

ANNUAL REPORT 2024

Pražská plynárenská, a.s.
and the Pražská plynárenská, a.s. Group



PRAŽSKÁ
PLYNÁRENSKÁ

This Annual Report was compiled pursuant to Act No. 563/1991 Coll., on accounting, as amended, and Act No. 90/2012 Coll., on business corporations and co-operatives (Corporations Act), as amended.

In Prague on 29 April 2025

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I. Introduction

Foreword of the Chairman of the Board of Directors

Dear friends,

Another year is behind us, and although it was certainly not an easy one due to various circumstances and the overall difficult situation not only on the energy market, we can consider it a successful one from our Company's point of view.

I am very pleased that we managed to end 2024 with very good economic results, not only meeting but also significantly exceeding the plan. We have not only maintained our good position in the highly competitive energy market, but we can say that we even managed to strengthen it, this being evident from the relatively significant year-on-year increase in the number of consumption points where we reliably supply energy to our customers.

For all of this, our employees deserve a lot of credit, because it is they who are the very heart of our Company, and who have managed to face the often difficult situations that the past year has brought with great commitment, and have done their best for their Company.

The past year was also a year of changes that we had to implement on the fly, so to speak. Changes may often be difficult, complex and painful, but they are certainly necessary for the further development and future prospects of our society.

Many challenges still lie ahead in the future. However, I am confident that we have the necessary enthusiasm, skills and experience to get through them successfully and, at the end of 2025, to be able to say once again that it has been "another good year".

Finally, it is certainly appropriate to thank our business partners for their helpfulness and exemplary cooperation, and especially our customers who have been very stable in their relationship with Pražská plynárenská, a.s. for a long time. We appreciate it very much and I can promise that Pražská plynárenská, a.s. will remain a reliable supplier of energy and services who they can rely on at any time, and they will have many good reasons to continue to be with us.



Ing. Ludvík Baleka
Chairman of the Board
of Directors



II. SELECTED COMPANY DATA

Unless stated otherwise, the information in this section applies to the individual financial statements provided. The individual financial statements were processed according to the International Financial Reporting Standards (IFRS) in the form adopted by the EU.

Basic Company information

Business name:	Pražská plynárenská, a.s. ("PP, a.s." or "Company")
Registered office:	Prague 1 – Nové Město Národní 37, Postal code 110 00
Company ID:	601 93 492
Tax ID:	CZ60193492
Incorporation in the Commercial Register:	The Municipal Court in Prague, Section B, Insert 2337
Bank details:	ČSOB, a.s., Account No.: 916780043/0300
Phone:	+420 267 171 111
Databox ID:	au7cgsv
Business offices:	Jungmannova 31, Palác Adria, Prague 1 U Plynárny 500, Michle, Prague 4
Website:	www.ppas.cz Facebook: prazskaplynarenskaas YouTube: Pražská plynárenská a.s. LinkedIn: Pražská plynárenská, a.s.

Company profile

Pražská plynárenská, a.s., ranks among the most important domestic energy suppliers and provides almost 430 thousand consumption points. The history of Pražská plynárenská, a.s. is partly connected with Prague, where the roots of the gas industry can be traced back to 1847. Today, the Company reliably delivers energy and provides services to its customers throughout the Czech Republic. Over time, the Company has undergone developments reflecting societal changes, technological progress and has been repeatedly tested in various difficult situations and proved its resilience while gaining invaluable experience. This is one of the reasons why Pražská plynárenská, a.s. is currently a modern and prosperous supplier of energy able to respond flexibly

and quickly to the changing requirements and needs of its customers.

The scope and range of the Company's business is significantly expanding. The traditional sales of natural gas and electricity are being significantly expanded with the use of subsidiaries to include heat sales, where the market share has increased significantly. The company also specialises in the construction and operation of energy facilities, renewable energy sources and the supply of smart energy solutions. Decarbonisation is an important part of our corporate strategy.

Pražská plynárenská, a.s. considers it a priority to ensure energy security and comfortable customer service, where the gradual application of digitalisation allows to optimise service costs, prepare new products and effectively offer comprehensive service packages for customers. Pražská plynárenská, a.s. bases its competitiveness on the background of a stable and strong company owned by the City of Prague.

Importance of the Company and its contributions to the region

Within the framework of its business activities, Pražská plynárenská, a.s. is dedicated to the principles of sustainable development and its activities contribute to improving the quality of life of the region and its inhabitants. In addition to its business operations, Pražská plynárenská, a.s. has long been active in widely beneficial activities and the development of civic society.

The Company shares its success with the general public in the form of traditional and continuing support of various cultural, sports, and social projects. It owns a unique and highly valued collection of Czech collage artworks, which it has been managing for a long time and continuously expanding so that it will be preserved for future generations.

Basic economic indicators (2020-2024)

		2020	2021	2022	2023	2024
Revenues	in thous. CZK	15,124,716	17,769,778	33,780,126	28,170,857	30,829,161
Profit before tax	in thous. CZK	1,049,013	555,964	709,527	1,646,029	2,320,827
Profit after tax	in thous. CZK	908,484	521,818	639,835	952,474	1,103,699
Equity	in thous. CZK	2,994,426	2,949,935	3,664,972	4,735,043	5,804,125
Registered capital	in thous. CZK*	431,972	431,972	431,972	431,972	431,972
Natural gas	Number of consumption points as of 31/ 12	361,453	388,052	369,972	351,631	352,918
Electric power	Number of consumption points as of 31/ 12	64,134	76,292	75,279	54,716	73,467

* Registered capital registered in the Commercial Register.

Securities issued as of 31 December 2024

Type	Common stock	Common stock	Common stock
Form	Bearer shares	Registered shares	Registered shares
Semblance	Book-registered	Book-registered	Book-registered
Number of pieces	950,338 pieces	489,568 pieces	1 pieces
Nominal value	CZK 300	CZK 300	CZK 300
Total emission volume	CZK 285,101,400	CZK 146,870,400	CZK 300
ISIN	CZ 0005084350	CZ 0005123190	CZ 0005123208

The negotiability of the registered shares is limited. Their owner must obtain the approval of the General Meeting to transfer them.

The Company's LEI code is 315700QBYOTLGRRM0011.

The Company does not hold treasury shares.

Ownership structure of Pražská plynárenská, a.s., as at 31 December 2024

Pražská plynárenská, a.s., was directly controlled by the City of Prague for the entire year 2024, with its registered office at Mariánské nám. 2, 110 01 Prague 1.

Capital interests

Pražská plynárenská, a.s. holds 100% ownership interests in the following four subsidiary companies:

- **Pražská plynárenská Distribuce, a.s.**
U Plynárny 500/44, Michle, Prague 4, Postal Code 140 00
Company ID: 210 31 088
www.ppdistribuce.cz
- **Pražská plynárenská Servis distribuce, a.s.,**
member of the Pražská plynárenská, a.s. Group
U Plynárny 1450/2a, Michle, Prague 4, Postal Code 140 00
Company ID: 471 16 471
www.ppsd.cz
- **MONTSERVIS PRAHA, a.s.,**
U Plynárny 500/44, Michle, Prague 4, Postal Code 140 00
Company ID: 005 51 899
www.montservispraha.cz
- **Prometheus, energetické služby, a.s.,**
member of the PP, a.s. Group
U Plynárny 500, Prague 4, Postal code 140 00
Company ID: 630 72 599
www.prometheus-es.cz
- **Subsidiary of Prometheus, energetické služby, a.s.,** owns a 75% equity interest in the company **Teplo pro Kbely a.s.,**
U Plynárny 500/44, Michle, Prague 4, Postal Code 140 00
Company ID: 097 83 172
www.teploprokbely.cz
- **Subsidiary of Prometheus, energetické služby, a.s.,** owns a 51% equity interest in the company **Teplo pro Prahu, a.s.,**
U Plynárny 500/44, Michle, Prague 4, Postal Code 140 00
Company ID: 171 38 558
www.teplopp.cz

Further information on the subsidiaries and second-tier subsidiaries is provided on their websites.

Information about Organisational Units Abroad

As of 31 December 2024, Pražská plynárenská, a.s. has no branches or other parts of its business abroad.

Information about the Company bodies and management of the Company

Board of Directors

At the meeting of the Supervisory Board of Pražská plynárenská, a.s. held on 15 January 2024, Ing. Martin Slabý was elected as a member of the Board of Directors of PP, a.s. with effect from 16 January 2024.

As of 31 December 2024, the structure of the Board of Directors was as follows:

Ing. Ludvík Baleka, Chairman of the Board of Directors,
Ing. Milan Cízl, Member of the Board of Directors,
Ing. Petr Kovařík, MBA, Member of the Board of Directors.
Ing. Martin Slabý, Member of the Board of Directors.

The Board of Directors of Pražská plynárenská, a.s., pursuant to Section 156(2) Civil Code has the following distribution of powers to its members (as at 31 December 2024):

- Ing. Ludvík Baleka, in charge of the Management of the Company,
- Ing. Milan Cízl, in charge of Finance and Administration,
- Ing. Petr Kovařík, MBA, in charge of Sales,
- Ing. Martin Slabý, in charge of Strategy.

Supervisory Board

On 2 March 2024, the term of office of the members of the Supervisory Board of PP, a.s., Mgr. Jindřich Lechovský and Ing. Lukáš Wagenknecht, ended. At the meeting of the Council of the Capital City of Prague on 26 February 2024, they were re-elected to the Supervisory Board of PP, a.s., effective 3 March 2024.

At its meeting on 7 May 2024, the Supervisory Board of Pražská plynárenská, a.s., elected Ing. Jan Recman to the position of Chairman of the Supervisory Board of the Company, effective 8 May 2024. With this election, the position of Chairman of the Supervisory Board of JUDr. Martin Šenkýř ceased to exist as of 7 May 2024.

As of 31 December 2024, the structure of the Supervisory Board was as follows:

Mgr. Jan Recman, Chairman of the Supervisory Board,
Ing. Tomáš Hřebík, Ph.D., Member of the Supervisory Board,
Mgr. Tomáš Kaplan, Member of the Supervisory Board,
Mgr. Alice Klementová, Member of the Supervisory Board,
Petr Klepáček, Member of the Supervisory Board,
Mgr. Jindřich Lechovský, Member of the Supervisory Board,
Ing. Patrik Nacher, Member of the Supervisory Board,
Ing. Vladimír Schmalz, Member of the Supervisory Board,
JUDr. Martin Šenkýř, Member of the Supervisory Board,
Mgr. Miroslav Vránek, Member of the Supervisory Board,
Ing. Lukáš Wagenknecht, Member of the Supervisory Board.

Audit Committee

As of 31 December 2024, the structure of the Audit Committee was as follows:

Ing. Ondřej Kajml, Chairman of the Audit Committee,
Mgr. Peter Chrenko, Member of the Audit Committee,
RNDr. Jan Materna, Ph.D., Member of the Audit Committee.

III. INFORMATION ON THE ACTIVITIES OF PRAŽSKÁ PLYNÁRENSKÁ, A.S.

The information in this section applies to the individual Financial Statements provided, unless stated otherwise. The individual Financial Statements were processed according to the International Financial Reporting Standards (IFRS) in the form adopted by the EU.

Energy industry in 2024

Global developments in 2024 have been influenced by on-going events, some of which carry escalation potential into the future with unpredictable developments. Continuing geopolitical tensions, especially the conflict in Ukraine, developments in the Middle East and Southeast Asia, bring with them increasing pressure to comply with the international order and legal norms, and on the other hand raise questions about the real possibilities of their enforcement and compliance. At the same time, continued and deepening regulations to achieve carbon neutrality, which require a shift away from fossil fuels, generate the need to find the financial resources to achieve these goals. These global developments are causing uncertainty in society, which is resulting in a growing call for greater security, the maintenance of social cohesion in society, and the stability of public budgets. They are then echoed by a part of the political spectrum that reflects current developments and raises questions about the sustainability of the trends set and the feasibility of achieving the goals.

Global energy market, energy prices, security of supply and the direction of energy policy in Europe remained sensitive issues in the past year. Market reactions to ongoing reports of escalating conflicts, coupled with uncertainty over the security of energy supplies, have driven price volatility well into 2024, but with much lower intensity. European gas storage facilities were nevertheless almost 100% full, easing concerns about gas shortages during the heating season. The Czech Republic acquired production capacity at the German LNG terminal in Stade, which strengthened its energy security.

Renewable energy sources, especially wind and solar energy, have seen significant growth in 2024. In Europe, the share of renewables in electricity generation has risen to 52%, marking a major milestone in the transition to clean energy. However, Western manufacturers face significant challenges in trying to compete with affordable products from China. After the turbulent period of the previous years, the energy markets have stabilised in 2024. In 2024, the Stock Ex-

change Board recorded record energy trading volume. Last year, the share of multi-year contracts on the energy market increased, i.e. buyers started again to try to secure a fixed price for a longer period of time.

Energy prices fluctuated during the year, but the year-on-year comparison of annual contract prices for both electricity and gas showed a decline. Although wholesale energy prices were falling, the regulated component increased significantly.

The European Union has adopted electricity and gas market reforms to ensure more stable energy prices and reduce dependence on fossil fuels. Reforms will support the development of the hydrogen sector and other decarbonised gases, contributing to the transition to cleaner energy and increased security of supply. In January 2024, an amendment to the Energy Act also came into force, allowing hydrogen to be distributed through existing gas infrastructure. The share of Russian gas in EU imports has fallen to 18%. The decline was offset by imports from Norway and the USA.

In the Czech Republic, generators and consumers have the option to share the electricity they generate through the Electricity Data Centre from Norway and the USA from mid-2024. According to a report by the Energy Regulatory Office, more than 13,000 participants took advantage of this opportunity and shared over 1,000 MWh of electricity between them from the beginning of last September to the end of the year. The Electricity Data Centre operates in a temporary mode that enables community power sharing among active customers, power producers and in energy communities. Full operation, which will also include electricity storage or aggregation services, is expected from mid-2026.

