 1/2024 of 31 May 2024, No. 2/2024 of 25 June 2024, and No. 10/2024 of 29 November 2024, on regulated prices related to the gas supply.

On 27 February 2025, the ERO published the Regulatory methodology for regulatory period 2026-2030 for the electricity and gas sector, for the market operator’s activities in the electricity and gas sectors, for electricity data centre, for mandatory buyers and for the supplier of last resort, which sets the rules for price setting for given years and introduces the gradual transition to a single revenue cap regime.

On 30 April 2025, the ERO also published the Decision under Article 27 (4) of Commission Regulation (EU) 2017/460 of 16 March 2017, establishing a network code on harmonised transmission tariff structures for gas, which builds on the issued Regulatory methodology and contains draft reference prices for interconnection points and for other points in the transmission network for years 2026-2030.

(c) Current regulatory period

The transmission system operator is currently subject to the rules of the sixth regulatory period, which began on 1 January 2026 and ends on 31 December 2030. The allowed revenues for the year 2026 were set in line with these rules.

The prices for cross-border interconnection points for the year 2026 were set by ERO Price Decision No. 2/2025 of 3 June 2025. The prices for other points in the transmission network were set by ERO Price Decision No.12/2025 of 27 November 2025 accordingly.

(d) Regulatory methodology applicable in the sixth regulatory period

Regulatory methodology for the transmission system operator is based on setting a ceiling for allowed revenues for each regulated year during the regulatory period, the so-called revenue cap regime.

Prices for reserved transmission capacities are then derived from the allowed revenues. The variable price component covering the actual costs of energy consumption of mainly compression work is determined for each regulated year in accordance with the applicable regulatory methodology and a model approved by the ERO.

During the sixth regulatory period, there will be a gradual transition to a single revenue cap regime for both domestic transmission and transit.

(e) Unregulated part

According to the decision of the ERO of 28 July 2011, the GAZELLE interconnecting pipeline has been under the conditions set out in the Energy Act exempted from the obligation to grant third-party access at a regulated price

3. Summary of Material Accounting Policies

a) Basis of preparation

These separate financial statements of the Company have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union(“IFRS Accounting Standards”)under the historical cost convention, as modified by the revaluation of relevant financial assets and financial liabilities(including derivative instruments)carried at fair value. The principal accounting policies applied in the preparation of these separate financial statements are set out below. These policies have been consistently applied to all the periods presented.

Preparation of financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the separate financial statements are disclosed in Note 4.

These separate financial statements relate to the consolidated financial statements prepared for the Company and its subsidiary BRAWA. They should be read together.

Presentation currency. These separate financial statements (“financial statements”)are presented in Czech crowns (“CZK”) which is also the functional currency of the Company.

b) Financial instruments – key measurement terms

Depending on their classification, financial instruments are carried at fair value or amortised cost as described below.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The best evidence of fair value is a price in an active market. An active market is one in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention (“regular way” purchases and sales) are recorded at the trade date, which is the date on which the Company commits to deliver the financial asset. All other purchases are recognised when the Company becomes a party to the contractual provisions of the instrument.

Fair value of financial instruments traded in an active market is measured as the product of the quoted price for the individual asset or liability and the quantity held by the Company. This is the case even if a market’s normal daily trading volume is not sufficient to absorb the quantity held and placing orders to sell the position in a single transaction might affect the quoted price.

A portfolio of financial derivatives that are not traded in an active market is measured at the fair value of a group of financial assets and financial liabilities on the basis of the price that would be received to sell a net long position (i.e. an asset) for a particular risk exposure or paid to transfer a net short position (i.e. a liability) for a particular risk exposure in an orderly transaction between market participants at the measurement date. This is applicable for assets carried at fair value on a recurring basis if the Company:

(a) manages the group of financial assets and financial liabilities on the basis of the Company’s net exposure to a particular market risk (or risks) or to the credit risk of a particular counterparty in accordance with the Company’s documented risk management or investment strategy; (b) it provides information on that basis about the group of assets and liabilities to the Company’s key management personnel; and (c) the market risks, including duration of the Company’s exposure to a particular market risk (or risks) arising from the financial assets and financial liabilities is substantially the same.

Fair value measurements are analysed in the fair value level hierarchy as follows (Note 35):

(i) Level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level three measurements are valuations not based solely on observable market data (that is, the measurement requires significant unobservable inputs). Transfers between levels of the fair value hierarchy are deemed to have occurred at the end of the reporting period.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial instrument. An incremental cost is one that would not have been incurred if the transaction had not taken place. Transaction costs include fees and commissions paid to agents (including employees acting as selling agents), advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs.

Amortised cost is the amount at which the financial instrument was recognised at initial recognition less any principal repayments, plus accrued interest, and for the gross carrying amount of financial assets less expected credit losses. Accrued interest includes amortisation of transaction costs deferred at initial recognition and of any premium or discount to maturity amount using the effective interest method. Accrued interest income and accrued interest expense, including both accrued coupon and amortised discount or premium (including fees deferred at origination, if any), are not presented separately and are included in the carrying amounts of related items in the balance sheet.

The effective interest method is a method of allocating interest income or interest expense over the relevant period, so as to achieve a constant periodic rate of interest (effective interest rate) on the carrying amount. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts (excluding future credit losses) through the expected life of the financial instrument to the net carrying amount of the financial instrument. The effective interest rate discounts cash flows of variable interest instruments to the next interest repricing date, except for the premium or discount which reflects the credit spread over the floating rate specified in the instrument, or other variables that are not reset to market rates. Such premiums or discounts are amortised over the whole expected life of the instrument. The

present value calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate.

c) Classification of financial assets

Financial assets are classified in the following categories:

- Financial assets measured at amortised cost (AC)
- Financial assets measured at fair value:
 - through other comprehensive income (FVTOCI)
 - through profit or loss (FVTPL)

Financial assets measured at amortised cost (AC):

Debt instruments are measured at amortised cost if they meet the following two criteria:

- Business model test: the objective is to hold the financial asset to collect the contractual cash flows (rather than to sell the instrument prior to its contractual maturity to realise its fair value changes).
- Cash flow characteristics test: contractual cash flows from a financial asset are solely payments of principal and interest, where the most significant elements of interest only include the time value of money, credit risk of the counterparty, other basic lending costs (for example, liquidity and administration) and a reasonable profit margin.

Financial assets measured at fair value through profit or loss:

Financial assets at fair value through profit or loss, including financial derivatives are carried at their fair value. All derivative instruments are carried as assets when fair value is positive and as liabilities when fair value is negative. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company classifies certain derivative instruments as hedges against a particular risk associated with highly probable forecast transactions (cash flow hedge).

The Company documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in Note 32. Movements on the hedging reserve in other comprehensive income are shown in Note 17. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

Cash flow hedge: The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the profit or loss within 'Finance costs' or 'Finance income'. Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of cross-currency interest rate swaps hedging currency risk is recognised in profit or loss under Revenues (in respect of a foreign-currency revenues hedge) or within Finance income or Finance costs (in respect of a cash flow hedge relating to issued foreign-currency bonds).

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised in profit or loss when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was recorded in other comprehensive income is immediately transferred to profit or loss within Finance costs or Finance income.

d) Classification of financial liabilities

Financial liabilities have the following measurement categories: (a) held for trading which also includes financial derivatives, and (b) other financial liabilities. Liabilities held for trading are carried at fair value with changes in value recognised in profit or loss for the year (as finance income or finance costs) in the period in which they arise. Other financial liabilities are carried at amortised cost.

The Company designates certain financial liabilities as hedges of a particular risk associated with highly probable forecast transactions (cash flow hedge – Note 33, section 'Hedging of currency risk').

e) Initial recognition of financial instruments

Financial instruments not carried at fair value through profit or loss are initially recognised at fair value plus transaction costs. Financial instruments carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in profit or loss. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets.

The Company uses discounted cash flow valuation techniques to determine the fair value of cross-currency interest rate swaps and loans that are not traded in an active market. Differences may arise between the fair value at initial recognition determined at initial recognition using the valuation techniques and the transaction price. Any such differences are amortised on a straight-line basis over the term of the cross-currency interest rate swaps and loans to related parties.

f) Derecognition of financial assets and financial liabilities

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

Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose additional restrictions on the sale.

If the financial asset is fully derecognised, it is recognised through profit or loss as a gain or loss on sale equal to the difference between the carrying amount of the asset and the payment received.

The Company derecognises financial liabilities only when the contractual liabilities of the Company are discharged, cancelled or expire (or when the terms of the existing liability or a part thereof are significantly modified). The difference between the carrying amount of a derecognised financial liability and the consideration paid or payable is recognised in profit or loss.

g) Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and provision for impairment, where required.

Significant spare parts are recognised and treated as property, plant and equipment.

Repairs and maintenance expenditures are expensed as incurred. Cost of replacing major parts or components of property, plant and equipment items are capitalised and the replaced part is retired. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

At the end of each reporting period management assesses whether there is any indication of impairment of property, plant and equipment. If any such indication exists, management estimates the recoverable amount, which is determined as the higher of an asset's fair value less costs to sell and its value in use. The carrying amount is reduced to the recoverable amount and the impairment loss is recognised in profit or loss for the year. An impairment loss recognised for an asset in prior years is reversed where appropriate if there has been a change in the estimates used to determine the asset's value in use or fair value less costs to sell.

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

When the Company recognises the cost of a replacement as part of the carrying amount of property, plant and equipment, it derecognises the carrying amount of the replaced part regardless of whether the replaced part had been depreciated separately. If it was not practicable to determine the carrying amount of the replaced part, the Company used the cost of the replacement as an indication of what the cost of the replaced part was at the time it was acquired or constructed.

h) Depreciation

Land is not depreciated. Construction in progress is not depreciated. Depreciation on other assets is calculated using the straight-line method. Depreciation rates are determined based on estimated useful lives:

	Useful lives
Buildings and constructions	30 – 70 years
Plant, machinery and equipment	4 – 40 years
Furniture and fittings	4 – 8 years
Motor vehicles	5 – 8 years
Right of use	6 – 70 years

The assets’ residual values and useful lives are reviewed, and adjusted if appropriate, every year.

i) Capitalisation of borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of assets that are not carried at fair value and that necessarily take a substantial time to get ready for the intended use or sale (qualifying assets) are capitalised as part of the costs of those assets.

The commencement date for capitalisation is when (a) the Company incurs expenditures for the qualifying asset; (b) it incurs borrowing costs; and (c) it undertakes activities that are necessary to prepare the asset for its intended use or sale. Capitalisation of borrowing costs continues up to the date when the assets are substantially ready for their use or sale.

The Company capitalises borrowing costs that could have been avoided if it had not made capital expenditure on qualifying assets. Borrowing costs capitalised are calculated at the Company’s average funding cost (the weighted average interest cost is applied to the expenditures on the qualifying assets), except to the extent that funds are borrowed specifically for the purpose of obtaining a qualifying asset. Where this occurs, actual borrowing costs incurred on the specific borrowings less any investment income on the temporary investment of these borrowings are capitalised.

j) Leasing

The Company applies these accounting procedures in compliance with IFRS16 – Leases:

An agreement is considered or contains a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Short-term leases and leases for which the underlying asset is of low value. A lease is classified as a short-term lease if the estimated lease term is shorter than or equal to 12 months. An asset is classified as a low-value underlying asset the cost of which would be lower than CZK 100,000 if it were new. Instalments paid under short-term leases and leases for which the underlying asset is of low value are posted to profit or loss on a straight-line basis throughout the lease term.

The lease term is a non-cancellable period during which the lessee has the right to use the underlying asset together with both a) periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option and b) periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

Right-of-use assets and lease liabilities.

An asset leased under a lease arrangement other than the abovementioned short-term lease or a lease for which the underlying asset is of low value is capitalised through the Company’s assets as at the lease commencement date. The right-of-use is initially measured at the lease liability and other auxiliary costs relating to its acquisition. As at the lease commencement date, the lease liability is measured at the current value of lease payments not made as at that date, using the Company’s incremental borrowing interest rate in effect as at that date. Every lease payment is divided into parts attributable to the payment of the lease liability and interest so that a constant interest rate applies to the outstanding balance of the liability. The corresponding amount of the total lease liability is included in lending transactions after the subtraction of interest. Interest is posted to profit or loss throughout the lease term using the effective interest rate method.

The right-of-use assets are reported in the balance sheet on the same line as the corresponding underlying assets if the Company were in possession of them.

Assets acquired by means of lease are depreciated throughout their service life or during the term of the lease agreement if it is shorter and if the Company is uncertain whether it will gain ownership rights after the end of the lease.

k) Intangible assets

The Company’s intangible assets primarily include capitalised computer software, patents, trademarks and licences.

Acquired computer software licences, patents and trademarks and other intangibles are capitalised on the basis of the costs incurred to acquire and bring them to use.

Development costs that are directly associated with identifiable and unique software controlled by the Company are recorded as intangible assets if an inflow of incremental economic benefits exceeding costs is probable. Capitalised costs include staff costs of the software development team and an appropriate portion of relevant overheads. All other costs associated with computer software, e.g. its maintenance, are expensed when incurred.

l) Amortisation

Intangible assets are amortised using the straight-line method over their useful lives (unless the agreement or licence conditions state shorter or longer period):

	Useful lives
Software	3 years
Patents and other licences	1.5 – 6 years
Development costs	6 years
Other intangible assets	6 years

m) Investment in subsidiary

Investment in subsidiary is measured at cost less any impairment loss. The transaction costs are capitalised as part of the cost of the investment. The transaction costs are the costs directly attributable to the acquisition of the investment such as profession fees for legal services, transfer taxes and other acquisition related costs.

The investment is tested for impairment whenever there are indicators that the carrying amount of an investment may not be recoverable. If the recoverable amount of an investment (the higher of its fair value less cost to sell and its value in use) is less than its carrying amount, the carrying amount is reduced to its recoverable amount.

The carrying amount of an investment is derecognised on disposal. The difference between the fair value of the sale proceeds and the disposed share of the carrying amount of the investment is recognised in profit or loss as gain or loss on disposal. The same applies if the disposal results in a step down from subsidiary to joint venture or an associate measured at cost.

n) Emission allowances

The Company receives free emission allowances as a result of the European Emission Trading Schemes. The allowances are received on an annual basis and in return the Company is required to return allowances equal to its actual emissions. Therefore, a provision is only recognised when actual emissions exceed the emission allowances received free of charge. The emission allowances which were granted free of charge are carried at cost, i.e. at zero. When emission allowances are purchased from third parties, they are measured at cost and treated as a reimbursement right. When emission allowances are acquired by exchange and such an exchange is deemed to have an economic substance, they are measured at fair value as at the date when they become available for use and the difference between the fair value of rights received and cost of assets given up is recognised through profit or loss.

o) Impairment of non-financial assets

Intangible assets not ready to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation and amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets are reviewed for possible reversal at each reporting date.

p) Non-current assets held for sale

Assets (or disposal groups) are classified as non-current assets held for sale and stated at the lower of their residual amount and fair value less costs to sell if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use. Non-current assets held for sale are not depreciated.

q) Taxes

Income tax

Income taxes have been provided for in the financial statements in accordance with legislation enacted or substantively enacted by the end of the reporting period. The income tax charge/credit comprises current tax and deferred tax and is recognised in profit or loss for the year, except if it is recognised in other comprehensive income or directly in equity because it relates to transactions that are also recognised, in the same or a different period, in other comprehensive income or directly in equity (for example the effective portion of changes in the fair value of financial derivatives that are designated and qualify as cash flow hedges).

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

Deferred income tax is provided using the balance sheet liability method for tax loss carry forwards and temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In accordance with the initial recognition exemption, deferred taxes are not recorded for temporary differences on initial recognition of an asset or a liability in a transaction other than a business combination if the transaction, when initially recorded, affects neither accounting nor taxable profit. Deferred tax balances are measured at tax rates (and tax legislation) enacted or substantively enacted at the end of the reporting period, which are expected to apply to the period when the temporary differences will reverse or the tax loss carry forwards will be utilised. Deferred tax assets and liabilities are only offset among the Company's individual entities. Deferred tax assets for deductible temporary differences and tax loss carry forwards are recorded only to the extent that it is probable that future taxable profit will be available against which the deductions can be utilised.

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

The windfall tax (temporary) is effective for the period of 3 years (i.e. 2023-2025) starting 1 January 2023 and operates as a 60% surcharge on corporate income tax. Specifically listed companies based on the type of industry (including gas transmission) shall be subject to the windfall tax. The windfall tax is applied to the excess profit determined as the difference between the tax base in the given year and the average of the tax bases for the last 4 years (2018-2021) increased by 20%. Furthermore, the windfall tax should be reported in the financial statements as part of the income tax payable. The Company, as a taxpayer, continuously evaluates the potential impact of windfall tax on the Company.

The Company is a taxpayer of the top-up tax in the Czech Republic, according to Act No. 416/2023 Coll., on top-up taxes for large multinational groups and large domestic groups, as amended. The Company does not expect to pay the top-up tax within the payable corporate tax for the 2025 taxable period. The top-up tax was not taken into account in the calculation of deferred tax. The Company does not carry out any activities outside the territory of the Czech Republic, that it knows of that would give rise to its status as a taxpayer for the top-up tax in another jurisdiction.

r) Uncertain tax positions

The Company's uncertain tax positions are reassessed by management at the end of each reporting period. Liabilities are recorded for income tax positions that are determined by management as more likely than not to result in additional taxes being levied if the positions were to be challenged by the tax authorities. The assessment is based on the interpretation of tax laws that have been enacted or substantively enacted by the end of the reporting period, and any known court or other rulings on such issues. Liabilities for penalties, interest and taxes other than on income are recognised based on management's best estimate of the expenditure required to settle the obligations at the end of the reporting period.

s) Inventories

Raw materials are mainly spare parts for the gas pipeline system. Purchased inventories are stated at the lower of cost and net realisable amount. Cost includes all costs related with its acquisition (mainly transport costs, customs duty, etc.). The weighted average cost method is applied for disposals of purchased inventories. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses. Significant spare parts are recognised and treated as property, plant and equipment.

t) Trade receivables

Trade receivables are carried at their nominal value less expected credit loss.

u) Impairment of financial assets carried at amortised cost

Impairment of financial assets is recognised using a model that is based on expected losses, and is recognised through profit or loss as expected loss on a financial asset over its life. The model is based on an estimated allowance based on historical experience and takes into account performance of business partners.

In respect of financial assets in default, the Company assessed the impairment of the asset based on the expected loss until the maturity date of the asset.

The Company assesses the expected credit loss also on an individual basis. For receivables related to core revenues the following criteria are applied. The Company assesses the asset impairment of 10% for the receivables, when any portion of instalment is overdue for more than 1 fiscal year and less than 2 fiscal years, of 25%, when it is overdue for more than 2 and less than 3 fiscal years, of 50%, when it is overdue for more than 3 and less than 4 fiscal years and of 100%, when it is overdue for more than 4 fiscal years. Potentially, the approach is modified based on supportive information which occur in individual cases.

If the terms of an impaired financial asset held at amortised cost are renegotiated or otherwise modified because of financial difficulties of the counterparty, impairment is measured using the original effective interest rate before the modification of terms. The renegotiated asset is then derecognised and a new asset is recognised at its fair value only if the risks and rewards of the asset substantially changed. This is normally evidenced by a substantial difference between the present values of the original cash flows and the new expected cash flows.

If, in a subsequent period, the amount of the impairment loss decreases, the previously recognised impairment loss is reversed by adjusting the allowance account through profit or loss for the year.

Uncollectible receivables are written off against the related impairment loss provision after all the necessary procedures to recover the asset have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off are credited to impairment loss account within the profit or loss for the year.

v) Deferred expenses and prepayments

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

w) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less from initial recognition. Cash and cash equivalents are carried at amortised cost using the effective interest method.

Cash and cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Deposit bills of exchange and term deposits with original maturity of more than three months from initial recognition are therefore classified as ‘Other financial assets’.

x) Dividends

Dividends are recorded as a liability and deducted from equity in the period in which they are declared and approved.

y) Advance dividends paid

The Company’s decision to pay an advance dividend is reflected in the financial statements as a decrease in equity at the date of the payment and is reported in the ‘Retained earnings’ balance sheet line.

z) Borrowings

Borrowings are carried at amortised cost using the effective interest method.

At their initial recognition, all bank credits, loans and issued bonds are recorded at their purchase price corresponding to the fair value of the received cash funds, less the costs of obtaining the credit or loan or issue of bonds.

Amortised cost is determined by taking into account the costs of obtaining the credit or loan, as well as the discounts or bonuses received at the settlement of the liability.

The Company designates certain borrowings as hedges of a particular risk associated with a highly probable forecast transaction (cash flow hedge – Note 33, section ‘Hedging of currency risk’).

aa) Government and other grants

Grants from the government and the European Commission are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions. Grants relating to the purchase of property, plant and equipment decrease directly the costs of the relevant asset.

bb) Trade and other payables

Trade payables are accrued when the counterparty performs its obligations under the contract and are carried at amortised cost using the effective interest method.

cc) Provisions for liabilities and charges

Provisions for liabilities and charges are non-financial liabilities of uncertain timing or amount. They are accrued when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Where there are a number of similar obligations, the probability that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

dd) Financial guarantees

Financial guarantees are irrevocable contracts that require the Company to make specified payments to reimburse the holder of the guarantee for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantees are initially recognised at their fair value, which is normally evidenced by the amount of fees received. When the Company expects to receive recurring future premiums from an issued financial guarantee contract, the guarantee is recorded at the premium receivable at the inception of the contract and no receivable is recognised in respect of the future premium payments receivable. The premium receivable in one instalment is amortised on a straight-line basis over the period covered by that instalment. At the end of each reporting period, the premium receivable in respect of the respective period is measured at its present value and the financial liability is measured at the higher of the remaining unamortised balance and the best estimate of expenditure required to settle the obligation at the end of the reporting period.

ee) Asset retirement obligations

The Company’s transmission system is mainly constructed on land owned by third parties. The current legislation requires the Company to bear the costs related to the transmission system’s operation and maintenance. The current Czech environmental and energy legislation does not set the obligation to dispose of the assets at the end of their useful

life. Given the applicable legislation, management believes that there is no asset retirement obligation (dismantling and removing an item of property, plant and equipment) to be recognised in the financial statements.

ff) Foreign currency translation

The functional currency of the Company is the currency of the primary economic environment in which the Company operates. The functional currency of the Company is Czech crowns (“CZK”) and the Company’s presentation currency is also CZK.

Monetary assets and liabilities are translated into Company’s functional currency at the official spot exchange rate of the Czech National Bank (“CNB”) on the dates of the transactions. Foreign exchange gains and losses resulting from transactions and from the translation of monetary assets and liabilities denominated in foreign currencies into the Company’s functional currency at year-end official exchange rates of the CNB are recognised in profit or loss under ‘Foreign exchange differences, net’. Translation at year-end rates does not apply to non-monetary items that are measured at historical cost.

Non-monetary items measured at fair value in a foreign currency, including equity investments, are translated using the exchange rates at the date when the fair value was determined. Effects of exchange rate changes on non-monetary items measured at fair value in a foreign currency are recorded as part of the fair value gain or loss.

gg) Revenue recognition

The Company recognises revenues once it has fulfilled (as it fulfils) its supply commitment by transferring the promised goods or service (the “asset”) to the customer. The asset is transferred (being transferred) once the customer has gained (as it gains) control over the asset. In determining the transaction price, the Company considers the terms of the contracts and its standard business practice. The transaction price is the amount of consideration to which the Company is, in its view, entitled in exchange for the transfer of the promised goods or service to the customer, with the exception of amounts collected on behalf of third parties. The consideration promised in the contract with the customer may include fixed amounts, variable amounts, or both. The Company primarily provides transmission services: cross-border transmission of natural gas via the Czech Republic and domestic transmission of natural gas to partners in the Czech Republic. Auxiliary services to gas infrastructure operators primarily include maintenance and dispatching.

Each contract includes promises to transfer goods or services to a customer that are distinct. These promises are single performance obligations and are therefore accounted for separately and the entire transaction price is allocated to the single performance obligation.

Revenue from gas transmission services is recognised over time based on the reserved capacity as the customer receives control and consumes the benefits provided by the Company’s performance as the Company performs. Revenues are usually invoiced on a monthly, quarterly or annual basis and sales are shown net of VAT and discounts. Revenues are measured at the fair value of the consideration received or receivable.

The fee for services determined in the contract with the customer is always specified for each supply (provided service). Revenues from natural gas transmission via the Czech Republic and from domestic gas transmission to partners in the Czech Republic are regulated by the Energy Regulatory Office.

hh) Employee benefits

Wages, salaries, contributions to the Czech state pension and social insurance funds, paid annual leave and sick leave, bonuses, and non-monetary benefits (such as health services and other services) are accrued in the year in which the associated services are rendered by the employees of the Company.

a) Pension obligations

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

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

b) Termination benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits at the earlier of the following dates: (a) when the Company can no longer withdraw the offer of those benefits; and (b) when the Company recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

c) Other long-term benefits

Long-term employee benefits, such as long-term bonuses, and long service awards are accounted for and measured using the projected unit credit method in the same way as defined benefit pension plan, with the exception that re-measurements (actuarial gains/losses) and related charges are recognised immediately through profit or loss.

ii) Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the balance sheet only when there is a legally enforceable right to offset the recognised amounts, and there is an intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously. Such a right of set off (a) must not be contingent on a future event and (b) must be legally enforceable in all of the following circumstances: (i) in the normal course of business, (ii) in the event of default and (iii) in the event of insolvency or bankruptcy.

jj) Segment reporting

Operating segments are components that engage in business activities that may earn revenues or incur expenses, whose operating results are regularly reviewed by the chief operating decision maker (CODM) and for which discrete financial information is available. The CODM is the person or group of persons who allocates resources to the operating segments of the Company and assesses its performance. Segments are reported in a manner consistent with the internal reporting provided to the Company’s chief operating decision maker. Segments whose revenue, result or assets are ten percent or more of all the segments are reported separately.

4. Critical Accounting Estimates and Judgements in Applying Accounting Policies

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

Functional currency

Management assessed the relevant primary and secondary factors during the consideration about the Company’s functional currency. The functional currency is the currency of the primary economic environment, in which the Company operates. The regulated sales prices of the Company are determined by the ERO – the Czech regulatory authority – and are defined in CZK. The majority of the Company’s revenue stems from regulated sales. The majority of the Company’s operating expenses are incurred in CZK. Capital expenditures are twofold: regular capital expenditure safeguarding the existing system and its operational safety; and large one-off projects. The regular capital expenditure is almost entirely incurred in CZK, while the cost of large one-off projects is incurred in a mixture of currencies (including CZK, EUR and other). Cash from financing activities is generated in a mixture of currencies (including CZK, EUR and USD). Although the Company’s operations are influenced by a mixture of currencies, management concluded that the majority of the indicators support CZK as the functional currency of the Company.

Lease contract with BRAWA

The Company entered into a long-term lease contract in January 2013 whereby it leases the GAZELLE pipeline from its subsidiary BRAWA. The contract is expiring on 1 January 2035.

In January 2013 the Company recognised the lease as a leased asset, additionally reporting a lease liability in the amount of CZK 7,312 million, which is equal to the fair value of the leased GAZELLE pipeline as the fair value of the leased GAZELLE pipeline was lower than the present value of the minimum lease payments (each determined at the inception of the lease) using a discount rate equal to the market rate.

The minimum lease payments used in the calculation represent the payments over the useful life of the Gazelle pipeline, that the Company is required to make, excluding contingent rent, costs of services and taxes to be paid by and reimbursed to BRAWA, together with any amounts guaranteed by the Company or by a party related to the Company.

The fair value of the leased GAZELLE pipeline used in the calculation represents the carrying amount of the leased GAZELLE pipeline recognised in BRAWA’s financial statements and it reflects the amount for which the leased GAZELLE pipeline was exchanged during its construction between the two parties in an arm’s length transaction (representing mostly the price for the construction of the leased GAZELLE pipeline won in the competition with unrelated parties).

Management of the Company estimated the total useful life of the leased GAZELLE pipeline at 70 years, and represents the estimated period, from the commencement of the lease term, without limitation by the lease term, over which the economic benefits embodied in the leased GAZELLE pipeline are expected to be consumed by the Company.

Classification of pipeline capacity contracts with customers

The Company entered into long-term contract expiring on 1 January 2035 whereby it provided the majority of its GAZELLE pipeline capacity on a ‘ship-or-pay’ basis. Management considered whether the contract for the provision of pipeline capacity to its major customer is a lease contract (sublease of a lease contract with BRAWA described above). Management’s conclusion that the contract is not a lease of the pipeline is based on the fact that there is significant capacity of the pipeline which is available to other customers and this capacity can be used by the other customers. The pipeline is under the Company’s full control and the major customer has no ability or right to control physical access to the pipeline. Therefore, the arrangement is not a lease contract under IFRS. The Company treats the pipeline as part of its property, plant and equipment (recognised under a lease) and recognises revenue from the contract with the major customer in accordance with IFRS 15.

Monthly Payments from the Major Customer

On 4 January 2023, the Company announced that it had not received monthly payments due from its major customer under the key contracts. As announced on 6 April 2023, negotiations with the major customer to resolve the situation have not been successful. As a result, the Company has decided to commence arbitration proceedings against the major customer in order to protect its rights and seek proper payment of the amounts owed by the major customer. In 2024,

the Company achieved a significant success, when it received a favourable arbitral award from the arbitral tribunal in the first arbitration. In 2025, the Company received an arbitral award issued in the second arbitration. In this arbitral award, the arbitral tribunal agreed with the Company’s arguments and upheld its claim against the main customer and its parent company in full. The Company is now considering its next steps regarding the possibilities of recovering the amounts owed. As the main customer continues to be in breach of its monthly payments, it is unlikely that the situation will change in the short term and that the receivables will be paid. In accordance with the applicable IFRS 15 rules and in line with the tax authorities’ decisions on tax advances, the Company has elected to account for revenue from key contracts only on the off-balance sheet.

Depreciation

The Company makes other significant accounting estimates, such as depreciation. More detailed description is available in Note 3h).

Transmission System Operator licence and gas pipelines

In relation to the applicability of IFRIC 12 to the Company, management believes that the criteria of government regulation have not been met, the assets will never be transferred to the government, the government cannot control the practical ability of the operator to sell or stop the infrastructure and the government has no ability to control the construction process. Therefore, the Company’s transmission system is classified as land, buildings and equipment and is not considered infrastructure used in connection with a public-private service concession agreement.

Segments

Operating segments are components that engage in business activities that may earn revenues or incur expenses, whose operating results are regularly reviewed by the chief operating decision maker (CODM) and for which discrete financial information is available. The CODM is the person or group of persons who allocates resources to the operating segments of the Company and assesses its performance. Recurring revenues are generated from contracts with foreign as well as domestic customers. Information for the CODMs (the Company’s Statutory Directors) who are responsible for allocating resources and assessing the Company’s performance is prepared for the whole Company without any particular structuring. Management regularly obtains information with assessment of the split of revenue between the transit revenue and domestic transmission revenue. There is no profit measure which would be based on similar basis. All profit measures used by the CODMs are based on the results of the Company considered as one business unit. As a result, management considers the whole Company as one segment for the purpose of segment reporting.

Assessment of non-current asset impairment

The Company’s management has prepared a plan for possible future development with respect to the use of the transmission system and gas supply through the transmission system and has analysed the impact on its future operations, results of operations and possible impairment of the Company’s fixed assets.

The plan is based on information and assumptions known at the time of its preparation and takes into account, among other things, positive changes in price regulation in response to the current geopolitical situation and unprecedented changes in gas flows through the Czech transmission system. This assumption has already been supported by the approved and published Price Regulation Methodology of the Energy Regulatory Office for the period 2026-2030 and the ERO price assessment for 2026, which mean stability and an increase in the Company’s permitted revenues compared to the period 2023-2025.

The cash flows were discounted to present value using the weighted average cost of capital (WACC). At the reporting date, our calculation took into account, among other things, the cost of external financing and the Company’s cost of equity. In calculating the cost of equity, the Company considered the yield to maturity of Czech government bonds, a risk premium derived from the Czech market risk premium and a beta coefficient calculated based on data from a group including relevant energy companies. The data were collected from reliable external sources.

Based on the assessment of the above scenarios, the Company has not identified any impairment of property, plant and equipment as of 31 December 2025 that would require an adjustment to the financial statements in accordance with applicable accounting policies.

5. Application of New IFRS Accounting Standards and Interpretations

a) Application of new standards and interpretations effective on or after 1 January 2025

The following amendments to the existing standards issued by the International Accounting Standards Board (IASB) and adopted by the EU are effective for an accounting period that begins on 1 January 2025:

Document	Major change	Effective from	Impact on the Group's financial statements
Amendments to IAS 21 <i>The Effects of Changes in Foreign Exchange Rates</i>	Lack of Exchangeability	1. 1. 2025	Applied. The adoption does not have a material impact on the disclosures or amounts disclosed in these financial statements.

b) New standards and interpretations not effective in the current reporting period

At the date of authorisation of these financial statements, the Company has not applied the following new IFRS and amendments to the existing standards that were not effective in the EU before 31 December 2025:

Document	Major change	Effective from	Adopted by the EU?
Amendments to IFRS 9 <i>Financial Instruments</i> and IFRS 7 <i>Financial Instruments Disclosures</i>	Adjustments to the Classification and Measurement of Financial Instruments	1. 1. 2026	Yes
Amendments to IFRS 9 <i>Financial Instruments</i> and IFRS 7 <i>Financial Instruments: Disclosures</i>	Contracts Referencing Nature-dependent Electricity	1. 1. 2026	Yes
Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10, and IAS 7	Annual Improvements to IFRS Accounting Standards (11th Edition)	1. 1. 2026	Yes
New IFRS 18 <i>Presentation and Disclosures in Financial Statements</i>	Replaces IAS1. New requirements for classification of revenue and expenses, performance measures, aggregation and disaggregation of information	1. 1. 2027	Yes
New IFRS 19 (and further amendments) <i>Subsidiaries Without Public Accountability</i>	Disclosure Requirements	1. 1. 2027	No
Amendments to IAS 21 <i>The Effects of Changes in Foreign Exchange Rates</i>	Translation to a Hyperinflationary Presentation Currency	1. 1. 2027	No

The Company anticipates that the adoption of these new standards and amendments to the existing standards will have no material impact on the financial statements of the Company in the period of initial application.

6. Segment Information

(a) Description of products and services from which each reportable segment derives its revenue

The Company is organised based on one main business segment - Natural gas transmission (representing natural gas transmission services).

Revenues from core activities comprise revenues from international transit, domestic transmission and other. In 2025, revenues from international transit represented 13 %, revenues from domestic transmission amounted to 86 % and other revenues represented 1% of the Company's revenues from core activities (In 2024, revenues from international transit represented 13%, revenues from domestic transmission amounted to 86% and other revenues represented 1% of the Company's revenues from core activities).

(b) Factors that management used to identify the reportable segments

Refer to the information in Note 4.

(c) Information about reportable segment profit or loss, assets, and liabilities

The Company is considered as one reportable segment. Segment information for the reportable segment for the years ended 31 December 2025 and 31 December 2024 is set out below:

In millions of Czech crowns	Natural gas transmission	Natural gas transmission
	2025	2024
Revenues from core activities	6,460	5,136
Other operating income	356	252
Other finance income	447	826
Total segment income	7,263	6,214
Raw materials consumed	103	101
Employee benefits	667	542
Depreciation and amortisation	2,443	2,494
Services purchased and lease charges	553	405
Changes in fair value of derivatives, net	(860)	(96)
Foreign exchange differences, net	398	54
Other operating expenses	70	72
Income tax expense	184	(61)
Finance costs	1,632	2,786
Segment profit for the year	2,073	(83)
Segment other comprehensive income for the year	(137)	(119)
Segment total comprehensive income for the year	1,935	(202)
Capital expenditures – additions at cost (Note 8, 9)	713	490

In millions of Czech crowns	Natural gas transmission	Natural gas transmission
	31 December 2025	31 December 2024
Total reportable segment Assets	59,173	67,729
Total reportable segment Liabilities	39,488	49,979

Capital expenditure represents additions to non-current assets other than financial instruments and deferred tax assets.