Natural gas trading

Pražská plynárenská, a.s., trades in natural gas on the basis of licence No. 241218964 issued by the Energy Regulatory Office. Natural gas trade in 2024 was strongly influenced

by the competitive environment and customers' desire to reduce energy costs. The intensity of the market environment led to pressure on realised margins and the expansion of the product portfolio with new cost-effective fixed products. The aim of the business policy in 2024 was not only to maintain the existing customer tribe, but also to strengthen the Company's position and increase the number of new customers outside Prague. Continuous monitoring and adequate response to the situation on the sales and purchasing markets also contributed positively to the achievement of the business results.

For the second year in a row, the gas industry was faced with a changed geopolitical environment as a result of the war in Ukraine. The gas facilities, especially the storage tanks, were filled and prepared for a possible hard winter, which enabled PP, a.s. to offer its customers a stable supply.

Electric power sales

Pražská plynárenská, a.s., trades in electricity on the basis of licence No. 141015380 issued by the Energy Regulatory Office. In electricity sales, the results of the business were driven by a gradual increase in the customer portfolio in 2024. Despite the strong competitive environment, acquisition activity was increased. The launch of new fixed products and contract bonuses contributed to the increase in the number of customers. Customer interest remains high in buying surplus electricity generation.

The technological change in the sector and the transition to renewable energy sources bring with it expectations from both customers and the executive. Expectations are developed by both parties and carry risks associated with their fulfilment.

Corporate social responsibility

Social responsibility is part of our corporate culture, our values and our business strategy. Pražská plynárenská, a.s. and its employees behave responsibly towards the environment and society as a whole.

The environment

Pražská plynárenská, a.s., has long been striving to reconcile economic growth and environmental protection and to

mitigate the impact of its activities on the environment, although its environmental impact is already minimal thanks to the use of modern technologies. It places great emphasis on reducing its carbon footprint. The Company's environmental policy also includes continuous environmental training and education of all employees.

The Company has long been committed to environmentally friendly activities such as emission savings, especially the reduction of CO₂ emissions through the promotion of the use of biomethane in transport. Then there are projects such as photovoltaic power plants, heat pumps, biomethane trading, hydrogen economy and other new technologies enabling emission reductions.

The Company is subject to regular environmental inspections with an emphasis on compliance with legislation and rules set by the Company. Tasks resulting from them have been fulfilled.

The materials submitted to state authorities in 2024 were free of defects, and the Company complies with its obligations under applicable legislation and valid permits.

Work on the completion of the remediation of the old ecological burden of the last site in the Michle facility of Pražská plynárenská, a.s. continued in 2024. The "Remediation project documentation for the area of naftalinka and its surroundings and the area of the underground pits (Purifier II) in the Michle area of Pražská plynárenská, a.s.", which was approved by the Ministry of Finance and all involved units and subsequently the Ministry of Finance issued a consent opinion as a basis for securing administrative permits for the implementation of the remediation intervention.

Human resources management

HR work and the social field

As of 31 December 2024, Pražská plynárenská, a.s., employed a total of 490 people.

In the area of personnel work, all obligations under the collective agreement were met and internal events for employees and their children were organised, including in particular a winter children's holiday, Gas Industry Day, theatre and a St. Nicholas Day party for families with children of Company employees.

Occupational health and safety at work, fire protection

In the area of occupational health and safety and fire protection (training and inspections), the legally required inspections and revisions of reserved technical equipment (pressure, lifting, electrical, gas) in PP, a.s.'s buildings and workplaces were duly carried out within the required deadlines.

In 2024, there was one case of a work accident resulting in injury to an employee with incapacity to work for more than three calendar days or death of an employee.

In the Company, according to the degree of occurrence of the factors, both work classified in category 1, which predominates, as well as work classified under Category 2 to Category 4, which may affect the health of employees and may be hazardous to the health of employees, are carried out.

PP, a.s. provides occupational health services for its employees in accordance with Section 53 et seq. of Act No. 373/2011 Coll., on specific health services, as amended.

The Company provides employees with entry training and also through e-learning with periodic two-year training focusing on legal and other regulations to ensure occupational health and fire protection, including regular knowledge tests, in accordance with Section 37 item 5 and Section 103 item 2,3 of the Labour Code and in line with Section 16 of Act No. 133/1985 Coll., on fire protection.

Based on Section 4 item 1 letter c) of Act No. 309/2006 Coll., as amended, Pražská plynárenská, a.s., performs regular inspections and reviews of production and work equipment.

Compliance, risk management and internal audit

Pražská plynárenská, a.s., respects the basic principles of corporate governance and makes targeted efforts to increase and protect the value of the organisation through, among other things, risk management, the application of a compliance programme, controlling management or the use of internal audit services. The Company has successfully passed a supervisory audit of its anti-corruption management system and strives for maximum transparency.

Pražská plynárenská, a.s. maintains a comprehensive risk management system. The aim of the risk management system is to identify risks, monitor them continuously and evaluate them regularly to ensure that the Company responds in a timely manner to eliminate risk exposure. The Company records risks in a risk catalogue. New risks are continuously identified and current risks are evaluated in terms of potential impact and likelihood. The most significant risks include market, liquidity, credit and operational risks.

Risk management also includes an insurance strategy, where insurance as a risk mitigation tool offers protection against selected business risks. In particular, it concerns insurance of the Company's property and liability for damages caused to third parties. The Company is fully aware of the new challenges and threats arising from a globalised IT environment. The Company manages IT/ICT security and related cyber and information security at the central level.

Information about research or development of new products or procedures in the current accounting period

Pražská plynárenská, a.s. did not engage in any research or development of new products or procedures.

Information for publication required under special legal regulations

The Company does not have any additional information required for disclosure by specific legislation.

IV. INFORMATION ON THE ACTIVITIES OF THE PRAŽSKÁ PLYNÁRENSKÁ, A.S. GROUP

The information in this section applies to the consolidated Financial Statements provided unless stated otherwise. The consolidated Financial Statements were processed according to the International Financial Reporting Standards (IFRS) in the form adopted by the EU.

Activity information

The Pražská plynárenská, a.s. Group, ("PP, a.s. Group" or "Group") comprises the parent company Pražská plynárenská, a.s., four first-tier subsidiary companies and two second-tier subsidiary companies:

- Pražská plynárenská Distribuce, a.s. (PPD, a.s.),
- Pražská plynárenská Servis distribuce, a.s., a member of the Pražská plynárenská, a.s. Group, ("PPSD, a.s."),
- MONTSERVIS PRAHA, a.s., ("MONT, a.s."),
- Prometheus, energetické služby, a.s., member of the Group Pražská plynárenská, a.s., ("Prometheus, a.s."),
 - Teplo pro Kbely a.s. (TpK a.s.).
 - Teplo pro Prahu, a.s. (TpP, a.s.).

The main business activities of the PP, a.s. Group are the sale and distribution of natural gas, the sale of electricity and activities in the heating industry.

Other business activities of the PP, a.s. Group include:

- operation, maintenance and renewal of the gas distribution network;
- production and distribution of heat, construction of boiler houses, production of electricity and operation of energy equipment;
- building construction and maintenance, service and repair of gas equipment;
- maintenance of motor vehicles, construction and operation of CNG filling stations, inn-keeping activity;
- construction, reconstruction and installation of boiler rooms, heat exchanger stations and heat distribution systems;
- construction, reconstruction and modernisation of the heat management;
- installation, repairs, revision and testing of gas equipment and filling of gas containers;
- assembly, repairs, inspection and tests of electrical equipment.

Research and development activities

None of the member companies of the PP, a.s. Group engaged in any research or development of new products or procedures.

Corporate social responsibility

Social responsibility is part of our corporate culture, our values and our business strategy. The PP, a.s. Group and its employees behave responsibly towards the environment and society as a whole. A conscious approach reduces toner and paper consumption and the Company continues to support a number of socially and environmentally significant projects over the long term.

The environment

Environmental protection is one of the highest priorities of the PP, a.s. Group and is not only understood as fulfilling legal requirements, but is primarily focused on preventive activities – environmental education of all employees. The Group is guided by the latest scientific knowledge and chooses environmentally-friendly technologies.

In 2024, there were no extraordinary events, accidents or incidents within the activities of the individual companies of the Group that would have a negative impact on the environment. None of the Group's companies have received any sanctions from the state authorities in the environmental field and all obligations under the applicable legislation have been met, as well as all applicable permits. The Group creates appropriate conditions for the prevention and minimisation of negative impacts on environmental components.

On the basis of the Environmental Management System, PPSD, a.s. successfully obtained ISO 14001 certification in 2024. Work on the completion of the remediation of the old ecological burden of the last site in the Michle facility of Pražská plynárenská, a.s. continued in 2024. The "Remediation project documentation for the area of naftalinka and its surroundings and the area of the underground pits (Purifier II) in the Michle area of Pražská plynárenská, a.s." was prepared; it was approved by the Ministry of Finance and all involved units and subsequently the Ministry of Finance issued a consent opinion as a basis for securing administrative permits for the implementation of the remediation intervention.

The ongoing remediation is reducing the potential risks to the ecosystem and human health in the Michle area.

Human resources management

HR work and the social field

As of 31 December 2024, the Group employed a total of 973 people.

In the area of personnel work, we were able to meet all of our obligations arising from the collective agreement and organise internal events for employees and their children, in particular a children's winter event, a Gas Industry Day, a theatre event and a St. Nicholas Day party for families with children of employees.

Occupational health and safety at work, fire protection

In the area of occupational health and safety and fire protection (training and inspections), the legally required inspections and revisions of reserved technical equipment (pressure, lifting, electrical, gas) in the Group's buildings and workplaces were carried out properly and within the required deadlines.

In 2024, there were 3 cases of work accidents resulting in injury to an employee with incapacity to work for more than three calendar days or death of an employee.

In the Group, depending on the degree of occurrence of the factors, there are works classified in category 1, which predominate, as well as works classified in categories 2 to 4, which may affect the health of employees and may be hazardous to the health of employees.

The PP, a.s. Group provides occupational health services for its employees in accordance with Section 53 et seq. of Act No. 373/2011 Coll., on specific health services, as amended.

The Group provides employees with entry training and also through e-learning with periodic two-year training focusing on legal and other regulations to ensure occupational health and safety and fire protection, including regular knowledge tests, in accordance with Section 37 item 5 and Section 103 item 2,3 of the Labour Code and in line with Section 16 of Act No. 133/1985 Coll., on fire protection.

Based on Section 4(1)(c) of Act No. 309/2006 Coll., as amended, the Group performs regular inspections and reviews of production and work equipment.

Compliance, risk management and internal audit

PP, a.s. Group respects the basic principles of corporate governance and strives to increase and protect the value of the organisation through, among other things, comprehensive risk management, the application of a compliance programme, controlling management and the use of internal audit services. PP, a.s., PPD, a.s. and PPSD, a.s. were certified to ISO 37001, the most stringent international anti-corruption management system.

Individual companies of the PP, a.s. Group are aware of the challenges arising from the threats presented by a globalised IT environment. IT/ICT security and related cyber and information security are managed at the central level.

Information about Organisational Units Abroad

As of 31 December 2024, no company belonging to the Group operated an organisational unit abroad.

V. EXPECTED DEVELOPMENT OF THE GROUP

The year 2025 will be affected mainly by the continued high volatility of wholesale gas and electricity prices due to global geopolitics and local (EU) changes in economic and climate policy. The energy sector will be under pressure not only in the area of security and stability of supply, but affordability will become more important. It is the issue of affordability that may generate new demands on the energy industry and energy companies. It is realistic to expect that this will become a hotly debated topic in the societal context. The key to managing the coming period will be reflection on ongoing events, effective management of the Group capable of responding quickly to changes, a pragmatic approach, and maintaining the ability to have a flexible approach to the changing world.

In the coming period, we can expect continued growth in renewable energy sources, further technological innovation and, above all, the drive to achieve energy security. Renewable energy sources will have to be approached with regard to their availability, price competitiveness and integration into the existing energy system. The key factor will be an appropriate energy mix to ensure a balance between stability of supply and economic efficiency. Power balance services will also play a key role in integrating renewables into the energy system. The development of flexible energy solutions will enable more efficient demand and supply management and enhance supply stability. The use of advanced technologies in consumption and production management will ensure more efficient use of available resources.

Energy markets are moving away from commodity-based energy supply towards innovative and value-added products and services. Customers are becoming more demanding and can be expected to require more than just a simple supply of gas, electricity or heat, for example in the form of associated energy services and advice. Customer sophistication contributes to increased price competition and pressure on product prices. PP, a.s. will continue to digitise and simplify customer processes in order to increase customer satisfaction. Of course, the goal is to provide cost-competitive products that ensure customer convenience and provide protection against the largest fluctuations in the energy markets.

The Group's companies will also work intensively to prepare for the next regulatory period (2026-2030), which will entail challenges, particularly in the form of increased investment in gas infrastructure. Another area of development is the heating sector and the provision of non-commodity products and services. The implementation of all legislative changes (e.g. ETS II) will also be a major challenge.

Cooperation with the City of Prague on reducing the carbon footprint in accordance with the climate plan will continue, where PP, a.s., plays an important role.



VI. IMPORTANT EVENTS AT THE BEGINNING OF 2025

At the meeting of the Board of Directors of Pražská plynárenská, a.s., on 4 March 2025, Ing. Milan Cízl was elected as Deputy Chairman of the Board with immediate effect.

VII. FINANCIAL SECTION

INDIVIDUAL FINANCIAL STATEMENT

Individual Financial Statement for the year ended 31 December 2024 prepared in accordance with International Financial Recording Standards (IFRS) as adopted by the European Union

Pražská plynárenská, a.s. statement of financial position as at 31 December 2024 Compiled in compliance with the IFRS in the wording adopted by the EU		
	31/ 12/ 2024	31/ 12/ 2023
	thous. CZK	thous. CZK
ASSETS		
Fixed assets		
Land, buildings, and equipment	822,504	822,778
Real estate investments	77,800	76,069
Intangible assets	92,658	92,006
Investments into subsidiaries	1,458,702	1,458,702
Assets originating from the right of use	11,733	15,154
Deferred tax receivable	59,411	148,724
Incremental costs of obtaining a contract	13,287	33,413
Contract assets	3,683	58,228
Other fixed assets	2	2
Fixed assets – total	2,539,780	2,705,076
Short-term assets		
Inventories	1,271,249	1,019,506
Trade and other receivables	4,384,849	5,300,560
Cash and cash equivalents	4,836,113	5,073,114
Other assets	76,892	99,721
Incremental costs of obtaining a contract	32,734	33,080
Contract assets	12,389	3,569
Short-term assets – total	10,614,226	11,529,550
TOTAL ASSETS	13,154,006	14,234,626

EQUITY AND LIABILITY		
Equity		
Registered capital	431,972	431,972
Revaluation of hedging derivatives	-8,528	26,089
Retained earnings	4,276,982	3,324,508
Income after tax for the period	1,103,699	952,474
Equity – total	5,804,125	4,735,043
Long-term liabilities		
Trade liabilities and other long-term liabilities	96	166
Lease liabilities	10,910	14,419
Reserves	330,743	657,577
Long-term liabilities – total	341,749	672,162
Short-term liabilities		
Trade payables and advances received	5,485,033	7,261,323
Lease liabilities	3,509	3,447
Other liabilities	557,295	625,588
Due income tax	487,145	671,641
Other tax liabilities	373,120	265,422
Reserves	102,030	0
Short-term liabilities – total	7,008,132	8,827,421
TOTAL EQUITY AND LIABILITIES	13,154,006	14,234,626

Pražská plynárenská, a.s. Statement of Comprehensive Income as at 31 December 2024 Compiled in compliance with the IFRS in the wording adopted by the EU		
	1-12/2024	1-12/2023
	thous. CZK	thous. CZK
Revenues from sales	29,583,383	27,005,029
Purchased gas, electricity, materials, and services connected with gas and electricity supplies	27,149,658	24,575,377
Other operating income	743,937	685,155
Personnel costs	663,108	577,449
Depreciation of fixed assets	86,475	93,256
Loss due to depreciation of financial assets	13,694	7,846
Other operating costs	287,821	745,475
Operating profit/loss	2,126,564	1,690,781
Financial costs	307,578	525,425
Financial revenues	501,841	480,673
Financial profit/loss	194,263	-44,752
Profit before tax	2,320,827	1,646,029
Income tax	1,217,128	693,555
Profit after tax	1,103,699	952,474
Items that may be reclassified and reported as profit or loss:		
Settlement of hedging derivatives (change in fair value)	-10,795	33,024
Deferred tax on hedging derivatives	2,267	-6,935
Other comprehensive income	-8,528	26,089
Comprehensive income for the period	1,095,171	978,563

Pražská plynárenská, a.s. Statement of changes in equity for the year ended 31 December 2024 Compiled in compliance with the IFRS in the wording adopted by the EU				
	Registered capital	Revaluation of hedging derivatives	Retained earnings	Total
	thous. CZK	thous. CZK	thous. CZK	thous. CZK
Note	7.12	7.14		
Balance as at 1 January 2023	431,972	-34,808	3,324,976	3,722,140
Income after tax for the period	0	0	952,474	952,474
Other comprehensive income	0	26,089	0	26,089
Comprehensive income	0	26,089	952,474	978,563
Other transactions	0	34,808	-468	34,340
Balance as at 31 December 2023	431,972	26,089	4,276,982	4,735,043
Income after tax for the period	0	0	1,103,699	1,103,699
Other comprehensive income	0	-8,528	0	-8,528
Comprehensive income	0	-8,528	1,103,699	1,095,171
Other transactions		-26,089		-26,089
Balance as at 31 December 2023	431,972	-8,528	5,380,681	5,804,125

Pražská plynárenská, a.s. Cash flow statement for the year ended 31 December 2024 Compiled in compliance with the IFRS in the wording adopted by the EU			
	Note:	2024	2023
		thous. CZK	thous. CZK
Profit before tax		2,320,827	1,646,029
Adjustments to profit before tax		-615,073	-90,300
Depreciation of fixed assets	7.26	86,475	93,256
Write-offs of receivables		66,345	18,776
Change in the position of adjustments and reserves		-297,450	354,181
Profit from sales of fixed assets	7.24	-2,577	-7,315
Net interest		0	-242,981
Revenues from dividends and profit shares	7.24	-302,865	-306,217
Net cash flows from operations before tax and changes in working capital		1,705,754	1,555,729
Change in working capital needs		-897,773	3,855,556
Change in receivables from operations		990,134	-1,096,359
Change in liabilities from operations		-1,636,163	1,033,286
Change in inventories (gross)		-251,743	3,918,629
Net cash flow from operations before tax		807,982	5,411,285
Interest paid		-9,672	-91,655
Interest received		333,816	297,447
Income tax on current activities and additional tax paid minus tax refunds		-1,303,111	-206,260
Shares of profit received (+)	7.24	165,000	306,217
Net cash flow from operations		-5,985	5,717,034
Expenses related to the acquisition of fixed tangible and intangible fixed assets		-85,253	-80,757
Expenses related to the acquisition of financial assets	7.5	0	-2,000
Loan repayments		0	0
Net cash flow from investments		-82,673	-74,599
Payment of long-term liabilities		-3,953	-3,245
Change in bank loans		0	-1,300,000
Change in loans from the parent and subsidiary companies*	7.18	-144,389	-506,259
Net cash flows from financing activities		-148,342	-1,809,504
Balance of cash and cash equivalents at beginning of accounting period		5,073,114	1,240,183
Net change in cash and cash equivalents for the accounting period		-237,001	3,832,931
Balance of cash and cash equivalents at end of accounting period		4,836,113	5,073,114

* Cash flows from loans from the subsidiary companies and short-term bank loans are reported net because they constitute cash income and payments with quick turnover and short-term maturity.

1. Name, registered office, and information on the founding of the Company

Pražská plynárenská, a.s. (hereinafter referred to as "the Company", "PP" or "PP, a.s.") was established on 31 December 1993 with its registered office in Prague 1 - Nové Město, Národní 37, Postal Code 110 00, Czech Republic. The Company ID number is 601 93 492. The Company LEI is 315700QBYOTLGRRMO011.

The Company's main subject of business is gas and electricity trading.

Based on the current results, the expected profit to be generated during the next 12 months, the availability of credit lines, and other means of managing liquidity, the Company Management believes that it has sufficient financial capacity to continue its business for at least 12 months from the date of the signing of these Financial Statements.

1.1. Major shareholders of the Company

The sole shareholder controlling the Company as at 31 December 2024 is the Capital City of Prague.

1.2. Assessment of the conflict in Ukraine

In 2024, the military conflict in Ukraine and the related sanctions against the Russian Federation continued. The Company has no direct exposure to companies based in Ukraine or the Russian Federation, or to companies that are under sanctions and the Company's existence is not threatened thereby. As at the date of these financial statements, the Company's obligations are being met as they fall due and the going concern basis continues to apply.

2. Rules for compilation of the financial statements

Declaration of conformity

These separate financial statements (hereinafter also referred to as "financial statements") have been prepared in accordance with International Financial Reporting Standards (IFRS) in the wording adopted by the European Union (EU).

The financial reports, excluding the cash flow statement, are prepared on the accrual accounting basis.

The list of applied accounting methods and policies is available in Section 4.

In the compilation of the financial statements, the Company used the standards and interpretations that should mandatorily be applied to the period beginning on 1 January 2024.

Information about the consolidated financial statements

In addition to these separate financial statements, the Company also prepares and publishes consolidated financial statements of the parent company – Pražská plynárenská, a.s. and its subsidiaries in accordance with IFRS as at 31/ 12. A subsidiary is an enterprise controlled by the parent company.

Valuation method

The financial statements were prepared on the basis of historical prices defined in Sections 4.8.2., 4.11.1., 4.13. and 4.14.

Reporting and functional currency

These financial statements are presented in Czech crowns (CZK), which is the Company's current functional currency. The financial information reported in CZK was rounded up to whole thousands.

Accounting period

The accounting period for compilation of these financial statements is the period from 1 January 2024 to 31 December 2024. The Company's current accounting period is a calendar year ending 31 December.

Comparative period

For the purpose of demonstrating the financial position, the comparative period chosen was the balance as of 31 December 2023; and to demonstrate profit/loss, changes in equity capital, and overview of cash flows, results from the period starting on 1 January 2023 and ending on 31 December 2023 were used.

Use of estimates and value judgements

During the preparation of the financial statements according to the IFRS, the Company Management makes estimates and value judgements as well as assumptions, which impact the application of the accounting procedures and the reported volumes of assets and liabilities, revenues, and costs. The actual results may differ from these estimates.

The estimates and assumptions are reviewed continuously. The review of accounting estimates is taken into consideration in the period in which the given estimate was reviewed, and in all concerned future periods.

Information on the fundamental judgements during application of the accounting procedures, which have a more significant impact on the amounts reported in the financial statements, are stated in the following notes:

- Section 4.20.1. – Uninvoiced gas supplies
- Section 4.20.2 – Uninvoiced electricity deliveries.

3. Adoption of new or revised accounting standards and interpretations

Standards and interpretations in effect during the current period

In the current period, the following amendments to the existing standards issued by the International Accounting Standards Board (IASB) and adopted by the European Union are effective:

- Amendments to IFRS 17 - Insurance contracts - initial application of IFRS 17 and IFRS 9 - Comparable Information,
- Amendments to IAS 1 - Requirement to disclose significant information on accounting rules,
- Amendments to IAS 8 – Definitions of accounting estimates
- Amendments to IAS 12 - Deferred tax relating to assets and liabilities arising from a single transaction,
- Amendments to IFRS 16 Leases - Lease obligation on sale and leaseback,
- Amendments to IAS 1 - Classification of liabilities as short-term or long-term.

Newly issued standards, amendments to standards and their interpretations approved by the EU do not have a significant impact on the Company's financial statements.

New standards, interpretations and amendments to the existing standards issued by IASB but not yet adopted by the European Union:

Newly issued standards, amendments to standards and their interpretations approved by the EU, which are not yet effective and have not been applied by the Company, do not have a significant impact on the Company's financial statements.

4. Basic assumptions for preparation of the consolidated financial statements and significant accounting policies

The accounting procedures described below were used consistently in all the accounting periods reported in these financial statements.

4.1. Intangible assets

4.1.1. Valuation of intangible assets

Separately acquired intangible assets are reported at acquisition cost minus accumulated amortisation and value depreciation losses.

4.1.2. Amortisation

Intangible assets are amortised applying the straight-line method over their estimated useful lives as shown in the following table:

Intangible asset category	Service life (number of years)
Software	4
Assessable rights	4

The expected useful life and the amortisation method are reviewed at the end of each accounting period; the effect of any change in estimates is applied prospectively.

4.2. Land, buildings, and equipment

4.2.1. Recognition and valuation

Land, buildings and equipment are reported at acquisition cost, less accumulated adjustments (except land) and losses due to value depreciations.

The acquisition cost of land, buildings, and equipment includes all costs related to their acquisition, less any relevant discounts.

The costs related to acquisition include direct costs incurred in the delivery and putting the assets into working condition and costs incurred to return the affected area back to its original condition.

The repair and maintenance costs of property, buildings, and equipment are recognised in the statement of comprehensive income in the period in which they occurred.

Categories of tangible assets	Service life (number of years)
Buildings and other constructions	25 - 50
Tangible movables and their sets	2 - 14
Vehicles (means of transport)	4 - 8
Computer equipment and other hardware	2 - 4
Other tangible fixed assets	30

Subsequent expenditures are included at net book value or recognised as separate assets, if the Company may get financial gain in respect to this item and if the price of the item can be measured reliably.

4.2.2. Depreciation

Buildings and equipment are depreciated applying the straight-line method over their estimated useful lives.

The estimated service life of individual asset categories of tangible assets is always reviewed at the end of the accounting period. The estimated useful lives used in these financial statements are shown in the following table:

Land owned by the Company is not depreciated. The effect of any change in the estimated useful life or depreciation method is applied prospectively.

4.2.3. Disposals

Gains and losses on disposals of a particular item of property, building, or equipment are determined as the difference between the sale proceeds and the carrying amount of assets involved and are recognised in the net amount in the statement of comprehensive income.

4.3. Impairment in the value of non-financial assets

Upon each occurrence of events or changes that indicate or may result in the rise of the book value of land, buildings, or equipment as well as other non-financial assets including intangible assets to a value that exceeds their recoverable value, a review is done to determine whether the assets have been impaired. Tangible and intangible assets not yet available for use are reviewed for impairment annually. 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 its selling costs and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

4.4. Real estate investments

Assets (particularly office buildings and warehouses) that are managed for the purpose of long-term rental income or capital appreciation, or both, and which are not occupied by the Company are reported as investment property. Real estate investments are initially valued at acquisition cost, including related transaction costs and borrowing costs, if any. The Company uses the cost model for subsequent measurement of investment properties in accordance with IAS 16. Real estate investments are depreciated using the straight-line method based on their estimated useful lives. Depreciation charges for the accounting period are recognised in the statement of comprehensive income for this period.

The useful life is always checked at the end of the accounting period and is 50 years for real estate investments.

Real estate investments are leased to tenants with lease fees which are payable monthly or quarterly. Lease payments in certain contracts include the option to increase the fee by inflation, but there are no other variable lease payments that depend on the index or rate.

4.5. Assets originating from the right of use and lease liabilities

4.5.1. Assets originating from the right of use

The Company leases various assets, especially non-residential premises. Contracts may contain both lease and non-lease components. The Company assigns equivalent value to lease and non-lease components based on their relative separate prices.

Leased assets resulting from lease contracts are initially measured based on the present values of lease liabilities and include:

- any lease payments made on or before the commencement date, minus any lease incentives received,
- all initial direct costs and
- the cost of returning the asset under the terms required by the lease contracts.

Assets with the right to use are generally depreciated on the straight-line basis over the term of the lease. If the Company is reasonably certain that it will exercise the option to purchase, the asset with the right to use is depreciated over the life of the underlying assets. Depreciation on items of

assets with the right to use is calculated using the straight-line basis against their estimated use. The Company applies an exemption from recognition for leases that define a lease for 12 months or less as of the effective date of the lease and do not include the option to purchase the underlying asset as well as lease contracts where the underlying asset has a low value. Lease payments for these assets are reported as Other operating costs.

4.5.2. Lease liabilities

Lease liabilities are initially measured based on the present value. Lease liabilities include the net present value of the following lease payments:

- fixed payments less receivables from leasing incentives,
- variable payment leasing, which is based on an index or rate, originally measured using the index or rate as of the commencement date,
- the implementation price of a call option, provided that the Company is reasonably certain that the option will be used and
- penalty payments for termination of the lease, provided that the lease term reflects application of this option.