(d) Geographical information

Total revenues for geographical areas for which the revenues are material are reported separately and disclosed below.

The analysis is based on the registered office of shippers (users of the transmission system that is operated by the Company in the Czech Republic).

In millions of Czech crowns	2025	2024
Czech Republic	5,469	4,260
Other EU countries	748	720
Non-EU countries	243	156
Total revenues from core activities	6,460	5,136

Capital expenditure for each individual country is reported separately as follows:

In millions of Czech crowns	2025	2024
Czech Republic	713	490
Total capital expenditure – additions at cost (Note 8, 9)	713	490

The analysis is based on the location of assets. Capital expenditure represents additions to non-current assets other than financial instruments and deferred tax assets.

(e) Significant customers

Revenues from customers that represent 10% or more of the total revenues are as follows:

In millions of Czech crowns	2025	2024
Customer 1	4,426	3,260
Customer 2	659	–
Total revenues from significant customers	5,085	3,260

Revenues comprise only revenues from core activities. Entities known to the Company as being under common control are considered for the year 2025 as a single customer.

7. Balances and Transactions with Related Parties

Parties are generally considered to be related if the parties are under common control or if one party has the ability to control the other party or can exercise significant influence or joint control over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

The Company is fully owned by NET4GAS Holdings and NET4GAS Holdings is the ultimate parent company of the Company.

The Company’s balances and transactions with subsidiaries of ultimate parent of ČEPS, a. s. are disclosed below within the category Subsidiaries of joint ventures’ ultimate parents.

At 31 December 2025, the outstanding balances with related parties are as follows:

In millions of Czech crowns	Subsidiary	Subsidiaries of joint ventures’ ultimate parents	Immediate parent
Gross value of trade and other receivables			
BRAWA, a.s.	1	–	–
OTE, a.s. - services	–	2	–
Loans to related parties (Note 13)			
NET4GAS Holdings, s.r.o.	–	–	4
BRAWA, a.s.	–	–	–
Lease liability (Note 19)			
BRAWA, a.s. – non-current	6,285	–	–
– current	144	–	–
Borrowings (Note 18)			
NET4GAS Holdings, s.r.o.	–	–	–
BRAWA, a.s. – cash-pooling including interest	524	–	–
Gross value of trade and other payables			
BRAWA, a.s. – pipeline rent 11/2025, 12/2025	103	–	–

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

In millions of Czech crowns	Subsidiary	Immediate parent
Purchases / expenses		
BRAWA, a.s. – interest expense from lease	393	–
BRAWA, a.s. – interest expense from cash-pooling	20	–
BRAWA, a.s. – services	114	–
Other revenues / gains / received payments		
NET4GAS Holdings, s.r.o. – services and cash-pool interest	–	1
NET4GAS Holdings, s.r.o. – other	–	–
BRAWA, a.s. – services	3	–
BRAWA, a.s. – dividends	343	–
BRAWA, a.s. – payment received from decreased capital contributions outside share capital	180	–

The transactions within the Company’s equity are disclosed in Note 17.

At 31 December 2024, the outstanding balances with related parties are as follows:

In millions of Czech crowns	Subsidiary	Subsidiaries of joint ventures’ ultimate parents	Immediate parent
Gross value of trade and other receivables			
BRAWA, a.s.	–	–	–
OTE, a.s. – services	–	32	–
Loans to related parties (Note 13)			
NET4GAS Holdings, s.r.o.	–	–	–
BRAWA, a.s.	–	–	–
Lease liability (Note 19)			
BRAWA, a.s. – non-current	6,234	–	–
– current	109	–	–
Borrowings (Note 18)			
NET4GAS Holdings, s.r.o.	–	–	2
BRAWA, a.s. – cash-pooling	573	–	–
Gross value of trade and other payables			
BRAWA, a.s. – pipeline rent 11/2024, 12/2024	104	–	–
BRAWA, a.s. – interest on borrowings	2	–	–

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

In millions of Czech crowns	Subsidiary	Immediate parent
Purchases / expenses		
BBRAWA, a.s. – interest expense from lease	400	–
BRAWA, a.s. – interest expense from cash-pooling	28	–
BRAWA, a.s. – services	109	–
Other revenues / gains / received payments		
NET4GAS Holdings, s.r.o. – services + cash-pooling interest	–	–
NET4GAS Holdings, s.r.o. – other	–	–
BRAWA, a.s. – services	3	–
BRAWA, a.s. – dividends	250	–
BRAWA, a.s. – payment received from decreased capital contributions outside share capital	230	–

The transactions within the Company’s equity are disclosed in Note 17.

At 31 December 2025 and 2024 the Company did not have any other rights and obligations connected to related parties.

Key management compensation is presented below:

In millions of Czech crowns	2025		2024	
	Expense	Accrued liability	Expense	Accrued liability
<i>Short-term employee benefits:</i>				
– Salaries	50	3	75	4
– Short-term bonuses	11	16	14	15
<i>Other long-term employee benefits:</i>				
– Long-term bonus scheme	2	–	8	21
– Defined contribution benefits	8	4	7	3
Total	71	23	104	43

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

Key management represents Statutory Directors (or employees authorised to manage a department) and managers directly reporting to them.

8. Property, Plant and Equipment

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

In millions of Czech crowns	Land	Buildings and constructions	Buildings and constructions – right of use	Plant and equipment	Plant and equipment – rights of use	Construction in progress	Total
Cost at 31 December 2023	327	71,648	8,049	9,789	99	729	90,642
Accumulated depreciation	–	(30,427)	(1,426)	(7,179)	(42)	–	(39,074)
Carrying amount at 1 January 2024	327	41,221	6,623	2,610	57	729	51,567
Cost:							
Additions	–	–	12	–	10	454	476
Capitalised interest expense	–	5	–	–	–	(5)	–
Transfers	–	470	–	192	–	(662)	–
Others	–	–	–	–	–	–	–
Disposals	–	–	–	(21)	(14)	–	(35)
Accumulated depreciation:							
On disposals	–	–	–	21	14	–	35
Others	–	–	–	–	–	–	–
Depreciation charge	–	(1,844)	(128)	(434)	(21)	–	(2,427)
Carrying amount at 31 December 2024	327	39,852	6,507	2,368	46	516	49,616
Cost at 31 December 2024	327	72,123	8,061	9,960	95	516	91,082
Accumulated depreciation	–	(32,271)	(1,554)	(7,592)	(49)	–	(41,466)
Carrying amount at 1 January 2025	327	39,852	6,507	2,368	46	516	49,616
Cost:							
Additions	–	–	4	–	4	683	691
Capitalised interest expense	–	2	–	4	–	(6)	–
Transfers	1	288	–	291	–	(580)	–
Others	–	–	–	–	–	–	–
Disposals	–	–	–	(14)	(1)	–	(15)
Accumulated depreciation:							
On disposals	–	–	–	14	1	–	15
Others	–	–	–	–	–	–	–
Depreciation charge	–	(1,841)	(129)	(392)	(21)	–	(2,383)
Carrying amount at 31 December 2025	328	38,301	6,382	2,271	29	613	47,924
Cost at 31 December 2025	328	72,413	8,065	10,241	98	613	91,758
Accumulated depreciation at 31 December 2025	–	(34,112)	(1,683)	(7,970)	(69)	–	(43,834)

The Company is a tenant of the office space and parking spaces in the Kavčí Hory Office Park building. The rental period is 19 years, with the possibility of an extension. In the past, the Company has used this option and intends to use it again in the future.

The Company rents passenger cars, especially for the employees’ business trips. The rental period is in the range of two to seven years, and during this period, the ownership of the vehicles belongs to the lessor. At the end of the lease period, the car is returned to the lessor, and a new lease is usually arranged for the new vehicle. Due to many rented cars, the Company chose to use the portfolio approach for their valuation, recognition, and derecognition.

The Company rents the GAZELLE pipeline. The lease is recorded in the books as a right of use and is amortised on a straight-line basis.

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted interest rate applicable to the entity’s general borrowings during the year and was 3,77 % in 2025 (2024: 4.33 %).

The Company invested a total of CZK 691 million in property, plant and equipment (additions of property, plant and equipment – at cost) in 2025 (2024: CZK 476 million). The total commissioning was CZK 586 million (2024: CZK 662 million), of which CZK 178 million was invested in the ‘Blend’ project – a project related to preparing the transition to a hydrogen gas blend – and CZK 408 million to the other projects.

As at 31 December 2025, the total amount of construction in progress was CZK 613 million, which consisted mainly of project to prepare the transition to 100% hydrogen of CZK 162 million and project for preparing the transition to a hydrogen gas blend of CZK 66 million. Other items include low-value projects.

9. Intangible Assets

In millions of Czech crowns	Acquired software licences	Development costs	Other	Assets under construction	Total
Cost at 31 December 2023	705	46	22	10	783
Accumulated amortisation at 31 December 2023	(546)	(46)	(22)	–	(614)
Additions at cost:					
Additions	–	–	–	14	14
Transfers	13	–	–	(13)	–
Disposals at cost	(1)	(1)	(1)	–	(3)
Amortisation:					
Accumulated amortisation on disposals	1	1	1	–	3
Amortisation charge	(67)	–	–	–	(67)
Carrying amount at 31 December 2024	105	–	–	11	116
Cost at 31 December 2024	717	45	21	11	794
Accumulated amortisation at 31 December 2024	(612)	(45)	(21)	–	(678)
Additions at cost:					
Additions	–	–	–	22	22
Transfers	17	–	–	(17)	–
Disposals at cost	–	–	(2)	–	(2)
Amortisation:					
Accumulated amortisation on disposals	–	–	2	–	2
Amortisation charge	(60)	–	–	0	(60)
Carrying amount at 31 December 2025	62	–	–	16	78
Cost at 31 December 2025	734	45	19	16	814
Accumulated amortisation at 31 December 2025	(672)	(45)	(19)	–	(736)

The Company invested a total of CZK 22 million in intangible assets (additions of intangible fixed assets – at cost) in 2025 (2024: CZK 14 million). The total commissioning was CZK 17 million (2024: CZK 13 million), of which CZK 5 million was invested in the Capacity Management System (CaMS) project and CZK 12 million to the other projects.

10. Investment in Subsidiary

The Company’s interest in its subsidiary as at 31 December 2025 was as follows:

Name	Activity	Carrying amount of the investment (CZK million)	% of voting rights (if different)	Principal place of business	% ownership interest held	% of voting rights (if different from % ownership interest held)
Subsidiary:						
BRAWA, a.s.	Owner of the GAZELLE natural gas pipeline which is rented to the Company	5,425	100 %	Czech Republic	100 %	100 %
Total		5,425				

The Company’s interest in its subsidiary as at 31 December 2024 was as follows:

Name	Activity	Carrying amount of the investment (CZK million)	% of voting rights (if different)	Principal place of business	% ownership interest held	% of voting rights (if different from % ownership interest held)
Subsidiary:						
BRAWA, a.s.	Owner of the GAZELLE natural gas pipeline which is rented to the Company	5,605	100 %	Czech Republic	100 %	100 %
Total		5,605				

BRAWA, a.s. with its registered office at Na Hřebenech II 1718/18, Prague – Nusle was incorporated on 27 October 2010. The company was registered in the Commercial Register maintained by the Municipal Court in Prague, section B, insert 16622, on 10 November 2010.

11. Other Non-Current Assets

In millions of Czech crowns	31 December 2025	31 December 2024
Advances for acquisition of non-current assets	1	1
Total other non-current assets	1	1

12. Inventories

In millions of Czech crowns	31 December 2025	31 December 2024
Raw materials	205	190
Total inventories	205	190

Raw materials are mainly spare parts for the gas transmission system. There are no inventories valued at net realisable value as at 31 December 2025 and 2024.

13. Loans to Related Parties

In millions of Czech crowns	31 December 2025	31 December 2024
Short-term loans to related parties (cash-pooling BRAWA)	0	0
Short-term loans to related parties (cash-pooling NET4GAS Holdings)	4	0
Total loans to related parties	4	0

Loans to related parties are provided on the basis of the Loan Agreement dated 11 November 2013 and are of short-term nature.

Analysis of the credit quality of outstanding loans: there are no collaterals related to the above-mentioned loans.

Refer to Note 35 for the estimated fair value of each class of loans.

Interest rate analysis of loans is disclosed in Note 33 - Interest rate risk. Information on related party transactions is disclosed in Note 7.

14. Trade and Other Receivables

Analysis by credit quality of trade and other receivables is as follows:

In millions of Czech crowns	31 December 2025 Trade and estimated receivables	31 December 2024 Trade and estimated receivables
Neither past due nor impaired – exposure to		
– Between A- and BBB-*	81	89
– Not rated	27	1
Total neither past due nor impaired	108	90
Past due but without impairment		
– less than 30 days overdue	–	–
– between 30 - 60 days overdue	–	1
– 60 days or more overdue	–	–
Total past due	–	1
Individually determined to be impaired (gross)		
– 360 days or more overdue	108	110
Total individually impaired	108	110
Less impairment provision	(108)	(110)
Total net trade and other receivables **	108	91

* Rating disclosed is based on the equivalent credit rating from the third party rating agencies defined in the Network Code approved by ERO (Energy Regulatory Office) which is applicable for the Company.

** Impairment was recorded in accordance with the policy described in Note 3 t) u)

15. Other Non-Financial Assets

Other Non-Financial Assets are the following:

In millions of Czech crowns	31 December 2025	31 December 2024
Deferred income - interest	92	—
Deferred expenses	30	255
Others	4	—
Total other non-financial assets	126	255

16. Cash and Cash Equivalents, Other Financial Assets

In millions of Czech crowns	31 December 2025	31 December 2024
Other financial assets	3,300	7,589
Bank balances available on demand	1,716	3,731
Total cash and cash equivalents, other financial assets	5,016	11,320

The credit quality of cash, cash equivalents balances and other financial assets (fixed-term deposits with maturity longer than 3 months) may be summarised as follows:

In millions of Czech crowns	31 December 2025	31 December 2024
<i>Neither past due nor impaired</i>		
- A+ to A- rated	5,016	11,320
- BBB+ to BBB- rated	—	—
Total	5,016	11,320

17. Equity

The Company is a limited liability company und has issued no shares. Rights attached to a share in equity correspond to the ownership interest.

On 16 April 2025, the Sole Shareholder of the Company decided on the transfer of the 2024 loss of CZK (83) million to retained earnings of previous years.

Description of the nature and purpose of individual funds is provided below the table.

In millions of Czech crowns	Capital contributions outside registered capital	Cash flow hedges	Total other reserves
Balance as at 31 December 2023	6,617	547	7,164
Revaluation gains or losses - hedge accounting	—	(151)	(151)
Revaluation gains or losses - revenues	—	23	23
Revaluation gains or losses - costs	—	(23)	(23)
Deferred tax effect	—	32	32
Balance as at 31 December 2024	6,617	428	7,045
Revaluation gains or losses - hedge accounting	—	(174)	(174)
Revaluation gains or losses - revenues	—	47	47
Revaluation gains or losses - costs	—	(47)	(47)
Deferred tax effect	—	37	37
Balance as at 31 December 2025	6,617	290	6,907

Capital contributions other than to registered capital

Capital contributions other than to registered capital include cash and non-cash capital contributions that do not increase the value of the registered capital.

In 2025 and 2024, no contributions were received or reductions paid.

Cash flow hedges

Cash flow hedges are used to recognise gains or losses on hedging instruments that are designated and qualify as cash flow hedges in other comprehensive income (effective portion), as described in Note 33 – Hedging of currency risk, Hedging of interest rate risk. Amounts are reclassified to profit or loss (line Revenue or Finance costs/Finance income) when the associated hedged transaction affects profit or loss.

18. Borrowings

In millions of Czech crowns	31 December 2025	31 December 2024
Short-term borrowings from related parties (cash pooling BRAWA)	524	573
Short-term borrowings from related parties (cash pooling NET4GAS Holdings)	—	2
Current portion of bonds and bank borrowings		
– CZK denominated bank borrowings (repayable on 26 May 2025, 31 July 2028)*	65	7,176
– CZK denominated bonds (repayable on 17 July 2025)	—	2,675
– EUR denominated bonds (repayable on 28 July 2026) – issued in 2014	3,932	55
– EUR denominated bonds (repayable on 28 July 2026) – issued in 2015	1,226	14
– CZK denominated bonds (repayable on 28 January 2028)*	79	93
– CZK denominated bonds (repayable on 28 January 2031)*	174	170
Non-current bonds and bank borrowings		
– CZK denominated bank borrowing (repayable on 31 July 2028)	7,383	7,385
– CZK denominated bonds (repayable on 17 July 2025)	—	—
– EUR denominated bonds (repayable on 28 July 2026) – issued in 2014	—	4,025
– EUR denominated bonds (repayable on 28 July 2026) – issued in 2015	—	1,258
– CZK denominated bonds (repayable on 28 January 2028)	4,092	4,092
– CZK denominated bonds (repayable on 28 January 2031)	6,881	6,882
Total borrowings – current	6,000	10,758
Total borrowings – non-current	18,356	23,642
Total borrowings	24,356	34,400

* Current portion of bonds represents coupon interest payments due in 12 months.

Bank borrowings and bonds

The borrowings as at 31 December 2025 included a bank borrowing acquired in 2020 and bonds issued in 2014, 2015 and 2021.

In April 2025, the Company has committed a new long-term bank facility with a drawdown period extending through July 2026. The total credit line for the new long-term loan, provided by a consortium of domestic banks to refinance existing debt, is CZK 4,000 million. The loan is due on 10 April 2032. As of 31 December 2025, this loan had not been drawn down. In May 2025, the company repaid a long-term bank loan in the amount of CZK 7,074 million. In July 2026, the company repaid bond No. 5 in the amount of CZK 2,643 million.

Five banks with different shares participated in the total bank borrowings as at 31 December 2025 (six banks as at 31 December 2024).

There is no collateral related to the above-mentioned bank borrowings or bonds.

The Company’s senior debts are all issued at pari-passu. The drawn bank borrowing has no quantitative financial covenants. There are several qualitative covenants applied, i.e. negative pledge, change of control put and redemption on loss of license. Violation of these covenants can lead to immediate maturity of the debt.

The Company’s right to lien its property in favour of another creditor is restricted due to conditions stated in bank and bond financing contracts.

Bank borrowings denominated in foreign currency represent a constituent of hedge accounting, which represents the hedging instrument for securing foreign exchange risk associated with selected future cash flows resulting from natural gas transmission revenues (cash flow hedge) – Note 33 – Hedging of currency risk, Hedging of interest rate risk.

Bonds issued may be analysed as follows:

In millions of Czech crowns					
	Issue nominal value	Due date	Annual coupon repayment due date	31 December 2025	31 December 2024
Bond EUR, serial no. 2, ISIN XS1090449627**	EUR 160,000,000	28 Jul 2026	Each 28 Jul in arrears	3,932	4,080
Bond EUR, serial no. 4, ISIN XS1172113638**	EUR 50,000,000	28 Jul 2026	Each 28 Jul in arrears	1,226	1,272
Bond CZK, domestic, serial no. 5, ISIN CZ0003519472*	CZK 2,643,000,000	17 Jul 2025	Each 17 Jul in arrears	—	2,675
Bond CZK, domestic, serial no. 6, ISIN CZ0003529786*	CZK 4,098,000,000	28 Jan 2028	Each 28 Jan/Jul in arrears	4,171	4,185
Bond CZK domestic, serial no. 7, ISIN CZ0003529794*	CZK 6,900,000,000	28 Jan 2031	Each 28 Jan/Jul in arrears	7,055	7,052
Total bonds				16,384	19,264

* Bonds issued in denominations of CZK 3,000,000.

** Bonds issued in denominations of EUR 100,000.

Coupon rates of the above-mentioned bonds are in the range of 2.745% – 5.36% p.a. The weighted average interest rate of the Company’s bonds in 2025 was 3.60% for CZK-denominated bonds and 3.43% for EUR-denominated bonds (3.60% for CZK-denominated bonds and 3.43% for EUR-denominated bonds in 2024). The terms of issue of all the above stated bonds have been approved by the decision of the Central Bank of Ireland (serial no. 2 and 4) or the Czech National Bank (domestic bond, serial no. 6-7).

The bonds with serial no. 2 were accepted for trading on a regulated market of the Irish Stock Exchange on 28 July 2014. The 2015 bonds, serial no. 4, were issued via private placement. Domestic “CZ” bonds were accepted for trading on a regulated market of the Prague Stock Exchange on 28 January 2021 (bonds with serial no. 6-7). Domestic bonds (serial no. 5) were withdrawn from trading on the regulated market of the Prague Stock Exchange on 16 June 2025.

The fair value of borrowings is disclosed in Note 35.

19. Lease Liability

Minimum lease payments under leases and their present values are as follows:

In millions of Czech crowns	Due in 1 year	Due between 1 and 5 years	Due after 5 years	Total
Minimum lease payments at 31 December 2025	536	2,486	14,629	17,651
Less future finance charges	392	1,843	8,987	11,222
Present value of minimum lease payments at 31 December 2025	144	643	5,642	6,429
Minimum lease payments at 31 December 2024	547	2,535	15,115	18,197
Less future finance charges	400	1,881	9,341	11,622
Present value of minimum lease payments at 31 December 2024	147	654	5,774	6,575

Leased assets with a carrying amount disclosed in Note 8 are effectively pledged for lease liabilities as rights to the leased asset revert to the lessor in the event of default.

Total interest expense on lease liabilities amounted to CZK 400 million in the 2025 reporting period (CZK 408 million in 2024).

The cost of leases of low-value assets was CZK 1 million in the 2025 reporting period (CZK 1 million in 2024).

Costs related to variable lease payments amounted to CZK 0 million in the 2025 reporting period (CZK 0 million in 2024).

The Company's total expenditure on leases in 2025 was CZK 549 million (CZK 556 million in 2024).

20. Government and Other Subsidies (Grants)

In 2025, the Company received grants from the European Commission for construction projects of CZK 2 million and, upon meeting the relevant conditions, will deduct the value of the respective grants from the carrying amount of the applicable tangible fixed assets.

In millions of Czech crowns	31 December 2025	31 December 2024
Subsidies (Grants)	2	0
Total subsidies	2	0

21. Other Taxes Payable

In millions of Czech crowns	31 December 2025	31 December 2024
Other taxes payable within one year comprise:		
Employee income tax	5	5
Social and health insurance	18	16
Value added tax	65	45
Other taxes payable - current	88	66

22. Provisions

	2025		2024	
	Current	Non-current	Current	Non-current
In millions of Czech crowns				
Carrying amount at January 1	—	—	16	—
Additions charged to profit or loss	150	—	—	—
Unused amounts reversed	—	—	(16)	—
Amounts used during the year	—	—	—	—
Carrying amount at December 31	150	—	—	—

23. Trade and Other Payables

In millions of Czech crowns	31 December 2025	31 December 2024
Trade payables - purchased property, plant and equipment	142	75
Trade payables - other	195	223
Estimated payables - purchased property, plant and equipment	14	21
Estimated payables - other	90	46
Received deposits from customers	301	226
Other financial liabilities	—	2
Total payables within trade and other payables - current	742	593
Other payables	2	2
Total payables within other payables - non-current	2	2

24. Accrued Employee Benefits

In millions of Czech crowns	31 December 2025	31 December 2024
Employee benefits		
– Salaries and bonuses*	98	89
– Defined contribution costs – retirement compensation	9	9
– Untaken holiday costs	13	13
– Unused leisure-time benefits	—	—
Total employee benefits - current	120	111

* Salaries and bonuses in 2025 include estimates for extraordinary bonuses in the amount of CZK 19 million (CZK 19 million in 2024).

In millions of Czech crowns	31 December 2025	31 December 2024
Employee benefits – other long-term benefits	109	113
Total employee benefits - non-current	109	113

25. Other Non-Financial Liabilities

In millions of Czech crowns	31 December 2025	31 December 2024
Received advances for ordered gas transit and gas transport services.	47	34
Total other non-financial liabilities - current	47	34

26. Expenses

In millions of Czech crowns	2025	2024
Raw materials consumed*	103	101
Salaries	459	381
Statutory and private pension contribution	208	161
Employee benefits**	667	542
Depreciation and amortisation	2,443	2,494
Gains less losses on disposal of property, plant and equipment	—	—
Impairment loss on receivables	—	—
Repairs and maintenance services	216	162
IT & Telecommunications expenses	102	97
Consultancy and advisory services	47	85
Lease charges	28	28
Marketing	8	7
Other services	152	26
Services purchased and lease charges	553	405
Losses / (gains) on derivative financial instruments, net	(860)	(96)
Foreign exchange differences, net	398	54
Other expenses	70	72
Total operating expenses	3,374	3,572

* Represents mainly consumption of natural gas.
** Excluding costs capitalised as part of the acquisition of fixed assets (2025: CZK 87 million, 2024: CZK 136 million).

27. Other Operating Income

In millions of Czech crowns	2025	2024
Dividend from subsidiary	343	250
Other operating income	13	2
Total other operating income	356	252

28. Finance Income

In millions of Czech crowns	2025	2024
Financial instruments measured at amortised cost:		
Interest income on other financial assets	447	826
Foreign Exchange Differences (see Note 32)	—	—
Total finance income recognised in profit and loss	447	826

29. Finance Costs

In millions of Czech crowns	2025	2024
Financial instruments measured at amortised cost:		
Interest expense – lease	400	408
Interest expense – other	1,180	1,694
Financial instruments measured at FVTPL:		
FX differences – hedging activities	—	661
Other finance costs	52	23
Total finance costs recognised in profit or loss	1,632	2,786

30. Income Taxes

(a) Components of income tax expense

Income tax expense / (credit) recorded in profit or loss comprises the following:

In millions of Czech crowns	2025	2024
Adjustment in respect of current income tax from prior year	—	—
Current income tax payable	297	—
Deferred income tax	(113)	(61)
Income tax expense for the year in the statement of profit and loss	184	(61)

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

The income tax rate applicable to the majority of the Company’s 2025 income is 21% (for 2024: 21%). The reconciliation between the expected and the actual tax charge is provided below.

In millions of Czech crowns	2025	2024
Profit before tax	2,257	(144)
Theoretical tax charge at statutory rate of 21%	474	—
Tax effect of items which are not deductible or assessable for income tax purposes:		
– Non-taxable items – Dividend income from subsidiary	(72)	(53)
– Impact of non-deductible items	(218)	(8)
Difference between current income tax provision and final current income tax return	—	—
Income tax expense for the year	184	(61)

(b) Deferred taxes analysed by type of temporary difference

Differences between IFRS and tax regulation in the Czech Republic give rise to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. The tax effect of the movements in these temporary differences is detailed below.

In millions of Czech crowns	1 January 2025	(Charged) / credited to profit or loss	(Charged) / credited to other comprehensive income	31 December 2025
Tax effect of deductible / (taxable) temporary differences				
Difference between tax and accounting carrying amounts of property, plant and equipment (different tax depreciation)	(6,374)	100	–	(6,274)
Other liabilities; tax deductible in different periods	73	13	–	86
Provisions for liabilities and charges	–	–	–	–
Cash flow hedges	(114)	113	(76)	(77)
Net deferred tax asset / (liability)	(6,415)	226	(76)	(6,265)

Management estimates that net deferred tax liabilities of CZK 6,265 million (2024: CZK 6,415 million) are recoverable after more than twelve months after the end of the reporting period.

The tax effects of the movements in the temporary differences for the year ended 31 December 2024 were:

In millions of Czech crowns	1 January 2024	(Charged) / credited to profit or loss	(Charged) / credited to other comprehensive income	31 December 2024
Tax effect of deductible / (taxable) temporary differences				
Difference between tax and accounting carrying amounts of property, plant and equipment (different tax depreciation)	(6,448)	74	–	(6,374)
Other liabilities; tax deductible in different periods	85	(12)	–	73
Provisions for liabilities and charges	–	–	–	–
Cash flow hedges	(145)	61	(30)	(114)
Net deferred tax asset / (liability)	(6,508)	123	(30)	(6,415)

(c) Tax effects on other comprehensive income

Disclosure of tax effects relating to cash flow hedge reserve:

In millions of Czech crowns	31 December 2025			31 December 2024		
	Before tax	Tax effects	After tax	Before tax	Tax effects	After tax
Cash flow hedge	367	(77)	290	542	(114)	428
Other comprehensive income for the period	367	(77)	290	542	(114)	428

Based on EU Council Directive 2022/2523 on ensuring a global minimum level of effective taxation of multinational groups of enterprises and large domestic groups, Act No. 416/2023 Coll., on top-up taxes for large multinational groups and large domestic groups, was adopted. The top-up taxes aim to stop competition between individual states regarding different corporate income tax rates by introducing a uniform minimum tax rate, which is intended to ensure a level playing field for entities worldwide and to enable individual states to better protect their tax revenues. Top-up taxes will be levied if the calculated effective tax rate in a given country is lower than 15%. The payers of top-up taxes are companies in a group whose consolidated annual revenues reported in the consolidated financial statements of the ultimate parent entity are

at least the equivalent of EUR 750 million in at least 2 of the 4 reporting periods immediately preceding the tax period in question.

The Company is a taxpayer of the top-up tax. The top-up tax was not taken into account in the calculation of deferred tax. The Company has no tax liability arising from top-up taxes for the years 2025 and 2024.

31. Contingencies and Commitments

Capital expenditure commitments. As at 31 December 2025, the Company has contractual investment obligations in respect of tangible fixed assets totalling CZK 147 million (31 December 2024: CZK 95 million). The commitments relate predominantly to the development projects. Leased assets with a carrying amount disclosed in Note 8 are effectively pledged for lease liabilities in the event of the lessor’s failure to fulfil the liability.

Guarantees. The Company did not recognise any obligations from financial guarantees as at 31 December 2025 and 31 December 2024.

Assets pledged and restricted. In connection with the Company’s bank borrowings, the Company’s right to lien its property in favour of another creditor is restricted.

Compliance with covenants. The Company is subject to certain qualitative covenants related to its borrowings. Non-compliance with such covenants may result in immediate maturity of the debt. The Company was in compliance with covenants at 31 December 2025 and 31 December 2024.

Other contingent liabilities. The Company did not recognise any other significant contingent liabilities as at 31 December 2025 and 31 December 2024.

32. Derivative Financial Instruments

The table below sets out an aggregate overview of fair values of currencies derivative assets or liabilities under financial derivative contracts entered into by the Company at the end of the reporting period. All derivative financial instruments are designated to hedge relationships. The table reflects gross positions and covers the contracts with settlement dates after the respective end of the reporting period.

Cross-currency interest rate swap and interest rate swap contracts are long-term while foreign exchange swaps contracts are short-term in nature. The respective part of fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months.

Cash flow hedge (IFRS 7 requirements for disclosures)

- Value of the hedged item used as a basis for recognising hedge ineffectiveness amounts to CZK 242 million as at 31 December 2025 (31 December 2024: CZK (405) million).
- The balance of the cash flow hedge reserve amounts to CZK 367 million (31 December 2024: CZK 541 million).
- The balance remaining in the cash flow hedge reserve from hedging relationships for which hedge accounting is no longer applied amounts to CZK 349 million (31 December 2024: CZK 0 million).
- Hedging loss of the reporting period that were recognised in other comprehensive income amount to CZK 174 million (31 December 2024: hedging loss CZK 151 million).
- Hedge ineffectiveness recognised in profit or loss amounts to CZK 24 million (31 December 2024: CZK 0 million).

The Company did not have any other derivative financial instruments besides cross-currency interest rate swaps and interest rate swap as at 31 December 2025.

31 December 2025				
In millions of Czech crowns	Current		Non-Current	
	Contracts with positive fair value	Contracts with negative fair value*	Contracts with positive fair value	Contracts with negative fair value*
Cross-currency interest rate swaps and interest rate swap at fair values for the reporting period:				
EUR/USD swap				
- USD payable on settlement (-)	—	(4,581)	—	—
- EUR receivable on settlement (+)	—	3,972	—	—
EUR/CZK swap				
- CZK payable on settlement (-)	—	(1,415)	—	—
- EUR receivable on settlement (+)	—	1,231	—	—
CZK interest rate swap				
- CZK payable on settlement (-)	—	—	—	—
- CZK receivable on settlement (+)	102	—	184	—
CZK/USD swap				
- USD payable on settlement (-)	—	—	—	—
- CZK receivable on settlement (+)	—	—	—	—
Total USD payable on settlement (-)	—	(4,581)	—	—
Total EUR receivable on settlement (+)	—	5,203	—	—
Total CZK payable on settlement (-)	102	(1,415)	184	—
Net fair value of cross-currency interest rate swaps and interest rate swap	102	(793)	184	—

* Negative fair value contracts include transactions with a negative total market revaluation at the balance sheet date.
Revaluation of cross-currency interest rate swaps and interest rate swap is divided into factors of individual currencies.

31 December 2024				
In millions of Czech crowns	Current		Non-Current	
	Contracts with positive fair value	Contracts with negative fair value*	Contracts with positive fair value	Contracts with negative fair value*
Cross-currency interest rate swaps at fair values for the reporting period:				
EUR/USD swap				
- USD payable on settlement (-)	—	(270)	—	(5,155)
- EUR receivable on settlement (+)	—	139	—	4,038
EUR/CZK swap				
- CZK payable on settlement (-)	—	(38)	—	(1,368)
- EUR receivable on settlement (+)	—	35	—	1,255
CZK interest rate swap				
- CZK payable on settlement (-)	—	—	—	—
- CZK receivable on settlement (+)	162	—	358	—
CZK/USD swap				
- USD payable on settlement (-)	—	(2,402)	—	—
- CZK receivable on settlement (+)	—	2,095	—	—
Total USD payable on settlement (-)	—	(2,672)	—	(5,155)
Total EUR receivable on settlement (+)	—	174	—	5,293
Total CZK payable on settlement (-)	162	2,057	358	(1,368)
Net fair value of cross-currency interest rate swaps and interest rate swap	162	(441)	358	(1,230)

* Negative fair value contracts include transactions with a negative total market revaluation at the balance sheet date.
Revaluation of cross-currency interest rate swaps and interest rate swap is divided into factors of individual currencies.

The Company had outstanding receivable and payable from foreign exchange swaps as at 31 December 2025.

	31 December 2025		31 December 2024	
In millions of Czech crowns	Contracts with positive fair value	Contracts with negative fair value	Contracts with positive fair value	Contracts with negative fair value
Foreign exchange forwards and swaps: fair values, as at the reporting period, of				
- USD receivable on settlement (+)	—	1,853	—	—
- CZK Payable on settlement (-)	—	(1,940)	—	—
Net fair value of foreign exchange forwards and swaps – current	—	(87)	—	—

Cross-currency interest rate swaps and currency forward contracts entered into by the Company are generally traded in an over-the-counter market with professional financial institutions on standardised contractual terms and conditions. Aforementioned financial instruments have potentially favourable (assets) or unfavourable (liabilities) conditions as a result of fluctuations in foreign exchange rates, interest rates or other variables relative to their terms. The aggregate fair values of derivative financial assets and liabilities can fluctuate significantly during the life-time of derivatives.

Cross-currency interest rate swaps

The nominal principal amounts of the outstanding cross-currency interest rate swap contracts at 31 December 2025 were EUR 210 million / USD 215 million / CZK 1 397 million (2024: EUR 210 million / USD 315 million / CZK 3,477 million). The nominal principal amounts of the outstanding currency forward contracts at 31 December 2025 were USD 90 million / CZK 1 940 million (the Company did not have any currency forwards contracts concluded in 2024). All cross-currency interest rate swaps have fixed interest rates on both legs. At 31 December 2025, the fixed interest rates vary from 2.745 % to 5.23 % p.a. (as at 31 December 2024: 2.745% to 5.23% p.a.).

The Company designates certain cross-currency interest rate swaps, in combination with bonds denominated in EUR, as a hedging instrument of a foreign exchange risk associated with highly probable forecasted cash flows from an issued bond (cash flow hedge – Note 33, Hedging of currency risk).