Lease payments are discounted using the implicit interest rate. If this rate cannot be easily determined, the lessee's incremental borrowing rate is used, which is the rate that the lessee would have to pay to borrow the funds needed to obtain an asset of similar value as an asset with right for use in a similar economic environment and with similar terms.

To determine the incremental borrowing rate, the Company uses, if possible, as the starting point the recent third-party financing received by the lessee, adjusted so it reflects changes in the financing conditions after the financing was accepted by the third party.

Lease finance costs (interests) are recognised as an expense over the lease term, so as to produce a constant periodic rate of interest on the remaining part of the liability for each period.

Payments related to short-term leases of assets and to all low-value asset leases are reported on a straight-line basis as an expense in profit or loss. A short-term lease is a lease with a term of 12 months or less.

4.6. Investments into subsidiaries

Subsidiaries are all companies controlled by the Company, that is, if it is exposed to variable revenues or it is entitled to them on the basis of its own involvement in the given unit and may influence these revenues due to its own powers and if it has power over the unit or has invested in it (i.e. if it has existing rights that form the basis for current capability

to control the operations that significantly impact the revenues of such a unit).

Investments in subsidiaries are valued at acquisition price, less the impairment loss. Transaction costs are reported as a component of the acquisition price. Transaction costs are costs directly related to the acquisition of the investments, such as legal fees, transfer taxes, and other acquisition-related costs.

Investments are evaluated by debasement any time there is a reason that the accounting value of the investments may not be realised. In the event the recoverable value of the investment is less than its book value, the book value is reduced to the recoverable value.

4.7. Inventories

Inventories are reported at the acquisition cost or with the recoverable value, whichever is lower. The acquisition cost of the inventories includes the acquisition price and expenses incurred in bringing inventories to their present condition and location.

The price of natural gas compressed into underground gas storage is determined on the basis of supplier invoices received for the given month. The price of stored gas is calculated under the allocation model based on the movement of gas in the storage facility and based on the invoices received for the given month, which is also the price of the extracted natural gas in the month following the given month.

The weighted average cost method is used monthly for disposals of inventories.

4.8. Financial assets

The Company classifies its financial assets according to IFRS 9 into the following categories:

- financial assets at incurred cost (debt instruments),
- financial assets at fair value posted to profit or loss.

4.8.1. Financial liabilities at incurred cost

Classification of financial assets upon first entry depends on the characteristics of the contractual cash flows of the financial assets and the business model of the Company for their management.

The Company values the financial assets at incurred cost if both of the following conditions are fulfilled:

- the financial asset is held within the framework of the business model with the intention to hold the financial asset for the purpose of getting contractual cash flows, and

- the contractual conditions of the financial assets lead to the set data of the cash flows, which are exclusively repayments of the principal and interest on the outstanding principal.

Gains and losses from derecognition, modification, or impairment of assets are reported in the profit or loss.

The financial assets of the Company at incurred cost include the trade and other receivables, cash and cash equivalents, as well as other financial assets in the statement of financial position.

The Company reports an adjustment entry for Expected Credit Losses (ECL) for all the financial assets at incurred cost. The Company uses a three-level ECL. In the first reporting of the financial assets, if there is no evidence of failure, the Company assigns the financial assets to Level 1. If a significant increase in the credit risk has occurred since the date of first reporting, the Company will assign such a financial asset to Level 2. If the financial asset fulfils the definition of failure, the Company transfers it to Level 3.

The Company considers potential failure as a situation in which it will not be able to collect all the outstanding amounts according to the initially negotiated conditions. The Company considers as serious indicators of failure significant financial difficulties of debtors and the probability that the debtor will enter bankruptcy proceedings or financial restructuring.

Application of the simplified approach using the impairment matrix

In the case of trade receivables without a significant financing element, the Company defines the volume of the adjusting entries according to the matrix. This matrix is based on the application of a reasonable degree of losses on unpaid trade receivable balances (i.e. age analysis of the receivables).

When determining the size of the adjusting entries by simplified procedure, the Company takes the following steps.

- 1) The Company first divides its individual trade receivables into groups with characteristics similar to credit risk.
- 2) In the second step, the Company sets a ratio of historical loss for each group with a similar credit risk. In 2025, the Company expects its customers' payment morale to deteriorate due to the current deteriorated macroeconomic indicators, which has been reflected in the current loss ratio (i.e. % of outstanding receivables to maturity for 2024).
- 3) At the next step, the Company determines the expected losses for each group of receivables, which is further divided into partial categories according to the number of days that they are overdue.
- 4) Subsequently, the Company will enumerate the adjusting entries on the basis of the current gross volume of trade receivables multiplied by the ratio of the expected losses.
- 5) The Company also took into account a risk surcharge, which is based on an estimate of the future development of outstanding receivables, where the Company took into account (in addition to other issues) the amount of outstanding advance payments.

In the case of trade receivables and contractual asserts, the Company in the calculation of ECL applies the simplified approach and reports adjusting entries in the amount of the full life ECL at each financial statements date. The Company created a matrix of adjusting entries, which is based on historical experience with credit losses and is adjusted by outlook information specific for the debtors and economic environment, which is the expected GDP growth and a change is expected in the unemployment rate.

The impairment loss is reported in the profit or loss. Unrecoverable trade receivables are written off against the adjusting entries. The Company writes off receivables after taking all legal steps associated with the collection efforts. Subsequently, the paid amounts for receivables already written off are reported in the profit or loss.

If the trade receivable is qualified as unrecoverable, a 100% adjusting entry is created for it. The creation of adjusting entries is posted to profit or loss.

4.8.2. Financial assets at fair value reported in profit or loss

Derivative financial instruments are, upon first posting, reported at fair value as at the date of negotiation of the contract and subsequently revalued at fair value. The method for reporting the final profit or loss or funds from secured cash flows depends on whether the given derivative is classified as a hedging derivative or as a trade derivative. The company secures expected future cash flows from the purchase of gas and electricity through short-term FX forwards and FX swaps. To secure future cash flows with maturity of more than one year, the Company uses in certain cases the so-called rollover strategy, which is used to secure expected future cash flows with a series of currency derivatives with shorter maturities. As of the date of the maturity of the currency derivative - classified as a rollover, a new one is immediately established under current market conditions

with the same nominal value. The value of such a hedging derivative at the settlement date must be retained in the accounting reserve in equity until the secured item is realised.

The Company determines whether hedging is effective at the beginning of the hedging instrument application by using the critical parameters method and at least at the financial statements date and at a balance sheet date using the dollar-offset method, which compares cumulative changes in the fair value of the hedging instrument and cumulative changes in the fair value of a hypothetical derivative representing the hedged item.

At the same time, the Company has considered potential sources of inefficiency but does not consider them significant.

The potential sources of inefficiencies of security are:

- changes in the timing of the realisation of the secured item,
- significant changes in the credit risk of any of the counterparties of the secured item and/or instrument,
- reduction of the realised amount of the secured item below the value of the hedging instrument,
- non-zero initial value of the hedging derivative.

The default accounting regulation governing the rules for accounting for financial instruments (in this case financial derivatives) and hedging accounting is the IFRS 9 standard. Under the transitional provisions of IFRS 9, the Company used the option to proceed in accordance with the rules of IAS 39 and decided not to use the parts of IFRS 9 dealing with hedging accounting.

The Company's Treasury Department monitors the currency risk of the Company to ensure that this risk is as small as possible. The real value of derivatives is determined as the net present value of cash flows arising from derivatives.

4.9. 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, which are held for the purpose of covering short-term liabilities.

4.10. Equity

4.10.1. Registered capital

The registered capital of the Company consists of ordinary shares. Preferred shares were not issued. At the same time, the Company does not hold any own shares.

4.10.2. Profit funds

Statutory reserve funds are created from the profit of the Company.

Usage of funds created from profit is in accordance with the Company's Articles of Incorporation.

4.11. Financial liabilities

Financial liabilities are classified as financial liabilities at fair value through profit or loss, or as other financial liabilities.

Financial liabilities are classified according to whether they are held for trading or not. Financial liabilities comprise mainly trade payables, short-term bank loans, overdraft accounts, loans and credit from the parent company, and other liabilities.

Short-term trade liabilities and other financial liabilities, excluding liabilities at fair value reported in the profit or loss, are initially reported at fair value and subsequently valued at book value using the effective interest rate method.

4.11.1. Financial liabilities posted at fair value to the profit or loss

Financial liabilities are classified at fair value through profit or loss if intended for trading which includes financial derivatives that were not designated as hedging instruments. Derivatives are the only type of financial liabilities recognised at fair value through gain or loss of the Company.

4.11.2. Other financial liabilities

Other financial liabilities are initially measured at fair value and subsequently measured at incurred cost discounted at the effective interest rate. The portion of long-term liabilities with contracted maturity within one year are classified in short-term liabilities.

4.11.3. Trade payables

Trade payables are obligations to pay for goods or services that have been acquired from suppliers through the regular course of business.

Accounts payable are classified as short-term liabilities if payment is due within one year. If not, they are recorded as long-term liabilities.

Trade payables are initially recognised at fair value and subsequently measured at incurred cost discounted at the effective interest rate.

4.12. Uninvoiced deliveries and advances received

The Company compensates the value of uninvoiced deliveries and advances received. The resulting value, per individual customer, nears the actual receivable from or payable to customers. Receivables from customers are classified as finan-

cial assets, which will be settled in cash. Liabilities towards customers are non-financial liabilities (advances received), which will be settled by supplying gas, electricity, or other non-cash supply.

4.13. Bank loans

Loans and financial aid are initially recognised at fair value, which is equal to the fair value of the received performance, less the costs related to the provision of a loan or financial aid. Interest-bearing bank loans and other short-term financial borrowings are subsequently recognised at incurred cost considering the materiality principle and using the effective interest rate method. Any difference between proceeds (less transaction costs incurred) and redemption value is recognised in profit or loss over the period of the loan using the effective interest rate method. Borrowing costs related to a particular asset are capitalised into the acquisition costs of the asset.

4.13.1. Lending costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period they are incurred.

4.14. Bonds

The Company initially recognises the issued debt securities and subordinate liabilities at fair value on the date of their creation. After initial recognition, these financial liabilities are valued at incurred cost using the effective interest rate. Transaction expenditure (e.g. legal services and other financial costs related to the acquisition of bonds) are accrued over their entire duration, and thus become part of the accrued value of the bonds.

4.15. Reserves

A provision is recognised when the Company has an unconditional obligation as a result of past events, it is probable that the Company will have to settle the obligation, and the amount can be reliably estimated.

Provisions are measured as the best estimate of expendi-

tures expected to be required to settle the obligation at the reporting date, considering risks and uncertainties connected with the obligation. Provisions not drawn in the following year are recognised as at the balance sheet date at their discounted value in case the impact of the discount as at the balance sheet date is significant.

Market interest rates are used for discounting.

4.16. Revenues from contracts with customers

The Company reports revenue if the obligation to fulfil by transfer of the promised goods or services to the customer, who gains control over this asset, entails the supply of services and goods and their acceptance by the customer.

Revenues from sales of goods and services are presented net of Value Added Tax and net of discounts and are measured at fair value of the consideration received or receivable on an accrual basis.

These one-off discounts and bonuses lead to the reporting of contractual assets, which are subsequently amortised for the residual contract term. If discounts and bonuses for the service are provided during the contract term in a non-uniform way, and the monthly service is provided to the customer uniformly, the total revenues from the services are reported on a uniform basis.

In this case, the constant monthly revenues will also be reported in compliance with the IFRS 15. A discount may be provided at the beginning or during the contract term. The discounts and bonuses may be provided gradually, which means that the size of the discount changes during the minimum term of the contract. The discounts and bonuses are reported during the contract term on a linear basis through the contractual asset, which is created in the period of lower payments and subsequently amortised over the residual contract term.

When posting contractual assets within the framework of the model of expected loss according to IFRS 9, the customer's credit risk is considered.

It is typical in the domestic market to conclude combined services agreements with customers where the total price is billed to the customer, both for the commodity and the distribution services, which the trader has purchased at the given distribution company. The distribution service price is a part of the price for combined services provided to customers. The Company concluded that in case of distribution services the Company acts as a responsible entity (and not as a representative) and reports revenues from services in full,

including the part representing distribution services.

4.16.1. Incremental costs of obtaining a contract

Sales agent commissions and other costs are treated as incremental costs to obtain a contract with the customer and are reported as an asset. These costs are amortised over the estimated customer retention period and amortisation is reported under Other operating costs.

4.16.2. Revenues from sales and distribution of natural gas

Revenue from natural gas sales is recognised when the commodity is delivered. Revenue from sales of natural gas on the liberalised market is measured based on the commodity value reflecting all costs for natural gas purchases and the gross margin that covers the costs of electricity trade and profit, and the cost of other energy services related to gas deliveries to the customer in the required quantity and at the required time.

The price for end customers consists of the price for services provided by OTE including a fee covering operations of the Energy Regulatory Office ("ERO"), a two-component price for distribution consisting of the price paid for purchased natural gas and monthly or yearly fixed price for distribution capacity and price of other services related to the supply. This price is a two-component price and consists of the commodity price and fixed monthly payment or capacity component of the price.

The price for other supply services for households and low volume customers is usually fixed for the period based on the Company's business decision. For medium and large customers, there is an option to either set the price as a fixed price with a validity of one month or longer, or to use one of the products offered (e.g. fixing the price for a longer period, or a combination of fixed and spot prices).

The price for the distribution services represents a two-component price and it is regulated by ERO. The price for OTE services is also regulated by ERO, and it contains a fee according to Section 17d of Act No. 458/2000 Coll., as amended.

Gas supply and distribution to high-volume and middle-volume customer categories are billed on a monthly basis according to the measured consumption. Gas supplies to low-volume customer categories ("MO") and households ("DOM") are billed periodically once every 12 months (according to Section 15, Act No. 70/2016 Coll.), based on the

reading of the consumption at each consumption point, or based on the reading provided by the customer alone.