In 2021, the Company entered into a cross-currency interest rate swap with an effective period from 22 July 2021 to 26 May 2025 and a notional principal of USD 100 million. The derivative instrument is designated as a floating-to-fixed interest rate where the floating rate is 6M PRIBOR + 0.53% spread, and the fixed rate is 1.652% p.a. The cross-currency interest rate swap is part of the cash-flow hedge (Note 33 – Hedging of currency risk). As of 31 March 2025, part of the swap in the amount of USD 50 million was terminated early, with the fair value of the dissolved part being absorbed by the existing interest rate swap. On 26 May 2025, the remaining part (50%) of the swap in the amount of USD 50 million was settled.

Interest rate swap

In 2020, the Company entered into a forward starting interest rate swap with an effective period from 22 July 2021 to 22 July 2028 and a notional principal of CZK 7,400 million. The derivative instrument is designated as floating-to-fixed interest rate where the floating rate is 3M PRIBOR and the fixed rate is 2.120% p.a. (As of 31 March 2025, the rate increased from 1.662% to 2.120% as a result of the restructuring of the CZK/USD swap). The interest rate swap is part of the cash-flow hedge (Note 33 – Hedging of interest rate risk).

All derivatives are measured at FVTPL.

33. Financial Risk Management

The risk management function within the Company is carried out in respect of financial risks, operational risks, market risks and business risks. Financial risk comprises market risk (including currency risk and interest rate risk), credit risk and liquidity risk. Management sets a strategy for each of the risks, including a limit on open positions that may be accepted. The primary objectives of the financial risk management function are to set risk limits and then to ensure that exposure to risks stays within these limits. Monitoring is performed continuously but at least on a monthly basis.

Credit risk. Exposure to credit risk arises as a result of cash and cash equivalents held with banks, loans provided to related parties, trade receivables and other transactions with counterparties giving rise to an increase in financial assets.

The Company structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to counterparties. Limits on the level of credit risk are approved by management. The risks are monitored on a revolving basis and are subject to a monthly review. The Company is exposed to credit concentration risk considering the receivables from financial institutions.

The credit risk is mitigated by advance payments and a system of creditworthiness assessment which is applied to the Company's customers, suppliers of services with a potentially significant credit position and financial counterparties such as banks or insurance companies. The conditions are incorporated in the Network Code, relevant tender documentation and internal guidelines.

The Company's management reviews the ageing analysis of outstanding trade and other receivables and follows up on past due balances. Other relevant information on ageing and other information about credit risk is disclosed in Note 14 and in Note 16.

Market risks. The Company takes on exposure to market risks. Market risks arise from open positions in (a) foreign currencies and (b) interest bearing assets and liabilities, all of which are exposed to general and specific market movements.

Sensitivities to market risks included below are based on a change in a factor while holding all other factors constant. In practice this is unlikely to occur and changes in some of the factors may be correlated – for example, changes in interest rate and changes in foreign currency rates.

Currency risk. The Company's risk management policy is to hedge against foreign currency movements.

Management approves the strategy of the currency risk management. The positions are monitored continuously but at minimum on a monthly basis. The amount of risk is evaluated in terms of open positions.

The offsetting of currency positions is applied where possible. The outstanding positions are managed by means of buying or selling the relevant currency in the form of a short-term derivative forward or swap contract. The Company reports outstanding foreign exchange forwards and no foreign exchange swaps as at 31 December 2025. The Company reported no outstanding foreign exchange swaps and no foreign exchange forwards as at 31 December 2024.

The table below summarises the Company's exposure to foreign currency exchange rate risk (principal) at the end of the reporting period:

	At 31 December 2025					At 31 December 2024				
In millions of Czech crowns	Monetary financial assets	Monetary financial liabilities	Derivatives (assets)	Derivatives (liabilities)	Net position	Monetary financial assets	Monetary financial (liabilities)	Derivatives (assets)	Derivatives (liabilities)	Net position
US Dollars	2,710	—	1,857	4,436	131	1,971	—	—	7,635	(5,664)
Euros	192	5,158	5,091	—	125	68	5,280	5,289	—	77
Total exposed to currency risk	2,902	5,158	6,948	4,436	256	2,039	5,280	5,289	7,635	(5,587)
Czech crowns	2,227	26,373	—	3,337	(27,483)	9,372	35,801	2,080	1,397	(25,746)
Total	5,129	31,531	6,948	7,773	(27,227)	11,411	41,081	7,369	9,032	(31,333)

As at 31 December 2025 and 2024 the derivatives, i.e. in this case cross-currency interest rate swaps and foreign exchange forwards and swaps, were disclosed in their fair value revaluated to Czech crowns using the foreign exchange rate as at 31 December 2025 and 2024. The fair values are disclosed in Note 35.

The above analysis includes only monetary assets and liabilities. Investments in non-monetary assets are not considered to give rise to any currency risk.

Hedging of currency risk. The Company decided to introduce two cash-flow hedges to manage the foreign exchange currency risk in revenues in line with the Company risk management policy. The financial instruments designated as hedging instruments are represented by bonds maturing in 2026 denominated in EUR and cross-currency interest rate swaps EUR/USD (Note 18, Note 32). Due to cessation of USD payments in 2023, the relevant part of hedge reserve was released to profit and loss (note 32).

In 2015, the Company introduced a third cash-flow hedge. The financial instruments designated as hedging instruments are represented by cross-currency interest rate swap EUR/CZK (Note 18, Note 32). The hedged item is represented by cash flow related to the private placement EUR bond maturing in 2026. Gains and losses recognised in other comprehensive income will be continuously released to profit or loss within finance costs up until 2026 (Note 18, Note 32). There was no ineffectiveness to be recorded from cash flow hedges in 2025 and 2024.

In 2021, the Company introduced a new cash-flow hedge. The financial instruments designated as hedging instruments are represented by committed term loan maturing in 2025 and a cross-currency interest rate swap USD/CZK (Note 18, Note 32). Due to cessation of USD payments in 2023, the relevant part of the hedge reserve was released to profit and loss (Note 32).

The table below analyses the volume of hedged cash flows that were designated as hedged items:

	Within 1 year	1-3 years	3-5 years	5-10 years	Over 10 years	Total
In millions of Czech crowns						
31 December 2025						
Currency risk exposure:						
Hedging of future cash flows – future receivables USD	–	–	–	–	–	–
Hedging of future cash flows – future receivables EUR	–	–	–	–	–	–
Hedging of future cash flows – future payables EUR	(1,246)	–	–	–	–	(1,246)
TOTAL	(1,246)	–	–	–	–	(1,246)

	Within 1 year	1-3 years	3-5 years	5-10 years	Over 10 years	Total
In millions of Czech crowns						
31 December 2024						
Currency risk exposure:						
Hedging of future cash flows – future receivables USD	–	–	–	–	–	–
Hedging of future cash flows – future receivables EUR	–	–	–	–	–	–
Hedging of future cash flows – future payables EUR	(35)	(1,295)	–	–	–	(1,330)
TOTAL	(35)	(1,295)	–	–	–	(1,330)

No amount was reclassified from other comprehensive income to revenues in 2025 (2024: no reclassification). No amount was reclassified from other comprehensive income to finance income during 2025 (2024: no reclassification).

The following table presents sensitivities stress test of profit or loss or equity (cash flow hedge) to changes in exchange rates applied at the end of the reporting period relative to the functional currency, with all other variables held constant:

	At 31 December 2025		At 31 December 2024	
	Impact on profit or loss	Impact on equity	Impact on profit or loss	Impact on equity
In millions of Czech crowns				
US Dollar strengthening by 10%	(10)	–	(625)	–
US Dollar weakening by 10%	10	–	625	–
Euro strengthening by 10%	26	123	7	129
Euro weakening by 10%	(26)	(123)	(7)	(129)

The exposure was calculated only for monetary balances denominated in currencies other than the functional currency of the Company and for currency sensitive derivatives.

The Company’s exposure to currency risk with impact on profit or loss as at 31 December 2025 is influenced by (i) cash balances held in foreign currency and (ii) outstanding payables and receivables.

Hedging of interest rate risk. The Company’s bank borrowings are contracted at floating interest rates. Some instruments, such as bonds and fix-to-fix cross-currency interest rate swaps, are priced at fixed rates and are exposed to re-pricing risk at maturity. The fair value is (among other factors) also sensitive to interest rates through the discounted cash flow model which is used for the valuation (see Note 35b).

In 2021, the Company introduced additional, fourth, cash-flow hedge. The financial instrument designated as hedging instrument is represented by interest rate swap in CZK currency. The hedged item is represented by cash flow related to the new committed term loan maturing in 2028. Gains and losses recognised in other comprehensive income will be continuously released to profit or loss within finance costs up until 2028 (Note 18, Note 32). As of 31 March 2025, the rate increased from 1.662% to 2.120%. This restructuring changed the effectiveness of this hedge, which became ineffective, and the hedging relationship was terminated. At the same time, a new hedging relationship was established for the modified IRS, which is recognized in the Company’s hedge accounting and meets the conditions for effectiveness.

The table below summarises the Company’s exposure to interest rate risks (e.g. term deposits; bonds and borrowings from related parties on a fixed rate, both with re-pricing risk). The table presents the aggregated amounts of the Company’s financial assets and liabilities at carrying amounts, categorised by the earlier of contractual interest re-pricing or maturity dates.

	On demand and to 3 months	From 3 months to 12 months	From 12 months to 5 years	Over 5 years	Total
In millions of Czech crowns					
31 December 2025					
Financial assets – floating rate	236	–	–	–	236
Financial assets – fixed rate with re-pricing risk	1,480	3,300	–	–	4,780
Financial liabilities – floating rate	(4,760)	–	–	–	(4,760)
Financial liabilities – fixed rate	(244)	(5,088)	(7,383)	(6,881)	(19,596)
Financial liabilities – fixed rate with re-pricing risk- lease	(36)	(108)	(643)	(5,642)	(6,429)
Financial liabilities – interest rate pre-hedging*	–	–	–	–	–
Net interest sensitivity gap at 31 December 2025	(3,324)	(1,896)	(8,026)	(12,522)	(25,768)
31 December 2024					
Financial assets – floating rate	151	–	–	–	151
Financial assets – fixed rate with re-pricing risk	3,580	7,589	–	–	11,169
Financial liabilities – floating rate	(4,872)	(4,649)	–	–	(9,521)
Financial liabilities – fixed rate	(174)	(5,172)	(12,656)	(6,877)	(24,879)
Financial liabilities – fixed rate with re-pricing risk – lease	(37)	(110)	(654)	(5,774)	(6,575)
Financial liabilities – interest rate pre-hedging*	–	–	–	–	–
Net interest sensitivity gap at 31 December 2024	(1,352)	(2,342)	(13,310)	(12,651)	(29,655)

* Note 32 – Derivative Financial Instruments

As the Company’s bank assets and liabilities (borrowings) are directly exposed to the floating interest rate, the change in interest rates has an impact on the Company’s profit or loss for the current year.

The following table presents sensitivities of profit or loss to reasonably possible changes in short term interest rates applied at the end of the reporting period, with all other variables held constant:

At 31 December 2025	
In millions of Czech crowns	Impact on profit or loss
1M CZK PRIBOR increase by 25 bps	(6)
1M CZK PRIBOR decrease by 25 bps	6
1M EUR ESTR increase by 25 bps	–
1M EUR ESTR decrease by 25 bps	–
1M USD SOFR increase by 25 bps	7
1M USD SOFR decrease by 25 bps	(7)

At 31 December 2024	
In millions of Czech crowns	Impact on profit or loss
1M CZK PRIBOR increase by 25 bps	–
1M CZK PRIBOR decrease by 25 bps	–
1M EUR ESTR increase by 25 bps	–
1M EUR ESTR decrease by 25 bps	–
1M USD SOFR increase by 25 bps	5
1M USD SOFR decrease by 25 bps	(5)

The Company interest rate risk management policy requires that at least 70% of the interest rate exposure arising from bonds and term loans are at a fixed rate. The existing financing structure achieves this requirement.

The Company monitors interest rates for its financial instruments. The table below summarises effective interest rates at the respective end of the reporting period based on reports reviewed by key management personnel. Increase in effective interest rates in CZK in 2025 is due to the repayment of a long-term loan and a bond acquired in 2017 and 2019:

In % p.a.	31 December 2025			31 December 2024		
	CZK	USD	EUR	CZK	USD	EUR
Assets						
Cash and cash equivalents	3.30	3.43	1.80	3.80	4.45	2.85
Loans to related parties	4.84	n/a	n/a	n/a	n/a	n/a
Liabilities						
Borrowings	4.73	n/a	3.43	4.26	n/a	3.43
Lease liability	7.37	n/a	n/a	6.90	n/a	n/a

Liquidity risk. Liquidity risk is the risk that a Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company is exposed to daily calls on its available cash resources. Liquidity risk is managed by Treasury department of the Company and monitored in terms of monthly (one month forward), short-term (one year forward) and long-term (five years forward) forecasts. Management monitors short-term forecasts of the Company’s cash flows provided on a monthly basis.

The Company has such a liquidity position that is able to secure its operating funding needs through the cash collected from the business operations continuously throughout the year. The Company’s liquidity portfolio comprises cash and cash equivalents (Note 16) and bank term deposits and deposit bills. Management estimates that the liquidity portfolio can be realised in cash within a few days in order to meet unforeseen liquidity requirements.

The Company does not plan to pay out dividends before settling its debt due in 2026. Management believes that there is no material uncertainty that could affect the going concern principle in 2026.

The tables below show liabilities at 31 December 2025 and 2024 by their remaining contractual maturity. The amounts disclosed in the table below are the contractual undiscounted cash flows and gross loan commitments. Such undiscounted cash flows differ from the amount included in the balance sheet because the balance sheet amount is based on discounted cash flows. Financial derivatives are included in the contractual amounts to be paid or received unless the Company expects to close the derivative position before its maturity date in which case the derivatives are included based on the expected cash flows.

When the amount payable is not fixed, the amount disclosed is determined by reference to the conditions existing at the end of the reporting period. Foreign currency payments are translated using the spot exchange rate at the end of the reporting period.

The maturity analysis of financial liabilities at 31 December 2025 is as follows:

In millions of Czech crowns	Demand and to 3 months	From 3 months to 12 months	From 12 months to 5 years	Over 5 years	Total
Liabilities					
Bank borrowings, bonds and borrowings from related parties (Note 18)	890	5,599	13,137	7,089	26,715
Lease liability (Note 19)	36	108	643	5,641	6,428
Trade and other payables (Note 23)	742	–	2	–	744
Gross settled cross-currency interest rate swaps (Note 32)					
– inflows	(67)	(5,457)	(486)	–	(6,010)
– outflows	40	6,227	279	–	6,546
Total future payments, including future principal and interest payments	1,641	6,477	13,575	12,730	34,423

The maturity analysis of financial liabilities at 31 December 2024 is as follows:

In millions of Czech crowns	Demand and to 3 months	From 3 months to 12 months	From 12 months to 5 years	Over 5 years	Total
Liabilities					
ank borrowings, bonds and borrowings from related parties (Note 18)	980	10,480	19,116	7,279	37,855
Lease liability (Note 19)	37	110	654	5,774	6,575
Trade and other payables (Note 23)	593	–	2	–	595
Gross settled cross-currency interest rate swaps (Note 32)					
– inflows	(78)	(2,513)	(6,203)	–	(8,794)
– outflows	31	2,852	7,268	–	10,151
Total future payments, including future principal and interest payments	1,563	10,929	20,837	13,053	46,382

The net current liquidity position calculated as the difference between current assets and current liabilities at 31 December 2025 is a net current payable of CZK 2,908 million (31 December 2024: a net current payable of CZK 117 million).

Payments in respect of cross-currency interest rate swaps will be accompanied by related cash inflows.

The Company secured a new long-term bank loan in the amount of CZK 4,000 million to refinance its existing debt (Note 18).

34. Management of Capital

The Company’s objectives when managing capital are to safeguard the Company’s ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

According to the Company’s policy, capital structure consists mainly of equity, non-subordinated borrowings from banks, non-subordinated bonds and non-subordinated short-term borrowings from related parties.

In millions of Czech crowns	At 31 December 2025	At 31 December 2024
Equity	19,685	17,750
Non-subordinated borrowings from banks and bonds	23,832	33,825
Non-subordinated short-term borrowings from related parties	524	575
Total	44,041	52,150

The Company has complied with all covenants arising from the borrowings as at 31 December 2025 and 2024.

35. Fair Value of Financial Instruments

Fair value measurements are analysed by level in the fair value hierarchy. Management applies judgement in categorising financial instruments using the fair value hierarchy. If a fair value measurement uses observable inputs that require significant adjustment, that measurement is a Level 3 measurement. The significance of a valuation input is assessed against the fair value measurement in its entirety.

(a) Recurring fair value measurements

Recurring fair value measurements are those that the accounting standards require or permit in the balance sheet at the end of each reporting period.

(b) Financial instruments carried at fair value

Only derivatives are measured at fair value.

All recurring fair value measurements are categorised in the fair value hierarchy into level 2 as at 31 December 2025 and 2024.

There have been no changes in the valuation technique for level 2 since 31 December 2017.

The description of valuation technique and description of inputs used in the fair value measurement for level 2 measurements at 31 December 2025:

In millions of Czech crowns	Fair value	Valuation technique	Inputs used
Derivative financial instruments			
Cross-currency interest rate swap contracts	(793)	Discounted cash flow method	Czech National Bank foreign exchange rates, inter-bank swap rates
Interest rate swap contracts	286	Discounted cash flow method	Czech National Bank foreign exchange rates, inter-bank swap rates
Currency forward contracts	(87)	Discounted cash flow method	Czech National Bank foreign exchange rates, inter-bank swap rates
Total recurring fair value measurements at level 2	(594)		

The description of valuation technique and description of inputs used in the fair value measurement for level 2 measurements at 31 December 2024:

In millions of Czech crowns	Fair value	Valuation technique	Inputs used
Derivative financial instruments			
Cross-currency interest rate swap contracts	(1,671)	Discounted cash flow method	Czech National Bank foreign exchange rates, inter-bank swap rates
Interest rate swap contracts	521	Discounted cash flow method	Czech National Bank foreign exchange rates, inter-bank swap rates
Currency forward contracts	—	Discounted cash flow method	Czech National Bank foreign exchange rates, inter-bank swap rates
Total recurring fair value measurements at level 2	(1,150)		

The following table presents movements in fair values of derivative financial instruments:

In millions of Czech crowns	2025	2024
Opening balance	(1,150)	(433)
Change in fair value of contracts concluded and realised during the period	307	—
Settlement of contracts held at the beginning of the period	—	—
Change in unrealised gains or losses for the period included in other comprehensive income for contracts held at the end of the reporting period	249	(717)
Closing balance	(594)	(1,150)

(c) Non-recurring fair value measurements

There are no non-current assets held for sale or other items held for sale with non-recurring fair value measurements as at 31 December 2025 and 31 December 2024.

(d) Financial assets and liabilities not measured at fair value but for which fair value is disclosed

Fair values analysed by level in the fair value hierarchy and carrying value of assets and liabilities not measured at fair value are as follows:

In millions of Czech crowns	31 December 2025				31 December 2024			
	Level 1	Level 2	Level 3	Carrying value	Level 1	Level 2	Level 3	Carrying value
ASSETS								
<i>Other financial assets</i>								
- Loans to related parties	—	—	4	4	—	—	—	—
TOTAL ASSETS	—	—	4	4	—	—	—	—
LIABILITIES								
<i>Borrowings</i>								
- Borrowings from related parties - current - BRAWA	—	—	524	524	—	—	573	573
- Borrowings from related parties - current - NET4GAS Holdings	—	—	—	—	—	—	2	2
- Bank borrowings	—	—	7,467	7,448	—	—	14,595	14,561
- Bonds	3,820	10,429	—	16,384	3,814	13,660	—	19,264
<i>Lease liability</i>								
- Finance lease from BRAWA	—	—	5,476	6,234	—	—	5,857	6,344
TOTAL LIABILITIES	3,820	10,429	13,467	30,590	3,814	13,660	21,027	40,744

Trade and other receivables’ carrying values approximate to their fair values.

The fair values in level 1 of fair value hierarchy reflects the price of fixed interest rate bonds listed in active markets (in public stock exchanges).

The fair values in level 3 of fair value hierarchy were estimated using the discounted cash flows valuation technique. Inputs used for loans to related parties are market observable (market rates) adjusted by unobservable estimated credit spreads. Inputs used for bank borrowings, borrowings from related parties and leases are market observable (market rates) adjusted by unobservable estimated credit spreads.

The fair value of unquoted bonds was determined based on estimated future cash flows expected to be received, discounted by market observable yield curve adjusted by observable estimated spreads.

Financial assets measured at amortised cost. The estimated fair value of asset instruments is based on estimated future cash flows expected to be received, discounted at current interest rates for new instruments with similar credit risk and remaining maturity.

Financial liabilities measured at amortised cost. The estimated fair value of liability instruments is based on expected cash flows discounted at current interest rates for new instruments with similar credit risk and remaining maturity.

36. Subsequent Events

On 12 March 2026, Mr. Martin Durčák resigned from his position as a member of the Company’s Supervisory Board. This position is currently vacant.

Situation in the Middle East: the Company continuously monitors the situation in the Middle East as well as the security situation in the Czech Republic. Based on the facts known today, the Company does not anticipate that this situation will have a negative impact on it or on gas supplies to the Czech Republic.

No other events occurred after the balance sheet date that would have a significant impact on the financial statements

27 March 2026



Rastislav Jamrich
Executive



Milan Váša
Executive



Michal Slabý
Executive



Deloitte Audit s.r.o.
Churchill I
Italská 2581/67
120 00 Prague 2 – Vinohrady
Czech Republic

Tel: +420 246 042 500
DeloitteCZ@deloitteCE.com
www.deloitte.cz

Registered by the Municipal
Court in Prague, Section C,
File 24349
ID. No.:49620592
Tax ID. No.: CZ49620592

INDEPENDENT AUDITOR’S REPORT

To the Partner of
NET4GAS, s.r.o.

Having its registered office at: Na Hřebenech II 1718/8, 140 21 Praha 4 – Nusle

REPORT ON THE AUDIT OF THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the accompanying separate financial statements of NET4GAS, s.r.o. (hereinafter also the “Company”) prepared on the basis of IFRS Accounting Standards as adopted by the European Union, which comprise the balance sheet as at 31 December 2025, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the separate financial statements, including material accounting policy information.

We have also audited the accompanying consolidated financial statements of NET4GAS, s.r.o. and its subsidiary (the “Group”) prepared on the basis of IFRS Accounting Standards as adopted by the European Union, which comprise the consolidated balance sheet as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion:

- The accompanying separate financial statements give a true and fair view of the financial position of NET4GAS, s.r.o. as at 31 December 2025, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the European Union.
- The accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with the Act on Auditors, Regulation (EU) No. 537/2014 of the European Parliament and the Council, and Auditing Standards of the Chamber of Auditors of the Czech Republic, which are International Standards on Auditing (ISAs), as amended by the related application guidelines. Our responsibilities under this law and regulation are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic, as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate and consolidated financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited (DTTL), its global network of member firms, and their related entities (collectively, the “Deloitte organization”). DTTL (also referred to as “Deloitte Global”) and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.

Key Audit Matter	How it was addressed
Bank Loans and Bonds	
We refer to Note 18 of the separate financial statements and Note 17 of the consolidated financial statements.	We performed the following audit procedures:
The development and construction of the Company's/Group's natural gas transmission system in previous years were financed through bond issuances and bank loans. During 2025, the Company/Group duly repaid bank loans in the amount of CZK 7.1 billion and bonds in the amount of CZK 2.6 billion on their maturity dates of 26 May 2025 and 17 July 2025. Bonds issued in 2014 and 2015 with a nominal value of EUR 210 million (CZK 5.1 billion) will be due on 28 July 2026.	• We conducted interviews with management and those charged with governance, focusing on the Company's/Group's financing plans for the coming year. We reviewed the provided cash flow analyses for 2026; • We conducted an analysis of new loan agreements entered into between the Company/Group and banks in 2025 for a total of CZK 4 billion, which the Company/Group may draw down over the next 7 years; • We performed a mathematical recalculation of loans and bonds denominated in foreign currencies as of year-end and a mathematical recalculation of all the aforementioned cash flow projections and analyses; • We assessed whether the separate and consolidated financial statements include the required disclosures regarding the Company's/Group's bank loans and bonds in accordance with IFRS Accounting Standards as adopted by the European Union.
We consider the Company's/Group's ability to repay bank loans and bonds in future periods on their maturity dates to be a key audit matter.	

Other Information in the Consolidated Annual Report

In compliance with Section 2(b) of the Act on Auditors, the other information comprises the information included in the Consolidated Annual Report other than the separate or consolidated financial statements and auditor’s report thereon. The Statutory Executives are responsible for the other information.

Our opinion on the separate and consolidated financial statements does not cover the other information. In connection with our audit of the separate and consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate and consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. In addition, we assess whether the other information with the exception of the sustainability report has been prepared, in all material respects, in accordance with applicable law or regulation, in particular, whether the other information with the exception of the sustainability report complies with law or regulation in terms of formal requirements and procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with these requirements could influence judgments made on the basis of the other information.

Based on the procedures performed, to the extent we are able to assess it, we report that:

- The other information describing the facts that are also presented in the separate and consolidated financial statements is, in all material respects, consistent with the separate and consolidated financial statements.
- The other information with the exception of the sustainability report is prepared in compliance with applicable law or regulation.

In addition, our responsibility is to report, based on the knowledge and understanding of the Company and the Group obtained in the audit, on whether the other information contains any material misstatement of fact. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement of fact.

Responsibilities of the Company’s Statutory Executives, Supervisory Board and Audit Committee for the Financial Statements

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

In preparing the separate and consolidated financial statements, the Statutory Executives are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Statutory Executives either intend to liquidate the Company or the Group or to cease operations, or have no realistic alternative but to do so.

The Supervisory Board and Audit Committee are responsible for overseeing the Company's and Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the above law or regulation, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Statutory Executives.
- Conclude on the appropriateness of the Statutory Executives' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's or Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate or consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company or the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate or consolidated financial statements, including the disclosures, and whether the separate or consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the Group audit in such a way to obtain sufficient and appropriate audit evidence regarding the financial information of the accounting and organisational entities within the Group to provide a basis for forming an opinion on the Group financial statements. We are responsible for directing, supervising and controlling the audit work performed. We remain solely responsible for our audit opinion on the consolidated financial statements.

We communicate with the Statutory Executives, the Supervisory Board and the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Statutory Executives, the Supervisory Board and the Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In compliance with Article 10(2) of Regulation (EU) No. 537/2014 of the European Parliament and the Council, we provide the following information in our independent auditor's report, which is required in addition to the requirements of International Standards on Auditing:

Appointment of the Auditor and the Period of Engagement

We were appointed as the auditors of the Company by the General Meeting of Shareholders on 9 September 2025 and our uninterrupted engagement has lasted for eight years.

Consistence with the Additional Report to the Audit Committee

We confirm that our audit opinion on the financial statements expressed herein is consistent with the additional report to the Audit Committee of the Company, which we issued on 27 March 2026 in accordance with Article 11 of Regulation (EU) No. 537/2014 of the European Parliament and the Council.

Provision of Non-audit Services

We declare that no prohibited non-audit services referred to in Article 5 of Regulation (EU) No. 537/2014 of the European Parliament and the Council were provided to the Company. In addition, there are no other non-audit services which were provided by us to the Company and its controlled undertakings and which have not been disclosed in the annual report.

In Prague on 27 March 2026

Audit firm:

Deloitte Audit s.r.o.
registration no. 079



Statutory auditor:

David Batal
registration no. 2147





Consolidated Sustainability Report

of the NET4GAS Group
for 2025

Consolidated Sustainability Report of the NET4GAS Group for 2025

Contents

List of abbreviations	158
Foreword	160
ESRS 2	162
ESRS2. BP-1 General basis for preparation of sustainability statements	164
ESRS2. BP-2 Disclosures in relation to specific circumstances	164
ESRS2. GOV-1 The role of the administrative, supervisory and management bodies	166
ESRS2. GOV-2 Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	170
ESRS2. GOV-3 Integration of sustainability-related performance in incentive schemes	171
ESRS2. GOV-4 Statement on due diligence	171
ESRS2. GOV-5 Risk management and internal controls over sustainability reporting	171
ESRS2. SBM-1 Strategy, business model and value chain	172
PART 1: Strategy	172
PART 2: Business Model	175
PART 3: Value Chain	177
ESRS2. SBM-2 Interests and views of stakeholders	179
ESRS2. SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model	180
ESRS2. IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities	183
ESRS2. IRO-2 Disclosure Requirements in ESRS covered by the undertaking's sustainability statement	187
EU Taxonomy	194
Article 8 of the Taxonomy Regulation	196
Activities of the NET4GAS Group	197
KPIs and accounting policies	200
Table section of the Taxonomy Regulation	204
E1 – Climate change	208
E1. GOV-3 Integration of Sustainability-Related Performance in Incentive Schemes	210
E1. SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model	210
E1. IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities	213
E1-1 Transition plan for climate change mitigation	218
E1-2 Policies related to climate change mitigation and adaptation	218
E1-3 Actions and resources in relation to climate change policies	218
E1-4 Targets related to climate change mitigation and adaptation	220
E1-5 Energy consumption and mix	223
E1-6 Gross Scopes 1, 2, 3 and Total GHG emissions	224
E1-7 GHG removals and GHG mitigation projects financed through carbon credits	225

E1-8 Internal carbon pricing	226
E1-9 Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	226
S1 – Own workforce	228
S1. SBM-2 Interests and views of stakeholders	230
S1. SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model	230
S1-1 Policies related to own workforce	232
S1-2 Processes for engaging with own workforce and workers' representatives about impacts	233
S1-3 Processes to remediate negative impacts and channels for own workforce to raise concerns	233
S1-4 Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	234
S1-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	235
S1-6 Characteristics of the undertaking's employees	236
S1-7 Characteristics of non-employees in the undertaking's own workforce	237
S1-8 Collective bargaining coverage and social dialogue	238
S1-9 Diversity metrics	238
S1-10 Adequate wages	239
S1-11 Social protection	240
S1-12 Persons with disabilities	240
S1-13 Training and skills development metrics	241
S1-14 Health and safety metrics	241
S1-15 Work-life balance metrics	242
S1-16 Remuneration metrics (pay gap and total remuneration)	243
S1-17 Incidents, complaints and severe human rights impacts	243
G1 – Business conduct	246
G1. GOV-1 The role of the administrative, supervisory and management bodies	248
G1. IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities	248
G1-1 Business conduct policies and corporate culture	249
G1-2 Management of relationships with suppliers	251
G1-3 Prevention and detection of corruption and bribery	251
G1-4 Incidents of corruption or bribery	252
G1-5 Political influence and lobbying activities	253
G1-6 Payment practices	254
Cybersecurity	255
Persons responsible for the Consolidated Sustainability Report	257
Attachment: Independent Auditor's Report	258

List of abbreviations

APS	Announced Pledges Scenarios
BP	Basis for Preparation
BIA	Business Impact Analysis
CAPEX	Capital Expenditure
CEE	Central and Eastern Europe
CEHC	Central European Hydrogen Corridor
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CGHI	Czech-German Hydrogen Interconnector
CO2	Carbon dioxide
COO	Chief Operating Officer
CRT	Common Reporting Tables
CS3D	Corporate Sustainability Due Diligence Directive
CSRD	Corporate Sustainability Reporting Directive
DMA	Double Materiality Assessment
DNSH	Do No Significant Harm
DN	Diameter Nominal
DPČ	Agreement to Perform Work
DPP	Agreement to Complete a Job
EC	European Commission
EHB	European Hydrogen Backbone
EIA	Environmental Impact Assessment
E-PRTR	European Pollutant Release and Transfer Register
ERO	Energy Regulatory Office
ESG	Environmental, Social and Governance
ESRS	European Sustainability Reporting Standards
EU	European Union
EU ETS	European Union Emissions Trading System
FP	Fire Protection
FSE	Fire Safety Equipment
FT	Full-time Employment
GHG	Greenhouse Gas Emissions
GOV	Governance
H2R	H2 Readiness
HR	Human Resources
IAS	International Accounting Standard

IEA	International Energy Agency
IFRS	International Financial Reporting Standards
ILO	International Labor Organization
IMS	Integrated Management System
IPCC	Intergovernmental Panel on Climate Change
IRO	Impacts, Risks and Opportunities
IT	Information Technology
KPI	Key Performance Indicator
LNG	Liquefied Natural Gas
MWh	Megawatt-hour
NACE	Statistical Classification of Economic Activities
NID	National Inventory Document describing and explaining the methodologies and calculations whose outputs are captured in the CRT
NIS	Network and Information Security Directive
NÚKIB	National Cyber and Information Security Agency
NUTS 3	Nomenclature of Territorial Units for Statistics 3
OECD	Organization for Economic Co-operation and Development
OHSAS	Occupational Health and Safety Assessment Series
OPEX	Operating Expenditure
OSH	Occupational Safety and Health
PCI	Project of Common Interest
PE	Protection of Environment
PPJ	Public Procurement Journal
RCP	Representative Concentration Pathways adopted by the IPCC
SBM	Strategy and Business Model
SEEHyC	Southeast European Hydrogen Corridor
SSP	Shared Socioeconomic Pathways
TCFD	Task Force on Climate Related Financial Disclosures
tCO2eq	tons of CO2 equivalent
TSO	Transmission System Operator
UN	United Nations
UNGP	UN Guiding Principle
WACC	Weighted Average Cost of Capital

Foreword

The year 2025 saw ongoing changes in the energy sector, reflecting the transformation and direction of the entire industry. In this dynamic environment, maintaining operational reliability while facilitating the sector's transformation is paramount. The geopolitical situation, the growing pressure to decarbonise, new legislative frameworks and technological innovations have all had a significant influence on the shape of the entire energy system, and this influence continues today.

However, the transition to a more sustainable future must not compromise safety. Aware of this, the NET4GAS Group fulfilled its commitment to ensuring safe and reliable gas transmission in 2025. Furthermore, the Group is systematically preparing its activities for the future development of hydrogen solutions, strengthening its resilience to cyber risks and transparently reporting on the fulfilment of the targets set out in its Sustainability Strategy. This contributes to the formation of a sustainable and resilient energy system for future generations. This goal is based on clearly defined values and a strategy that combines operational reliability with a responsible approach to the environment and the social impact of the Group's activities.