Revenues from MO and DOM categories consist of the actually billed revenues and revenues from so called "uninvoiced gas" (see Section 4.20.1). The amount of uninvoiced gas is calculated from the total amount of purchased gas in the particular year based on past behaviour of individual customers and is valued in relation to the valid price list of the Company, or to individually set prices and products.

4.16.3. Revenues from sales of electricity

Revenue from the sale of electricity is recognised when the commodity is delivered. Revenue from the sale of electricity is measured based on the commodity value reflecting all costs for electricity purchases and the gross margin that covers costs of electricity trade and profit, and the cost of other energy services related to electricity deliveries to the customer in the required quantity and at the required time

The electricity price consists of two components, regulated and non-regulated items. The regulated component is composed of the price for electricity distribution (the Company uses external electricity distributors) and the regulated services. The individual items are published by ERO according to its price decisions. The price level for electricity distribution may vary by distributor.

The non-regulated price component contains primarily the price for electricity supply, respectively electricity consumed at a high tariff in CZK/MWh and electricity consumed at a low tariff in CZK/MWh. A part of this non-regulated component can also be the fixed monthly payments for the distribution point in CZK/month. The fixed monthly price for delivery of electricity is determined by the trader using the market principles. The price for the electricity supply is derived from the price established at the energy stock exchange. The final price also includes the electricity tax and VAT.

Electricity supply and distribution to middle-volume customer categories – households ('MOO') – and middle-volume customer categories – entrepreneurs ('MOP') – are billed based on the measured consumption of each consumption point, which is performed in the reading cycle set by the relevant provider of the distribution network. Electricity supplies to categories MOO and MOP with Type C readings (annual) are billed periodically once within 12 months based on the reading of the consumption of each offtake point, based on customer self-reading. In the case of Type B reading (monthly) in categories MOO and MOP, the electricity sup-

plies are billed on a monthly basis according to the reading of the consumption of each consumption point (according to the provisions of Section 15 Decree No. 70/2016 Coll., and the provisions of Section 3 Decree No. 152/2016 Coll.).

Revenues from MOO and MOP categories consist of the actually billed revenues and revenues from so called “un-invoiced electricity” (see Section 4.20. 2). The amount of uninvoiced electricity is calculated from the total amount of purchased electricity in the particular year based on past behaviour of individual customers and is valued in relation to the valid price list of the Company, or to individually set prices and products.

Electricity supply and distribution to high-volume categories (VO), whose consumption points are at high or very high voltage levels, are billed on a monthly basis and based on the measured consumption. Revenues from VO consist of actually billed revenues.

4.16.4. Revenues from sales of goods

These revenues are reported on the date of the release of the goods from the warehouse and are reported minus discounts and VAT. Prices and payment terms are based on individual contracts.

4.16.5. Revenues from miscellaneous services

Sales are reported on the date of the release of the goods from the warehouse and are reported minus discounts and VAT. Prices and payment terms are based on individual contracts.

4.17. Foreign currency conversions

Transactions in a foreign currency other than the functional currency of the Company are converted using the exchange rates announced by the Czech National Bank as at the transaction date.

Monetary assets and liabilities denominated in foreign currencies are converted at the exchange rate published by the Czech National Bank as at the reporting date of the financial statements. Foreign exchange profits and losses are recognised as financial profits or losses in the period in which they occurred.

4.18. Employee benefits

4.18.1. Contributions to the state pension scheme

The Company pays contributions for its employees into the state pension system, which is managed on the basis of a defined contribution plan. The Company has no other liabili-

ties related to the state pension scheme after paying contributions in the amount defined by law.

4.18.2. Additional pension and life insurance

In accordance with the valid Collective Agreement, the Company makes monthly contributions to pension and life insurance schemes for its employees, which are paid to an independent entity under a defined contribution scheme. These contributions are recognised in profit/loss as incurred.

4.18.3. Other benefits

Other benefits (e.g. paid holidays) are continuously recognised as expenses when incurred.

4.18.4. Termination benefits

The Company also provides termination benefits to its executives. These benefits are granted if certain conditions are met, namely compliance with non-competition and confidentiality clauses. Amounts are determined based on monthly bonuses. The Company recognises a liability for these benefits when it can no longer withdraw from the obligation, i.e. at the date the Agreement on the performance of a function is signed.

4.19. Taxes

Income tax comprises current and deferred tax.

4.19.1. Current tax

Current income tax represents the estimated tax payable for the accounting period calculated by using the tax rate and the relevant laws enacted as of the end of the reporting period and valid for the period.

The estimated current tax is reduced by advances paid toward income tax. The short-term receivable is recognised in the case that the income tax advances paid exceed the estimated current tax as at the reporting date.

4.19.2. Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount of an asset or liability in the statement of financial position and their tax bases. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination. A deferred tax receivable is recognised if it is probable that taxable profit will be earned in the future, which will allow application of these temporary differences.

The deferred tax asset and liability are determined using the tax rate expected to be valid in the period in which the tax asset is realised or the tax liability is settled, according to tax law enacted as at the end of the reporting period.

Offsetting the deferred tax asset and liability is allowed when there is a legally enforceable right to offset the current tax asset and the current tax liability and when the deferred tax asset and liability relates to income tax collected by the same tax authority and if the Company intends to settle its current tax assets and liabilities on a net basis.

4.20. Significant accounting estimates and main sources of uncertainty about the estimates

Preparing the financial statements requires using estimates and assumptions that affect the figures for the financial position presented as at the reporting date and the financial performance for the reporting period in question. The estimates and assumptions are calculated on the basis of all relevant available information. Nevertheless, as implied by the nature of an estimate, the real values may differ from the estimates in the future.

4.20.1. Uninvoiced gas deliveries

The Company Management considers the determination of uninvoiced gas deliveries and the distribution fees to low-volume customers and households to be the most significant areas subject to the use of estimates. As of 31 December 2024, the value of uninvoiced gas and distribution fees to low-volume customers and households represented CZK 4,604,142 thous. (as of 31 December 2023, the amount was CZK 3,591,739 thous.).

This estimate is determined using the balancing method, as the difference between total gas purchases and sales of monthly invoiced customers, losses and own consumption during that period. This estimate is then reduced by gas supplies for low-volume customers and households categories that have already been invoiced for the given period.

Uninvoiced gas deliveries to large-volume and to medium-volume consumers are also reported in the accounting estimates. These estimates do not carry any risk because they are created on the basis of actual gas meter readings.

Sensitivity analysis

The percentage ratio of losses to the distributed amount used for calculation of the uninvoiced gas in 2024 is 1.88%. The median ratio of the balance difference to the distributed amount for the last 6 years is equal to 2.07%. If in 2024,

the ratio of losses to the total amount of gas distributed was equal to the long-term average, i.e. it would be less (greater) by 0.2 percentage points (while all other variables would remain unchanged), the pre-tax profit as of 31 December 2024 would be CZK 9.2 mil. higher (lower) due to higher (lower) revenues in the uninvoiced gas deliveries.

4.20.2. Uninvoiced electric power deliveries

Similarly as natural gas, the Company management considers the determination of the amount of uninvoiced electricity and the distribution fee for the categories of low-volume (MOP) and households (MOO) to be an important area of application of estimates. As of 31 December 2024, the value of uninvoiced energy and distribution fee to low-volume customers and households represented CZK 1,140,994 thous. (as of 31 December 2023, the amount was CZK 712,005 thous.).

This estimate is determined using the balancing method, as the difference between total electricity purchases and sales of electricity invoiced on a monthly basis to customers and own consumption during the period in question. Within the framework of the accounting estimates, estimates relating to large volume consumers are also reported, but these estimates represent a minimum degree of risk because they are based on already billed items. Through these estimates, they are only transferred to the corresponding accounting period.

Sensitivity analysis

The sensitivity analysis of the uninvoiced electricity segment shows a change in the amount of this item provided that the nomination deviation related to the acquisition of the commodity is included in the input balance. Usually, the amount of this deviation is in the range of 3-5% of the number of technical units sold. In the case of the Company, the amount of the purchase deviation for 2024 would be around the category of MOO and MOP in the amount of around 641,358 MWh. The fixed price for the valuation of the deviation is set at CZK 5,800 per MWh, which in the case of the Company would impact the generation of uninvoiced electricity in the total amount of \pm CZK 111.6 million.

5. Financial Risk Management

5.1. Credit Risk

The selection of counterparties for transactions with the financial resources of the Company is limited to very creditworthy institutions and is regulated according to the pro-

cedures and directives stipulated in the investment strategy approved by the Company's General Meeting. The Company performs only financial transactions whose originator or underwriter has a high rating (investment rating grades) in terms of credit investments issued by competent and independent global rating agencies and for whom it is also possible to continuously monitor the credit quality indicators through the financial market. Cooperating banks enjoy long-term credit ratings A1– A3, issued by Moody's.

The credit risk associated with the counterparties in business transactions is managed by the Company using various tools such as insurance, credit limits, differential collection process, etc.

Credit risk in the case of trading and other receivables, as well as other financial assets, is also limited thanks to risk management tools and the debt collection process. The concentration of credit risks is perceived by the Company in connection with the subsidiary company Pražská plynárenská Distribuce, a.s. This is because principles and operating advances linked with the purchase of distribution services were provided.

Trade and other receivables

IFRS 9 introduced a new model of expected impairment loss, which requires more timely identification of credit losses. The standard specifically requires the accounting units to report the expected credit losses. The Company creates an adjusting entry that represents the estimate of expected credit loss to the trade receivables, other receivables, and contractual assets. Cash and cash equivalents are also subject to the requirements for reduction of value according to the IFRS 9; nevertheless, the ascertained loss from reduction of value was insignificant.

Impairment losses are reported in such a manner as to cover both individually significant exposure to credit risk and portfolio loss in the case of assets for which impairment is not assessed individually. Objective proof of receivables portfolio impairment includes the past experience of the Company with collection of payments, changes in the internal and external assessments of customers, the Company's current position, and insights into the economy during the expected service life of the receivables.

In the case of financial assets, which include cash and cash equivalents, loans, term deposits, trade receivables, and other receivables, exposure of the Company to credit risk is established from the potential failure of the counterparty and is maximally equal to the book value of these financial assets. The Company values its financial investments as of each balance date to find out whether objective evidence for the degradation of asset values exists. Financial investments are considered impaired if the objective evidence indicates that one or more events have negatively affected the estimated future cash flows of this investment. Significant financial assets are tested individually for impairment. The remaining financial assets are evaluated on a portfolio basis in groups that have similar characteristics in terms of credit risk. The impairment loss on financial assets is calculated as the difference between its book value and the current value of estimated cash flows discounted at the initial effective interest rate. All impairment losses are recognised in the profit or loss. Impairment loss is derecognised if the derecognition is objectively related to events that occurred after reporting the loss. Derecognition of an impairment loss is reported in the profit or loss. Trade receivables from customers with a higher credit risk are to a certain extent secured by lien in the form of advances received.

The Company creates an adjusting entry that represents the estimate of the expected credit loss to the trade receivables, uninvoiced gas deliveries to other receivables, and contractual assets.

The structure of the allowances is divided into a total of 3 levels according to the expected loss from credit risk. Credit impaired receivables classified as Level 1 are those receivables up to 30 days past due, as well as past due receivables and uninvoiced deliveries for which an adjusting entry is made in accordance with IFRS 9. Credit-impaired receivables classified as Level 2 are those that are 1 to 6 months past due. The Company classifies receivables that are more than 6 months past due and individually assessed receivables for which there is a high probability of expected credit risk loss as Level 3.

The table summarises the complete overview of trade and other receivables less an allowance:

Type of receivable in thous. CZK	31 December 2024	31 December 2023
Trade receivables from third parties	758,178	1,099,760
Trade receivables from subsidiaries	445,774	478,773
Trade receivables from other affiliates	31	598
Financial trade receivables	1,203,983	1,579,131
Adjusting entries for trade receivables	-235,984	-268,788
Net trade receivables – financial	967,999	1,310,343
Uninvoiced deliveries (less advance payments)	2,168,584	2,796,999
Adjusting entries for uninvoiced deliveries	-20,359	-41,247
Loans provided	1,050,000	1,000,000
Total trade and other receivables – financial	4,166,224	5,066,095
Other receivables - non-financial	224,849	240,581
Allowance for non-financial receivables	-6,224	-6,116
Net value of other receivables - non-financial	218,625	234,465
Total trade and other receivables – short-term	4,384,849	5,300,560

The structure of allowances for trade and other receivables according to the level of expected interest rate impairment is shown in the following tables:

31 December 2024

Allowances for to receivables (in thous. CZK)	EXPECTED INTEREST RISK IMPAIRMENT			
	Level 1	Level 2	Level 3	Total
Cat. MO	37,137	458	44,901	82,496
Cat. DOM	32,671	398	47,453	80,522
Cat. VO	12,613	104	19,274	31,991
Cat. Other	26,296	371	34,666	61,333
Total	108,717	1,331	146,294	256,342

31 December 2023

Allowances for to receivables (in thous. CZK)	EXPECTED INTEREST RISK IMPAIRMENT			
	Level 1	Level 2	Level 3	Total
Cat. MO	46,020	862	60,230	107,112
Cat. DOM	41,551	1,635	69,804	112,990
Cat. VO	14,366	81	27,874	42,321
Cat. Other	14,315	287	33,010	47,612
Total	116,252	2,865	190,918	310,035

Cash and cash equivalents and other financial assets

The Company makes only short-term cash deposits with-in 3 months (cash, deposit bills, term deposits, and REPO operations). The Company transfers its free cash to financial instruments. Selecting the counterparties for financial transactions with cash is limited to parties with high creditworthiness.

The Company performs only financial transactions whose originator or underwriter has a high rating in terms of credit

investments (investment rating grades) issued by competent and independent global rating agencies and for whom it is also possible to continuously monitor the credit quality indicators through the financial market.

Cash and cash equivalents are also subject to the requirements for reduction of value according to the IFRS 9; nevertheless, the ascertained loss from reduction of value was insignificant.

Moody's long-term rating (in thous. CZK)	Bank rating	31 December 2024	31 December 2023
Cash on hand	not assigned	1,484	904
Money in bank accounts	A1-A3	4,834,629	4,077,710
Short-term investments - bills of exchange ČSOB Leasing	A1	0	994,500
Total exposure to cash, cash equivalents and other financial assets		4,836,113	5,073,114

5.2. Liquidity risk

Liquidity risk is a risk that the accounting entity will not fulfil its obligations arising from financial liabilities.

The goal for liquidity risk management is to keep a balance between financing operating activities and financial flexibility to meet trade payables and liabilities to creditors of the Company on time.

The Company Management minimises liquidity risk (i.e. the risk of a lack of cash to pay liabilities) by continuous, ongoing management and planning of its future cash flows. The main tool for planning of cash flows is the preparation of a mid-term plan, which is prepared annually for a 3-year period. The cash flow plan for the following year is subsequently divided into individual days and kept up to date. Based on this detailed forecast, the Company ensures that a sufficient level of liquid cash is available to settle its liabilities.

The Company Management monitors the liquidity and its development on the basis of weekly reports; the Company Management also receives short-term liquidity forecasts.

The Company has operational financing in the form of an overdraft facility, revolving financing and bank guarantees. The short-term external financing includes an operating loan for the purchase of natural gas guaranteed by the City of

Prague. These external financial resources are provided by a consortium of two banks, i.e. Československá obchodní banka, a.s., and Česká spořitelna, a.s.

In connection with the financing, in 2023, the following documents were concluded between the Company and Československá obchodní banka, a. s. (also on behalf of Český spořitelna, a.s.) in addition to the existing loan agreements:

- Agreement on the establishment of a lien on the Company's plant between the Company and Československá obchodní banka, a.s.,
- Agreement on the establishment of a lien on the receivables under bank account management agreements between the Company and Československá obchodní banka, a.s.,
- Agreement establishing a ban on burdening and alienation between the Company and Československá obchodní banka, a.s.

The Company has also arranged a short-term euro overdraft facility with Raiffeisenbank, a.s. for the purpose of trading on the energy exchange and related documentation for trading on the energy exchange:

- The Company concluded with Raiffeisenbank a.s. an Agreement on the pledge of receivables from accounts.⁶

Short-term funding structure as at 31 December 2024

(in thous. CZK)	Limit	From	To	Interest rate
Overdraft credit lines in CZK	1,000,000	15/ 5/ 2023	15/ 5/ 2027	floating
Committed guarantee/revolving credit line	4,000,000	15/ 5/ 2023	15/ 5/ 2027	fixed/floating
Uncommitted line for guarantees	20,000	19/ 1/ 2017	for an indefinite period of time	fixed
Loan with HMP guarantee	4,000,000	24/ 6/ 2022	24/ 6/ 2025	floating
Overdraft euro credit lines RB (EUR 0.5 mil., at the rate of CZK/EUR 25.185)	12,593	31/ 5/ 2024	31/ 5/ 2025	floating
Total 9,032,593				

In 2024, the Company did not draw down any credit resources, as at 31 December 2024 no bank loan was drawn down, only funds from subsidiaries in the amount of CZK 287,539 thous. were drawn down, which represent liabilities from

cash-pooling. The average credit interest rate between the Company and its subsidiaries for 2024 was 3.90% per annum and the average debit interest rate between the Company and its subsidiaries for 2024 was 5.64% per annum.

Short-term funding structure as at 31 December 2023

(in thous. CZK)	Limit	From	To	Interest rate
Overdraft credit lines in CZK	1,000,000	15/ 5/ 2023	15/ 5/ 2027	floating
Committed guarantee/revolving credit line	4,000,000	15/ 5/ 2023	15/ 5/ 2027	fixed/floating
Uncommitted line for guarantees	20,000	19/ 1/ 2017	for an indefinite period of time	fixed
Loan with HMP guarantee	4,000,000	24/ 6/ 2022	24/ 6/ 2025	floating
Overdraft euro credit lines RB (EUR 0.5 mil., at the rate of CZK/EUR 24.115)	12,363	31/ 5/ 2023	31/ 5/ 2024	floating
Total 9,032,363				

Drawing short-term bank loans allows the Company to optimise its coverage of seasonal fluctuations in cash flows, which accompany the purchase and sale of energy. An integral part of Company funding is the utilisation of financial resources of all PP, a.s. Group companies aggregated in cash pooling. Using these free resources means that drawing short-term loans from the banks is reduced.

In connection with the conditions under the loan agreements, financial indicators are monitored at the consolidated PP, a.s. Group data level. In case of their non-fulfilment, the banks may request premature loan repayment. These indicators were fulfilled as of 31 December 2024 and as of 31 December 2023.

The liquidity position is supported by the system of advance payments; whereas the high-volume and middle-volume

categories pay advances several times during the month, the low-category and households pay advances monthly or quarterly. The setting of the advances takes into account the past consumption for all categories (an algorithm based on three-year historical consumption is used), as well as the seasonal character of the gas consumption, and the gas price.

The following tables show the liabilities grouped by residual period to contractual maturity as at 31 December 2024 and as at 31 December 2023. The size of the liabilities shown in the tables is equivalent to the non-discounted cash flows, including interest, where relevant. The interest is based on the loan amount as at 31 December 2024 and on the interest rates valid on the financial market as of 31 December 2024. Lease liabilities are reported separately in Section 7.4.

31 December 2024

(in thous. CZK)	0-3 months	3-6 months	6-12 months	1-3 years	Total
Derivatives (currency forwards and commodity futures)	1,835,867	1,228,810	678,439	0	3,743,115
Trade and other liabilities	4,646,739	0	0	96	4,646,835
Loans from subsidiaries - cash pooling	287,539	0	0	0	287,539
Total	6,770,145	1,228,810	678,439	96	8,677,489

31 December 2023

(in thous. CZK)	0-3 months	3-6 months	6-12 months	1-3 years	Total
Derivatives (currency forwards and commodity futures)	2,554,926	1,772,523	432,714	9,920	4,770,083
Trade and other liabilities	3,878,355	0	374	166	3,878,895
Loans from subsidiaries and PPH a.s. - cash pooling	431,928	0	0	0	431,928
Total	6,865,209	1,772,523	433,088	10,086	9,080,906

The main aim of the analysis of liabilities is the identification of unavoidable liabilities that have to be paid (within the legal limitations), which represent a cash outflow that negatively impacts liquidity.

Concluded guarantees

The Company has secured its financial liabilities with Československá obchodní banka, a.s., as of 31 December 2024:

- to the benefit of OTE, a.s., up to CZK 150,000 thous. (under the Deviation settlement agreement No. AP 006/09 of 11/ 12/ 2009);

- to the benefit of OTE, a.s., up to CZK 225,000 thous. (under the Deviation settlement agreement No. A3602/14 of 4/ 12/ 2014 and the Agreement on access to the organised short-term electricity market No. B3602/14 of 4/ 12/ 2014);
- to the benefit of RWE Supply Trading GmbH, in the amount of EUR 15,000 thous. (CZK 377,775 thous.) due to being present and active on the gas market (according to the EFET Agreement of 3/ 6/ 2014);
- to the benefit of Uniper Global Commodities SE in the amount of EUR 20,000 thous. (CZK 503,700 thous.) due to being present and active on the gas market (according to the EFET Agreement of 14/ 6/ 2021);

- to the benefit of EDF, in the amount of EUR 10,000 thous. (CZK 251,850 thous.) due to being present and active on the gas market (according to the EFET Agreement of 4/ 5/ 2016).

The Company has secured its financial liabilities with Československá obchodní banka, a.s., as of 31 December 2023:

- to the benefit of OTE, a.s., up to CZK 325,000 thous. (under the Deviation settlement agreement No. AP 006/09 dated 11/ 12/ 2009);
- to the benefit of OTE, a.s., up to CZK 100,000 thous. (under the Deviation settlement agreement No. A3602/14 of 4/ 12/ 2014 and the Agreement on access to the organised short-term electricity market No. B3602/14 of 4/ 12/ 2014);

to the benefit of RWE Supply Trading GmbH, in the amount of EUR 15,000 thous. (CZK 370,875 thous.) due to being present and active on the gas market (according to the EFET Agreement of 3/ 6/ 2014);

- to the benefit of Uniper Global Commodities SE in the amount of EUR 20,000 thous. (CZK 494,500 thous.) due to being present and active on the gas market (according to the EFET Agreement dated 14/ 6/ 2021).

These concluded guarantees are not included in the balance sheet.

5.3. Market risk

5.3.1. Interest rate risk

Interest rate risk is defined as risk related to changes in fair value of future cash flows from financial instruments as a result of interest rate fluctuation.

The goal of interest rate risk management is to eliminate risk emerging from interest rate fluctuations of interest-bearing financial liabilities and receivables using an appropriate structure.

The Company Management monitors interest rate risk on the basis of regular reporting, which includes information about the current interbank interest rates (mainly PRIBOR and EURIBOR) and assessment of actual interest expenses. The Company Management is provided with short-term forecasts of these interest rates. In 2024, the Company did not draw down credit facilities and only drew down cash from subsidiaries under cash pooling. In 2023, the Company drew only the promissory note programme, a loan from the Capital City of Prague and cash from subsidiaries under cash-pooling.

Sensitivity analysis

If the interest rate had increased/decreased by 100 basic points while all other variables held constant as of 1 January 2024, the profit before tax for 2024 would have been lower/higher by CZK 2,487 thous. as a result of the increased/decreased interest expense (for 2023: CZK 12,891 thous.).

5.3.2. Exchange rate risk

Currency risk means that the future cash flows from financial instruments will change as result of changes in currency rates.

Movements in exchange rates represent a risk due to the fact that the Company purchases virtually all its natural gas and electricity with foreign currencies. The choice of currency for purchases made in forward purchases is fully dependent on the overall commercial conditions offered. The Group always secures the exchange rate risk in the form of currency forwards at the bank for most of the purchased volume. All spot purchase transactions are carried out in EUR, while a certain portion of these purchases are sold in EUR, or the purchase is made to the portfolio of customers at the listed price using the exchange rate in force on the purchase date. The Company actively manages currency risk through quarterly closing of open foreign currency positions, by setting a stop-loss limit and by managing the purchase of natural gas and electricity in foreign currency, thus maintaining full hedging of long-term currency risk.

The movement in exchange rates constitutes a risk as the Company keeps receivables and payables in foreign currencies. Starting on 1 January 2019, the Company decided to apply a secure accounting system in order to secure future cash flows in foreign currencies from the purchase of commodities.

Sensitivity analysis

If the CZK/EUR exchange rate as of 31 December 2024 had weakened (increased) / strengthened (dropped) by 0.5 CZK/EUR while all other variables held constant, the profit before tax as at 31 December 2024 as a result of revaluation of liabilities in EUR would have been lower/higher by CZK 2,029 thous. (as of 31 December 2023: CZK 2,403 thous.).

If the CZK/EUR exchange rate had weakened (increased) / strengthened (dropped) by 0.5 CZK/EUR, while all other variables held constant as of 31 December 2024, the profit before tax as of 31 December 2024 as a result of revaluation of liabilities in EUR would have been lower/higher by CZK 2,353 thous. (as of 31 December 2023: CZK 3,571 thous.).

(in thous. CZK)	2024 increase of 0.5 CZK/EUR	2023	2024 decrease of 0.5 CZK/EUR	2023
Liabilities in EUR	-2,029	-2,403	2,029	2,403
Receivables in EUR	2,353	3,571	-2,353	-3,571
Impact on profit before tax	324	1,168	-324	-1,168

If the CZK/EUR exchange rate as of 31 December 2024 had weakened (increased) / strengthened (dropped) by 0.5 CZK/EUR with all other variables held constant as of 31 December 2024, the other comprehensive income as of 31 December

2024 as a result of revaluation of hedged forward purchases realised as of 31 December 2024 would have been lower/higher by CZK 73,852 thous. (as of 31 December 2023: CZK 94,167 thous.).

(in thous. CZK)	2024 increase of 0.5 CZK/EUR	2023	2024 decrease of 0.5 CZK/EUR	2023
Secured forward purchases in EUR	73,852	94,167	-73,852	-94,167
Impact on the overall profit/loss	73,852	94,167	-73,852	-94,167

5.3.3. Derivative financial tools

The settlement of purchases of natural gas and electricity in EUR exposes the Company to a risk of changes in future cash flows upon settlement of these transactions due to changes in the EUR/CZK exchange rate. The Company decided to regulate this risk by means of currency swaps and forwards. To secure future cash flows with maturity of

more than one year, the Company uses in certain cases the so-called rollover strategy, which is used to secure expected future cash flows with a series of currency derivatives with shorter maturities. As of the date of the maturity of the currency derivative - classified as a rollover, a new one is immediately established under current market conditions with the same nominal value.

Hedged cash flows

31 December 2024

(in thous. CZK)	0-3 months	3-6 months	6-12 months	1-3 years	3-5 years	Total
Securing of cash flows – future liabilities	1,835,867	1,228,810	678,439	0	0	3,743,115

31 December 2023

(in thous. CZK)	0-3 months	3-6 months	6-12 months	1-3 years	3-5 years	Total
Securing of cash flows – future liabilities	2,505,312	1,749,940	387,043	9,920	0	4,652,216

Derivatives securing cash flows

31 December 2024

(in thous. CZK)	Nominal value	Fair value		Hedged period	Average hedged rate
		Positive	Negative		
Currency forwards	3,743,115	0	10,795	0-1 year	25.342

31 December 2023

(in thous. CZK)	Nominal value	Fair value		Hedged period	Average hedged rate
		Positive	Negative		
Currency forwards	4,652,216	33,024	0	0-2 years	24.702

5.4. Fair value estimate

Fair values of financial assets and liabilities that are traded in an active market are determined by using prices quoted (unadjusted) on the active markets.

The fair value of a currency derivative relative to the nominal value of a trade results from the difference between the agreed forward rate and the expected rate at the maturity of the trade. This currency difference is discounted to the date on which the fair value is determined. The resulting value-

tion of the net present value is sent by the bank with which the derivative transaction was agreed.

As at the end of the reporting period, the Company classified its financial assets and liabilities at fair value through profit or loss under Level 2 featuring entry data used to determine the fair value (see Note 5.1.)

The book values of short term receivables after deducting their impairment and short term liabilities, bonds and loans are close to their fair values.