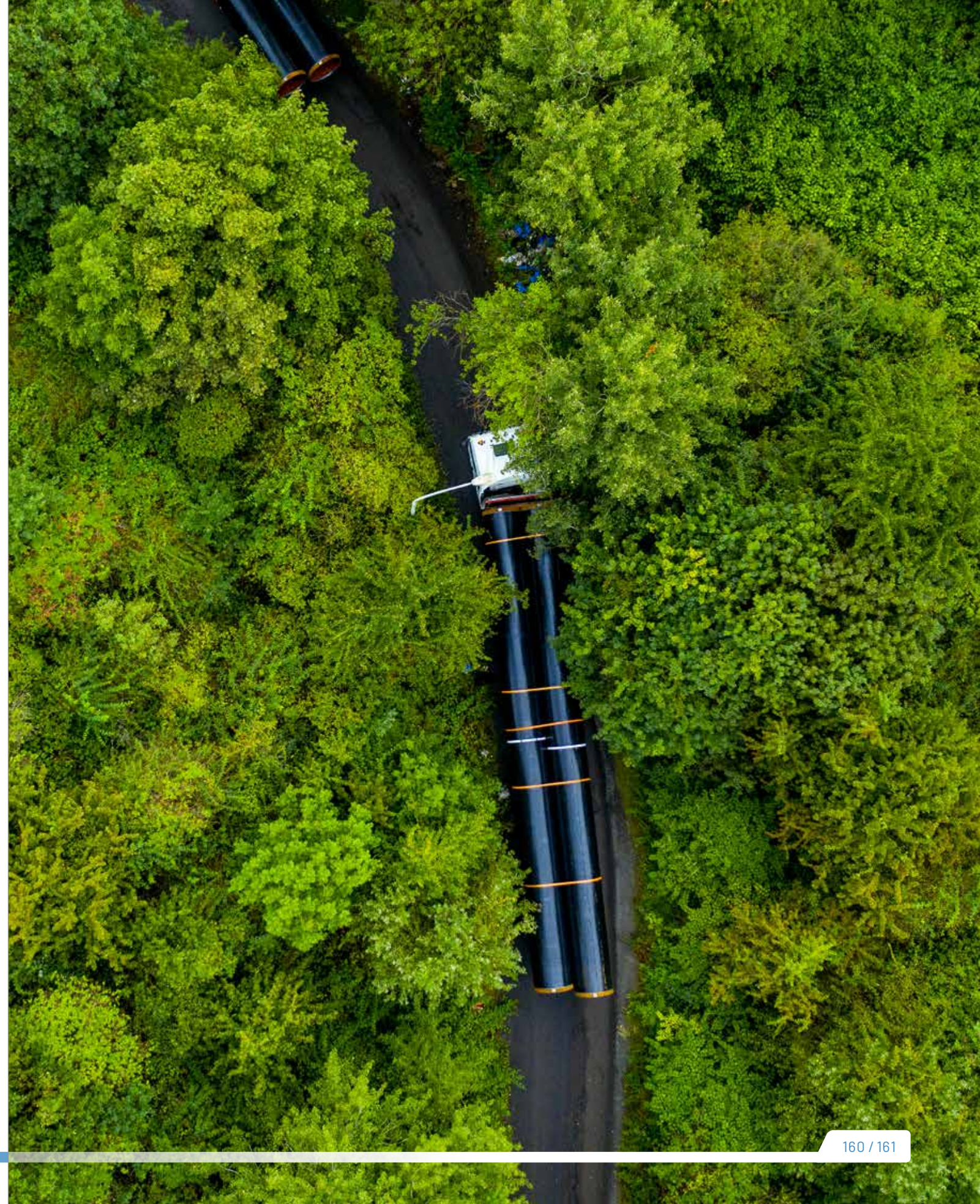
These values are reflected, among other things, in the key performance indicators (KPIs) reported for each strategic objective and priority. By publishing these indicators for the first time, the Group is increasing the transparency and measurability of its commitments.

The area of cybersecurity is also newly reported beyond the scope of reporting obligations the area of cybersecurity, which is essential for the reliable operation of infrastructure and resilience to new threats. Today, security encompasses not only the physical protection of equipment, but also digital resilience in the face of increasingly sophisticated cyber threats.

In 2025, the implementation of measures to reduce emissions continued, including investments in mobile compressors and flare technologies to minimize methane emissions, as well as increased detection activity on the gas transmission system. These measures will contribute towards the goal of reducing fugitive and vented methane emissions by 20% by 2030.

Developing hydrogen infrastructure is a key part of NET4GAS Group's long-term strategy. The internal 'H2 Readiness' project is preparing the transmission infrastructure for hydrogen transport. At the same time, cooperation with foreign partners on European hydrogen corridors is ongoing. These activities support the NET4GAS Group's transition to the future energy mix and strengthen its role in European energy transformation.

The NET4GAS Group is founded on values such as trust, cooperation, innovation, safety and efficiency. Thanks to its many years of experience in reliably transporting natural gas and preparing hydrogen solutions, the Group is actively supporting the transformation of the energy sector. Its systematic reduction of emissions, development of infrastructure and strengthening of resilience to climate and cyber risks confirm its role as a responsible operator, contributing to a sustainable and reliable energy system for future generations.



ESRS 2



ESRS2. BP-1

General basis for preparation of sustainability statements

The consolidated group (“the Group” or the “NET4GAS Group”) is submitting a Consolidated Sustainability Report of the NET4GAS Group for 2025 (“the Report”). This Report is compiled on a consolidated basis on behalf of the consolidating company NET4GAS, s.r.o. (“NET4GAS” or “the Consolidating Company”) and the consolidated company BRAWA, a.s. (“BRAWA” or “the Consolidated Company”), which is the owner of the GAZELLE gas pipeline connecting the Czech Republic and the Federal Republic of Germany. This Report covers the period from 1 January to 31 December 2025, which corresponds to the financial statements period. This Report has been prepared in accordance with the requirements of Commission Delegated Regulation (EU) 2023/2772 on European Sustainability Reporting Standards (“ESRS” or “Standards”) and in accordance with the Accounting Act (No. 563/1991 Coll.), in particular the provisions of paragraphs 32i and 32k, which stipulate the obligation to prepare a Consolidated Sustainability Report and regulate its content, the scope and link to European sustainability reporting standards.

The Report covers not only the Group’s own activities, but also part of the value chain, thus considering the activities and sustainability impacts of suppliers and end customers.

ESRS2. BP-2

Disclosures in relation to specific circumstances

Time horizons

The time horizons used in this Report are taken from Section 6.4 of ESRS 1 Definition of short, medium, and long term for reporting purposes, as follows:

- a. **Short-term** refers to the period that the company has accepted as a reporting period in its financial statements.
- b. **Mid-term** extends the short-term reporting period defined in point a. to a maximum of five years.
- c. **Long-term** represents more than five years beyond the end of the mid-term horizon defined in point b.

Estimating the value chain and sources of uncertainty in estimates

Due to the requirement to consider the entire value chain, a degree of uncertainty may arise in the reported parameters of the ESRS indicators. Thanks to the multi-stage control of the reported data, monitoring and gradual refinement of methodological procedures, there is a continuous increase in the accuracy and reliability of the data. In specific cases, when the data for the required quantitative indicators were not available from primary data sources or in sufficient quality, a calculation or qualified estimate was used, which provided complete information with a degree of uncertainty, the reliability of which was retrospectively verified. The following table presents the degree of accuracy of specific calculations throughout the Report.

Scale of accuracy	
Extremely high accuracy (≥ 90%)	The data is verified, dependable and accurate with a minimum degree of uncertainty.
High accuracy (≥ 75% and <90%)	The data is well substantiated, yet there are small deviations or uncertainties.
Medium accuracy (≥ 50% and 75%)	The data is based on partially validated assumptions or estimates that involve more significant uncertainties.
Low accuracy (≥ 25% and <50%)	The data is approximate, derived from indirect or historical data.
Extremely low accuracy (<25%)	The data is estimated without direct evidence, highly uncertain.

The following table provides an overview of all indicators that have been obtained by estimation using indirect sources of small deviations or uncertainties, together with a description of the basis for preparation, the resulting level of accuracy and planned measures for the future:

Tab. Overview of indicators that were estimated using indirect sources

Categorization	Indicator	Description of the basis for preparation	Resulting level of accuracy
E1-3 E1-6	Scope 1 emissions – category 4.11	The estimation of the volume of natural gas released from Gas Hydraulic Actuators is based on an assessment of the number of ball valve operations on the NET4GAS transmission system. This estimate is based on long-term operational experience.	High accuracy rate
E1-5	Renewable energy production	The estimate of energy production from renewable sources for 2025 is based on the installed capacity of solar panels, which the NET4GAS Group has located on a total of 10 buildings in the Czech Republic.	High accuracy rate

Changes in the preparation or presentation of sustainability information

This Report is prepared in accordance with the requirements of the CSRD and ESRS. Methodologically, the Report is based on the key concept for the new format of non-financial reports under the ESRS, namely the disclosure of information relevant to the identified material topics that arose from the Double Materiality Assessment. Compared to the previous reporting period, there has been a change in material topics. Based on data published for 2024, the attributes of ESRS E5 were reassessed and are no longer considered material topics for the NET4GAS Group. The Double Materiality Assessment process used the same methodology as last year.

Adjustments were also made to the NET4GAS Group's sustainability strategy objectives until 2030 regarding governance. The original supply chain target "From 2026, require selected significant suppliers to comply with the Code of Conduct," was replaced because compliance with the Code of Conduct is already a standard requirement for all group suppliers. In addition to reporting obligations, the strategy has newly included a priority in the field of cybersecurity: *"Increase employees' security awareness in the field of cybersecurity in order to strengthen the security culture and minimize the risks associated with them."*

Reporting errors in prior periods

During the retrospective check, no reporting errors were found in the data published for the first time in the 2024 Report.

Disclosures stemming from other legislation or generally accepted sustainability reporting pronouncements

The Group did not include any comprehensive information under the ESRS resulting from other legal regulations in this Report.

Incorporation by reference

Corporate Strategy of the NET4GAS Group (ESRS 2. SBM-1) – page 11 Consolidated Annual Reports

Consolidated Financial Statements of NET4GAS Group (EU Taxonomy) – Annex 1 to the Consolidated Annual Report

Use of transitional provisions ("phase-in") under the European Commission's delegated act – the so-called ESRS "quick fix" (Omnibus I)

As a company included in the first wave, we reported for the first time in accordance with the CSRD directive for the 2024 financial year. For the 2025 financial year, we are reporting in accordance with the European Commission Delegated Act of July 11, 2025, which was adopted as part of the Omnibus I package (the ESRS "quick fix"). This framework establishes transitional provisions under which we are not required to include the expected financial impacts of significant physical and transition risks and related opportunities in this Report, in accordance with ESRS E1-9. Additionally, we do not report Scope 3 emissions, which aligns with the current applicable requirements.

ESRS2. GOV-1

The role of the administrative, supervisory and management bodies

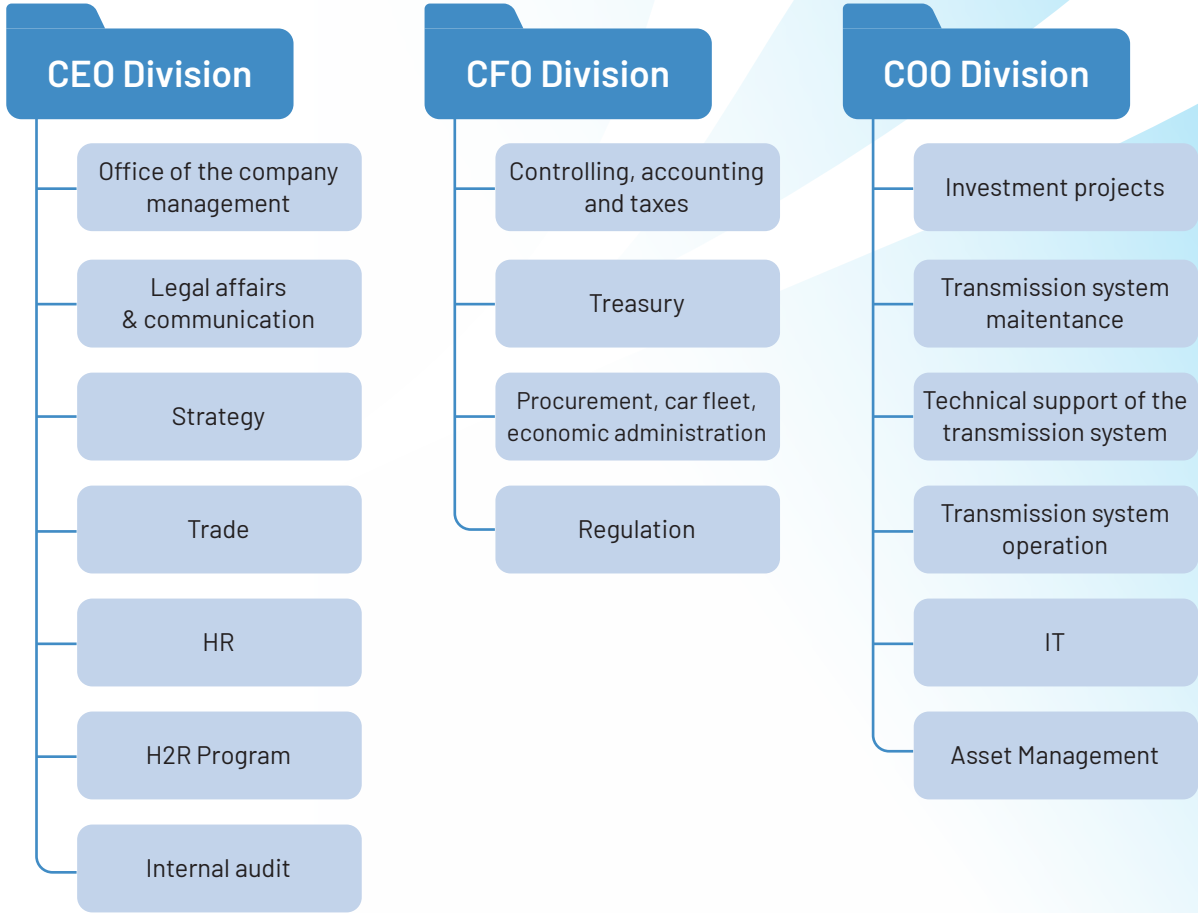
NET4GAS, s.r.o.

NET4GAS is a limited partnership company and is the gas transmission system operator in the Czech Republic. The Consolidating Company has a hierarchical structure with clearly defined powers and responsibilities across various levels. **Executives** represent the statutory body of the company and are responsible for its business management, decisions on which require their majority consent. Executives follow the principles and instructions approved by the General Meeting, providing they are in accordance with legal regulations and the Memorandum of Association of NET4GAS. Executives decide on all company matters, unless law or the Memorandum of Association of NET4GAS refers them to the authority of the General Meeting or Supervisory Board. The status and powers of executives are regulated in more detail in the Consolidating Company's Memorandum of Association of NET4GAS. The executive director is elected and dismissed by the Supervisory Board.

The **Supervisory Board** oversees the performance of the powers of the Managing Directors and the activities of NET4GAS. The Supervisory Board also has among other things the power to elect and dismiss the Executive Directors of NET4GAS. Members of the Supervisory Board are elected and dismissed by the General Meeting, serving a four-year term of office.

The **Audit Committee** is governed by relevant legal regulations and the Statute of the Audit Committee, members of which serve a term of four years and are elected and dismissed by the General Meeting.

To conduct business activities, NET4GAS is internally organized into departments, which are further divided into organizational units – section, division, department. Each NET4GAS organizational unit is managed by a single responsible director who is responsible for its proper operation. Issues related to sustainability and the preparation of the Report are organizationally classified within the CEO division under the Strategy department. The following organizational chart is used to visualize the organizational structure:



General Meeting

Since 31 December 2025, the powers of the General Meeting of the Consolidating Company have been represented by its sole shareholder, NET4GAS Holdings, s.r.o.

Supervisory Board

By a decision of the sole shareholder acting in the capacity of the General Meeting of NET4GAS dated 16 December 2025, Petr Doškář was dismissed from the position of member of the Supervisory Board of NET4GAS with effect from 16 December 2025. No new member of the Supervisory Board was elected by 31 December 2025. As of 31 December 2025, the Supervisory Board of NET4GAS had two members:

- Radek Lucký (Vice-Chair)
- Martin Durčák (Member)

Executives

As of December 31, 2025, NET4GAS had three executives:

- Michal Slabý
- Rastislav Jamrich
- Milan Váša

Each of the executives is also the executive director for the relevant department.

The position of **Chief Executive Officer (CEO)** was vacant until 31 March, effective on 1 April 2025, Michal Slabý, the current Director of Strategy and Procurator of NET4GAS, who has extensive experience in gas procurement and trading, was elected to the position of Managing Director and Chief Executive Officer.

Milan Váša, a graduate of the Faculty of Electrical Engineering at the University of West Bohemia in Pilsen, is the **Chief Operating Officer (COO)**. He has many years of experience in the energy sector.

Rastislav Jamrich, a graduate of the University of Economics in Bratislava, is the **Chief Financial Officer (CFO)**. He has many years of experience in senior management in the energy sector, with a focus on strategic and financial management.

Audit Committee

As of December 31, 2025, the Audit Committee had three members, as follows:

- **Stanislav Staněk** (Chair)
- **Štěpán Vondrášek** (Member)
- **Pavel Závitkovský** (Member)

For more information on the representation of employees and other workers, see chapter “S1-8 Collective bargaining coverage and social dialogue” of this Report.

Managing impacts, risks, and opportunities

Responsibility for risks and their management is defined in the internal directive Risk Management at NET4GAS. The Executives are responsible for risk management, while this area is procedurally overseen by the Treasury Department. The main executive in the process is the risk manager, who reports to the treasury director. The Risk Management Board is the main decision-making body within the risk management system. The executives are members of this committee and at the same time nominate and approve of its other members. Risk identification is the responsibility of the owners of the processes in which the risks arise. The process owner designates the owner of the identified risk who is responsible for managing it.

Expertise and skills to oversee sustainability matters

The administrative, management and supervisory bodies of the Consolidating Company have a legal obligation to act in an informed manner in the performance of their duties. In each individual case, including the topic of sustainability, they are therefore obliged to assess whether they have the relevant expertise and, if not, they are obliged to secure the relevant expertise from internal or external sources (access to experts or training). This knowledge includes areas such as occupational health and safety and environmental protection. Skills and expertise are related to the material impacts, risks, and opportunities of the Consolidating Company through a process-oriented accountability structure. This ensures that all relevant aspects are effectively managed and monitored.

Tab. General information on the administrative, management and supervisory bodies of NET4GAS, s.r.o.*

	2024	2025
Total number of executive members of administrative, management and supervisory bodies	3	3
Total number of non-executive members of administrative, management and supervisory bodies	3	3
Share of non-executive members of administrative, management and supervisory bodies (%)	50	50
Total number of members of the Supervisory Board	3	3
Total number of independent members of the Supervisory Board	3	3
Share of independent members of the Supervisory Board (in %)	100	100
Number of men among Executives	2	3
Number of women among Executives	0	0
Share of men among Executive (in %)	100	100
Share of women among Executives (in %)	0	0
Number of men on the Supervisory Board**	3	2
Number of women on the Supervisory Board	0	0
Share of men on the Supervisory Board (%)	100	100
Share of women on the Supervisory Board (%)	0	0

* Members of the Audit Committee are not counted here.
** As of 31 December 2025, one position on the Supervisory Board was vacant. According to the Memorandum of Association, the number of Supervisory Board members remained unchanged as of 31 December 2025.

BRAWA, a.s.

BRAWA owns the 170 km DN 1200/DN 1400 gas pipelines which connect the transmission systems of the Czech Republic and the Federal Republic of Germany at the interconnection points of Brandov and Rozvadov. The GAZELLE gas pipeline (DN 1400 Border Germany-Primda, 85 bar, approx. 158 km), operated by NET4GAS, is its most important.

Shareholder

As of 31 December 2025, NET4GAS was the sole shareholder of BRAWA.

Supervisory Board

As of 31 December 2025, the Supervisory Board of BRAWA had three members, as follows:

- **Martin Kolář** (Chairman of the Supervisory Board)
- **Milan Váša** (Vice-Chairman of the Supervisory Board)
- **Rastislav Jamrich** (Member of the Supervisory Board)

Board of Directors

As of 31 December 2025, the Board of Directors of BRAWA had two members, as follows:

- **Jan Martinec** (Chairman)
- **Miroslav Holý** (Vice-Chairman)

Tab. General information on the administrative, management and supervisory bodies of BRAWA, a.s.

	2024	2025
Total number of executive directors in administrative, management and supervisory bodies*	2	2
Total number of non-executive directors in administrative, management and supervisory bodies*	3	3
Share of non-executive directors in administrative, management and supervisory bodies (%)	60	60
Total number of members of the Supervisory Board	3	3
Total number of independent members of the Supervisory Board	3	3
Share of independent members of the Supervisory Board (%)	100	100
Number of men among the members of the Board of Directors	2	2
Number of women on the Board of Directors*	0	0
Share of men among board members (%)	100	100
Share of women among board members (%)	0	0
Number of men on the Supervisory Board*	3	3
Number of women on the Supervisory Board	0	0
Share of men on the Supervisory Board (%)	100	100
Share of women on the supervisory board (%)	0	0

* Two members of the Board of Directors and one member of the Supervisory Board of BRAWA are also employees of NET4GAS. For this Sustainability Report, to avoid duplication of information, they are defined in the following chapters as employees of NET4GAS.

ESRS2. GOV-2

Information provided to and sustainability matters addressed by the undertaking’s administrative, management and supervisory bodies

The NET4GAS Group’s Executives are responsible for risk management in NET4GAS. Key bodies are regularly informed of material impacts, risks, and opportunities at their meetings. The Treasury Department, which is responsible for process risk management, provides this information regularly when drawing up the plan. The Group considers the impacts, risks and opportunities when supervising its strategy, in its decision-making on significant transactions and in its risk management processes, as required by its statutory duty of due diligence.

The material impacts, risks and opportunities addressed by the Group’s administrative, management and supervisory bodies during this reporting period are presented in the “ESRS2. SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model” section of this Report.

ESRS2. GOV-3

Integration of sustainability-related performance in incentive schemes

The NET4GAS Group did not use sustainability indicators as a performance criterion in 2025. These indicators were not included in either the incentive scheme or the remuneration policies for directors in 2025.

Tab. Integration of sustainability indicators into the incentive system

	2024	2025
Share of variable remuneration depending on sustainability-related objectives and/or impacts (in %)	0	0

ESRS2. GOV-4

Statement on due diligence

The NET4GAS Group is committed to respecting human rights, sustainable business practices and socially responsible behavior throughout its value chain and in all its activities. This commitment is written into internal documents and strategies that are crucial for the Group. Directive (EU) 2024/1760 of the European Parliament and of the Council, also known as the Corporate Sustainability Due Diligence Directive (CS3D), establishes obligations for large companies with over 1,000 employees and an annual turnover exceeding EUR 450 million. These obligations primarily focus on identifying, preventing, and mitigating negative impacts on human rights and the environment.

The NET4GAS Group does not currently meet these thresholds (in number of employees or turnover) and is therefore not subject to the CS3D Directive's obligations. Nevertheless, the group continues to actively monitor developments in this legislation.

ESRS2. GOV-5

Risk management and internal controls over sustainability reporting

The Group is preparing internal management documentation that will describe the risk management and internal control processes relating to the sustainability reporting process in more detail. The documentation will outline responsibilities, procedures for identifying and assessing environmental, social, and governance (ESG) risks, and control mechanisms.

The internal audit function contributes significantly to improving the risk management and internal control system by providing objective assurance and consulting activities that add value and improve processes within the Group. To ensure the independence of the internal audit function, it reports directly to the CEO and is supervised by an independent Audit Committee. The committee comments on the annual internal audit plan, among other things.

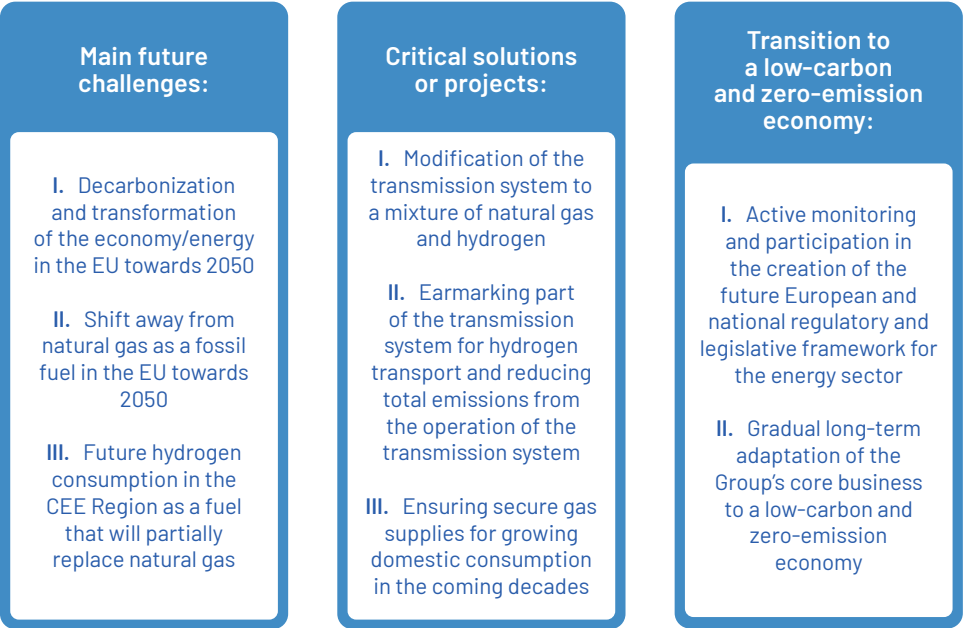
Strategy, business model and value chain

PART 1: Strategy

The NET4GAS Group provides cost-effective, safe, and reliable gas transmission services. During the reporting period, there were no significant changes in the served markets or customer groups. Since 2022, in response to geopolitical changes and developments in gas flows in Europe, the Group has primarily focused on securing sufficient cross-border transmission capacities to ensure the security of gas supplies to customers in the Czech Republic and the wider Central and Eastern European region. More details about the Corporate Strategy can be found in the NET4GAS Group's Consolidated Annual Report for 2025 on page 11.

Elements of the NET4GAS Group's strategy related to sustainability matters

The Group has identified the following elements of the strategy that relate to sustainability issues:



NET4GAS employs a total of 539 highly qualified workers in the Czech Republic, who are a key element of the Company. NET4GAS does not have employees in other markets and has no materials, products or services that are prohibited in certain markets. BRAWA did not have any employees as of 31 December 2025.

Tab. The NET4GAS Group's total revenues by significant sectors, as presented in the financial statements in the Consolidated Statement of Profit and Loss for the year ended 31 December 2025:

	2024	2025
Gas transmission (in CZK mil.)	5 094	6 421
Gas transmission services (in CZK mil.)	39	36

This information is aligned with that under IFRS 8 Operating Segments.

Additionally, NET4GAS is working on projects that develop the readiness of the system to transport high-purity hydrogen beyond 2030. Enabling the transport of hydrogen through the transmission system, part of which could be used for hydrogen transport in the future, is addressed by the long-term project "H2 Readiness" (H2R). It examines the technical, strategic, commercial, legislative, regulatory, financial, and organizational areas needed to prepare for a hydrogen future. In the medium term, the project addresses the readiness of the transmission system for the transport of a mixture of natural gas and hydrogen, considering the obligations arising from EU legislation and the fact that some neighboring foreign transmission system operators expect that a gas mixture containing hydrogen of up to 2% by volume could appear in their system from 2026. In the long term, the project aims to create a dedicated infrastructure for the transport of clean hydrogen.

Declarations of activity in certain areas and related income

1. Fossil fuel sector

The NET4GAS Group is active in the fossil fuel sector, specifically in the field of gas transmission. Revenue comes from the following activities:

- Gas transmission: CZK 6,457 million.¹

The NET4GAS Group does not have revenues from the exploration, extraction, quarrying, production, processing, refining, or trading of fossil fuels. The Group's activities are in line with the fossil gas taxonomy, as required by Article 8(1). 7(a) Commission Delegated Regulation 2021/2178.

2. Chemical production

The NET4GAS Group is not active in the manufacture of chemicals that fall within Section 20.2 of Annex I to Regulation (EC) No 1893/2006.

3. Controversial weapons

The NET4GAS Group is not active in the production or distribution of controversial weapons, such as anti-personnel mines, cluster munitions, chemical and biological weapons.

4. Tobacco cultivation and production

The NET4GAS Group is not active in the sector of tobacco cultivation and production.

¹ In accordance with the EU Taxonomy methodology, a materiality threshold of 1 % has been set for the Group. Other revenues, which amounted to CZK 36 million in the period under review, are classified under the Taxonomy as economic activities related to gas transmission.

Sustainability-related objectives and priorities

Tab. NET4GAS Group’s sustainability objectives and priorities by 2030

Area	ESRS	Pillar	Strategic area	Target/priority	Key Performance Indicator (KPI)	Reference Year	Target Year
Environment	E1	Reducing the carbon footprint by limiting methane leaks from transport infrastructure	Reducing carbon footprint and infrastructure leakage	Reduction of Scope 1 fugitive and released methane emissions to the atmosphere by 20% by 2030 compared to 2021.*	Annual volume of fugitive and released methane emissions into the atmosphere	2021	2030
				Implementation of intensive monitoring of natural gas leaks until 2027.	Implementation of a process for more accurate monitoring of methane leaks	2025	2027
				Adaptation of the system to a 2% hydrogen blend by 2026.	Technical readiness of infrastructure for hydrogen blending	2025	2026
				Developing a Climate Change Transition and Adaptation Plan by 2027.	Development of the Climate Change Transition and Adaptation Plan	2025	2027
				Cooperation with neighboring TSOs on 4 corridors towards the transport of hydrogen by 2030.	Number of active projects, including research projects in cooperation with TSOs	2025	2030
Social	S1	Developing employees towards a sustainable future	Sustainable workforce development	Maintain ongoing employee satisfaction above 70%.	Average employee satisfaction rate	2025	2030
				Maintain an ongoing employee turnover rate below 7%.	Average turnover rate	2025	2030
				Maintain 0 fatal work-related injuries of own employees annually.	Number of fatal work-related injuries of own employees	2025	2030
				Maintain 10 hours of training on average per employee/year.	Average number of training hours per employee	2025	2030
Governance	G1	Strengthening transparency and risk management	Responsible and transparent business practices and risk management	In the field of cybersecurity, annually conduct a risk analysis of critical information infrastructure and determine corrective measures.	Number of cybersecurity risk analyses performed	2025	2030
				Increase employees' security awareness in the field of cybersecurity in order to strengthen the security culture and minimize the risks associated with them.	Number of updated training materials in the field of cybersecurity	2025	2030

*Emissions resulting from extraordinary events (e.g., accidents) are not included in the monitored values, as these situations cannot be influenced or controlled in advance.

Note: The reference year for reporting on the fulfillment of the Sustainability Strategy objectives and priorities is 2025. The exception is the emissions reduction target, where the reference year is 2021, which corresponds to the N-3 rule set out in the ESRS for the determination of the base year for greenhouse gas indicators and allows for consistent tracking of the long-term emissions reduction target. For this reason, the NET4GAS Group reports comparisons with this reference year only for the emissions-related target. For all other targets and priorities, comparisons with 2025 will be reported in the coming years.

Monitoring of ESG strategy

Sustainability is one of the strategic initiatives of Corporate Strategy. The fulfillment of ESG strategy objectives and priorities is monitored through key performance indicators (KPIs). Data are evaluated for the given fiscal year as a whole and are included in the Group’s Consolidated Sustainability Report.

PART 2: Business Model

NET4GAS is the sole holder of a gas transmission license in the Czech Republic. It provides its customers with cost-effective, safe, and reliable transmission services in the Czech Republic and neighboring countries. The company also supports decarbonization activities in the Czech Republic to facilitate the transition of the country's industry, as well as its electricity and heat production, from coal to gas. Meanwhile, NET4GAS is preparing its infrastructure for the future transport of hydrogen, either as an additive in gas or through dedicated infrastructure.

1. Key assets

NET4GAS operates more than 4,000 kilometers of gas pipelines, three border transfer stations (four more are operated by neighboring transmission system operators), five compressor stations, and over 100 domestic transfer stations. The company employs over 500 people.

2. Business model

NET4GAS's long-term business model is based on two key pillars:

- i. **Provision of gas transmission services**, including domestic transmission, international transit, as well as expansion of transmission capacities and connection of new customers to the transmission system.
- ii. **Preparing the transmission system for the transmission of high-purity hydrogen after 2030** and other activities related to the European Union's goal of achieving climate neutrality by 2050, such as the future transmission of CO2.

i. Provision of gas transmission services

Historically, the transmission system was primarily used for international gas transit, accounting for around 80% of total transmission volumes and revenues. However, since 2022, geopolitical changes have caused a shift, and today, the majority of NET4GAS's transported volumes and revenues come from domestic transmission.

Customers and business partners

Customers and business partners are entities technically connected to the NET4GAS transmission system, which includes:

- Operators of neighboring transmission systems in Germany, Poland, and Slovakia.
- Three operators of regional distribution systems in the Czech Republic;
- Four operators of gas storage facilities in the Czech Republic;
- Nine customers who are directly connected to the transmission system;
- Gas traders.

Approximately 70 gas traders actively purchased transmission capacities in 2025. The distribution system operators themselves pay for transmission capacities for entry into the distribution system intended for subsequent delivery to end consumers.

Main products

There is a broad range of capacity products on offer, including short-term intraday products, long-term products for one or more calendar years, and products for domestic transport of an indefinite period.

ii. Vision for the future: hydrogen transport

In addition to providing gas transmission services, NET4GAS has been working on long-term projects to prepare the transmission system for hydrogen transport after 2030. Along with internal and national activities, NET4GAS is addressing this issue in cooperation with neighboring transmission system operators abroad. Through these projects, NET4GAS is participating in international initiatives that aim to create hydrogen transport networks across Europe. NET4GAS is collaborating with partner transporters to prepare several European hydrogen transport corridors, including the Czech-German Hydrogen Interconnector (CGHI), the Central European Hydrogen Corridor (CEHC), the Sunshyne Corridor, and the South East European Hydrogen Corridor. Currently, NET4GAS is preparing three hydrogen infrastructure projects that will connect the Czech Republic with hydrogen sources abroad.²

3. Revenue model

The Energy Regulatory Office (ERO) regulates NET4GAS's business based on a price regulation methodology valid for a specific regulatory period. These periods typically last five years, providing predictability for the strategic planning and development of the transmission system.

In 2025, the Energy Regulatory Office established the maximum total regulated revenues for NET4GAS, which derived from two primary activities:

- **National Transmission:** Revenues were generated from so-called "permitted revenues." This regime provides predictability of future cash flows and facilitates long-term planning. Annual permitted revenues are determined by adding permitted profit from the regulatory asset base, depreciation of the regulatory asset base, and operating expenses related to system operation. Permitted profit is the product of the weighted average cost of capital (WACC) and the residual value of assets. If permitted revenues are not achieved or higher revenues are collected, the difference is compensated for in subsequent years. This reduces the risk of doing business in this area.
- **Gas Transit:** The ERO applied a price cap regime to gas transit through the Czech Republic, setting a maximum price/tariff for cross-border transmission services in accordance with the code of harmonized transmission tariff structures for natural gas.³ However, due to demand risk, revenue predictability is relatively limited unless the system operator has long-term gas transit contracts.

Starting in 2025, the national transmission and transit systems will be interconnected. There will be a gradual transition to a single revenue cap regime with the recognition of all assets and depreciation of the transmission system in regulated prices. This system will provide the stable revenue necessary for maintaining and developing critical infrastructure.

4. Cost structure

The NET4GAS costs covered by the above revenue model are divided into three categories: operating, financial, and investment:

- **Operating costs** include personnel costs, costs of purchased services, infrastructure repair and maintenance costs, and energy expenses, among other things.
- **Financial costs** mainly include interest on loans and bonds, as well as other financial expenses.
- **Investment costs** represent expenditure on new gas pipelines, expansion of existing capacities, infrastructure modernization, and technological innovation. This includes costs for projects that integrate renewable energy sources into the transmission system, such as preparing to transport hydrogen admixtures in gas.

2 See also the Ten-Year Network Development Plan 2026-2035.
3 COMMISSION REGULATION (EU) 2017/460 of 16 March 2017 establishing a network code on harmonized transmission tariff structures for natural gas.

PART 3: Value Chain

Inputs and the approach to obtaining, developing, and securing these inputs

NET4GAS specializes in gas transmission and provides essential infrastructure services for the energy sector. Its inputs to the value chain include gas procurement, transmission, storage, and services and products from suppliers. These inputs are divided into the following categories:



* This is part of the natural gas value chain, which is not directly related to the NET4GAS Group's activities from an ESG perspective. Nevertheless, the NET4GAS Group is aware of the potential impacts, risks, and opportunities arising from these parts of the value chain. However, from its position, it cannot directly monitor or influence them in accordance with gas transmission regulations.
** This refers to suppliers of products and services to the NET4GAS Group from an upstream perspective.

Outputs and results in terms of current and expected benefits for customers, investors, and other stakeholders

Based on the above processes relating to NET4GAS's own operations, we evaluated the following main outputs, which include the following in particular:

- Gas transmission;
- Ten-year transmission system development plan;
- Contracts for capacity products;
- Contracts for connection to the transmission system;
- Interconnection agreements with gas storage operators, distribution system operators, and operators of neighboring transmission systems;
- Shutdown plan;
- Reporting obligations and reports for regulatory authorities and the state administration;
- Reporting to creditors and providing information to financial markets.