5.5. Offsetting financial receivables and financial liabilities

31 December 2024

in thous. CZK	Gross amount in the statement of financial position	Gross amount of the offsetting in the statement of financial position	Net amount after compensation in the statement of financial position	The amount which is subject of the framework netting agreement and similar arrangements in the statement of financial position	Total net exposure value
Trade and other receivables	4,166,225	0	4,166,225	223,498	3,942,727
Trade payables and other financial liabilities	957,838	0	957,838	223,498	734,340

31 December 2023

in thous. CZK	Gross amount in the statement of financial position	Gross amount of the offsetting in the statement of financial position	Net amount after compensation in the statement of financial position	The amount which is subject of the framework netting agreement and similar arrangements in the statement of financial position	Total net exposure value
Trade and other receivables	5,066,095	0	5,066,095	555,818	4,510,277
Trade and other financial liabilities	2,734,128	0	2,734,128	555,818	2,178,310

5.6. Net profit and losses from financial instruments

in thous. CZK	2024	2023
Trade receivables (particularly depreciation of receivables and creation of provisions)	-15,282	-2,022
Cash and cash equivalents (especially profits from the appreciation of funds)	287,419	286,936
Financial derivatives (especially losses from derivative transactions)	-21,761	-166,724
Bank loans (especially losses from bank fees and liability commissions)	-64,566	-99,243
Other financial liabilities (especially currency exchange gains / losses)	-25,786	-96,646
Net profits (+) / losses (-) reported in the profit/loss statement	160,024	-77,699
Financial derivatives in other comprehensive income (settlement)	-10,795	33,024
Net profits (+) / losses (-) reported in other total income	-10,795	33,024
Total net profits (+) / losses (-)	149,229	-44,675

6. Capital Management

Optimal capitalisation of the Company balances between capital gains and the ability to cover all mature liabilities.

The goal of capital risk management is to maintain such proportion of equity and liabilities that all financial liabilities are repaid and the Company's value increase for shareholders is ensured. The Company's management continuously evaluates the current and expected results including planned and potential investments and cash flows, and adjusts the capital structure to achieve these goals.

The goal of the Company is to achieve such business results to be able to fulfil financial indicators agreed with banks. In

case of their non-fulfilment, the banks may request premature loan repayment. These indicators were fulfilled as of 31 December 2024 and as of 31 December 2023.

7. Notes on the financial statements

7.1. Land, buildings, and equipment

Value of the balance of fixed assets in progress as of 31 December 2024 consisted primarily of investment building renovation and IT infrastructure modernisation projects. As at 31 December 2023, these projects mainly involved CNG stations and the reconstruction of buildings on the Company's premises in Michle.

Land, property, plant and equipment in thous. CZK Acquisition value	Land	Buildings and other constructions	Tangible movables and their sets	Vehicles (means of transport)	Computer equipment and other hardware	Other tangible fixed assets	Tangible fixed assets under construction	Total
Balance as at 1/ 1/ 2023	76,586	1,074,682	297,953	27,412	139,871	40,492	4,658	1,661,654
Purchases	0	0	0	0	0	0	51,391	51,391
Transfers	0	11,957	4,060	17,180	3,488	587	-37,272	0
Decreases	-838	0	-2,178	-5,047	-8,865	-20	-1,500	-18,448
Balance as at 31/ 12/ 2023	75,748	1,086,639	299,835	39,545	134,494	41,059	17,277	1,694,597
Purchases	0	0	0	0	0	0	50,131	50,131
Transfers	0	21,072	10,965	3,501	7,401	5,904	-48,843	0
Reclassification from/to investment property (IAS 40)	0	-687	0	0	0	0	0	-687
Decreases	0	0	-7,460	-8,552	-10,478	-48	0	-26,538
Balance as at 31/ 12/ 2024	75,748	1,107,024	303,340	34,494	131,417	46,915	18,565	1,717,503
Accumulated depreciation, adjustments, impairment, recharging								
Balance as at 1/ 1/ 2023	0	438,216	256,179	22,710	113,930	5,962	0	836,997
Depreciation	27	23,450	9,133	4,044	13,912	372	0	50,938
Allowances	0	-23	0	0	0	0	0	-23
Accumulated depreciation for disposals	-27	0	-2,178	-5,045	-8,823	-20	0	-16,093
Balance as at 31/ 12/ 2023	0	461,643	263,134	21,709	119,019	6,314	0	871,819
Reclassification of depreciation from/to investment property (IAS 40)	0	-207	0	0	0	0	0	-207
Depreciation	0	23,497	9,518	6,282	10,025	582	0	49,904
Allowances for	0	-23	0	0	0	0	0	-23
Accumulated depreciation for disposals	0	0	-7,452	-8,552	-10,442	-48	0	-26,494
Balance as at 31/ 12/ 2024	0	484,910	265,200	19,439	118,602	6,848	0	894,999
Net book value 2023	75,748	624,996	36,701	17,836	15,475	34,745	17,277	822,778
Net book value 2024	75,748	622,114	38,140	15,055	12,815	40,067	18,565	822,504

The business plant of Pražská plynárenská, a.s. was pledged to the benefit of the creditors Československá obchodní banka, a.s., and Česká spořitelna, a.s., with the following liens on the business plant:

(i) To secure debts under the Operating Loan Agreement up to CZK 5,000 million of 15 May 2023, as amended, secured debts of Pražská plynárenská, a.s., from operational financing, which may arise up to the amount of CZK 10,000 mil.,

and further

(ii) to secure debts under the Promissory Note Programme Agreement up to an amount of CZK 1,200 mil. of 2 November 2023, secured debts of the subsidiary company Pražská plynárenská Distribuce, a.s., a member of the Pražská plynárenská, a.s. Group, which may arise up to the amount of CZK 2,400 mil.

7.2. Real estate investments

in thous. CZK Acquisition value	Real estate investments
Balance as at 1/ 1/ 2023	176,810
Increases*	573
Balance as at 31/ 12/ 2023	177,383
Increases*	5,117
Reclassifications from/to investment property (IAS 40)	687
Balance as at 31/ 12/ 2024	183,187
Accumulated depreciation, depreciation, impairment	
Balance as at 1/ 1/ 2023	97,555
Depreciation	3,759
Balance as at 31/ 12/ 2023	101,314
Depreciation	3,867
Reclassification of depreciation from/to investment property (IAS 40)	206
Balance as at 31/ 12/ 2024	105,387
Net book value 2023	76,069
Net book value 2024	77,800

* Increases represent the technical improvements of buildings.

Some properties located in the Michle facility, where the Company's operating and administrative buildings are located, include a part that is held for rent or capital appreciation and another part that is held for the production or supply of goods or services, or for administrative and office purposes. The Company has set a criterion and reports the property as an investment property if more than 70% of the floor area is leased.

The Company has chosen to use the cost model for the subsequent valuation of investment property in accordance with IAS 16. Fair value valuation was not implemented for the following reasons:

- the buildings are leased within the Group (i.e. to other subsidiaries);

- the facility in Michle represents an enclosed space intended only for the company of Pražská plynárenská, a.s. Group.

Rent from investment in real estate amounted to CZK 14,890 thousand as at 31/ 12/ 2024 and CZK 14,154 thous. as at 31/ 12/ 2023. Rent is reported in Other operating income.

Direct operating costs (including repairs and maintenance) incurred from investment property amounted to CZK 7,271 thous. as at 31/ 12/ 2024 and CZK 7,900 thous. as at 31/ 12/ 2023. These costs are reported in Other operating costs.

7.3. Intangible assets

Intangible assets in thous. CZK Acquisition value	Software	Assessable rights	Incomplete Long-term intangi- ble assets	Total
Balance as at 1/ 1/ 2023	899,791	14,062	17,952	931,805
Purchases	0	0	29,665	29,665
Transfers	25,601	0	-25,601	0
Balance as at 31/ 12/ 2023	925,392	14,062	22,016	961,470
Purchases			29,935	29,935
Transfers	27,694	149	-27,843	0
Balance as at 31/ 12/ 2024	953,086	14,211	24,108	991,405
Accumulated depreciation, depre- ciation, impairment				
Balance as at 1/ 1/ 2023	821,699	13,766	0	835,465
Depreciation	33,703	296	0	33,999
Balance as at 31/ 12/ 2023	855,402	14,062	0	869,464
Depreciation	29,249	34	0	29,283
Balance as at 31/ 12/ 2024	884,651	14,096	0	898,747
Net book value 2023	69,990	0	22,016	92,006
Net book value 2024	68,435	115	24,108	92,658

The average residual amortisation period of software is 1 year and 9 months.

An impairment test has been performed on intangible fixed assets under construction based on future usage analysis and no impairment was identified.

7.4. Assets originating from the right of use and lease liabilities

in thous. CZK Acquisition value	Non-residential premises	in thous. CZK Acquisition value	Non-residential premises
Balance as at 1/ 1/ 2023	40,828	Balance as at 1/ 1/ 2024	40,828
Decreases	0	Decreases	0
Balance as at 31/ 12/ 2023	40,828	Balance as at 31/ 12/ 2024	40,828
Accumulated depreciation, depreciation, impairment		Accumulated depreciation, depreciation, impairment	
Balance as at 1/ 1/ 2023	21,114	Balance as at 1/ 1/ 2024	25,674
Depreciation	4,560	Depreciation	3,421
Balance as at 31/ 12/ 2023	25,674	Balance as at 31/ 12/ 2024	29,095
Net book value 1/ 1/ 2023	19,714	Net book value 1/ 1/ 2024	15,154
Net book value 31/ 12/ 2023	15,154	Net book value 31/ 12/ 2024	11,733

The Company mostly leases non-residential premises. Lease contracts are usually concluded for an indefinite time. The Company has estimated the lease term in these cases from 5 to 10 years.

The Company has reported lease liabilities as of 31 December 2023 as follows:

(in thous. CZK)	0-3 months	3-6 months	6-12 months	1-3 years	3-5 years	Total
Long-term liabilities from lease	0	0	0	10,718	3,701	14,419
Short-term liabilities from lease	856	860	1,731	0	0	3,447
Total	856	860	1,731	10,718	3,701	17,866

The Company has reported lease liabilities as of 31 December 2024 as follows:

(in thous. CZK)	0-3 months	3-6 months	6-12 months	1-3 years	3-5 years	Total
Long-term liabilities from lease	0	0	0	10,910	0	10,910
Short-term liabilities from lease	872	875	1,762	0	0	3,509
Total	872	875	1,762	10,910	0	14,419

The total cash flow related to lease liabilities in 2024 amounted to CZK 4,016 thous., and in 2023 amounted to CZK 5,276 thous.

Short-term lease expenses included in Other operating costs and leasing of low-value assets, which are not reclassified as lease liabilities, are reported in Section 7.27.

Interest cost from lease liabilities included in the 2024 and 2023 financial expenses are reported in Section 7.28.

7.5. Investments into subsidiaries

The Company held interests in the following subsidiaries as at 31 December 2024 and 31 December 2023:

Pražská plynárenská Distribuce, a.s.
Registered office: U Plynárny 500/44, Prague 4,
Postal Code 140 00

Pražská plynárenská Servis distribuce, a.s., member of the
Pražská plynárenská, a.s. Group
Registered office: U Plynárny 1450/2a, Prague 4,
Postal Code 140 00

Prometheus, energetické služby, a.s., member of the Pražská
plynárenská, a.s. Group
Registered office: U Plynárny 500, Prague 4, Postal code 140
00

MONTSERVIS PRAHA, a.s.
Registered office: U Plynárny 500/44, Prague 4, Postal Code
140 00

Balance as at 31 December 2023	Number of stocks (in pieces)	Book value of the share (in thous. CZK)	Held share (%)	Voting right share	Location of business
Pražská plynárenská Distribuce, a.s., member of the Pražská plynárenská, a.s. Group	5,207	1,178,348	100	100	Czech Republic
Nová PP Distribuce, a.s.	20	2,000	100	100	Czech Republic
Pražská plynárenská Servis distribuce, a.s., member of the Pražská plynárenská, a.s. Group	202,106	30,458	100	100	Czech Republic
Prometheus, energetické služby, a.s., member of the Pražská plynárenská, a.s. Group	128	204,896	100	100	Czech Republic
MONTSERVIS PRAHA, a.s.	240	43,000	100	100	Czech Republic
Book value		1,458,702			

Status as at 31 December 2024	Number of stocks (in pieces)	Book value of the share (in thous. CZK)	Held share (%)	Voting right share (%)	Location of business
Pražská plynárenská Distribuce, a.s.	10,000	1,180,348	100	100	Czech Republic
Pražská plynárenská Servis distribuce, a.s., a member of the Pražská plynárenská, a.s. Group	202,106	30,458	100	100	Czech Republic
Prometheus, energy services, a.s., member of the Pražská Group plynárenská, a.s.	128	204,896	100	100	Czech Republic
MONTSERVIS PRAHA, a.s.	240	43,000	100	100	Czech Republic
Book value		1,458,702			

As of 18 December 2023, a new subsidiary, Nová PP Distribuce, a.s., was established with its registered office at U Plynárny 500/44, Michle, 140 00 Prague 4. The Company participated in the merger on the basis of the "Merger Project" (hereinafter referred to as the "Merger") within the meaning of the provisions of Section 61a et seq. in conjunction with Section 100 et seq. of Act No. 125/2005 Coll, on transformations of commercial companies and co-operatives, as amended, with a decisive date of 1 January 2024, where the merging company was Pražská plynárenská Distribuce, a.s., a member of the Pražská plynárenská, a.s. Group, with registered office at U Plynárny 500, 145 08 Prague 4, Company ID: 274 03 505, registered in the Commercial Register maintained by the Municipal Court in Prague, File No. B 10356 (the "Dissolved Company"). The successor company is Nová PP Distribuce, a.s., with registered office at U Plynárny 500/44, 140 00 Prague 4, Michle, Company ID: 210 31 088, registered in the Commercial

Register maintained by the Municipal Court in Prague, File No. B 28573 (the "Successor Company"). On 1 July 2024, the Company was renamed Pražská plynárenská Distribuce, a.s.

There is no difference between the percentage of ownership and the percentage of voting rights in any of the subsidiaries.

7.6. Inventories

Inventories mainly represent gas stored in the gas storage. This gas was extracted in 2024 and recognised as consumption in the amount of CZK 306,863 thous. (in 2023: CZK 5,423,679 thous.). The Company did not make an inventory valuation allowance in 2024 and 2023.