Key elements of upstream and downstream parts of the value chain and the company's position in the value chain

NET4GAS is in the middle of the value chain, where it provides gas transmission services. The main elements of the preceding and subsequent parts of the value chain include:

- **Upstream sections**
 - Gas production (extraction, processing)
 - Gas transportation and storage abroad
 - International gas trade
 - Product and service suppliers
- **Downstream sections**
 - Gas trade in the Czech Republic
 - Gas storage in the Czech Republic
 - Gas distribution
 - End customers and consumers (large, medium-sized, and small businesses, households)
 - Gas transportation abroad

Consideration of key aspects in the preparation of information

The following key aspects were taken into account when preparing the information:

From a market perspective:

- Key **gas infrastructure** includes the planning and operation of our transmission and related transmission, distribution, and storage infrastructure, including foreign infrastructure.
- Key **gas customer segments** include large, medium, and small businesses, as well as households.

From NET4GAS's perspective:

- Key **activities** include planning, operating, and maintaining the gas transmission system and related assets, as well as commercial activities and stakeholder relations.
- Key **resources** include the gas system, everything related to its operation, human resources, and technological applications.
- Key **business relationships** include cooperation with product and service suppliers, business partners, and customers. These relationships are characterized by an emphasis on quality, reliability, and compliance with regulatory and legislative requirements.

The Group considers potential impacts, risks, and opportunities in the energy sector. The main risks include regulatory changes, technological innovations, and environmental challenges. Opportunities include infrastructure development, efficiency improvements, and sustainability.

Costs and revenues are structured in accordance with IFRS 8 disclosure requirements. Costs include investments in infrastructure, operating costs, and maintenance costs. Revenues are generated from gas transmission.

ESRS2. SBM-2

Interests and views of stakeholders

The NET4GAS Group engages key stakeholders by validating material topics every two years. This approach ensures that their opinions, preferences, and requirements are considered when preparing subsequent reports and making strategic sustainability decisions. The most recent validation took place in 2024, and its results were used to prepare this 2025 Report.

In 2024, the NET4GAS Group engaged stakeholders by validating results, building on the process of evaluating material topics. Key stakeholders were identified in the stakeholder analysis prepared for the 2024 sustainability report.

The purpose of this stakeholder engagement was to gain an overview of their opinions, preferences, and requirements. This information is valuable for determining the Group's direction and decision-making on sustainability issues.

The Group's stakeholders include the following:

- The Group's owner and bodies
- State administration bodies
- EU institutions
- Regulatory authorities
- Professional associations
- Employees and trade unions
- Suppliers
- Infrastructure partners
- Business partners
- Education partners
- Local government
- Owners of land affected by infrastructure
- Media
- Financial markets

Of the above key stakeholders of the Group, the following were involved in the validation of the Group's material topics for 2024:

- Owner and bodies of the Group
- Professional associations
- Suppliers
- Infrastructure partners
- Customers
- Financial markets

The involvement was organized through a questionnaire that included the results of a Double Materiality Assessment (identified material topics and sub-topics). These results were submitted to the individual stakeholders for validation. During this validation, stakeholders had the opportunity to express their agreement or disagreement with the list of topics and sub-topics, to propose the exclusion of some of them or, conversely, to add topics that they considered to be missing.

ESRS2. SBM-3

Material impacts, risks and opportunities and their interaction with strategy and business model

In accordance with ESRS requirements, the Group conducted the Double Materiality Assessment. Based on the results of this analysis, significant topics (at the level of sub-topics and sub-subtopics) were identified in terms of their impact, risks, and opportunities.

Tab. Number of material impacts, risks, and opportunities of the NET4GAS Group identified

ESRS	Impacts		Risks	Opportunities	Total
	Positive	Negative			
E1 – Climate change		1	2	1	4
S1 – Own workforce	5	1	1	1	8
G1 – Business conduct		1			1

The following tables provide a detailed overview of the individual identified (positive and negative) impacts, risks, and opportunities, together with other required information.

Tab. Overview of identified significant impacts of the NET4GAS Group

Sub-topic	Sub-sub-topic	Description of the activity	Stakeholders concerned	Description of impact	Part of the value chain	Time horizon	Attributes
E1 – CLIMATE CHANGE							
Climate change mitigation	–	Operation	People Nature	The transportation of natural gas can result in methane leaks, which is a powerful greenhouse gas that contributes significantly to climate change.	Own operation	Mid-term	Negative Actual

Sub-topic	Sub-sub-topic	Description of the activity	Stakeholders concerned	Description of impact	Part of the value chain	Time horizon	Attributes
S1 – OWN WORKFORCE							
Work conditions	Collective bargaining	Employment	Own workforce	Adequate employee representation in the workplace and an effective trade union ensure that employees' needs are heard and their rights are consistently respected.	Own operation	Short-term Mid-term Long-term	Positive Actual
Working conditions	Work-life balance	Employment	Own workforce	Systems and policies that provide employee benefits beyond the legal requirements, collective agreements, or common standards in a given country have a positive impact on individuals and their social environment, while also contributing to improving their quality of life.	Own operation	Short-term Mid-term	Positive Actual
Working conditions	Health and Safety	Employment, Operation	Own workforce	Unsuitable working conditions can lead to health risks for employees, reduced motivation to perform their work, especially in more risky positions, and in extreme cases, even the loss of qualified operational personnel.	Own operation	Short-term	Negative Potential
Working conditions	Health and Safety	Employment, Operation	Own workforce	The company has established and certified an occupational health and safety management system and has been working to create safe workplaces for its employees over the long term. It also regularly conducts risk analyses and audits of its occupational health and safety system.	Own operation	Mid-term	Positive Actual
Equal treatment and opportunities for all	Training and skills development	Employment – regular training and development of employees; setting up prevention and measures against violence and harassment in the workplace	Own workforce	The existence of structured programs and initiatives aimed at developing employees' knowledge, skills, and competencies contributes to their ability to perform their job duties effectively, adapt to changing workplace demands, and supports their professional growth. These activities can also lead to an improvement in employees' quality of life and strengthen their social status.	Own operation	Short-term	Positive Actual
Equal treatment and opportunities for all	Diversity	Employment	Own workforce	The introduction of diversity policies, low levels of discrimination within the organization, the existence of active programs and cooperation with relevant stakeholders, supplemented by systematic monitoring and reporting of data demonstrating the impact of these initiatives, contribute to the protection of human rights and have a positive impact on the quality of life of employees.	Own operation	Mid-term	Positive Actual

Sub-topic	Sub-sub-topic	Description of the activity	Stakeholders concerned	Description of impact	Part of the value chain	Time horizon	Attributes
G1 – BUSINESS CONDUCT							
Management of relationships with suppliers including payment practices	–	All own activities	Regulatory Authority Local Authorities Citizens	Late payment of invoices can negatively affect payment morale and disrupt the stability of business relationships with suppliers.	Upstream Own Operation Downstream	Short-term	Negative Actual

Tab. Overview of identified material risks and opportunities of the NET4GAS Group

Sub-topic	Sub-sub-topic	Description of the activity	Stakeholders concerned	Description of risk/opportunity	Part of the value chain	Time horizon	Attribute	Size of the financial effect
E1 – CLIMATE CHANGE								
Climate change mitigation	–	Purchased products and services	People Nature	Extreme weather events caused by climate change and exacerbated by the vulnerability of global value chains due to their complexity and interconnectedness can disrupt the smooth flow of supply chains. These disruptions have negative impacts on businesses in terms of both financial stability and operations.	Upstream	Mid-term Long-term	Risk	Major
Climate change mitigation	–	Operation	People Nature	A large leak of methane into the atmosphere, as a potent greenhouse gas, whether during extraction, transmission or storage, may have significant financial and reputational consequences for the company.	Upstream Own operation	Short-term Mid-term	Risk	Moderate
Climate change adaptation	–	Operation	People Nature	Preparing gas infrastructure for the transport of low-emission and renewable gases (e.g., biomethane and hydrogen) can lead to improved reputation and potential profits.	Own operation	Mid-term Long-term	Opportunity	Major
S1 – OWN WORKFORCE								
Working conditions	Secure employment	Employment	Own workforce	Improving socioeconomic conditions can bring new business opportunities and greater social protection for the workforce (improving living conditions, higher predictable income), which can increase the attractiveness of employers and reduce costs.	Own operation	Mid-term Long-term	Opportunity	Major
Working conditions	Adequate wages	Employment	Own workforce	Inadequate or undervalued financial remuneration of employees can lead to high turnover, declining morale, and reduced productivity. These factors can subsequently negatively affect the company's financial results, increase operating costs, jeopardize its reputation, and lead to a decline in sales.	Own operation	Short-term Mid-term Long-term	Risk	Major

ESG strategy

The NET4GAS Group has established strategic sustainability objectives based on the results of Double Materiality Assessment, which identified the Group's key impacts, risks, and opportunities in sustainability. The exception is the area of cybersecurity, which the Group reports beyond its reporting obligations. In this area, the Group has set strategic priorities that are part of the Group's ESG strategy. The individual strategic objectives and priorities reflect areas with a significant impact on the Group's business environment. Specific strategic objectives and priorities are addressed in the individual sections devoted to E, S, G.

The Group is also working on integrating non-financial reporting processes and revising its management documentation to ensure a consistent and systematic approach to sustainability management. Currently, the management documentation for the Sustainability Strategy is being created, which will be an internal document and will describe, among other things, the process of creating and managing the Strategy.

Managing impacts, risks and opportunities

Material impacts, risks, and opportunities are closely linked to the Group's business model, as they are direct and indirect consequences of its main and ancillary activities. These factors affect not only the Group's operations and efficiency, but also its ability to adapt to changing market conditions and regulatory requirements.

The dual materiality assessment methodology is described in more detail in the section "ESRS 2 IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities" of this Report.

Resilience analysis

As part of the Group's resilience analysis, a climate risk analysis was performed, which is covered in section "E1. IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities."

ESRS2. IRO-1

Description of the processes to identify and assess material impacts, risks and opportunities

As part of the preparation of the second Report, the NET4GAS Group updated its Double Materiality Assessment (hereinafter also referred to as “DMA”) in accordance with the requirements of Act No. 563/1991 Coll. – the Accounting Act, and with regard to the CSRD Directive and the ESRS Standards. The DMA update was based on a review of impacts, risks, and opportunities across environmental, social, and governance topics, drawing again on the expert opinions of those responsible for individual ESG areas. Compared to the previous reporting period, there was a change in material topics, namely based on the published data for 2024, the attributes of the ESRS E5 topic were reassessed, which is no longer a material topic for the NET4GAS Group.

The materiality assessment was conducted based on objective criteria using quantitative and qualitative arguments, with particular emphasis on identifying current and potential impacts. The resulting material topics were reviewed and approved by the Group's management. Based on the updated DMA, the strategic objectives and priorities in sustainability were revised.

Detailed methodological procedure for the DMA

A five-step process was followed when performing a dual materiality assessment (DMA) in accordance with ESRS:

1) Contextual analysis

This involved analysis of the internal and external sustainability environment regarding the NET4GAS Group’s business model, value chain and stakeholders, using internal documentation and guided discussions with those responsible for the key areas of the business. The starting point of the analysis was the identification and description of the main economic activities to map impacts, risks, and opportunities.

As part of the analysis, it was essential to consider international environmental and social standards, corporate governance norms, as well as legal requirements, globally applied regional and/or local standards, economic regulations, and other relevant requirements or standards. To improve the understanding of industry-specific ESG topics, benchmarking against peers was conducted. Sectoral reports and guidelines were used to identify global and sectoral trends, challenges and risks related to the sustainability business model. In addition, materials used by investors were analyzed, including reports and methodologies by ESG rating agencies such as MSCI, S&P, and Sustainalytics.

2) Identifying impacts, risks, and opportunities

As a result of the contextual analysis conducted in the previous step, a preliminary list of impacts, risks and opportunities associated with each of the relevant topics, sub-topics and sub-sub-topics of the ESRS was defined, based on the identified activities across the value chain.

3) Assessment of potentially material impacts, risks, and opportunities

The impacts, risks and opportunities identified in the previous step were assessed under ESRS 1 as follows:

Impact materiality criteria

Final calculation = Severity • Likelihood

Severity =
$$\frac{(\text{Scale} + \text{Scope} + \text{Irremediability})}{3}$$

Financial materiality criteria

Final calculation = Magnitude of the financial effect • Probability of occurrence

Each criterion has a defined range of values with a corresponding description, from which a value was selected based on the undertaking’s environmental impact or fiscal impact on the undertaking. The interface was set up as follows:

Impact assessment scales

SCALE = size/how severe the positive or negative impact is

5	Catastrophic/Absolute
4	High
3	Medium
2	Low
1	Minimal
0	None

SCOPE = how wide the benefit/impact is and to what extent (e.g., size of the affected area) the impact will be felt.

5	Global/Total
4	Widespread
3	Medium
2	Concentrated/Focused
1	Limited
0	None

IRREMEDIABILITY = whether and to what extent the negative effects can be remedied (e.g., procedural measures). For positive impacts, irremediability is assumed to be scored as 0 and does not affect the final score.

5	Irreversible
4	Very difficult to remedy or only in the long-term
3	Difficult to remedy or only in the mid-term
2	Effort-based or short-term remedy
1	Relatively easy to remedy
0	Very easy to remedy

LIKELIHOOD = the probability of impact on the environment and/or people. For actual impacts, likelihood is assumed to be rated as 1.

1	Very likely (> 50% to ≤ 100%)
0.8	Likely (> 20% to ≤ 50%)
0.6	Possible (> 10% to ≤ 20%)
0.4	Unlikely (> 1% to ≤ 10%)
0.2	Very unlikely (> 0% to ≤ 1%)
0	Never

Financial materiality rating scales

THE SIZE OF THE FINANCIAL EFFECT = how serious the financial impact of the risk or opportunity should be.

5	Catastrophic (> 500 mil. CZK)
4	Major (>250 million CZK, <500 million CZK)
3	Moderate (CZK >100 million, CZK <250 million)
2	Minor (>25 million CZK, <100 million CZK)
1	Superficial (>10 million CZK, <25 million CZK)
0	None (<10 million CZK)

PROBABILITY OF OCCURRENCE = how likely is it that the risk or opportunity will occur.

1	Very likely (> 50% to ≤ 100%)
0.8	Likely (> 20% to ≤ 50%)
0.6	Possible (> 10% to ≤ 20%)
0.4	Unlikely (> 1% to ≤ 10%)
0.2	Very unlikely (> 0% to ≤ 1%)
0	Never

4) Identify material topics

The evaluation of topics and sub-topics is determined by the resulting assessment of individual impacts, risks, and opportunities.

The final assessment of materiality is determined by comparing these resulting assessments with the materiality threshold established for this purpose. Therefore, all topics for which the assessment of impacts, risks and opportunities has exceeded the relevant threshold defined below are considered relevant:

		Materiality threshold
Materiality of impact	Positive impacts	2.00
	Negative impacts	
Financial materiality	Opportunities	
	Risks	

5) Supervision and validation of DMA results

The validation of the assessment results was conducted in cooperation with all responsible persons of NET4GAS Group involved in the process, and subsequently the results were approved by the NET4GAS Group governing bodies.

The involvement of stakeholders in the validation of DMA results and solicitation of their opinions is described in ESRS2. SBM-2 Interests and views of stakeholders section of this Report.

ESRS2. IRO-2

Disclosure Requirements in ESRS covered by the undertaking's sustainability statement

The following table provides an overview of the identified material topics and disclosure requirements that are part of this Report, together with a reference to a specific page.

Tab. Overview of identified material topics and requirements for publication of the NET4GAS Group

Standard	Publication identifier	Requirement for disclosure	Page
ESRS 2 GENERAL DISCLOSURES	BP-1	General basis for preparation of sustainability statements	164
	BP-2	Disclosures in relation to specific circumstances	164
	GOV-1	The role of the administrative, supervisory and management bodies	166
	GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	170
	GOV-3	Integration of sustainability-related performance in incentive schemes	171
	GOV-4	Statement on due diligence	171
	GOV-5	Risk management and internal controls over sustainability reporting	171
	SBM-1	Strategy, business model and value chain	172
	SBM-2	Interests and views of stakeholders	179
	SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	180
	IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	183
	IRO-2	Disclosure requirements in ESRS covered by the undertaking's sustainability statement	187
ESRS E1 CLIMATE CHANGE	E1-1	Transition plan for climate change mitigation	218
	E1-2	Policies related to climate change mitigation and adaptation	218
	E1-3	Actions and resources in relation to climate change policies	218
	E1-4	Targets related to climate change mitigation and adaptation	220
	E1-5	Energy consumption and mix	223
	E1-6	Gross Scopes 1, 2, 3 and total GHG emissions	224
	E1-7	GHG removals and GHG mitigation projects financed through carbon credits	225
	E1-8	Internal carbon pricing	226
	E1-9	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	226
ESRS S1 OWN WORKFORCE	S1-1	Policies related to own workforce	232
	S1-2	Processes for engaging with own workforce and workers' representatives about impacts	233
	S1-3	Processes to remediate negative impacts and channels for own workforce to raise concerns	233
	S1-4	Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	234
	S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	235
	S1-6	Characteristics of the undertaking's employees	236
	S1-7	Characteristics of non-employees in the undertaking's own workforce	237
	S1-8	Collective bargaining coverage and social dialogue	238
	S1-9	Diversity metrics	238

Standard	Publication identifier	Requirement for disclosure	Page
ESRS G1 BUSINESS CONDUCT	S1-10	Adequate wages	239
	S1-11	Social protection	240
	S1-12	Persons with disabilities	240
	S1-13	Training and skills development metrics	241
	S1-14	Health and safety metrics	241
	S1-15	Work-life balance metrics	242
	S1-16	Remuneration metrics (pay gap and total remuneration)	243
	S1-17	Incidents, complaints and severe human rights impacts	243
	G1-1	Business conduct policies and corporate culture	249
	G1-2	Management of relationships with suppliers	251
	G1-3	Prevention and detection of corruption and bribery	251
	G1-4	Incidents of corruption or bribery	252
	G1-5	Political influence and lobbying activities	253
	G1-6	Payment practices	254

The following table lists the data points in the cross-cutting and thematic standards that are required by EU legislation. Each data point, if it is part of a topic that has been identified as material or is part of the mandatory reporting topics, is provided with a reference indicating its location within the topics covered and the requirements for publication in this Report, together with the page on which it is located. If a data point is part of a topic that has not been assessed as material for NET4GAS, then it is annotated as “Not material.” Individual references to EU regulations or other legislation based on which these data points are required are provided in ESRS, ESRS Part 2, Appendix B.

Disclosure requirement and related data point	Ranking in the Consolidated Sustainability Report of the NET4GAS Group for 2025			
	Standard	Publication identifier	Requirement for disclosure	Page
ESRS 2 GOV-1 Board's gender diversity paragraph 21 d)	ESRS 2	GOV-1	The role of the administrative, supervisory and management bodies	168
ESRS 2 GOV-1 Percentage of board members who are independent paragraph 21e)	ESRS 2	GOV-1	The role of the administrative, supervisory and management bodies	168
ESRS 2 GOV-4 Statement on due diligence paragraph 30	ESRS 2	GOV-4	Statement on Due Diligence	170
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities paragraph 40 (d) i	ESRS 2	SBM-1	Strategy, business model and value chain	172
ESRS 2 SBM-1 Involvement in activities related to chemical production paragraph 40 (d) ii	ESRS 2	SBM-1	Strategy, business model and value chain	172
ESRS 2 SBM-1 Involvement in activities related to controversial weapons paragraph 40 (d) iii	ESRS 2	SBM-1	Strategy, business model and value chain	172
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv	ESRS 2	SBM-1	Strategy, business model and value chain	172

Disclosure requirement and related data point	Ranking in the Consolidated Sustainability Report of the NET4GAS Group for 2025			
	Standard	Publication identifier	Requirement for disclosure	Page
ESRS E1-1 Transition plan to reach climate neutrality by 2050 paragraph 14	ESRS 2, E1	E1-1	Transition plan for climate change mitigation	217
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g)	ESRS 2, E1	E1-1	Transition plan for climate change mitigation	217
ESRS E1-4 GHG emission reduction targets paragraph 34	ESRS 2, E1	E1-4	Targets related to climate change mitigation and adaptation	219
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38	ESRS 2, E1	E1-5	Energy consumption and mix	222
ESRS E1-5 Energy consumption and mix paragraph 37	ESRS 2, E1	E1-5	Energy consumption and mix	222
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43	ESRS 2, E1	E1-5	Energy consumption and mix	222
ESRS E1-6 Gross Scopes 1, 2, 3 and Total GHG emissions paragraph 44	ESRS 2, E1	E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	223
ESRS E1-6 Gross GHG emissions intensity paragraphs 53 to 55	ESRS 2, E1	E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	223
ESRS E1-7 GHG removals and carbon credits paragraph 56	ESRS 2, E1	E1-7	GHG removals and GHG mitigation projects financed through carbon credits	224
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks paragraph 66	ESRS 2, E1	E1-9	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	Phase-in
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a) ESRS E1-9 Location of material assets at material physical risk paragraph 66 (c).	ESRS 2, E1	E1-9	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	Phase-in
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph 67 (c).	ESRS 2, E1	E1-9	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	Phase-in
ESRS E1-9 Degree of exposure of the portfolio to climate- related opportunities paragraph 69	ESRS 2, E1	E1-9	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	Phase-in
ESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28	Not material			

Disclosure requirement and related data point	Ranking in the Consolidated Sustainability Report of the NET4GAS Group for 2025			
	Standard	Publication identifier	Requirement for disclosure	Page
ESRS E3-1 Water and marine resources paragraph 9	Not material			
ESRS E3-1 Dedicated policy paragraph 13	Not material			
ESRS E3-1 Sustainable oceans and seas paragraph 14	Not material			
ESRS E3-4 Total water recycled and reused paragraph 28 (c)	Not material			
ESRS E3-4 Total water consumption in m3 per net revenue on own operations paragraph 29	Not material			
ESRS 2- IRO 1 - E4 paragraph 16 (a) i	Not material			
ESRS 2- IRO 1 - E4 paragraph 16 (b)	Not material			
ESRS 2- IRO 1 - E4 paragraph 16 (c)	Not material			
ESRS E4-2 Sustainable land / agriculture practices or policies paragraph 24 (b)	Not material			
ESRS E4-2 Sustainable oceans / seas practices or policies paragraph 24 (c)	Not material			
ESRS E4-2 Policies to address deforestation paragraph 24 (d)	Not material			
ESRS E5-5 Non-recycled waste paragraph 37 (d)	Not material			
ESRS E5-5 Hazardous waste and radioactive waste paragraph 39	Not material			
ESRS 2 – SBM3 – S1 Risk of incidents of forced labor paragraph 14 (f)	ESRS 2, S1	S1-SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	229
ESRS 2 – SBM3 – S1 Risk of incidents of child labor paragraph 14 (g)	ESRS 2, S1	S1-SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	229
ESRS S1-1 Human rights policy commitments paragraph 20	ESRS 2, S1	S1-1	Policies related to own workforce	231
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labor Organization Conventions 1 to 8, paragraph 21	ESRS 2, S1	S1-1	Policies related to own workforce	231
ESRS S1-1 processes and measures for preventing trafficking in human beings paragraph 22	ESRS 2, S1	S1-1	Policies related to own workforce	231
ESRS S1-1 workplace accident prevention policy or management system paragraph 23	ESRS 2, S1	S1-1	Policies related to own workforce	231
ESRS S1-3 grievance/complaints managing mechanisms paragraph 32 (c)	ESRS 2, S1	S1-3	Processes to remediate negative impacts and channels for own workforce to raise concerns	232

Disclosure requirement and related data point	Ranking in the Consolidated Sustainability Report of the NET4GAS Group for 2025			
	Standard	Publication identifier	Requirement for disclosure	Page
ESRS S1-14 Number of fatalities and number and rate of work-related accidents paragraph 88 (b) and (c)	ESRS 2, S1	S1-14	Health and safety metrics	241
ESRS S1-14 Number of days lost to injuries, accidents, fatalities, or illness paragraph 88 (e)	ESRS 2, S1	S1-14	Health and safety metrics	241
ESRS S1-16 Unadjusted gender pay gap paragraph 97 (a)	ESRS 2, S1	S1-16	Remuneration metrics (pay gap and total remuneration)	242
ESRS S1-16 Excessive CEO pay ratio paragraph 97 (b)	ESRS 2, S1	S1-16	Remuneration metrics (pay gap and total remuneration)	242
ESRS S1-17 Incidents of discrimination paragraph 103 (a)	ESRS 2, S1	S1-17	Incidents, complaints and severe human rights impacts	243
ESRS S1-17 non-respect of UNGPs on Business and Human Rights and OECD paragraph 104 (a)	ESRS 2, S1	S1-17	Incidents, complaints and severe human rights impacts	243
ESRS 2 – SBM3 – S2 Material risk of child labour or forced labor in the value chain paragraph 11 (b)	Not material			
ESRS S2-1 Human rights policy commitments paragraph 17	Not material			
ESRS S2-1 Policies related to value chain workers paragraph 18	Not material			
ESRS S2-1 non-respect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 19	Not material			
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labor Organization Conventions 1 to 8, paragraph 19	Not material			
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36	Not material			
ESRS S3-1 Human rights policy commitments paragraph 16	Not material			
ESRS S3-1 non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines paragraph 17	Not material			
ESRS S3-4 Human rights issues and incidents paragraph 36	Not material			
ESRS S4-1 Policies related to consumers and end-users paragraph 16	Not material			

Disclosure requirement and related data point	Ranking in the Consolidated Sustainability Report of the NET4GAS Group for 2025			
	Standard	Publication identifier	Requirement for disclosure	Page
ESRS S4-1 non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 17	Not material			
ESRS S4-4 Human rights issues and incidents paragraph 35	Not material			
ESRS G1-1 United Nations Convention against Corruption paragraph 10 (b)	ESRS 2, G1	G1-1	Business conduct policies and corporate culture	248
ESRS G1-1 Protection of whistle-blowers paragraph 10 (d)	ESRS 2, G1	G1-1	Business conduct policies and corporate culture	248
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws paragraph 24 (a)	ESRS 2, G1	G1-4	Incidents of corruption or bribery	251
ESRS G1-4 Standards of anti- corruption and anti- bribery paragraph 24 (b)	ESRS 2, G1	G1-4	Incidents of corruption or bribery	251

The information contained in this Report is based on ESRS requirements, whereby the results of the dual materiality assessment were considered when determining relevance, i.e. whether the given topic and sub-topic is significant in terms of impact or from a financial perspective (always described in detail under the relevant indicators).

EU Taxonomy



Article 8 of the Taxonomy Regulation

The Taxonomy Regulation is a key part of the European Commission's action plan to redirect capital flows towards a more sustainable economy. It represents an important step towards achieving carbon neutrality by 2050 in line with the EU objectives, as the Taxonomy is a classification system for environmentally sustainable economic activities.

Since 2021, the NET4GAS Group has been subject to Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework for sustainable investment governance and amending Regulation (EU) 2019/2088 (later the EU Taxonomy), which, for transparency purposes, sets out the criteria on the basis of which it is possible to determine whether an economic activity qualifies as environmentally sustainable and provides for the obligation to disclose qualitative and quantitative information on how and to what extent the activities of the undertaking are linked to economic activities qualified as environmentally sustainable for the undertaking.

Delegated Regulation (EU) 2021/2139 of 4 June 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council establishing technical screening criteria for determining the conditions under which an economic activity is considered to contribute significantly to climate change mitigation or climate change adaptation and determining whether a given economic activity does not cause significant harm to any of the other environmental objectives, defines which economic activities are aligned with the EU Taxonomy. The Regulation states that the classification of economic activities according to the EU Taxonomy is linked to the NACE Revision 2 classification system, as set out in Regulation (EC) No 1893/2006 of the European Parliament and of the Council of 20 December 2006.

Delegated Regulation (EU) 2021/2178 of 6 July 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and manner of presentation of the information to be disclosed by undertakings subject to Articles 19a or 29a of Directive 2013/34/EU on environmentally sustainable economic activities and specifying the methodology for complying with that information obligation introduces for the accounting period 2022 an obligation to disclose the share of economic activities eligible, ineligible and aligned with the EU Taxonomy for turnover, CAPEX and OPEX for the first two environmental objectives, namely climate change mitigation and climate change adaptation. Economic activities that are eligible for the EU Taxonomy are defined by Regulation (EU) 2021/2178 as activities that are described in the above-mentioned Regulations, regardless of whether the economic activity meets all the technical screening criteria defined in these Regulations.

On 5 January 2023, the Corporate Sustainability Reporting Directive (CSRD) entered into force. This Directive establishes a uniform framework for sustainability reporting in the European Union through the European Sustainability Reporting Standards (ESRS) based on the principle of DMA, and the CSRD applies to the Group from 2024. In 2024 and 2025, selected requirements within the so-called Omnibus package were further specified and simplified.

On 18 October 2023, Directive (EU) 2023/2413 was adopted that introducing amendments to Directive (EU) 2018/2001, Regulation (EU) 2018/1999 and Directive 98/70/EC as regards the promotion of energy from renewable sources. Directive (EU) 2023/2413, amending Directive (EU) 2018/2001, did not change the definition of “low-carbon gases”.

In November 2023, Commission Delegated Regulation (EU) 2023/2486 was adopted for the remaining 4 environmental objectives.

On 8 January 2026, Commission Delegated Regulation (EU) 2026/73 of 4 July 2025 was published that amending Delegated Regulation (EU) 2021/2178 and Delegated Regulations (EU) 2021/2139 and (EU) 2023/2486. The amendments to the Regulation aim to reduce administrative burdens by introducing a materiality-based approach that allows undertakings to focus the assessment and reporting of taxonomically eligible and aligned economic activities only on activities that are financially significant for their business, without compromising the transparency and comparability of the information disclosed. The NET4GAS Group reports in accordance with Commission Delegated Regulation (EU) 2026/73.

Activities of the NET4GAS Group

The Group's main activity is the transmission of natural gas in accordance with Act No. 458/2000 Coll., on Business Conditions and on the Exercise of State Administration in the Energy Sectors and on the Amendment of Certain Acts (the "Energy Act").

Tab. Share of Taxonomy-eligible, Taxonomy-aligned and Taxonomy-ineligible economic activities in total turnover, CAPEX and OPEX

Year 2025	Total (CZK million)	Share of Taxonomy-eligible activities (in %)	Share of Taxonomy-aligned activities (in %)	Share of Taxonomy-ineligible activities (in %)
Turnover	6 457	0	0	100
Capital expenditure (CAPEX)	715	62	0	38
Operating expenditure (OPEX)	393	0	0	100

Definition

Taxonomy-eligible economic activity means an economic activity that is described in the Commission Delegated Regulation supplementing the EU Regulation on the Taxonomy of Sustainable Activities (i.e. in the EC Delegated Regulation), regardless of whether this economic activity meets only some or all of the technical screening criteria set out in the Regulation.

Taxonomy-aligned economic activity means an economic activity that meets all of the following requirements:

- a) the economic activity contributes significantly to one or more environmental objectives;
- b) does not significantly harm any of the environmental protection objectives;
- c) it is carried out in accordance with minimum safeguards; and
- d) it is in line with the technical screening criteria in the Commission Delegated Regulation which complements the EU Taxonomy Regulation (i.e. the EC Delegated Regulation as currently in force).

Taxonomy-ineligible economic activity means any economic activity that is not described in the EC Delegated Regulation supplementing the Taxonomy Regulation.

Taxonomy-eligible economic activities

Based on the Group's activities, relevant taxonomy-eligible activities were screened and subsequently assigned to the following economic activities in accordance with Annexes I and II of the EC Delegated Regulation.

Tab. Taxonomy-eligible economic activities

Eligible economic activity	Description	NACE code	Climate change mitigation	Climate change adaptation
4.14. Transmission and distribution networks for renewable and low-carbon gases	Conversion, reuse or modernisation of gas networks for the transmission and distribution of gases from renewable and low-carbon sources. Construction or operation of transmission and distribution pipelines designed to transport hydrogen or other low-carbon gases.	H49.50	Yes	Yes

Allocation of turnover, CAPEX and OPEX to one environmental objective

The NET4GAS Group focuses in particular on the objective of climate change mitigation. One of the Group's main objectives is to make a significant contribution to climate change mitigation in all its economic activities, including internal policies and processes. The NET4GAS Group's efforts to contribute to climate change mitigation are intertwined with the Group's strategic documents.

All construction and reconstruction of gas pipeline routes are planned in such a way as to fully enable the transport of low-carbon gases and increase the permissible share of the hydrogen element in the transported gas mixture. The NET4GAS Group is striving to increase the volume of green electricity purchases and is investing in electric cars for its employees. All the activities described have one common goal – climate change mitigation.

The NET4GAS Group considers that its activity is more closely aligned with the objective of “Climate change mitigation” objective than “Climate change adaptation” objective, and therefore the activity was assigned to this objective.

Relevant assessment of the eligibility of the Group's activities for the Taxonomy

Main business activities and external turnover

The assessment of the Group's activities of the Taxonomy-eligible focuses on economic activities defined as the provision of revenue-generating services in the market (both now and in the future). In this context, as a natural gas transmission system operator, the Group assesses its business activity by its contribution to the provision of infrastructure for the transmission of low-carbon gases and hydrogen. Therefore, activity 4.14 represents the main business activity that is subject to evaluation according to the Taxonomy Regulation. Support activities such as the acquisition/construction of new buildings (compression stations, transfer/metering stations) are included in the Group's core activities as they only accompany them. They are not reported as taxonomy-eligible activities and are not included in the turnover KPIs because they do not generate external revenue on a stand-alone basis.

Activity 4.14

Activity 4.14 in Annex I of the EC Climate Delegated Regulation is described as “conversion, repurposing or modernisation of gas networks for the transmission and distribution of renewable and low-carbon gases” and/or as “construction or operation of gas transmission and distribution pipelines intended for the transport of hydrogen or other low-carbon gases”.

In the case of a gas transmission system operator, the nature of the transported substance is decided by the market. For this reason, the eligibility of the main economic activity was assessed according to the ability of the infrastructure to transport hydrogen and other low-carbon gases, as well as according to developments in this area. The Group's systems are currently fully prepared for the transport of low-carbon gases (e.g. synthetic methane, biomethane, etc.) pursuant to § 2 paragraph 2 letter b), point 9 of Act No. 458/2000 Coll.

As the NET4GAS Group is fully prepared to transport low-carbon gas, the Group's core business is Taxonomy-eligible. The main argument is that the Group provides the market with all the necessary potential to increase the use of low-carbon gases. The majority of the Group's capital expenditures are aimed at increasing the potential for the transport of low-carbon gases and hydrogen.

Based on the above, the Group's activity can therefore be assessed as Taxonomy-eligible.

The term "low-carbon gases"

The description of activity 4.14 in Annexes I and II of the Commission Delegated Regulation does not contain a clear definition of the term “low-carbon gases”. Such a definition is part of Directive (EU) 2018/2001 of the European Parliament and of the Council.

Taxonomy-aligned economic activities to be assessed

At the same time, the Group's economic activities that qualify as Taxonomy-eligible were assessed. These activities were assessed against the relevant technical screening criteria and the “do no significant harm” and “minimum safeguards” principles as set out in Annexes I and II of the Commission Delegated Regulation.

Statement on the alignment of the Group's activities with the Taxonomy

Assessment of alignment with the criteria for Taxonomy-aligned activities

Regulation (EU) 2020/852 (Article 3) and the related technical screening criteria contained in the Commission Delegated Regulation.

Technical screening criteria

For Activity 4.14, the technical screening criteria are as follows:

1.

The activity consists of one of the following activities:

a)

construction or operation of new transmission and distribution networks designed to transport hydrogen or other low-carbon gases;

b)

conversion/reuse of existing natural gas networks to 100% hydrogen;

c)

modernisation of transmission and distribution networks that enables the integration of hydrogen and other low-carbon gases into the grid, including transmission or distribution network activities that allow for an increase in the share of hydrogen or other low-carbon gases in the pipeline;
2.

The activity includes detection and repair of leaks in existing gas pipelines and other network elements in order to reduce methane leaks.

Regarding point 1), the Group's main activity is the construction and operation of transmission infrastructure for the transmission of low-carbon gases, as well as its modernisation, which allows for an increase in the share of other low-carbon gases or hydrogen in mixtures. The NET4GAS Group thus operates new or modernised sections of the gas pipeline together with the original sections as one technically indivisible gas pipeline network.

With regard to point 2), the detection and repair of leaks in existing gas pipelines and other network elements in order to reduce methane leaks is an important part of the Group's main business.

Based on the above, the technical screening criteria for activity 4.14 can therefore be considered fulfilled.

The principle of "Do no significant harm"

Alignment with the individual Do No Significant Harm (DNSH) principles was evaluated as follows:

- 1. Climate change adaptation

As a critical infrastructure operator, the NET4GAS Group closely monitors the real risks related to climate change. In 2024, an analysis of climate risks was carried out, which is the subject of chapter "E1 – Climate change" of this Report. The NET4GAS Group does not currently have a Transition Plan for Climate Change Mitigation in accordance with the requirements of the ESRS. However, the Group is working on its preparation, when the Plan is to be developed by 2027. Conclusion: In 2025, activity 4.14 is not aligned with the Taxonomy.

Because alignment was not reached for Activity 1. "Climate change adaptation", no further individual criteria were assessed.

Criteria that have not been individually assessed for 2025:

- 2. Climate change mitigation
- 3. Sustainable use and protection of water and marine resources
- 4. Transition to a circular economy
- 5. Pollution prevention and control
- 6. Protection and restoration of biodiversity and ecosystems

Assessment of minimum safeguards

The NET4GAS Group is convinced of adhering to the minimum safeguards, as it acts in full compliance with the relevant European and Czech national legislation and very often goes beyond the legal requirements.

As alignment was not reached with the assessment of the criteria of DNSH principle, a separate analysis of the "minimum safeguards" was not carried out.

Taxonomy-ineligible economic activities

In addition to the operation and construction of the transmission system, the NET4GAS Group provides some other services, to a very limited extent, or maintenance/repair services for other transmission system operators. The NET4GAS Group also invests in improving support activities. Due to the nature of these activities, the Group does not consider any of them to be Taxonomy-eligible.

KPIs and accounting policies

Key performance indicators include turnover KPIs, CAPEX KPIs and OPEX KPIs. For the reporting period 2025, KPIs must be disclosed in relation to both Taxonomy-eligible and Taxonomy-aligned economic activities and Taxonomy-ineligible economic activities (Article 10 par. 2 of Article 8 of the Commission Delegated Regulation). Based on the fact that the climate risk analysis has not yet been fully implemented, the level of alignment with the taxonomy was not evaluated.

CAPEX and OPEX expenditures eligible for and aligned with the Taxonomy

With regard to CAPEX and OPEX related to the Group's Taxonomy-eligible and Taxonomy-aligned economic activities, and to CAPEX/OPEX expenditure related to purchases and measures considered individually Taxonomy-eligible and Taxonomy-aligned expenditures, an explanation is further provided in the sections "CAPEX KPI" and "OPEX KPI" in the description of the Group's accounting policies.

Data collection and validation process

In order to report information on Taxonomy-eligible and Taxonomy-aligned economic activities in 2025, the NET4GAS Group:

- 1. reviewed the NET4GAS Group's business activities and preliminarily identified activities that could be eligible;
- 2. carried out a detailed analysis of the individual Taxonomy-eligible and Taxonomy-aligned economic activities;
- 3. conducted training on Taxonomy methodology;
- 4. consulted with external experts and colleagues to ensure the correct and consistent interpretation of the legal requirements.

The specification of the key performance indicators is set out in accordance with Annex I, Article 8 of the EC Delegated Regulation. Taxonomy-eligible and Taxonomy-aligned KPIs are determined in accordance with the legal requirements and the Group's accounting policy, which is described in this regard as follows:

Turnover indicator

Definition

Eligible

The share of Taxonomy-eligible economic activities in total turnover was calculated as the ratio of net turnover from goods and services related to Taxonomy-eligible economic activities (numerator) and net turnover (denominator), in each case for the financial year (accounting period) from 1. 1. 2025 to 31. 12. 2025.

The denominator is based on consolidated net turnover in accordance with IAS 1.82(a). For more details on the accounting policies relating to consolidated net turnover, see the NET4GAS Group's Consolidated Annual Report for 2025, Appendix 1 Consolidated Financial Statements.

The numerator is defined as the net turnover from products and services associated with Taxonomy-eligible economic activities.

Reconciliation

The consolidated net turnover of the Group can be reconciled with the consolidated financial statements in the Consolidated Annual Report of the NET4GAS Group for 2025 in Appendix No. 1 Consolidated Financial Statements, Profit or Loss, Revenues.

Contribution to other objectives

The NET4GAS Group's strategy and all its financial indicators focus on the objective of climate change mitigation.

Contextual information

Related contextual information on the turnover of non-financial undertakings is published in the Consolidated Annual Report of the NET4GAS Group for 2025, Annex No. 1: Chapter 6 – Segment Information.

From a purely technical point of view, the NET4GAS grid is ready to receive and transport low-carbon gases (e.g. biogas and synthetic methane). In fact, the share of these gases is zero, because the market for renewable and low-carbon gases is not sufficiently developed in the EU and the necessary EU regulatory framework has not yet been implemented. This is also reflected in the low customer demand for the transport of these gases, as evidenced by market tests regularly carried out by the NET4GAS Group under the supervision of the Energy Regulatory Office.

The value of eligible turnover for 2025 is CZK 0 million and 0 %. In the comparison period 2024, the value of eligible turnover was also CZK 0 million and 0 %. In 2024, the value of the indicator was analysed in light of the European Commission's

proposal for a Communication on the interpretation and implementation of certain legal provisions of the EU Taxonomy Delegated Regulation in field of environment (EU Taxonomy Delegated Regulation on climate (EU) 2021/2139 and the EU Taxonomy Delegated Regulation on disclosure of information (EU) 2021/2178) which was published on 29 November 2024. The Communication was published without any changes on 5 March 2025 in the Official Journal of the European Union as Communication C/2025/1373, thereby became legally binding in the context of the relevant, related legislation. Therefore, in 2025 the procedure was carried out in the same way as in 2024.

CAPEX indicator

Definition

Eligible

The CAPEX indicator is defined as the proportion of Taxonomy-eligible CAPEX (numerator) and total CAPEX (denominator).

Total CAPEX capital expenditure consists of increments in fixed assets during the accounting period before depreciation, amortization and revaluation, including those resulting from revaluations and impairments. This includes acquisitions of tangible fixed assets (IAS 16), intangible fixed assets (IAS 38), rights-of-use assets (IFRS 16) and real estate investments (IAS 40). For more details on accounting policies related to investment assets, see the NET4GAS Group's Consolidated Annual Report 2025, Appendix 1: Chapter 3 – Overview of Significant Accounting Practices.

The numerator consists of the following categories of Taxonomy-eligible CAPEX expenditure:

CAPEX expenditure related to assets or processes that are associated with Taxonomy-eligible economic activities, where they are the main components necessary to carry out the economic activity 4.14 Transmission and distribution networks for renewable and low-carbon gases.

As a result, for 2025, CAPEX expenditure is considered the numerator of the CAPEX key performance indicator of CZK 445 million, which represents a 62 % share of total CAPEX expenditure. The total value of CAPEX for 2025 was CZK 715 million. In 2024, the CAPEX value for Taxonomy-eligible activities was CZK 204 million, i.e. 42 %. The total value of CAPEX for 2024 was CZK 489 million.

All projects comply with the chapter “Assessment of alignment with the criteria for Taxonomy-aligned activities” and fulfill the technical screening eligibility criteria.

Reconciliation

Total capital expenditure can be reconciled with the consolidated financial statements, see Consolidated Annual Report of the NET4GAS Group for 2025, Annex No. 1: Chapter 8 – Property, Plant and Equipment and Chapter 9 – Intangible Assets. This is the total sum of the types of movements (acquisition and construction costs).

Contribution to other objectives

The NET4GAS Group's strategy and all its financial indicators focus on the objective of climate change mitigation.

OPEX indicator

Definition

Eligible

The OPEX indicator is defined as the proportion of Taxonomy-eligible OPEX (numerator) to total OPEX (denominator).

Total OPEX expenditure consists of direct non-capitalised costs related to research and development, building renovation measures, short-term rentals, maintenance and repairs, and any other direct expenditure related to the day-to-day maintenance of property, plant and equipment assets.

- The volume of non-capitalised rentals was determined in accordance with IFRS 16 and includes the cost of short-term leases and low-value leases (see NET4GAS Group's Consolidated Annual Report 2025, Appendix 1: Chapter 18 – Finance Lease Liabilities).
- Maintenance and repairs and other direct expenses related to the day-to-day maintenance of property, plant and equipment assets were determined based on the maintenance and repair costs allocated to Group's internal cost centers. Related cost items can be found in various items of the Statement of Profit and Loss, including items Raw materials consumed, Purchased services and Employee Benefits.

In general, this includes personnel costs, service costs and material costs for daily maintenance, as well as regular and unplanned maintenance and repairs. Expenses related to the day-to-day operation of the pipeline are not included, such as: raw materials, personnel costs for operating the gas pipeline network, overhead costs for employees, electricity or liquids that are necessary for the operation of gas transmission.

The numerator consists of Taxonomy-eligible OPEX expenditures, which means OPEX expenditure related to processes that are associated with Taxonomy-eligible economic activity 4.14 Transmission and distribution networks for renewable and low-carbon gases.

The Group’s methodology for the allocation key is based on the cost of maintenance crews. The maintenance time worked and other OPEX expenditures mentioned above (e.g. materials, overheads (training, telecommunications service costs etc.)) are divided into the time and the maintenance expenditures of gas transmission equipments and other maintenance work (capitalized costs and work for external entities).

The part of OPEX expenditure eligible for the Taxonomy is CZK 0 million and 0 % for 2025. This value was derived from the fact that the NET4GAS reports a value of the Taxonomy-eligible turnover indicator of CZK 0 and 0 %. In 2024, the values of the OPEX indicator were achieved in the same amount of CZK 0 million, 0 %.

In 2024, the value of the indicator was analysed in light of the European Commission's proposal for a Communication on the interpretation and implementation of certain legal provisions of the EU Taxonomy Delegated Regulation in the environmental field (EU Taxonomy Delegated Regulation on climate (EU) 2021/2139 and the EU Taxonomy Delegated Regulation on disclosure of information (EU) 2021/2178) which was published on 29 November 2024. The Communication was published without any changes on 5 March 2025 in the Official Journal of the European Union as Communication C/2025/1373, thereby become legally binding in the context of the relevant, related legislation. Therefore, in 2025 the procedure was carried out in the same way as in 2024.

Contribution to other objectives

The NET4GAS Group's strategy and all its financial indicators focus on the objective of climate change mitigation.

Table section of the Taxonomy Regulation

Tab. Share of turnover, capital expenditure (CAPEX) and operating expenditure (OPEX) from products or services related to Taxonomy-eligible or Taxonomy-aligned economic activities – disclosure covering year 2025 (summary of KPIs)

Financial year 2025	Breakdown by environmental objectives of Taxonomy aligned activities									
KPI	Total	Proportion of Taxonomy eligible activities	Taxonomy aligned activities	Proportion of Taxonomy aligned activities	Environmental objectives of Taxonomy aligned activities					
					Climate Mitigation	Climate Change Adaptation	Water	Circular Economy	Pollution	Biodiversity
	in mil CZK	%	in mil CZK	%	%	%	%	%	%	%
Turnover	6,457	0%	–	0%	0%	0%	0%	0%	0%	0%
CapEx	715	62%	–	0%	0%	0%	0%	0%	0%	0%
OpEx	393	0%	–	0%	0%	0%	0%	0%	0%	0%

Tab. Share of turnover from products or services related to Taxonomy-eligible or Taxonomy-aligned economic activities – disclosure covering year 2025

Reported KPI Turnover											
Financial year 2025											
Economic Activities	Text	Code	Proportion of Taxonomy eligible Turnover	Monetary value of Taxonomy aligned Turnover	Proportion of Taxonomy aligned Turnover	Environmental objective of Taxonomy aligned activities					
						Climate Change Mitigation	Climate Change Adaptation	Water	Circular Economy	Pollution	Biodiversity & Ecosystems
			%	in mil CZK	%	%	%	%	%	%	%
Transmission and distribution networks for renewable and low-carbon gases		CCM 4,14	0%	0	0%	0%	0%	0%	0%	0%	0%
Sum of alignment per objective						%	%	%	%	%	
Total KPI Turnover			0%	0	0%	%	%	%	%	%	%

E1 – Climate change





The NET4GAS Group pays close attention to environmental protection, including climate protection, which the Group, in addition to complying with legal requirements, sees primarily as a social responsibility. Environmental protection is considered in all decisions and processes with the aim of minimizing negative impacts on ecosystems.

This is reflected, for example, in the fact that NET4GAS carefully monitors the state of the environment before, during, and after construction. As a result, the Group has noticed that the protective and safety zones of gas pipelines create habitats where rare species of plants and animals are often found and do not hinder typical agricultural activities.

The Group strives to minimize the negative impacts of its operations and complies with all legislative requirements relating to nature conservation, emergency preparedness, the prevention and remediation of environmental damage, the integrated prevention of pollution, air protection, greenhouse gas emissions, waste and water management, and the handling of chemicals.

With more than 40 years of experience, the NET4GAS Group guarantees reliability and safety. The Group uses advanced technologies for the maintenance of gas facilities that minimize gas leaks into the atmosphere, and also offers these technologies to other gas infrastructure operators.

Gas transportation alone is environmentally friendly because gas pipelines are safely laid underground without disturbing the landscape. Their construction meets all legal requirements, including environmental impact assessments (EIAs), which examine possible effects on human health, nature, and ecosystems.

E1. GOV-3

Integration of Sustainability-Related Performance in Incentive Schemes

The NET4GAS Group does not currently incorporate climate-related aspects into the assessment of the performance of members of its administrative, management, and supervisory bodies, nor does it use greenhouse gas emission reduction targets as a criterion for their remuneration, as described in the section “ESRS2 GOV-3 Integration of sustainability-related performance in incentive schemes” of this Report.

E1. SBM-3

Material impacts, risks and opportunities and their interaction with strategy and business model

As part of the dual materiality assessment, a climate risk analysis was performed, based on which, two financial risks related to purchased products and services, as well as the Group's operating activities, were identified as material in terms of both exposure and sensitivity to climate change. In accordance with ESRS 2 SBM 3 requirements, the Group assessed the impact of these climate risks on its strategy and business model, establishing appropriate key strategic measures.

The identification and assessment of these risks follow the procedure outlined in ESRS 2 IRO-1, "Description of the Processes to Identify and Assess Material Impacts, Risks and Opportunities," with significance determined based on established criteria and stakeholder engagement results, as per ESRS 2 SBM-2.

Risk is defined as: "Extreme weather events caused by climate change and exacerbated by the vulnerability of global value chains due to their complexity and interconnectedness can disrupt the smooth flow of supply chains. These disruptions have a negative impact on businesses in terms of financial stability and operations." This risk is identified as physical, as it is directly related to the physical manifestations of climate change.

In accordance with the TCFD⁴ framework, this risk is classified as a physical climate risk in the category of extreme weather events. These events are a key source of potential financial and operational impacts for the Group. Following the identification of this risk and the results of DMA, the Group has made a strategic decision to respond to this risk through adaptation and transformation measures.

Specifically, the Group has begun preparing a climate change adaptation plan, committed to adapting its system to a 2% hydrogen blend, and is cooperating with neighboring TSOs on hydrogen transport projects. These measures are integral to the strategic objectives of the ESG strategy, thereby contributing to increasing the Group's resilience to the physical impacts of climate change and the long-term transformation of its business model.

The second financial risk is defined as follows: "Large leaks of methane, a powerful greenhouse gas, into the atmosphere during extraction, transport, or storage can have serious financial and reputational consequences for a company," corresponds to the definition of the risk of the transition to a low-carbon economy, namely reputational risk, because large methane leaks do not occur regularly over long periods but rather during sudden disturbances, accidents. At the same time, it can also be caused by natural disasters. Therefore, in accordance with the TCFD framework, this risk also falls under the category of acute physical climate-related risks that pose potential threat in terms of immediate financial losses. Based on its identification as part of the dual materiality assessment, the Group has reflected this risk in its ESG strategy and related strategic objectives.

The Group is therefore committed to gradually reducing fugitive and vented methane emissions from its infrastructure and implementing intensive monitoring of natural gas leaks. These measures reduce physical climate risks, enhance operational safety, and increase key stakeholders' confidence in the Group's responsible management of climate impacts.

In addition to the above, as part of its resilience assessment, the Group conducted an analysis of climate-related risks and risks associated with the transition to a low-carbon economy in 2024. The analysis covered owned and leased assets and was conducted in accordance with relevant standards in three climate scenarios and three time horizons.

Physical climate risk analyses

A climate risk analysis was conducted to determine the resilience of the Group's assets and technologies to climate change risks and included a set of aggregated asset groups (to the most detailed geolocation granularity possible with existing climate models), covering not only the entire gas pipeline infrastructure but also all the Group's owned and leased assets. The transition risk analysis covered assets exclusively owned by the NET4GAS Group and assets directly connected to the main infrastructure in relation to the supply-demand chain.

The analysis was carried out in several key steps, which included:

- 1. Collection of necessary data on assets at the level of granularity of the coordinates of individual, aggregated asset units.

4 Task Force on Climate-Related Financial Disclosures – Working Group on Climate-related Financial Disclosures

- 2. Data analysis performed by a computational tool.
- 3. Synthesis and conclusions.

The assets were then analyzed in three basic climate scenarios,⁵ which are defined by the level of carbon dioxide concentration in the atmosphere:

- RCP2.6–SSP126 (optimistic scenario, low scenario) – Assumption of the lowest carbon dioxide concentration in the atmosphere with the introduction of climate measures.
- RCP4.5–SSP245 (pessimistic scenario, medium scenario) – Assumption that no strong climate policies or regulations will be introduced.
- RCP8.5–SSP585 (no-breakthrough scenario, worst-case scenario) – Assumption of the highest concentration of carbon dioxide in the atmosphere that could occur without major regulatory measures and interventions.

The climate scenarios presented by the Intergovernmental Panel for the UN represent the best available predictions based on scientific consensus. However, a certain degree of uncertainty stems from the trajectory that climate change will take, which is also transparently admitted by the authors of the climate scenarios. This level of uncertainty represents an objective limitation of the analysis, and the Group has tried to avoid distortions by presenting the impacts for three scenarios in the Report.

Physical risks related to the identified significant impacts and risks within the scenarios include the particularly acute risk of extreme weather, which can manifest itself, for example, in the form of snowstorms or gusty winds.

The SSP⁶ climate scenarios are derived from the Sixth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC AR6) and include socioeconomic and macroeconomic attributes. Combined with RCP⁷ scenarios, which include physical attributes, they form a suitable combination for climate risk analysis.

The analysis was conducted over three time horizons:

- Short term (historical – current status)
- Medium term (2030)
- Long term (2050)

These time horizons are based on the EU's Long-Term Strategy for 2050 (European Commission Communication, "A Clean Planet for All"), which is the foundation of the European Green Deal. This strategy is legally enshrined in Regulation (EU) 2021/1119. The Regulation establishes a framework for achieving climate neutrality by balancing greenhouse gas emissions and removals by 2050 at the latest, thereby reducing emissions to net zero. The time horizons were also set based on continuously available data from the International Energy Agency, as well as the internal settings of the Group's processes, where the medium-term horizon follows the Group's normal financial planning and at the same time falls within the time period defined by the Ten-Year Network Development Plan. The long-term horizon follows the Group's Corporate Strategy developed in 2025.

The overall assessment considered the physical climate risks defined by the TCFD framework and divided into acute and chronic risks. A total of 10 major climate risks were analyzed and further divided into specific sub-risks or their indicators.

5 Although climate risks have been identified as material, the analysis so far shows that the costs associated with physical climate risks are negligible for society. The financial statement currently does not contain any climate-related critical assumptions.

6 **SSP** (Shared Economic Pathways) – scenarios of projected global socioeconomic changes up to 2100, which are used to derive greenhouse gas emission scenarios under given climate policies.

7 **RCP** (Representative Concentration Pathways) – the trajectory of greenhouse gas concentrations adopted by the Intergovernmental Panel on Climate Change (IPCC) used for climate change modeling.

The analysis identified risks that pose potential physical and financial threats to the group's assets and operations in connection with climate change.

- In the medium term (2030), according to climate models, the Group's assets will be exposed mainly to the risks of extreme weather and flooding (especially precipitation and river flooding).
- In the long term (2050), the list of risks will expand to include drought, soil (meaning soil erosion), and temperature risks.

However, the main conclusion is that the overall vulnerability results show financial losses or costs associated with potential climate risks are very low in relation to the total value of the company's assets—in the order of lower tens of millions of CZK, meaning climate risks do not pose a significant threat to the group's physical assets.

The risks themselves are presented in Section "E1. IRO-1 Description of the Processes to Identify and Assess Material Impacts, Risks and Opportunities" in this report.

Analysis of Transition Risks and Opportunities

This analysis included the transformation from non-renewable (fossil) energy sources to renewable ones and the associated risks and opportunities. The main pillars of the transition risks identified that define the Group's business environment are:

- Regulatory changes
- Technological innovation
- Market dynamics
- Social expectations

Transition risks may impact on the Group's operating and financial parameters. As part of the Group's long-term strategy, ensuring reliable gas transmission now and in the future is a key objective. In the context of decarbonization, the first significant opportunity lies in having sufficient transmission system capacity to ensure natural gas supplies during the transition from coal to natural gas for heating and power generation sources. Further opportunities associated with the transition and transformation lie in implementing new technologies aimed at reducing greenhouse gas emissions and contributing to decarbonization.

As part of the transformation, the Group is preparing for the possibility of transporting hydrogen, a key step toward achieving long-term environmental targets and other requirements. The transition to hydrogen will contribute not only to reducing greenhouse gas emissions but also to maintaining competitiveness in the context of gradual decarbonization.

E1. IRO-1

Description of the processes to identify and assess material impacts, risks and opportunities

The NET4GAS Group conducted DMA to identify relevant and material impacts, risks, and opportunities related to topic E1 – Climate Change. The assessment considered the business model, all the Group's assets, the entire value chain, and its proprietary technologies. The assessment included transfer stations, gas pipelines, compression stations, and administrative and office buildings, for example.

The detailed methodology of the DMA is described in the section "ESRS 2. IRO-1 Description of the Processes to Identify and Assess Material Impacts, Risks and Opportunities" in this report.

Material impacts, risks, and opportunities were identified under topic E1 – Climate Change across the Group's entire value chain. The following tables provide an overview of these impacts, risks, and opportunities:

Tab. Overview of significant impacts of the NET4GAS Group related to climate change

MATERIALITY OF IMPACT							
Subtopic	Sub-sub-topic	Description of the activity	Stakeholders concerned	Description of impact	Part of the value chain	Time horizon	Attributes
Climate change mitigation	—	Operation	People Nature	The transportation of natural gas can result in methane leaks, which is a powerful greenhouse gas that contributes significantly to climate change.	Own operation	Mid-term	Negative Actual

Tab. Overview of significant risks and opportunities for the NET4GAS Group related to climate change

FINANCIAL MATERIALITY								
Sub-topic	Sub-sub-topic	Description of the activity	Stakeholders concerned	Description of risk/opportunity	Part of the value chain	Time horizon	Attribute	Size of the financial effect
Climate change mitigation	—	Purchased products and services	People Nature	Extreme weather events caused by climate change and exacerbated by the vulnerability of global value chains due to their complexity and interconnectedness can disrupt the smooth flow of supply chains. These disruptions have negative impacts on businesses in terms of both financial stability and operations.	Upstream	Mid-term Long-term	Risk	Major
Climate change mitigation	—	Operation	People Nature	Large leaks of methane, a powerful greenhouse gas, into the atmosphere during extraction, transport, or storage can have serious financial and reputational consequences for a company.	Upstream Own operation	Short-term Mid-term	Risk	Moderate
Climate change adaptation	—	Operation	People Nature	Preparing gas infrastructure for the transport of low-emission and renewable gases (e.g., biomethane and hydrogen) can lead to improved reputation and potential profits.	Own operation	Mid-term Long-term	Opportunity	Major

Following DMA results and in connection with climate risks, a climate risk analysis was performed based on three scenarios:

- RCP2.6-SSP126 (optimistic scenario)
- RCP4.5-SSP245 (pessimistic scenario)
- RCP8.5-SSP585 (no breakthrough scenario).

The analysis was performed in three time horizons:

- Short term (historical-current status)
- Medium term (2030)
- Long term (2050)

The entire climate risk analysis process, including descriptions of the individual scenarios and time horizons, is explained in more detail in Section “E1. SBM-3 Material Impacts, Risks and Opportunities and Their Interaction with Strategy and Business Model” in this report.

Tab. Significant physical risks identified for the NET4GAS Group in three scenarios

Material NET4GAS Group physical risks – RCP2.6-SSP126			
	Short-term horizon	Mid-term horizon	Long-term horizon
 Floods	✓	✓	✓
 Extreme Weather			
 Fire			
 Precipitation			
 Soil			
 Cold	✓		
 Warmth			
 Drought			
 Temperature	✓		
 Geotechnical risk			

Material physical risks of NET4GAS Group – RCP4.5 – SSP245			
	Short-term horizon	Mid-term horizon	Long-term horizon
 Floods	✓	✓	✓
 Extreme Weather		✓	✓
 Fire			
 Precipitation			
 Soil			✓
 Cold	✓		
 Warmth			
 Drought			✓
 Temperature	✓		✓
 Geotechnical risk			

Material physical risks of NET4GAS Group – RCP8.5 – SSP585			
	Short-term horizon	Mid-term horizon	Long-term horizon
 Floods	✓	✓	✓
 Extreme Weather		✓	✓
 Fire			✓
 Precipitation			
 Soil			
 Cold	✓		
 Warmth			
 Drought			✓
 Temperature	✓		✓
 Geotechnical risk			

Furthermore, the climate risk analysis also identified transition risks and opportunities, these were however not assessed as financially significant following a Double Materiality Assessment.

Tab. Overview of significant transition risks for the NET4GAS Group for individual time horizons and scenarios

Risk	Optimistic scenario SSP1-RCP2.6			Pessimistic scenario SSP2-RCP4.5			A scenario without a breakthrough SSP5-RCP8.5		
	2025	2030	2050	2025	2030	2050	2025	2030	2050
Extension of the European Emissions Trading System to other sectors and/or increase in allowance prices			✓						
Pricing of methane emissions from gas leaks		✓	✓			✓			
Tightening reporting on the company's climate impacts and greenhouse gas emissions			✓						
Insufficient enforceability of climate requirements for suppliers			✓						
Failed investments in decarbonization and transformation innovations								✓	✓
Unavailability of key commodities for gas provision to end customers									✓
Negative perceptions of fossil fuel companies									✓

Tab. Overview of significant transition opportunities for the NET4GAS Group for individual time horizons and scenarios

Opportunity	Optimistic scenario – sustainability			Pessimistic scenario – middle way			A no-breakthrough scenario – fossil development		
	2025	2030	2050	2025	2030	2050	2025	2030	2050
Obtaining subsidies for decarbonization and transformation measures or technologies	✓	✓	✓	✓	✓	✓	✓		
Transition to the trans-mission of renewable gases – biomethane and hydrogen			✓						

The identification and analysis of climate-related transition risks and opportunities was based on a qualitative assessment of a list of potential risks and opportunities for the Group.

The methodology for identifying impacts, risks and opportunities applied by the company in the reporting period did not include the identification of assets and business activities that are incompatible with the transition to a climate-neutral economy or that would require significant efforts to achieve such compatibility. The company anticipates including this assessment in the process of preparing the Transition Plan, which is to be developed by 2027.

The assessment of the significance of individual climate-related risks and opportunities was based on two main variables:

- Frequency/probability of occurrence of the risk/opportunity
- Financial/operational impact of the risk/opportunity on the Group

Frequency/Probability of occurrence		Financial/operational impact	
1	Once in more than 5 years / Very low probability	1	Loss up to CZK 1 million / Short-term failure of part of the process
2	Once every 1-5 years / Low probability	2	Loss of CZK 1-10 million / Long-term failure of part of the process
3	One to 11 times per year / Increased probability	3	Loss of CZK 10-150 million / Short-term process failure
4	Once or more times a month / High probability	4	Loss over CZK 150 million / Long-term failure of one or more processes

The resulting level of risk significance (insignificant, moderately significant, significant) is the product of these two variables.

Quantification of risk/opportunity*	
Not material	0 – 3.9
Moderate	4 – 7.9
Material	8 – 16

* The values of individual variables were determined based on assumptions and expert estimates related to regulatory, market, environmental, and social developments.

E1-1

Transition plan for climate change mitigation

The NET4GAS Group does not currently have a Transition plan for climate change mitigation, in accordance with ESRS requirements, in place. The Group is preparing the plan, which is expected to be completed by 2027. In 2025, the Group invested a total of CZK 214.97 million in network development and other significant projects.

E1-2

Policies related to climate change mitigation and adaptation

NET4GAS currently approaches environmental protection based on its Occupational Safety and Health policy, Fire Protection and Protection of Environment (“OSH, FP and PE”), which is further developed by internal company guidelines.

The main principle of the OSH, FP and PE policy in terms of environmental protection is the continuous reduction and prevention of negative environmental impacts of the Group’s activities while adhering to the principles of ISO 14001 and relevant legal regulations and standards in the field of environmental protection (the Group based the policy on the requirements of Act No. 114/1992 Coll., on Nature and Landscape Protection, as amended).

The OSH, FP, and PE policy focuses on the above areas, and the monitoring process includes regular internal and external inspections and reporting. It applies to all the Group’s activities, including operations, sites, and operating units (it also includes supply chains and the locations where the Group operates).

Furthermore, the policy defines the basic principles of Occupational Health Protection and Fire Protection.

When setting the OSH, FP, and PE policy, the Group considers the interests of key stakeholders, including employees, suppliers, customers, and the public. The highest level of responsibility for the implementation of the OSH, FP, and Environmental Protection policy is borne by the executives of NET4GAS. Responsibility for specific areas lies with directors, managers, and specialists.

NET4GAS makes the OSH, FP, and PE Policy available to all employees through its intranet, and its abbreviated version is publicly available on the website. NET4GAS also ensures that employees and other stakeholders are regularly informed of policy changes and updates.

The Group documents the management of other relevant areas in its internal documentation, which is available to and binding on NET4GAS employees. In the future, all relevant areas will be part of a single Sustainability Policy umbrella, which NET4GAS is currently preparing.

E1-3

Actions and resources in relation to climate change policies

As part of key measures of climate change mitigation, the Group has purchased a total of five mobile compressors, which serve to significantly reduce methane emissions into the air. Two of them were already available in 2025, and the remaining three will be gradually received by the end of 2027. In parallel, the selection and purchase of flaring technology is

underway, which will be deployed in cases where technical or operational conditions do not allow the use of compressors. At the same time, the frequency of detection activities on the transmission system is increasing, which will lead to a significant reduction in fugitive leaks. The Group is also strategically preparing for the future transport of renewable and low-carbon gases as more environmentally friendly fuels.

The Group's objectives in the area of reducing its carbon footprint and limiting leaks from infrastructure are described in more detail in the ESG strategy and in the section "ESRS2. SBM-1 Strategy, business model and value chain" of this Report. The business model, which is specified in more detail in the above-mentioned section, also includes a revenue model, which contains, among other things, information on how the revenues needed for the maintenance and development of the transmission infrastructure will be secured.

The decarbonisation levers, the expected impacts of individual measures, their scope, the time horizons for implementation, the methodology for measuring the progress achieved, including the monitored indicators, as well as the planned financial resources needed for their implementation, will be elaborated in accordance with the applicable legislation in the Transition Plan for climate change mitigation, which is to be developed by 2027. The following table contains several indicators in the area of environmental impacts, including a point on the reduction of greenhouse gas emissions. This particular indicator relates to the target defined in the ESG strategy: “Reduce Scope 1 fugitive and released methane emissions to air by 2030 by 20% compared to 2021.”

This is the first time that the Group has reported on this target in relation to the reference year 2021, and therefore the quantification for 2025 is already available, allowing for the first relevant comparison with the baseline. In contrast, the data for 2024 is not included in the table because the methodology for measuring and monitoring this specific target has not yet been fully implemented in previous years.

Tab. Objectives and resources related to climate change policies⁸

	2024	2025
Achieved reduction in greenhouse gas emissions (tCO2e)*	54 405	79 690
Annual volume of methane emissions in a given year (tCO2e)**	n/a	20 436
Target absolute value of methane emissions according to the defined objective (tCO2e)***	n/a	41 853
Planned emission reduction to meet defined target (tCO2e)****	n/a	0
Significant financial amounts required to implement measures taken in a given year – operating costs (in CZK mil.)	0	4.13
Significant financial amounts required to implement measures taken in a given year – capital costs (in CZK mil.)	20.1	102.85

* Achieved reduction in greenhouse gas emissions (Scope 1, 2) in a given year compared to the reference year 2021.

** The annual volume of Scope 1 fugitive and released methane emissions in a given year that is recorded in connection with achieving the ESG strategy emission target.

*** Target absolute value of Scope 1 fugitive and released methane emissions in 2030 in line with the ESG strategy objective.

**** The value represents the planned emission reduction necessary to achieve the target defined in the Group's ESG Strategy. The absolute volume of fugitive and released emissions associated with the operation of the transmission system may fluctuate from year to year depending on operational, maintenance and investment needs, even in the order of tens of percent. The strategic objective of the NET4GAS Group is to achieve a long-term and structural decrease in emissions regardless of these year-on-year fluctuations. In the reporting period, the level of methane emissions was below the level of the set ESG target, which is reflected in the zero value of the planned additional need for permanent emission reduction. However, this situation is the result of the specific conditions of the given period and cannot be considered permanent. In the following years, methane emissions may increase again, therefore the Group continues to implement measures aimed at long-term reduction of methane emissions.

8 The information refers to the Consolidated Statement of Profit and Loss for the year ended 31. 12. 2025.

In addition to the above objectives, the Group is currently preparing other projects related mainly to the preparation of gas infrastructure for the transport of hydrogen of a high degree of purity. In line with the European Hydrogen Backbone (EHB) initiative and in cooperation with other partner transmission system operators (TSOs), NET4GAS has started to develop the following specific hydrogen corridors that will run through the Czech Republic:

- 1. **Czech-German Hydrogen Interconnector (CGHI)** – this corridor will enable the transport of hydrogen from northern Germany and the Baltic States to the Czech Republic and further to the southern part of Germany
- 2. **Central European Hydrogen Corridor (CEHC)** – this corridor will enable the transport of renewable hydrogen produced in Ukraine to points of consumption in Slovakia, the Czech Republic and Germany
- 3. **SunsHyne Corridor** – this corridor will allow hydrogen to be transported from North Africa to Italy, Austria, Slovakia, the Czech Republic and Germany
- 4. **South East European Hydrogen Corridor (SEEHyC)** – this corridor will open the path for hydrogen from the Middle East and South-East Europe to Greece, Bulgaria, Romania, Hungary, Slovakia, Croatia, Slovenia, Austria, the Czech Republic and Germany

The following table demonstrates development projects related to the transport of clean hydrogen, for which the Group has already determined their basic parameters – technical solution and expected year of commissioning.

Tab. Planned hydrogen infrastructure projects of the NET4GAS Group

Project			Status	Expected year of commissioning	PCI status	PCI number/s
Category	Code	Title				
Hydrogen infrastructure projects	HYD-N-900	Czech Hydrogen Backbone Infrastructure SOUTH Project (formerly Central European Hydrogen Corridor, Czech part)	non-FID	2035	YES	10.4
	HYD-N-1034	Czech Hydrogen Backbone Infrastructure WEST Project (formerly Czech-German Hydrogen Interconnector, Czech part)	non-FID	2030	YES	10.2.1
	HYD-N-1251	Czech Hydrogen Backbone Infrastructure NORTH Project	non-FID	2032	NO	–

E1-4

Targets related to climate change mitigation and adaptation

Climate change mitigation targets are part of the Group’s ESG strategy and will also be further developed as part of the upcoming Transition Plan for climate change mitigation. The relevance to ensuring compliance of the set targets with the EU climate objectives defined by the Climate Act results from the so-called:

- Regulation (EU) 2024/1787 of the European Parliament and of the Council of 13 June 2024 on the reduction of methane emissions in the energy sector and amending Regulation (EU) 2019/942 (“MER Regulation”);

- Regulation (EU) 2024/1789 of the European Parliament and of the Council of 13 June 2024 on the internal markets for renewable gas, natural gas and hydrogen, amending Regulations (EU) No 1227/2011, (EU) 2017/1938, (EU) 2019/942 and (EU) 2022/869 and Decision (EU) 2017/684 and repealing Regulation (EC) No 715/2009;
- Directive (EU) 2024/1788 of the European Parliament and of the Council of 13 June 2024 on common rules for the internal markets for renewable gas, natural gas and hydrogen, amending Directive (EU) 2023/1791 and repealing Directive 2009/73/EC;
- Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU, as regards corporate sustainability reporting.

The target for reducing fugitive and released methane emissions to the atmosphere by 20% by 2030 was set in line with the EU's long-term climate ambitions, particularly the Climate Act. The target is based on the assumption of a gradual, uniform reduction of emissions by 2050. The target also reflects the MER Regulation, which introduces obligations in the area of monitoring, detection and minimisation of methane leaks, including the implementation of LDAR programs and stricter reporting requirements. However, implementing regulations and technical standards have not yet been issued for this Regulation, which are intended to regulate the practical implementation of individual obligations in detail. For this reason, the target is set as a framework and will be further specified after the relevant implementing regulations are issued.

At the same time, the commitments and direction of the European Hydrogen Backbone initiative, of which the Group is a member, were considered. These frameworks shape long-term priorities for the modernisation of the transmission system and the transition to low-carbon fuels.

The scope of the individual objectives applies to the Group's operating transmission system and other relevant parts of the infrastructure, including related activities. The fulfillment of objectives is monitored through KPIs at the level of the company's management in an annual cycle. For qualitative targets without quantification (e.g. YES/NO), the evaluation takes the form of an assessment of the achievement of a defined milestone. The data are evaluated for the given fiscal year as a whole and are part of the Group's Consolidated Sustainability Report.

The reference year for reporting on the achievement of targets is 2025. An exception is the emission reduction target, where the reference year is 2021, which corresponds to the N-3 rule set out in the ESRS for the determination of the base year for greenhouse gas indicators and allows for consistent tracking of the long-term emission reduction target. For this reason, the NET4GAS Group reports a comparison with this reference year only for the emissions target. For all other targets, a comparison with 2025 will be reported in the coming years.

The topic of sustainability is defined as one of the strategic initiatives of the Corporate Strategy, which is described in more detail in the Consolidated Annual Report of the NET4GAS Group for 2025 on page 11.

Tab. Climate change mitigation objectives within the ESG strategy

Target	Key performance indicator (KPI)	Unit	Reference year	Target year	Value in the reference year	Value for 2025	Target value
Reduction of Scope 1 fugitive and released methane emissions to the atmosphere by 20% by 2030 compared to 2021.*	Annual volume of fugitive and released methane emissions into the atmosphere	tCO2e	2021	2030	52 316	20 436**	41 853**
Implementation of intensive monitoring of natural gas leaks until 2027.	Implementation of a process for more accurate monitoring of methane leaks	%	2025	2027	n/a	75	100
Adaptation of the system to a 2% hydrogen blend by 2026.	Technical readiness of infrastructure for hydrogen blending	%	2025	2026	n/a	53	100
Developing a Transition and Adaptation Plan for climate change mitigation by 2027.	Development of the Climate Change Transition and Adaptation Plan	Yes/No	2025	2027	n/a	No	Yes
Cooperation with neighboring TSOs on 4 corridors towards the transport of hydrogen by 2030.	Number of active projects, including research projects in cooperation with TSOs	Number	2025	2030	n/a	5	4

* Emissions resulting from extraordinary events (e.g., accidents) are not included in the monitored values, as these situations cannot be influenced or controlled in advance.

** The absolute volume of fugitive and released emissions associated with the operation of the transmission system may fluctuate from year to year depending on operational, maintenance and investment needs, even in the order of tens of percent. The strategic objective of the NET4GAS Group is to achieve a long-term and structural decrease in emissions regardless of these year-on-year fluctuations. In the reporting period, the level of methane emissions was below the level of the set ESG target, which is reflected in the zero value of the planned additional need for permanent emission reduction. However, this situation is the result of the specific conditions of the given period and cannot be considered permanent. In the following years, methane emissions may increase again, therefore the Group continues to implement measures aimed at long-term reduction of methane emissions.

E1-5

Energy consumption and mix

Tab. Energy consumption and mix of NET4GAS Group

Energy consumption and mix from non-renewable sources	Unit	2024	2025
Fuel consumption of coal and coal products	MWh	0	0
Fuel consumption of crude oil and petroleum products	MWh	153	123
Fuel consumption of natural gas	MWh	31 074	18 583
Fuel consumption of other fossil resources (process, waste and other fuels used for energy purposes)	MWh	0	0
Consumption of purchased or obtained electricity, heat, steam, and cooling from fossil sources	MWh	3 055	2 815
Total energy consumption from fossil sources* (calculated as the sum of items 1 to 5)	MWh	39 475	26 482
Share of fossil sources in total energy consumption	%	93	88.49
Total energy consumption from nuclear sources	MWh	2 576	2 381
Share of nuclear sources in total energy consumption	%	6.07	7.89
Consumption of fuels from renewable sources, including biomass (including also industrial and municipal waste of biological origin, biogas, renewable hydrogen)	MWh	0	0
Consumption of purchased or obtained electricity, heat, steam and cold from renewable sources	MWh	385	1 054
Self-generated consumption of energy from non-fuel renewable sources	MWh	10	10.5
Total renewable energy consumption (calculated as the sum of items 8 to 10)	MWh	395	1 065
Share of renewables in total energy consumption	%	0.93	3.56
Total energy consumption (calculated as the sum of items 6, 7 and 11)	MWh	42 446	29 927
Energy production	Unit	2024	2025
Producing energy from non-renewable sources	MWh	0	0
Renewable energy production	MWh	10	10.5

* Total energy consumption from fossil sources includes fuel consumption.

Although the Group produces electricity in small quantities, this activity does not represent a significant part of NET4GAS's business activities. The electricity produced comes from own photovoltaic panels and is used only for its own purposes of providing a local source of electricity in remote locations without the possibility of connection to the distribution system. The value of this energy produced in the table above is only indicative and was determined by estimation based on the installed capacity of photovoltaic panels, which are installed at a total of 10 locations.

Tab. Energy intensity per net revenue

	2024	2025
Total energy consumption from activities in sectors with a high climate impact per net revenue from activities in sectors with a high climate impact (MWh/CZK million)	8.23	4.63

Tab. Linking energy performance based on net revenues with financial reporting information

	2024	2025
Net revenues from activities in sectors with high climate impact used to calculate energy intensity* (in CZK million)	5 133	6 457

* The Group's activities fall into the high-climate impact sector of section H – Transport and warehousing.

E1-6

Gross Scopes 1, 2, 3 and Total GHG emissions

The tracking of greenhouse gas emissions, within the scope of NET4GAS involvement in the EU ETS, is regulated by the internal CO2 Emission Allowances Directive, which determines the procedures for the detection, reporting and verification of greenhouse gas emissions, the handling of allowances and the responsibilities of individual departments for these activities.

A separate calculation includes greenhouse gases relevant to the Group, as described in the relevant internal methodological guideline for the collection and processing of data needed to calculate total NET4GAS emissions in accordance with the GHG Protocol. All greenhouse gas emissions that are accounted for in the greenhouse gas reporting are included in the calculation (except for fluorinated greenhouse gases, which the Group does not emit). The calculation of scope 1 and scope 2 emissions was carried out in accordance with the methodological requirements set out in the GHG Protocol, including its principles for boundary definition, transparency and consistency.

Calculation of the Group's carbon footprint is based on the principle of operational control, is consistent with the approach to financial reporting, and the individual activity input data for the calculation of the carbon footprint come from direct consumption measurements, measured or calculated leaks and internal accounting systems, including invoices.

Conversion factors and conversion calculations are based on the values set out in the IPCC's Sixth Assessment Report. The highest quality emission factors available were used in the calculations, as follows:

- 1. **Locally specific based on actual operational leakage** (Scope 1 process emissions and emissions from stationary combustion sources) – largely comprises emissions covered by the EU ETS
- 2. **Locally specific supplied by energy providers** (Scope 2)
- 3. **Nationally specific** for the remaining energy supplied, based on the National Inventory Report (NID/CRT) – emissions from mobile and stationary combustion sources of Scope 1

The Group does not report biogenic emissions in any of the scopes because, by the nature of its activities, it does not produce any such emissions and does not use biomass as fuel.

Due to the calculation and data collection settings (primarily from the value chain), the Group has decided to apply a deferral for reporting Scope 3 emissions. The Group will continue its efforts to fine tune the process and set up procedures for calculating and obtaining input data for the calculation and reporting of Scope 3 greenhouse gas emissions so that their reporting achieves accuracy and meaningful value.

Tab. Greenhouse gas emissions

	Reference year (2021)	2024	2025
Gross annual Scope 1 emissions (in tCO2eq)	100 816	48 666	23 069
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (in %)	46.14	1.98	4.94
Gross annual Scope 2 emissions (location-based) (in tCO2eq)	6 894	2 500	2 423
Gross annual Scope 2 emissions (market-based) (in tCO2eq)	6 037	2 500	4 094
Total Scope 1, 2 and 3 GHG emissions (location-based) (in tCO2eq)	107 710	51 165	25 491
Total Scope 1, 2 and 3 GHG emissions (market-based) (in tCO2eq)	106 853	51 165	27 163

Tab. Greenhouse gas intensity per net revenue

	2024	2025
Total GHG emissions (location-based) per net revenue (in tCO2eq / CZK million)	9.97	3.95
Total greenhouse gas emissions (market-based) per net revenue (in tCO2eq / CZK million)	9.97	4.21

Tab. Net revenues for the calculation of greenhouse gas emission intensity⁹

	2024	2025
Total net revenues (in financial statements) (in CZK million)	5 133	6 457

The Group's objectives in the area of reducing its carbon footprint and limiting leakage from infrastructure are described in more detail in the ESG strategy and in the section "ESRS2. SBM-1 Strategy, business model and value chain" and in the section "E1-4 Targets related to climate change mitigation and adaptation" of this Report. The individual objectives will be further specified in the framework of the prepared Transition plan for climate change mitigation, which will be developed in accordance with the amendments to the relevant legislation, the final form of which is in the legislative process.

E1-7

GHG removals and GHG mitigation projects financed through carbon credits

The Group is not currently involved in or initiating any projects related to greenhouse gas removals or storage financed through carbon credits nor does it initiate any (in relation to its own operations, its value chain and beyond).

9 The information refers to the Consolidated Statement of Profit and Loss for the year ended 31. 12. 2025.

E1-8

Internal carbon pricing

The Group does not currently operate an internal carbon pricing system as defined by the ESRS. The possibility of introducing one has been assessed, but the Group has decided not to implement it.

E1-9

Anticipated financial effects from material physical and transition risks and potential climate-related opportunities

Physical risks

The procedure for assessing and identifying physical climate risks is described in this Report’s section E1. SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model. All types of assets, including financial lease assets or right-of-use assets, were considered when determining assets exposed to material physical risk. Significant assets exposed to significant physical risk are located throughout the Czech Republic according to the NUTS 3 code, with the exception of the following NUTS 3 regions: Hradec Králové Region, Liberec Region, Karlovy Vary Region, and the Capital City of Prague.

Transition risks

The procedure for assessing and identifying transition risks is described in the Report’s section “E1. SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model”.

Transition risks consider the uncertainties of ongoing mitigation measures based on the forecast of available demand for natural gas based on the outlook of the International Energy Agency (IEA) and confirmed, fixed commitments (APS) on the reduction of greenhouse gases. When quantifying transition risks, there are currently unknowns entering the evaluation (legislative, technological, market, reputational) due to inconsistent standardization. For this reason, the risks of transition are evaluated only qualitatively.

Climate change opportunities

The Group has identified 5 opportunities to cope with climate change according to the TCFD categories in the areas of market, products, services, and resilience in the time horizons and scenarios. The NET4GAS Group will use the opportunity to maintain its share in the development of the energy system and confirm the Group’s role through the demand for and transportation of new renewable and low-carbon gases, generating revenues through new adaptation solutions, a better competitive position reflecting changing customer preferences, revenues through access to new and emerging markets, greater diversification of financial assets, increased market value through resilience planning (e.g., infrastructure, land, buildings), increased supply chain reliability and ability to operate in a variety of conditions, generating revenue through new resiliency products and services.

The Group did not financially quantify expected changes in net revenues in climate-related opportunities.

The Group used the exemption for the first reporting period in requirements E1-9 because the preparation and collection of comprehensive quantitative data on climate risks requires effort, resources, and time to implement the necessary processes. The Group published qualitative data in the Report that allows insight into the climate risk management approach, strategies, and potential impacts. This approach ensures that the Consolidated sustainability report meets the basic transparency requirements while providing scope for gradual improvement and additions to the data in subsequent periods.

S1 – Own workforce



The following section provides a comprehensive overview of how NET4GAS manages their own workforce in accordance with the principles of sustainability and responsible human resource management. It describes key processes, standards and procedures that ensure safe, fair and transparent working conditions for all employees. At the same time, it presents approaches by which NET4GAS promotes open dialogue, employee development and strengthening corporate culture.

S1. SBM-2

Interests and views of stakeholders

The own workforce is one of the key stakeholder groups of the NET4GAS Group. The Group strives to ensure that the opinions of employees are taken into account in the formation of strategic decisions and in the development of internal processes. At the same time, it also emphasizes respect for human rights and ensuring fair and safe working conditions. With this approach, the NET4GAS Group strengthens its corporate culture, promotes employee engagement and contributes to the long-term sustainability of its operations.

S1. SBM-3

Material impacts, risks and opportunities and their interaction with strategy and business model

In the Double Materiality Assessment, the Group included both its employees and non-employees. NET4GAS employees include employees whose relationship with the consolidating company is of an employment nature (see section "S1-6 Characteristics of the undertaking's employees" of this Report). Persons who are not employees, but are part of the company's own workforce, include the groups of persons described in the section "S1-7 Characteristics of non-employees in the undertaking's own workforce" of this Report.

From the Double Materiality Assessment, one negative potential impact on the workforce was identified, namely in the area of OSH. In the context of the Group's value chain, members of the Group's own workforce involved in the operation, maintenance and technical support of the system are most exposed to potential negative impacts related to occupational safety and health. Other employees who are not working in the field perform their work from offices where the potential for injury is lower. A positive actual impact has also been identified in this area, as the Group has set up an OSH system that goes beyond the legislative requirements and covers all employees of the Group.

The NET4GAS Group operates in the Czech Republic, and its suppliers are in the countries of the European Union, so the risk of forced or child labour is minimal due to the legislative requirements of the respective countries. From the type of activities, this risk could exist for upstream activities, i.e. in gas extraction. However, there is no such risk in the countries where the Group's suppliers operate.

The Double Materiality Assessment also revealed one significant risk associated with the workforce, namely the financial remuneration of employees. The Group (currently only NET4GAS) provides employees with an adequate wage that is in line with market standards and corresponds to their skills, experience and work performance. With this approach, it tries to ensure that employees are financially motivated and satisfied with their remuneration. An adequate wage not only increases employee loyalty, but also minimizes the risk of turnover, which contributes to the stability and continuity of the work team. NET4GAS also regularly reviews wage conditions and ensures that they are in line with current economic conditions and inflation, minimizing this risk.

The Double Materiality Assessment did not identify any significant impacts that could result from the transition plans, such as restructuring and the associated job losses. Potential significant impacts linked to the transition plan will continue to be included in the Double Materiality Assessment.

Tab. Overview of significant impacts of the NET4GAS Group related to its own workforce

MATERIALITY OF IMPACT							
Sub-topic	Sub-sub-topic	Description of the activity	Stakeholders concerned	Description of impact	Part of the value chain	Time horizon	Attributes
Working conditions	Collective bargaining	Employment	Own workforce	Adequate employee representation in the workplace and an effective trade union ensure that employees' needs are heard and their rights are consistently respected.	Own operation	Short-term Mid-term Long-term	Positive Actual
Working conditions	Work-life balance	Employment	Own workforce	Systems and policies that provide employee benefits beyond the legal requirements, collective agreements, or common standards in a given country have a positive impact on individuals and their social environment, while also contributing to improving their quality of life.	Own operation	Short-term Mid-term	Positive Actual
Working conditions	Health and safety	Employment, Operation	Own workforce	Unsuitable working conditions can lead to health risks for employees, reduced motivation to perform their work, especially in more risky positions, and in extreme cases, even the loss of qualified operational personnel.	Own operation	Short-term	Negative Potential
Working conditions	Health and safety	Employment, Operation	Own workforce	The company has established and certified an occupational health and safety management system and has been working to create safe workplaces for its employees over the long term. It also regularly conducts risk analyses and audits of its occupational health and safety system.	Own operation	Mid-term	Positive Actual
Equal treatment and opportunities for all	Training and skills development	Employment – regular training and development of employees; setting up prevention and measures against violence and harassment in the workplace	Own workforce	The existence of structured programs and initiatives aimed at developing employees' knowledge, skills, and competencies contributes to their ability to perform their job duties effectively, adapt to changing workplace demands, and supports their professional growth. These activities can also lead to an improvement in employees' quality of life and strengthen their social status.	Own operation	Short-term	Positive Actual
Equal treatment and opportunities for all	Diversity	Employment	Own workforce	The introduction of diversity policies, low levels of discrimination within the organization, the existence of active programs and cooperation with relevant stakeholders, supplemented by systematic monitoring and reporting of data demonstrating the impact of these initiatives, contribute to the protection of human rights and have a positive impact on the quality of life of employees.	Own operation	Mid-term	Positive Actual

Tab. Overview of significant risks and opportunities of the NET4GAS Group related to its own workforce

FINANCIAL MATERIALITY								
Sub-topic	Sub-sub-topic	Description of the activity	Stakeholders concerned	Description of risk/opportunity	Part of the value chain	Time horizon	Attribute	Size of the financial effect
Working conditions	Secure employment	Employment	Own workforce	Improving socioeconomic conditions can bring new business opportunities and greater social protection for the workforce (improving living conditions, higher predictable income), which can increase the attractiveness of employers and reduce costs.	Own operation	Mid-term Long-term	Opportunity	Major
	Adequate wages	Employment	Own workforce	Inadequate or undervalued financial remuneration of employees can lead to high turnover, declining morale, and reduced productivity. These factors can subsequently negatively affect the company's financial results, increase operating costs, jeopardize its reputation, and lead to a decline in sales.	Own operation	Short-term Mid-term Long-term	Risk	Major

S1-1

Policies related to own workforce

The NET4GAS Group’s approach to managing its own workforce is set out in several key internal documents that define the principles of managing its own workforce and ensure safe, fair and transparent working conditions for all employees. These key documents include the Code of Ethical Conduct, the Fraud Prevention Policy, the Work Rules, the Safety Rules, the Principles of Organization of Occupational Safety and Health (OSH directive), the Human Resources Management directive and related methodological guidelines, such as the Evaluation of Employee Competencies, Employee Training and Development, etc. The Code of Ethical Conduct and the Fraud Prevention Policy are described in more detail in the section "G1-1 Business conduct policies and corporate culture " of this Report.

These documents define rules and standards in the areas of human rights, labour relations, occupational safety, health protection, environmental protection, anti-discrimination and ensuring equal access to professional development. The Code of Ethical Conduct mentions the principles of the UN Global Compact, in accordance with which it was developed. This document explicitly mentions the promotion of internationally proclaimed human rights, the elimination of all forms of forced and compulsory labour, the effective abolition of child labour, and the elimination of discrimination in employment and occupation. The Work Rules and OSH directive set out specific responsibilities for both employees and management, procedures for reporting and handling complaints, training and risk prevention.

The NET4GAS Group does not have a separate equal treatment policy or anti-discrimination policy. The principles of non-discrimination are based on the obligation to comply with applicable legislation and are generally enshrined in the Group's internal documents. In particular, it is the Code of Ethical Conduct, which states an explicit commitment to mutual respect and equality of opportunity and diversity. No employees or applicants are disadvantaged on the basis of their gender, marital status, race, nationality, age, religion, or sexual orientation.

The Human Resources Management directive and the related methodological guidelines regulate the processes of recruitment, adaptation, training and development of employees, competency assessment and remuneration, while all documents are binding and accessible to all employees on the intranet NET4GAS. Employees are made aware of the documents upon taking up employment as well as through internal communication channels, with Group management ensuring that they are regularly updated and implemented effectively. Some documents require demonstrable evidence that the employee has been acquainted with its contents, such as the Work Rules, the Safety Rules and the OSH directive.

Through these policies, the NET4GAS Group promotes open dialogue, employee involvement in decision-making processes, strengthening corporate culture and professional development, thereby contributing to long-term stability, responsible management and sustainability of its operations.

S1-2

Processes for engaging with own workforce and workers' representatives about impacts

NET4GAS emphasizes an open and constructive dialogue with employees and their representatives. Cooperation takes place through consultations, internal meetings, social dialogue and other feedback tools such as "breakfast with the company's management", workshops, employee satisfaction surveys and structured appraisal interviews. NET4GAS pays attention to transparent communication and uses the intranet, internal newsletters and thematic meetings with management.

Employee collaboration processes are enshrined in the Work Rules and other management documents of NET4GAS. All changes and additions to the Work Rules are made with the consent of the trade union, which ensures the participation of employees in the adjustment of working conditions. NET4GAS management works with the trade union and other workers' representatives to take their views into account when making decisions about work processes, working conditions and the introduction of new initiatives. Formal meetings of the NET4GAS management with the trade union take place regularly at 6-week intervals. If necessary, communication also takes place operatively. The Director of the Human Resources department is responsible for cooperation with the trade union, who ensures regular meetings and the projection of their results into the company's decision-making processes.

NET4GAS supports the professional development of employees through competency assessments, training programs and career growth. Employees have the opportunity to address complaints, notifications and suggestions to management and supervisory bodies as well as managerial staff, which ensures an open dialogue and effective resolution of any problems.

Selected experts involved in specific activities relating to this Report were also involved in the double materiality assessment process, which resulted in the identification of impacts, risks and opportunities.

NET4GAS also systematically evaluates the impact of its decisions and operational changes on its own workforce and ensures that human rights, occupational safety and equal opportunities measures are effectively implemented. In this way, NET4GAS promotes employee engagement, maintains a long-term responsible approach to human capital management, and creates an environment based on mutual trust, respect, and cooperation.

At the moment, the Group does not have any other formalised procedures for cooperation with its own workforce.

S1-3

Processes to remediate negative impacts and channels for own workforce to raise concerns

NET4GAS employees have several ways to express their concerns and report unethical behaviour or violations of internal regulations:

1. **Compliance Officer:** Employees can contact the Compliance Officer for Ethics, Ms. Barbora Bořková, Director of the Human Resources department, via e-mail (barbora.borkova@net4gas.cz).
2. **Ombudsman:** The Ombudsman is an independent channel for anonymous submission of suggestions and complaints. In particular, it collects suggestions and information related to fraudulent conduct or conduct contrary to internal regulations or laws. Its activities are provided by the law firm White & Case, s.r.o. Employees can contact the Ombudsman via e-mail (n4gombudsman@whitecase.com) or the freephone line (+420 800 884 444), which is available on weekdays from 09:00 to 18:00 and has a voice recorder outside these hours.
3. **Internal whistleblowing system:** NET4GAS fulfils its obligations under the Whistleblower Protection Act and has an internal whistleblowing system in place. This system is managed by an independent person, JUDr. Ivo Janda, Ph.D., an attorney-at-law, who can be contacted via e-mail (whistleblowing.N4G@whitecase.com), telephone line (+420 255 771 237) or in person at White & Case, s.r.o., Law firm, Na příkopě 14, 110 00 Prague 1.

Contact details are also published on the website and intranet of NET4GAS. In this way, NET4GAS ensures that all employee concerns and suggestions are properly investigated and addressed, thus fostering a culture of openness and accountability. NET4GAS also has an internal Whistleblower Protection guideline in place, which sets out both the processes for receiving and handling reports and protection against retaliation. The process is further described in section "G1-1 Business conduct policies and corporate culture" and section "G1-3 Prevention and detection of corruption and bribery" of this Report.

S1-4

Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions

NET4GAS has been intensively involved in occupational health and safety for a long time. The NET4GAS Group's safety programs and strategies not only meet but also exceed legislative requirements and are in accordance with OHSAS 18001 standards. This applies to both the Group's employees and its suppliers. Therefore, the safety management system is also applied to supplier organizations.

The Group has preventive measures in place to minimise negative impacts on employees, which include initial training and regular occupational health and safety (OSH) education, regular inspections and maintenance of the working environment, the provision of personal protective equipment, and access to health care and mental health support. The area of OSH is provided by the Safety, Environment department of the System Technical Support unit.

The policy also includes initial and periodic examinations of employees' medical fitness, the provision of first aid and vaccinations. It also specifies the principles of providing personal protective equipment and special procedures for the work of women and pregnant women, as well as for work in places with a higher degree of risk. A system of regular inspections is in place to ensure compliance with the rules for safe work and effective risk prevention, thus maintaining a high standard of safety in the workplace.

Furthermore, procedures for rapid response to emergencies and crisis situations are implemented, such as evacuation plans and regular exercises.

The main fire protection measures include:

- Ensuring a sufficient amount and types of material means of fire protection (FP) and fire safety equipment (FSE) and maintaining them in working order.
- Regular training and professional training of employees in fire protection, including specific training for managers, preventive fire patrols and people securing FP outside working hours.
- Regular inspections of the level of fire protection at workplaces by managers and the Safety, Environment department.
- Establishment of preventive fire patrols in areas with at least three employees where activities with increased or high fire risk are conducted.
- Determination and compliance with fire safety conditions during welding and other activities with a risk of fire.
- Ensuring fire supervision during activities requiring special fire safety measures.

Measures to manage material impacts, risks and opportunities related to its own workforce are more elaborated within the framework of the Group's strategic objectives defined in the ESG strategy.

S1-5

Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

The own workforce targets are part of the ESG strategy and their reference year for reporting on the fulfilment is 2025. These targets were set on the basis of an internal methodology based on the long-term experience of the relevant department directors, available company data (e.g. on employee turnover or training) and internal processes in place.

The individual objectives apply to all of NET4GAS's own employees, unless otherwise stated. The fulfilment of objectives is monitored through KPIs at the level of the company's management in an annual cycle. The data are evaluated for the given fiscal year as a whole and are part of the Group's Consolidated Sustainability Report. The topic of sustainability is defined as one of the strategic initiatives of the Corporate Strategy, which is described in more detail in the Consolidated Annual Report of the NET4GAS Group for 2025 on page 11.

At the same time, the Group is working on the integration of processes related to non-financial reporting and on the modification of management documentation in order to ensure a consistent and systematic approach to sustainability management. Currently, the management documentation for the Sustainability Strategy is being created, which will be an internal document and will describe, among other things, the process of creating and managing the Strategy, or individual objectives.

Tab. Objectives related to the workforce within the ESG strategy

Target	Key Performance Indicator (KPI)	Units	Reference Year	Target Year	Value in the Reference Year	Value for 2025
Maintain ongoing employee satisfaction above 70%.	Average employee satisfaction rate	%	2025	2030	n/a	78
Maintain an ongoing employee turnover rate below 7%.	Average turnover rate	%	2025	2030	n/a	8.53*
Maintain 0 fatal work-related injuries of own employees.	Number of fatal work-related injuries of own employees	Number	2025	2030	n/a	0
Maintain 10 hours of training on average per employee/year.	Average number of training hours per employee	Number	2025	2030	n/a	32

* The calculation of the turnover rate is carried out according to the requirements of the ESRS, where all types of termination of employment (including retirement and death) are included in the calculation. The adjusted turnover rate after excluding retirements is 6.68 %.

S1-6

Characteristics of the undertaking's employees

As of 31 December 2025, the NET4GAS Group had 539 employees (100% of employees at NET4GAS). 3 NET4GAS employees are also non-employees of BRAWA, in which they hold positions on the company's bodies.

The number of employees is reported using the headcount methodology and includes only persons under an employment relationship. Workers performing work based on an agreement to complete a job (DPP) and an agreement to perform work (DPČ) are not part of the total number of employees. This Report applies the interpretation of the requirements of ESRS S1, according to which only persons whose relationship with NET4GAS has the character of an employment relationship are included in the category of employees. Persons performing work through other forms of contractual relationships that do not establish an employment relationship are classified as non-employees for the purposes of this Report. For this reason, workers on DPP and DPČ are not included in any employment statistics or indicators reported under ESRS S1, which apply exclusively to employees in an employment relationship. This classification has only the purpose of reporting according to the ESRS and does not change their legal status under the Labour Code (Act No. 262/2006 Coll.).

Tab. Structure of employees by gender

	2024	2025
Men	424	432
Women	102	107
Other	Not registered	Not registered
Not specified	Not registered	Not registered
Total	526	539

Tab. Structure of employees by type of contractual relationship

	Women		Men		Total	
	2024	2025	2024	2025	2024	2025
Number of employees	102	107	424	432	526	539
Number of permanent employees	86	85	378	377	464	462
Number of temporary employees	16	22	46	55	62	77
Number of employees with non-guaranteed working hours*	0	0	0	0	0	0

* Workers on DPP and DPČ (workers with non-guaranteed working hours) are not part of the total number of employees, because their relationship with NET4GAS does not establish an employment relationship. For the purposes of this Report, they are reported as non-employees.

Tab. Employee turnover

	2024	2025
Number of employees who left NET4GAS	45	46
Employee turnover (in %)	8.56	8.53

Calculation of employee turnover rate according to ESRS

$$\frac{\text{Number of terminated employment relationships}}{\text{Number of employees at the end of the period}} \times 100$$

S1-7

Characteristics of non-employees in the undertaking's own workforce

Within the own workforce, in addition to regular employees, there are also persons who are not employed by NET4GAS, but who participate in the performance of its activities and influence the operational functioning of the company on the basis of other contractual relationships. According to the ESRS classification, these persons are classified as non-employees and include mainly external workers, consultants and expert advisors, agency workers and other specialists involved in short-term or project activities. For the purposes of this Report, this group also includes workers performing activities on the basis of agreements on work performed outside the employment relationship (DPP and DPČ), in accordance with Czech legislation (Act No. 262/2006 Coll., the Labour Code). This classification has only the purpose of reporting according to the ESRS and does not change their legal status under the Labour Code in any way.

NET4GAS ensures that these workers also carry out their activities in accordance with the rules of safety, health protection and ethical conduct. When involving them, NET4GAS applies internal standards and requirements that are similar to those for regular employees, especially in the areas of OSH, protection of workers' rights and equal treatment. These workers thus complement the overall working capacity of the NET4GAS and contribute to its safe and efficient functioning.

The number of workers outside the employment relationship is reported using the headcount methodology, i.e. as the number of individuals who participate in NET4GAS activities, regardless of the length and extent of their involvement. As of 31 December 2025, NET4GAS worked with 21 external workers (self-employed) providing services in areas such as IT or consulting. In addition, as of 31 December 2025, NET4GAS registered 52 agreements to complete a job (DPP) or agreements to perform work (DPČ).

S1-8

Collective bargaining coverage and social dialogue

NET4GAS maintains a stable and constructive social dialogue with employee representatives and has long-term cooperation with the trade union operating in the company. NET4GAS has concluded a collective agreement with a trade union, which specifies and extends the rights of all employees set out in Act No. 262/2006 Coll., the Labour Code. The trade union is an equal partner for NET4GAS, and mutual relations are governed by the relevant provisions of the Labour Code and the collective agreement. The collective agreement valid for the period 2025-2029 sets the level of working and social conditions of employees and also includes benefits beyond legal standards. 100% of NET4GAS employees are covered by the collective agreement.

Social dialogue takes place through negotiations between the management of the NET4GAS and the trade union, consultations on the preparation or updating of internal regulations, and joint work on initiatives aimed at occupational safety, the quality of the working environment and the professional development of employees. The trade union has the opportunity to comment on proposals that may affect the working conditions of employees, and its views are taken into account in decision-making processes.

This approach promotes open communication, mutual trust and responsible management of employment relationships and contributes to the long-term stability of the working environment in NET4GAS.

S1-9

Diversity metrics

NET4GAS promotes a diverse working environment based on equal opportunities, fair dealing, and mutual respect. NET4GAS observes key diversity metrics that provide insight into employee representation across genders, age groups, and professional levels.

Emphasis is placed in particular on the analysis of gender representation and age structure, which are essential for evaluating the needs of the workforce and transferring professional know-how. NET4GAS strives to ensure that all employees have equal access to professional development, education and career opportunities, and regularly evaluates whether its internal processes contribute to strengthening an inclusive work environment.

For the purposes of reporting under the ESRS, the “top management” is considered to be the top management of the company, i.e. persons located one and two levels below the representatives of the statutory body.

Tab. Distribution of employees by age groups

	2024	2025
Number of employees under 30 years old	19	28
Share of employees under 30 years old (in %)	3.6	5.2
Number of employees aged 30-50 years old	281	271
Share of employees aged 30-50 years old (in %)	53.4	50.3
Number of employees over 50 years old	226	240
Share of employees aged over 50 years old (in %)	43	44.5

Tab. Distribution of employees in the executive, top management and other positions

	Number of employees in the executive		Number of employees in top management		Number of other employees	
	2024	2025	2024	2025	2024	2025
Women	0	0	5	4	97	103
Less than 30	0	0	0	0	5	7
30-50	0	0	3	1	56	60
Over 50	0	0	2	3	36	36
Men	2	3	22	25	400	404
Less than 30	0	0	0	0	14	21
30-50	0	0	17	15	205	195
Over 50	2	3	5	10	181	188
Total	2	3	27	29	497	507

Tab. Share of employees in the executive, top management and other positions

	Share of employees in the executive		Share of employees in top management		Share of other employees	
	2024	2025	2024	2025	2024	2025
Women (in %)	0	0	1	0.7	18.4	19.1
Men (in %)	0.4	0.6	4.2	4.6	76	75

S1-10

Adequate wages

The remuneration system at NET4GAS is designed to ensure fair, transparent and adequate wages for all employees. Remuneration is based on the principles of equality, objectivity and non-discrimination and is determined by the complexity of the job positions, responsibility, required competencies and performance. The remuneration structure is based on the applicable labour law framework and on the collective agreement, which sets binding standards for wages, benefits and other conditions beyond the legal requirements.

All employees are remunerated adequately, i.e. in accordance with the applicable national legislation governing the minimum wage. Remuneration below the minimum wage is not in accordance with legal regulations in the Czech Republic. In the case of part-time work, the minimum wage is proportionally adjusted according to the amount of the agreed working hours according to the applicable legislation. At NET4GAS, no employee is paid at the minimum wage level.

The remuneration system also includes employee benefits that support the health, safety and overall well-being of employees, such as contributions to supplementary pension insurance, leisure activities, or health care. NET4GAS pays attention to transparent communication in the area of remuneration and to ensure that employees have clear and understandable information about their entitlements.

With this approach, NET4GAS ensures that its wage policy promotes stability, motivation and long-term employee satisfaction, while contributing to sustainable human resources management. As of 31 December 2025, 100% of employees who received adequate wages. The reference source value for these data was information from Directive (EU) 2022/2041 on adequate minimum wages in the European Union, and it is 50 % of the national average monthly wage according to national statistics.

S1-11

Social protection

In the Czech Republic, social protection is enshrined in the legal system, ensuring that all employees are protected against loss of income due to major life events. This system is part of comprehensive social security, which includes sickness insurance, pension insurance, unemployment benefits and other social benefits. In the event of events such as illness, maternity, paternity, disability or old age, employees are provided with financial support that allows them to face these challenges without having a major impact on their economic stability. All NET4GAS employees are covered by social protection.

S1-12

Persons with disabilities

NET4GAS applies equal access to all its employees, including people with disabilities and at the same time supports the employment of people with disabilities. Each job offered is assessed as suitable or unsuitable for people with disabilities and advertised as such.

Tab. Employment of people with disabilities

	2024	2025
Percentage of employees with disabilities	0.57	1.30
Total number of employees with disabilities	3	7
Of which men	3	6
Share of men (in %)*	0.71	1.39
Of which women	0	1
Share of women (in %)**	0	0.93

* This is the share of men with disabilities in relation to the total number of men in NET4GAS.
** This is the share of women with disabilities in relation to the total number of women in NET4GAS.

S1-13

Training and skills development metrics

NET4GAS employees are supported in the development of professional skills and professional growth. Employees have access to various forms of education, including in-house training, workshops, professional seminars, and certification programs, which ensure that they acquire and deepen the knowledge needed to perform their jobs safely and effectively.

Employee competencies are regularly assessed through a structured process that includes self-assessment, evaluation by superiors and any additional comments from expert managers. The results of the assessment are used to identify individual training needs and career development planning.

The development and training of employees maintain their professional skills, develop competencies, support their professional growth, increase engagement and contribute to the long-term sustainability and efficiency of NET4GAS's operations.

Tab. Training of employees

	Women		Men		Total	
	2024	2025	2024	2025	2024	2025
Share of employees who participated in regular performance evaluations and career development (in %)	100	100	100	100	100	100
Average number of training hours per employee*	4.8	3.7	20.3	28.6	17.3	32.3

* The average number of training hours per employee for both men and women was calculated as the ratio of total hours of training to the total number of employees.

S1-14

Health and safety metrics

NET4GAS places the utmost importance on the health and safety of all employees. Its aim is to ensure a safe working environment and minimize the risk of work injuries and health complications associated with the work performance. The basis for this approach is clearly defined internal documents and guidelines, such as the Work Rules, the Safety Rules and the Principles of Organization of Occupational Safety and Health (OSH), which set out the responsibilities of employees and management, risk prevention processes and emergency measures. All NET4GAS employees and non-employees are covered by the OSH system.

OSH requirements apply not only to NET4GAS's own workforce, but also to employees of supplier companies, who are required to comply with all relevant safety rules and procedures when carrying out activities at NET4GAS Group's workplaces.

During 2025, no work-related injuries were recorded within NET4GAS's own workforce or among employees of supplier entities performing activities at the Group's workplaces. At the same time, no occupational disease was recorded in NET4GAS's own workforce during 2025.

Tab. Health and safety metrics

	Employees		Non-employees	
	2024	2025	2024	2025
Percentage of employees covered by the OSH management system	100	100	100	100
Number of fatalities due to work-related injuries or occupational disease	0	0	0	0
Number of fatalities due to work-related injuries and occupational diseases of other workers working at the company's workplaces	0	0	0	0
Number of registered work-related injuries*	1	0	0	0
Rate of registered work-related injuries**	1.09	0	0	0
Rate of registered occupational diseases	0	0	0	0
Missed calendar days due to incapacity for work caused by work-related injuries or occupational diseases – own employees	21	8	0	0

* For reporting purposes, registered work-related injuries are considered to be injuries that caused incapacity for work in accordance with the applicable legislation.

** Expresses the number of registered work-related injuries per 1 000 000 hours worked.

S1-15

Work-life balance metrics

Work-life balance is promoted at NET4GAS as a key element of a healthy and sustainable working environment. The goal is for employees to be able to perform their work tasks efficiently while taking care of their personal lives, family and interests.

NET4GAS provides flexible work schedules that include the ability to use flexible working hours, remote work, and adjust the workload according to the individual needs of employees. It also encourages the use of leave and provides the possibility of unpaid days off in justified cases.

Promoting work-life balance contributes to employee satisfaction and motivation, reduces the risk of burnout and increases the long-term sustainability of the work environment. NET4GAS thus ensures that employees can perform their professional duties effectively while maintaining a quality standard of living and personal well-being.

Tab. Work-life balance metrics

	2024	2025
Percentage of employees entitled to family-related leave (in %)	100	100
Number of eligible employees who took family-related leave	33	30
of which women	18	14
of which men	15	16
Percentage of eligible employees who took family-related leave (in %)	6.27	5.57

S1-16

Remuneration metrics (pay gap and total remuneration)

NET4GAS ensures a fair and transparent remuneration system that reflects the qualifications, responsibilities and performance of employees. The aim is to ensure equal opportunities and minimise pay gaps between employees performing comparable work, regardless of gender, age or other personal characteristics. This includes evaluating the position according to the position catalogue (mainly tariff wages), comparing it with the market (mainly individual wages) and ensuring internal fairness.

There are three remuneration systems: tariff wages, individual wages, and managerial wages, which share common features. The components of the wage include a fixed part, which in the case of tariff wages reflects the value of the position, while in the case of individual and managerial contracts, it reflects the level of competence of the employee. The tariff surcharge considers the level of competence of the employee compared to the required level. The performance remuneration, i.e. the variable part of the wage, reflects the performance of the employee and, in the case of individual and managerial contracts, also partially the performance of NET4GAS.

NET4GAS also provides its employees with various programs and benefits as part of its personnel and social policy. These benefits include contributions to supplementary pension and life insurance, a meal allowance, five days of vacation beyond the statutory minimum, three days of personal leave, flexible working hours, above-standard health care, contributions to leisure activities and support for families with small children. The company also facilitates the return of employees after parental leave by keeping in touch with them, allowing them to actively participate in projects and offering the possibility of working from home. Employees also have the opportunity to receive financial support for the preschool attended by their children.

Tab. Gender pay gap

	2024	2025
Average gross hourly wage for men (in CZK)	455	464
Average gross hourly wage of women (in CZK)	429	477
Pay gap (in %)	5.67	-2.80

Tab. Annual total remuneration ratio

	2024	2025
Total (in %)	410.91	391.25

S1-17

Incidents, complaints and severe human rights impacts

NET4GAS is committed to respecting human rights in all areas of its activities. NET4GAS has established a system for reporting and resolving complaints, which makes it possible to draw attention to violations of working conditions, discrimination or other interference with human rights. At the same time, the anti-discrimination principle is one of the basic values of NET4GAS enshrined in the rules of internal and external relations. The NET4GAS Group's Code of Ethical Conduct, which describes in detail the Group's principles and policies on human rights, labour relations, environmental

protection and anti-corruption measures, is specified in detail in section "G1-1 Business conduct policies and corporate culture" and in section "S1-3 Processes to remediate negative impacts and channels for own workforce to raise concerns" of this Report, where contacts for the "Compliance Officer" and the company's ombudsman can also be found.

Tab. Overview of incidents, complaints and serious human rights impacts

	2024	2025
Total number of cases of discrimination, including harassment of all workers reported in the reporting period	0	0
Total number of complaints about social and human rights incidents	2	1
Number of complaints submitted through channels through which people in the company's own workforce can raise concerns (including complaint mechanisms)	2	1
Number of complaints submitted to the OECD National Contact Points for Multinational Enterprises	0	0
Total amount of fines, penalties and damages as a result of the incidents and complaints listed above (in CZK)	0	0
Number of serious human rights incidents related to own workforce	0	0
Number of serious human rights violations related to the company's workers in the reporting period that are violations of the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work or the OECD Guidelines for Multinational Enterprises	0	0
The total amount of fines, penalties and damages for the incidents described above, and the reconciliation of the disclosed amounts of money with the most significant amount in the financial statements (in CZK)	0	0

G1 – Business conduct





The NET4GAS Group recognises the importance of ensuring that the Group's governance structure, the composition of its management and the distribution of roles and responsibilities are clearly defined and understandable across the Group, from the Group's bodies to the executive and operational levels. A clearly defined governance system supports the Group's responsible management, which is an essential element of its sustainability and sustainable development activities. In this context, the NET4GAS Group is aware of its role in society and its responsibility towards customers and business partners, as well as the owner and employees.

G1. GOV-1

The role of the administrative, supervisory and management bodies

The General Meeting (or the sole shareholder of NET4GAS), the Executives, the Supervisory Board and the Audit Committee form the key pillars of the Group's governance and oversight. Together, these authorities create a system that ensures a high level of integrity, transparency and accountability. More detailed information on the Group's bodies can be found in the section "ESRS2. GOV-1 The role of the administrative, supervisory and management bodies" of this Report.

G1. IRO-1

Description of the processes to identify and assess material impacts, risks and opportunities

When assessing Double Materiality, the following negative impact related to the topic of Business Conduct was identified as significant across the entire value chain of the Group. The assessment did not identify any significant financial risks and/or opportunities. An overview of all identified significant topics and their placement within the Group's value chain is presented in the following table.

Tab. Overview of the significant impacts of the NET4GAS Group related to business conduct

MATERIALITY OF IMPACT							
Sub-topic	Sub-sub-topic	Description of the activity	Stakeholders concerned	Description of impact	Part of the value chain	Time horizon	Attribute
Management of relationships with suppliers including payment practices	—	All own activities	Regulatory authority Local authorities Citizens	Late payment of invoices can negatively affect payment morale and disrupt the stability of business relationships with suppliers.	Upstream Own operation Downstream	Short-term	Negative Actual

G1-1

Business conduct policies and corporate culture

The NET4GAS Group places emphasis on creating and maintaining a healthy and ethical corporate culture that supports the responsible and effective functioning of the Group in a regulated environment. The basis of its operation is strict compliance with all applicable regulations, legal requirements and regulatory frameworks, along with the protection of the company's reputation and the position of a reliable business partner.

In addition to legislative and regulatory obligations, NET4GAS is also bound by internal policies, guidelines, methodologies and other internal documentation. Their adherence, regular updating and continuous evaluation are key elements of the NET4GAS corporate culture and support its long-term development.

The conduct of the Group and its employees is based on the principles of personal responsibility, sincerity, loyalty and respect – both for other people and their safety, as well as for the environment. Managers in this system have a special responsibility to ensure that these principles are implemented in their daily practice.

The NET4GAS Group has a defined set of internal policies that determine the framework for corporate culture and responsible behavior across the entire organization. These include the Fraud Prevention Policy, the Code of Ethical Conduct and the Management System Manual.

Fraud Prevention Policy

The Fraud Prevention Policy is aimed at strengthening the integrity of the NET4GAS Group and supporting transparent processes in accordance with laws and internal regulations. It sets out the basic principles of fraud prevention and emphasizes the importance of a corporate culture that creates an environment unfavorable to the emergence of any unethical or fraudulent behavior.

NET4GAS promotes an open and fair working atmosphere based on respect, professionalism, teamwork and mutual trust. Employees are motivated to actively prevent fraudulent behaviour and cooperate with the management in detecting it.

The Policy obliges the Group to thoroughly investigate all suspected fraudulent conduct and to take appropriate disciplinary or legal action in cases where it is confirmed. Each employee has the opportunity to report suspected fraud, violation of the Code of Ethical Conduct or significant violation of internal regulations – primarily to their superior.

Another contact person is the so-called "Compliance Officer", who is obliged to deal with all reports with the highest level of confidentiality and investigate them as required by the specific situation. At the same time, the NET4GAS Group also allows employees to report anonymously through an independent external ombudsman.

Code of Ethical Conduct

Each employee is obliged to follow the NET4GAS Code of Ethical Conduct in their daily work. When joining the Group, the Code is handed over to employees and is also available on the NET4GAS website. Managers should ensure that all their subordinates are aware of the Code of Ethical Conduct and can follow it in practice.

Employees may confidentially report any concerns or suspicions of fraudulent conduct or violations of the Code of Ethical Conduct. If the internal procedure is not suitable, they can use an external ombudsman who is available for completely independent and anonymous reporting. For these purposes, the Group has established an internal manual of the ombudsman system, which sets out detailed procedures for the submission and handling of reports. The contact details of the "Compliance Officer" and the Ombudsman are published on the website and intranet of NET4GAS as well as in the section "S1-3 Processes to remediate negative impacts and channels for own workforce to raise concerns" of this Report.

NET4GAS complies with the Whistleblower Protection Act, and the relevant internal guideline regulates the rules for the protection of whistleblowers and the process of assessing reports. Managers are required to report annually on the implementation of the Code of Ethical Conduct, including identified violations.

Management System Manual

The Management System Manual sets out a uniform methodology for the Internal Management System (IMS), including the interconnection of the process and organizational structure and procedures for managing the identified findings. Powers and responsibilities are assigned to the Executives, who determine the strategy, provide resources and manage the processes necessary to meet the Group's objectives and the requirements of customers and other stakeholders.

The handbook also covers the areas of environment and work safety. NET4GAS focuses on minimizing environmental impacts, meeting all legal requirements, work safety and fire protection. Work safety and fire protection are set out in specific internal guidelines. The group regularly evaluates compliance with legal regulations and presents the results on a quarterly basis. The system also includes regular training of employees according to internal and legislative needs.

The Group fights all forms of corruption and bribery. As of 31 December 2025, risky functions accounted for 28.57 % of all NET4GAS employees. These are positions related to contact with contractual partners, responsibility for key projects, essential decision-making powers and/or the right to sign. In the past, during implementation of large investment projects, international law firms have also provided specialized training for a selected group of employees involved in the projects, depending on the level of risk of corruption and bribery. In 2025, 100% of employees in high-risk positions had been trained.

G1-2

Management of relationships with suppliers

In relation to suppliers, NET4GAS pays attention to compliance with the rules of its Code of Ethical Conduct, which all suppliers are also obliged to comply with. The Group does not maintain business relationships with suppliers that are publicly known to be in breach of the basic principles underlying the "Global Compact". In addition, the Group is committed to further promoting this initiative in its business relations.

NET4GAS announces above-threshold public contracts via the Contracting Authority's Profile on the Tender arena e-portal and sends notices of these contracts for publication in the Public Procurement Journal (PPJ) and the European Journal (Tenders Electronic Daily - TED).

For supplier relationship management, the Group uses not only the NET4GAS Code of Ethical Conduct, the essence of which is described in the section "G1-1 Business conduct policies and corporate culture" of this Report, but also the Purchasing and Logistics Guideline.

Purchasing and Logistics Guideline

The Guideline defines rules and procedures for all areas of purchasing and logistics, and also focuses on minimizing risks, efficient use of resources and reducing overall costs. In particular, it regulates the processes of reliable purchasing, selection and evaluation of suppliers, concluding contracts, resolving complaints, warehouse management and sale of assets.

The purchasing process in the Group respects the general rules for ensuring the technical level and quality of purchased materials, assets and services for gas equipment, as defined in the Group's management documents. The Guideline also defines the qualification criteria for the evaluation of tenders, the organizational structure of electronic procurement procedures and the rules for dealing with unreasonably low tenders. Emphasis is placed on transparency and non-discrimination.

The NET4GAS Group does not currently have a separate payment morale policy. However, the issue is described in the current guideline "Making Payments, Business Payment Cards".

NET4GAS is governed by Act No. 134/2016 Coll. (Public Procurement Act) when awarding public procurement, thereby demonstrating compliance with the principles of socially and environmentally responsible procurement within the meaning of this Act and duly justifying its procedure. Where relevant, evaluation criteria are actively included in the tender documentation, e.g. as the number of disabled employees offered.

G1-3

Prevention and detection of corruption and bribery

The NET4GAS Group is committed to high ethical standards and transparency in all its business activities. It rejects all forms of corruption and wrongdoing and actively prevents them. Employees are regularly informed about the prohibition of accepting or providing undue benefits that could affect decision-making processes or obtaining business opportunities. All suspicious activities are mandatorily reported to the relevant bodies of the Group.

The group has the "Fraud Prevention Policy" and the "Code of Ethical Conduct" in place, which strengthen the anti-corruption prevention system. Both of these policies are described in more detail in the section "G1-1 Business conduct policies and corporate culture" of this Report.

Potential cases of corruption and bribery are investigated internally by the so-called "Compliance Officer", who is also the head of the human resources department. For external anonymous inquiries, the Group has established the function of an independent external ombudsman. The principles of whistleblower protection apply throughout the whole process in accordance with applicable legislation and internal rules. Both the "Fraud Prevention Policy" and the "Code of Ethical Conduct" are available to employees on the NET4GAS website and on the intranet.

28.57 %
risky functions

100 %
training in 2025

As of 31 December 2025, risky functions accounted for 28.57 % of all NET4GAS employees. These positions are characterized by contact with contractual partners, responsibility for key projects, significant decision-making powers or the right to sign. In 2025, 100% of employees in high-risk positions had been trained.

G1-4

Incidents of corruption or bribery

The NET4GAS Group is intensively trying to prevent corruption and bribery and has effective measures in place to prevent any unethical practices. The success of these measures is reflected in the results, where no confirmed cases of corruption or bribery were registered for 2025.

Tab. Incidents of corruption or bribery

	2024	2025
Total number of confirmed cases of corruption or bribery	0	0
Total number of verdicts received for violations of anti-corruption and anti-bribery laws	0	0
Total amount of fines for violations of anti-corruption and anti-bribery laws (in CZK million)	0	0
Number of confirmed incidents where own workers were dismissed or disciplined for corruption or bribery	0	0
Number of confirmed cases involving contracts with business partners that were terminated or not renewed due to violations of laws related to corruption or bribery	0	0

G1-5

Political influence and lobbying activities

The NET4GAS Group is aware of the need for dialogue with representatives of state authorities and political parties due to its importance for the economy. In order to avoid even a hint of undue influence the Group has drawn up the following principles of conduct towards the political sphere:

- The NET4GAS Group behaves as politically and party-neutral and does not make any donations to political parties, organizations or foundations that are in close relationship with political parties.
- The NET4GAS Group shall not employ or enter a consultancy contract with people who are holders of a public mandate in their main occupation or are Members of Parliament.
- The NET4GAS Group explicitly recognizes co-responsibility for the development of the common good. The NET4GAS Group therefore welcomes the civic, political and social (especially charitable and social) commitment of its employees.

In 2025, the Group did not make any financial or in-kind contributions to political parties or politically exposed individuals, directly or indirectly, in any country.

Tab. Group's costs on political funding

	2024	2025
Political funding provided (in CZK million)	0	0

In view of the fact of the inevitable dialogue with representatives of state administration, local government and representatives of political parties, the Group approaches lobbying activities with a high degree of caution and ethics. NET4GAS emphasizes compliance with laws and internal guidelines in order to avoid any undue influence on business or official decisions. The basic principles include excluding any influence of gifts on decision-making, separating private interests from those of the Group, and respecting the adequacy of the value of gifts made or received.

On 1 July 2025, the new Act No. 168/2025 Coll. came into force. The act regulates the conditions of lobbying in the Czech Republic. The Act lays down rules for lobbying activities, the obligations of lobbyists and lobbied, and the competence of public authorities in this area. The aim of the new legislation is to increase transparency and public control of lobbying activities, which is to prevent corruption, conflicts of interest and clientelism.

In connection with the above-mentioned law on lobbying regulation, NET4GAS as a legal entity made a declaration of lobbying activities with the registration of the Executives and one director of a department as individuals, the so-called lobbying intermediaries. As part of internal activities in NET4GAS, a set of information on the obligations arising from the aforementioned Act was communicated to the directors of departments and an internal investigation was carried out in all departments regarding communication with possible lobbied people as defined in the Act.

NET4GAS is registered in the EU Transparency Register under registration number 876980248532-11 and is also listed in the Lobbying Register of the Czech Republic under registration number RL5662912558.

In the area of lobbying at the national level, as defined in Act No. 168/2025 Coll., the lobbying regulation law, the activities of NET4GAS focus primarily on the regulation of gas transmission.

In the field of lobbying at the European level, NET4GAS, as well as the interest groups of which it is a member, focuses primarily on communicating the future role and importance of gases in the energy mix by 2050. NET4GAS is of the opinion that natural gas is an important tool for reducing emissions, especially as a substitute for coal in Central and Eastern Europe (CEE region). At the same time, it sees hydrogen as a renewable and low-carbon energy source that will gradually replace natural gas in certain sectors in the coming decades, thus further contributing to the reduction of emissions within the European economy.

Tab. Group’s costs on lobbying activities

	2024	2025
Total amount of internal and external lobbying costs (in CZK million)	2.37	1.83
Total amount paid for membership in lobbying associations and directly related to lobbying (in CZK million)	1.88	1.85

G1-6

Payment practices

Payment terms and practices are a key factor that significantly influences NET4GAS Group's relationships with suppliers and customers. Standard payment terms NET4GAS are based on the category of the supplier and correspond to individually negotiated contractual conditions, taking into account the specific circumstances of individual business cases. An overview of standard payment terms by supplier category and their representation according to the number of items and the value paid for 2025 is provided in the table below.

Tab. Standard payment terms NET4GAS by supplier category and their representation by number of items and value paid for 2025

Supplier category	Standard payment term (days)		Percentage of total items		Percentage of total value paid	
	2024	2025	2024	2025	2024	2025
Category 1	60	60	58.01	57.49	32.16	50.85
Category 2	30	30	33.51	34.37	60.80	43.44
Category 3	22	29	8.48	8.14	7.04	5.71

The following table presents an overview of the main indicators related to the payment morale of the NET4GAS Group in relation to suppliers.

Tab. Key indicators of payment morale of the NET4GAS Group

	2024	2025
Percentage of payments made in accordance with standard terms (in %)	96.34	94.97
Average due date of invoices from suppliers (in days)*	44	38
Number of court proceedings due to late payments	0	0

* This value is based on the assumption of timely payment according to the specified payment term in the order of paid supplier invoices for the given year.

Cybersecurity

In the environment of rapidly evolving digital technologies and the increasing degree of digitalization of operational processes, the area of cybersecurity is one of the key strategic topics for the NET4GAS Group. The protection of information systems, operational technologies and sensitive data is a prerequisite for the reliable and safe operation of the gas infrastructure managed by the NET4GAS Group. Although cybersecurity remains a non-material topic according to the currently set DMA methodology, the Group as a critical infrastructure entity perceives its importance. Therefore, the topic was included in the ESG strategy in 2024 and in 2025 it was supplemented with a focus on increasing employee security awareness in connection with potential cyberattack threats. Cybersecurity is considered an integral part of the overall risk management system in the NET4GAS Group. NET4GAS has an internal cybersecurity policy in place, which reflects the requirements of the applicable legislation of the Czech Republic and the European Union, in particular the Cybersecurity Act (the original Act No. 181/2014 Coll., and the new Act No. 264/2025 Coll.) and related implementing legislation. Act No. 181/2014 Coll., on cybersecurity was based on the European NIS Directive (Directive (EU) 2016/1148) and the new Act No. 264/2025 Coll., which repeals the original one, is based on the NIS Directive 2 (Directive (EU) 2022/2555). In particular, the Cybersecurity Act defines a framework for the security of network and information systems, risk management, incident prevention and mandatory reporting of cyber events and incidents. In accordance with the legislation, the NET4GAS Group thus emphasizes not only these areas, but also focuses on the responsibility of senior management for cybersecurity and on measures that support resilience to current and emerging threats.

By implementing the requirements of the legislation, the NET4GAS Group ensures that its systems and processes comply with the latest European standards in the field of cybersecurity. Within the organizational structure, responsibilities and powers in the field of information and cybersecurity management, including supervision by NET4GAS management, are defined.

As part of the managed cybersecurity documentation in NET4GAS, the "Fulfilment of Obligations under the Cybersecurity Act in NET4GAS" has been introduced, which sets out the basic obligations arising from the law and defines the responsibilities of individual roles. This framework also includes the "Statute and Rules of Procedure of the Cybersecurity Committee of the NET4GAS", where this Committee is composed of persons with relevant competences and professional competence for the overall management and development of the information security management system and people significantly involved in the management and coordination of activities related to cybersecurity. The Committee's responsibilities and powers include, but are not limited to, responsibility for the overall management, communication and development of cybersecurity, checking the current state of cybersecurity and determining whether the planned priorities are being met. The Chairman of the Cybersecurity Committee is the NET4GAS Executive responsible for Operations (COO). NET4GAS also has the designated role of Cybersecurity Manager, who is a key element of cybersecurity management and is a member of the Committee.

At the same time, the NET4GAS Group is aware that technology alone is not enough – an informed and responsible person is a key factor in safety. Therefore, it emphasizes employee education, regular training, and raising awareness of cyber threats. Part of the managed cybersecurity documentation at NET4GAS is also the document "Plan for the Development of Security Awareness of NET4GAS Employees", which supports systematic education in this area. At the same time, NET4GAS regularly updates educational materials to reflect current threats and trends. The training takes place both theoretically and practically. New employees are trained during the orientation day after starting work, and then together with all employees at regular intervals. In October, during the Cybersecurity Month, an extended e-learning training for all employees took place. In addition, NET4GAS is running a pilot internal program of "Cyber Ambassadors", who aim to naturally spread awareness of cybersecurity among colleagues.

The level of security of systems and processes is regularly evaluated in the Group through internal audits, vulnerability testing and simulated security exercises. The aim of these activities is to identify potential vulnerabilities at an early stage, strengthen preventive measures and ensure a quick response in the event of a security incident. The NET4GAS Group also invests in innovation, modernization and development of technological infrastructure to meet current security standards and enable effective protection of operational systems and data flows against new types of attacks. The effectiveness of the set security measures is regularly checked. The results of these tests are used to further improve processes and increase the level of cyber resilience.

At the same time, cooperation with external experts and institutions in the field of cybersecurity (e.g. with the National Cyber and Information Security Agency – NÚKIB) is developing, which strengthens the ability to respond to current and emerging threats.

The Group has been striving to maintain a high level of resilience of its systems for a long time and thus ensure the safe and reliable operation of the transmission system in the Czech Republic.

Cybersecurity priorities are currently considered a non-material topic and are not targets within the meaning of the ESRS. The reference year for reporting on their fulfilment under the ESG strategy is 2025. The priorities listed below will thus be compared to 2025 in the coming years.

Tab. Cybersecurity priorities within the ESG strategy

Priority	Key Performance Indicator (KPI)	Units	Reference Year	Target Year	Value in the Reference Year	Value for 2025
In the field of cybersecurity, annually conduct a risk analysis of critical information infrastructure and determine corrective measures.	Number of cybersecurity risk analyses performed	Number	2025	2030	n/a	0*
Increase employees' security awareness in the field of cybersecurity in order to strengthen the security culture and minimize the risks associated with them.	Number of updated training materials in the field of cybersecurity	Number	2025	2030	n/a	1

*In 2025, a separate risk analysis focused on critical information infrastructure was not carried out. Therefore, the key indicator "Number of cybersecurity risk analyses performed" is reported at 0 for the period. This approach was related to the implementation of the Business Impact Analysis (BIA), which started in 2025 and took place during the period under review. The BIA outputs represent a key input basis for the subsequent risk analysis, which is planned to be carried out in 2026.

Persons responsible for the Consolidated Sustainability Report

We hereby declare on our honour that the information stated in this Consolidated Sustainability Report is true and no material facts have been omitted or misstated.

In Prague on 25. 03. 2026



Michal Slabý
Executive



Rastislav Jamrich
Executive



Milan Váša
Executive



Deloitte Audit s.r.o.
Churchill I
Italská 2581/67
120 00 Prague 2 – Vinohrady
Czech Republic

Tel: +420 246 042 500
DeloitteCZ@deloitteCE.com
www.deloitte.cz

Registered by the Municipal
Court in Prague, Section C,
File 24349
ID. No.:49620592
Tax ID. No.: CZ49620592

INDEPENDENT AUDITOR’S LIMITED ASSURANCE REPORT ON
THE CONSOLIDATED SUSTAINABILITY STATEMENT
OF NET4GAS, s.r.o.

To the Partner of
NET4GAS, s.r.o.

Having its registered office at: Na Hřebeněch II 1718/8, 140 21 Prague 4 – Nusle

We have conducted a limited assurance engagement on the Consolidated Sustainability Statement of NET4GAS, s.r.o. (hereafter the “Company”) and its subsidiaries (hereafter the “Group”) included in section Consolidated Sustainability Statement of the Annual Consolidated Financial Report including the information incorporated in the Consolidated Sustainability Statement by reference, as disclosed in section BP-2 Disclosures in relation to specific circumstances (the “Consolidated Sustainability Statement”) as at 31 December 2025 and for the year then ended.

Identification of Applicable Criteria

The Consolidated Sustainability Statement was prepared by the Statutory Executives of the Company in order to satisfy the requirements of Section 32k of the Czech Accounting Act implementing 29a of the EU Directive 2013/34/EU, including:

- Compliance with the European Sustainability Reporting Standards introduced by Commission Delegated Regulation (EU) of 31 July 2023 supplementing Directive 2013/34/EU of the European Parliament and of the Council (“ESRS”), including that the process carried out by the Group to identify the information reported in the Consolidated Sustainability Statement (the “Process”) is in accordance with the description set out in note IRO-1 Description of procedures for identifying and assessing significant impacts, risks, and opportunities; and
- Compliance of the disclosures in subsection EU Taxonomy within the Environmental section of the Consolidated Sustainability Statement with Article 8 of EU Regulation 2020/852 (the “Taxonomy Regulation”).

Inherent Limitations in Preparing the Consolidated Sustainability Statement

The criteria, nature of the Consolidated Sustainability Statement, and absence of long-standing established authoritative guidance, standard applications and reporting practices allow for different, but acceptable, measurement methodologies to be adopted which may result in variances between entities. The adopted measurement methodologies may also impact the comparability of sustainability matters reported by different organisations and from year to year within an organisation as methodologies evolve.

In reporting forward looking information in accordance with ESRS, management of the Group is required to prepare the forward-looking information on the basis of disclosed assumptions about events that may occur in the future and possible future actions by the Group. Actual outcome is likely to be different since anticipated events frequently do not occur as expected.

In determining the disclosures in the Consolidated Sustainability Statement, management of the Group interprets undefined legal and other terms. Undefined legal and other terms may be interpreted differently, including the legal conformity of their interpretation and, accordingly, are subject to uncertainties.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited (DTTL), its global network of member firms, and their related entities (collectively, the “Deloitte organization”). DTTL (also referred to as “Deloitte Global”) and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.

Responsibility of the Company's Statutory Executives, Supervisory Board and Audit Committee for the Consolidated Sustainability Statement

The Statutory Executives are responsible for designing and implementing a process to identify the information reported in the Consolidated Sustainability Statement in accordance with the ESRS and for disclosing this process in note IRO-1 Description of procedures for identifying and assessing significant impacts, risks, and opportunities of the Consolidated Sustainability Statement. This responsibility includes:

- Understanding the context in which the Group’s activities and business relationships take place and developing an understanding of its affected stakeholders;
- The identification of the actual and potential impacts (both negative and positive) related to sustainability matters, as well as risks and opportunities that affect, or could reasonably be expected to affect, the entity’s financial position, financial performance, cash flows, access to finance or cost of capital over the short-, medium-, or long-term;
- The assessment of the materiality of the identified impacts, risks and opportunities related to sustainability matters by selecting and applying appropriate thresholds; and
- Making assumptions that are reasonable in the circumstances.

The Statutory Executives are further responsible for the preparation of the Consolidated Sustainability Statement, in accordance with Section 32k of the Czech Accounting Act implementing 29a of the EU Directive 2013/34/EU, including:

- Compliance with the ESRS;
- Preparing the disclosures in subsection EU Taxonomy within the Environmental section of the Consolidated Sustainability Statement, in compliance with Article 8 of the Taxonomy Regulation;
- Designing, implementing and maintaining such internal controls that management determines are necessary to enable the preparation of the Consolidated Sustainability Statement that is free from material misstatement, whether due to fraud or error; and
- The selection and application of appropriate consolidated sustainability reporting methods and making assumptions and estimates about individual sustainability disclosures that are reasonable in the circumstances.

The Supervisory Board and the Audit Committee are responsible for overseeing the Group’s sustainability reporting process.

Our Responsibility

We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements other than Audits or Reviews of Historical Financial Information.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our objectives are to plan and perform the assurance engagement to obtain limited assurance about whether the Consolidated Sustainability Statement is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the Consolidated Sustainability Statement as a whole.

As part of a limited assurance engagement in accordance with ISAE 3000 (Revised) we exercise professional judgment and maintain professional skepticism throughout the engagement.

Our responsibilities in respect of the Consolidated Sustainability Statement, in relation to the Process, include:

- Obtaining an understanding of the Process but not for the purpose of providing a conclusion on the effectiveness of the Process, including the outcome of the Process;
- Designing and performing procedures to evaluate whether the Process is consistent with the Group’s description of its Process, as disclosed in note IRO-1 Description of procedures for identifying and assessing significant impacts, risks, and opportunities.

Our other responsibilities in respect of the Consolidated Sustainability Statement include:

- Obtaining an understanding of the entity's control environment, processes and information systems relevant to the preparation of the Consolidated Sustainability Statement but not evaluating the design of particular control activities, obtaining evidence about their implementation or testing their operating effectiveness;
- Identifying disclosures where material misstatements are likely to arise, whether due to fraud or error.
- Designing and performing procedures responsive to disclosures in the Consolidated Sustainability Statement where material misstatements are likely to arise, whether due to fraud or error. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Our Independence and Quality Management

We complied with the applicable independence and other ethical requirements of the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic (the "Code"). The Code is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

We applied International Standard on Quality Management (ISQM) 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Summary of Work Performed

A limited assurance engagement involves performing procedures to obtain evidence about the Consolidated Sustainability Statement.

The nature, timing and extent of procedures selected depend on professional judgement, including the identification of disclosures where material misstatements are likely to arise, whether due to fraud or error, in the Consolidated Sustainability Statement.

In conducting our limited assurance engagement, with respect to the Process, we:

- Obtained an understanding of the Process by:
 - performing inquiries to understand the sources of the information used by management; and
 - reviewing the Group's internal documentation of its Process;
- Evaluated whether the evidence obtained from our procedures about the Process implemented by the Group was consistent with the description of the Process set out in note IRO-1 Description of procedures for identifying and assessing significant impacts, risks, and opportunities.

In conducting our limited assurance engagement, with respect to the Consolidated Sustainability Statement, we:

- Obtained an understanding of the Group's reporting processes relevant to the preparation of its Consolidated Sustainability Statement by performing inquiries to understand the Group's control environment, processes and information systems relevant to the preparation of the consolidated sustainability statements;
- Evaluated whether material information identified by the Process to identify the information reported in the Consolidated Sustainability Statement is included in the Consolidated Sustainability Statement;
- Evaluated whether the structure and the presentation of the Consolidated Sustainability Statement is in accordance with the ESRS;
- Performed inquiries of relevant personnel and analytical procedures on selected disclosures in the Consolidated Sustainability Statement;
- Performed substantive assurance procedures based on a sample basis on selected disclosures in the Consolidated Sustainability Statement;
- Obtained evidence on the methods for developing material estimates and forward-looking information and on how these methods were applied;
- Obtained an understanding of the process to identify taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the Consolidated Sustainability Statement.

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

Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Consolidated Sustainability Statement is not prepared, in all material respects, in accordance with Section 32k of the Czech Accounting Act implementing 29(a) of the EU Directive 2013/34/EU, including:

- Compliance with the European Sustainability Reporting Standards (ESRS), including that the process carried out by the Group to identify the information reported in the Consolidated Sustainability Statement is in accordance with the description set out in note IRO-1 Description of procedures for identifying and assessing significant impacts, risks, and opportunities; and
- Compliance of the disclosures in subsection EU Taxonomy within the Environmental section of the Consolidated Sustainability Statement with Article 8 of the Taxonomy Regulation.

In Prague on 27 March 2026

Audit firm:

Deloitte Audit s.r.o.
registration no. 079



Statutory auditor:

David Batal
registration no. 2147



© NET4GAS, s.r.o., 2026
Business ID: 27260364

The Consolidated Annual Report of the NET4GAS Group for 2025 and the Consolidated Sustainability Report of the NET4GAS Group for 2025 are published in electronic form on the website of NET4GAS. They are also available in English, where the Czech version is the original.

Design, DTP and production: Heyduk, Musil & Strnad, s.r.o.
Photography: NET4GAS archive, Ronald Hilmar st., Pinarto s.r.o.

NET4GAS, s.r.o.

Na Hřebenech II 1718/8
140 21 Prague 4 – Nusle
Czech Republic

Tel.: +420 220 221 111
Fax: +420 220 225 498

Email: info@net4gas.cz
Web: www.net4gas.cz