No surpluses and/or shortfalls in inventories were found during stock-taking in 2024.

7.7. Short-term and other receivables

Type of receivable in thous. CZK	31 December 2024	31 December 2023
Trade receivables from third parties	758,178	1,099,760
Trade receivables from subsidiaries	445,774	478,773
Trade receivables from other affiliates	31	598
Financial trade receivables	1,203,983	1,579,131
Adjusting entries for trade receivables	-235,984	-268,788
Net value of trade receivables - financial	967,999	1,310,343
Uninvoiced deliveries (less advance payments)	2,168,584	2,796,999
Adjusting entries for uninvoiced deliveries	-20,359	-41,247
Loans granted (see Section 7.32)	1,050,000	1,000,000
Total trade and other receivables - financial	4,166,224	5,066,095
Other receivables - non-financial	224,849	240,581
Allowance for non-financial receivables	-6,224	-6,116
Net value of other receivables - non-financial	218,625	234,465
Total trade and other receivables - short-term	4,384,849	5,300,560

Short-term operating advances provided to individual suppliers for natural gas and electricity purchases and purchases of gas distribution services were offset with estimated payables created for these suppliers. In 2024, advances were offset against accrued liabilities in the amount of CZK 1,750,873 thous. (2023: CZK 1,144,227 thous.).

Outstanding trade receivables have not been secured. Receivables from related parties are defined in detail in Section 7.32.

Changes in adjusting entries for trade receivables may be analysed as follows:

Allowances for doubtful accounts in thous. CZK	31 December 2024	31 December 2023
Initial balance as of 1 January	310,035	322,811
Creation of an allowance for receivables	13,584	6,679
Use of the allowance	67,277	19,455
Final balance as of 31 December	256,342	310,035

The structure of allowances for trade and other receivables according to the level of expected interest rate impairment is shown in the following tables:

31 December 2024

Allowances for doubtful accounts (in thous. CZK)	Expected interest risk impairment			
	Level 1	Level 2	Level 3	Total
Cat. MO	37,137	458	44,901	82,496
Cat. DOM	32,671	398	47,453	80,522
Cat. VO	12,613	104	19,274	31,991
Cat. Other	26,296	371	34,666	61,333
Total	108,717	1,331	146,294	256,342

31 December 2023

Allowances for doubtful accounts (in thous. CZK)	Expected interest risk impairment			
	Level 1	Level 2	Level 3	Total
Cat. MO	46,020	862	60,230	107,112
Cat. DOM	41,551	1,635	69,804	112,990
Cat. VO	14,366	81	27,874	42,321
Cat. Other	14,315	287	33,010	47,612
Total	116,252	2,865	190,918	310,035

The following table shows losses due to depreciation of financial assets relating to trade and other receivables:

Loss due to depreciation of financial assets in thous. CZK	31 December 2024	31 December 2023
Change in the valuation allowance - to existing receivables	-53,584	-11,609
Loss due to receivables written-off	67,277	19,455
Loss due to depreciation of financial assets	13,693	7,846

The book value of the trade and other receivables is close to their fair value.

7.8. Cash and cash equivalents

In 2024 and 2023, the Company did not hold any promissory notes for short-term investment purposes.

The structure of cash and cash equivalents is shown below:

Cash and cash equivalents (in thous. CZK)	31 December 2024	31 December 2023
Cash on hand	1,484	904
Money in bank accounts	4,834,629	4,077,710
Short-term investments – bills of exchange	0	994,500
Total	4,836,113	5,073,114

7.9. Other assets

Other assets (in thous. CZK)	31 December 2024	31 December 2023
Liabilities from revaluation of trade derivatives at fair value	0	33,024
Prepaid expenses	76,892	66,697
Other assets – total	76,892	99,721

7.10. Incremental costs of obtaining a contract

Incremental costs (in thous. CZK)	31 December 2024	31 December 2023
Commission paid to traders – long-term part	13,287	33,413
Commission paid to traders – short-term part	32,734	33,080
Incremental costs – total	46,021	66,493

The incremental costs to obtain a contract represent the commissions of sales representatives.

7.11. Contract assets

Contract assets (in thous. CZK)	31 December 2024	31 December 2023
Bonuses to customers – long-term part	3,683	58,228
Bonuses to customers – short-term part	12,389	3,569
Contract assets – total	16,072	61,797

Contract assets represent bonuses to customers for negotiating a contract or amendments.

7.12. Registered capital

Form of shares	2024		2023	
	Number of pieces	Nominal value (CZK)	Number of pieces	Nominal value (CZK)
Bearer shares	950,338	300	950,338	300
Registered shares	489,569	300	489,569	300
Total	1,439,907		1,439,907	
Total share capital		431,972,100		431,972,100

Bearer shares are issued in book-registered form.

The registered shares are issued in book-registered form, their transferability is limited and the general meeting of the shareholders must give the owner its consent for their transfer, following discussion at the Board of Directors and the Supervisory Board. All shares have equal rights. All the shares are fully paid-up. The company shareholder has both rights and obligations. The basic duty of the shareholder is the obligation to deposit. Shareholder rights include:

- the right to a share of the profits,
- the right to vote,
- the right to request and receive an explanation at the General Meeting on matters relating to the Company or persons controlled by it or to exercise shareholder rights,
- the right to present proposals and counter-proposals on matters included on the agenda of the General Meeting,
- the rights of qualified shareholders to ask the Board of Directors to convene a General Meeting and the Supervisory Board to review the performance of the Board of Directors,
- the right to bring a lawsuit action against a member of the Board of Directors or the Supervisory Board, the right to seek repayment of the issue price against shareholders who defaulted on repayment,
- the right to require the compulsory transfer of the securities,
- the right to a share in the liquidation balance.

7.13. Profit funds

The Company is fully governed by the new Corporations Act and utilised the option not to create a reserve fund. Usage of funds created from profit is in accordance with the Company's Articles of Incorporation. Reserve funds may be transferred to retained earnings or may be used to offset losses.

On 24 June 2024, the Prague City Council, acting in the capacity of the General Meeting, approved the Company's financial statements for 2023 and resolved to transfer the profit for 2023 in the amount of CZK 952,474 thous. into retained earnings of previous years.

By the date of issue of these financial statements, the Company did not propose distribution of the profit for 2024.

7.14. Cash flow hedge

The cash flow hedge represents accumulated profits and losses from effective cash flow hedging. The cumulative accrued profit or loss on hedging derivatives is reclassified as profit or loss only if the secured transaction affects profit or loss, or it is included as a basis adjustment in the secured non-financial item in accordance with applicable accounting rules.

Gains and losses reclassified during the year from equity are included in the profit or loss on the line called Purchased gas and electricity, materials and services related to gas and electricity supplies.

(in thous. CZK)	31 December 2024	31 December 2023
Balance as of the beginning of the year	26,089	-34,808
Change in fair value of hedging derivatives	-43,819	75,997
Related deferred income tax	9,202	-15,100
Balance as of the end of year	-8,528	26,089

Reclassification to the comprehensive profit/loss for the period in thous. CZK	2024	2023
Profit after tax	1,103,699	952,474
Fair value of non-matured hedging derivatives	-10,795	33,024
Fair value of matriculated continuing hedging derivatives	0	0
Effective component of the fair value of hedging derivatives	-10,795	33,024
Deferred tax receivable from hedging derivatives	2,267	-6,935
Comprehensive income for the period	1,095,171	978,563

7.15. Trade payables, advances, principals received – short term

Trade payables, advances and principle received – short-term in thous. CZK	31 December 2024	31 December 2023
Trade liabilities payable to third parties	3,038,383	2,725,368
Trade liabilities payable to subsidiaries	8,872	8,302
Trade payables to others related parties	2,142	458
Operating advances and short-term principal received (non-financial liabilities)	2,435,636	4,527,195
Trade payables, advances and principal received total	5,485,033	7,261,323

Trade payables and advances received - short-term (by maturity) in thous. CZK	Trade payables	Short-term ad- vances received and principals	Contingent lia- bility accounts (Estimated payables)	Total
Balance as at 31/ 12/ 2023	203,119	4,527,195	2,531,009	7,261,323
of which due within 6 months	203,119	4,527,195	2,531,009	7,261,323
of which due in 6 months to 1 year	0	0		0
Balance as at 31/ 12/ 2024	171,586	2,435,636	2,877,811	5,485,033
of which due within 6 months	171,586	2,435,636	2,877,811	5,485,033
of which due in 6 months to 1 year	0	0	0	0
Total as of 31/ 12/ 2023	203,119	4,527,195	2,531,009	7,261,323
Total as of 31/ 12/ 2024	171,586	2,435,636	2,877,811	5,485,033

Liabilities to related parties are defined in detail in Section 7.32.

Trade payables and other liabilities have not been secured by any Company assets.

As of 31 December 2024, funds from the parent company PPH were drawn in the amount of CZK 287,539 thous., which represent liabilities from cash-pooling.

The funds provided under the cash pooling were in 2024 at a credit interest rate as follows: in 01-06/2024: O/N PRIBOR - 1.50% p.a., in 07-12/2024: O/N PRIBOR + 1.00% p.a. In 2023 they carried a credit interest rate: between 01-03/2023: O/N PRIBOR - 2.50 % p.a., in 04/2023: O/N PRIBOR - 2.00% p.a., in 05-12/2023: O/N PRIBOR - 1.50% p.a.

For funds drawn within the framework of cash-pooling, interest was set at the debit interest rate O/N PRIBOR + 0.25% p.a. in 2024. For 2023, the debit interest rate was: in 01-04/2023: O/N PRIBOR + 0.30% p.a., in 05-12/2023: O/N PRIBOR + 0.25 % p.a.

The book value of the trade payables and other liabilities is close to their fair value.

7.15.1. Financial derivatives for trading

The fair value of financial derivatives is reported in net value for each type of derivative separately under Other assets, if it is positive for the Group, and in Other liabilities, if negative:

in thous. CZK	31 December 2024			31 December 2023		
	Fair value		Nominal value	Fair value		Nominal value
	Positive	Negative		Positive	Negative	
Currency forwards	0	0	0	0	0	0
Commodity futures	0	38,136	0	0	14,948	117,868

The Company trades natural gas, which is supplied as a physical commodity and electricity on the EEX (European Energy Exchange), which follows a financial settlement.

In 2024, the costs from the settlement of trade derivatives reported in the comprehensive profit/loss statement were CZK 29,917 thous. (in 2023, the costs were CZK 175,437 thous.), see Sections 7.28 and 7.29.

In 2024, losses from the settlement of trade derivatives reported in the comprehensive profit/loss statement were CZK 8,059 thous., (in 2023 revenue amounted to CZK 8,874 thous.), see Sections 7.28 and 7.29.

7.16. Uninvoiced deliveries and advances received

31 December 2024 in thous. CZK	Cat. DOM	Cat. MO	Cat. VO/SO	Other	Total
Uninvoiced deliveries	2,531,720	2,322,454	1,228,634	1,394,395	7,477,203
Advance payments received	-2,915,960	-2,826,296	-859,883	-1,115,100	-7,717,239
Clearing of Accounts	2,405,918	1,551,613	859,883	491,205	5,308,619
Uninvoiced deliveries - after offsetting	125,802	770,841	368,751	903,190	2,168,584
Advance payments received - after offsetting	-510,042	-1,274,683	0	-623,895	-2,408,620

31 December 2023 in thous. CZK	Cat. DOM	Cat. MO	Cat. VO/SO	Other	Total
Uninvoiced deliveries	3,886,193	1,625,167	1,516,253	1,290,737	8,318,350
Advance payments received	-5,553,269	-2,772,234	-1,000,619	-663,245	-9,989,367
Clearing of Accounts	3,547,342	674,016	1,000,619	299,376	5,521,353
Uninvoiced deliveries - after off-setting	338,852	951,151	515,634	991,361	2,796,997
Advance payments received - after offsetting	-2,005,927	-2,098,218	0	-363,869	-4,468,014

As of 31/ 12/ 2023, the Company received advances - compensation provided for electricity and gas supply in the amount of CZK 1,994,656 thous. (the amount is included in the column "Cat. DOM").

7.17. Loans

The details of loans are given in Section 5.2.

In connection with the conditions under the loan agreements, financial indicators are monitored at the consolidated PP, a.s.

Group data level. In case of their non-fulfilment, premature loan repayment may be requested. These indicators were fulfilled as of 31 December 2024 and 31 December 2023.

Overview of the movement of liabilities from financial operations – additional comment to the cash flow statement:

in thous. CZK	31/ 12/ 2023	Cash flows	Non-cash flows – Revaluation of liabilities using the effective interest rate method	31/ 12/ 2024
Loan from subsidiaries - cash-pooling (see Section 5.2)	431,928	-133,175	-11,214	287,539
Total	431,928	-133,175	-11,214	287,539

in thous. CZK	31/ 12/ 2022	Cash flows	Non-cash flows – Revaluation of liabilities using the effective interest rate method	31/ 12/ 2023
Loan from the Capital City of Prague (see Section 5.2.)	500,000	-459,450	-40,550	0
Currency exchange programme (see Section 5.2.)	800,000	-739,360	-60,640	0
Loan from PPH a.s. and subsidiaries - cash pooling (see Section 5.2)	938,186	-483,841	-22,417	431,928
Total	2,238,186	-1,682,651	-123,607	431,928

7.18. Other liabilities

Other liabilities in thous. CZK	31 December 2024	31 December 2023
Loans from related companies (cash-pooling)	287,539	431,928
Liabilities from revaluation of commodity derivatives to fair value	38,136	14,948
Liabilities from revaluation of securing derivatives to fair value	10,795	0
Total financial liabilities	336,470	446,876
Payables towards employees	199,905	156,115
Payables towards social insurance institutions	16,455	13,456
Other non-financial liabilities	3,797	9,141
Non-financial liabilities total	220,157	178,712
Other liabilities total	556,627	625,588

Liabilities payable to employees also include liabilities related to wages and unpaid future liabilities payable to the members of the statutory bodies of the Company according to contracts describing performance of executive functions (Section 4.18.4) in the amount of CZK 42,487 thousand (2023: CZK 33,417 thous.).

7.19. Deferred tax receivables and liabilities

Compensation of deferred tax assets and liabilities was as follows:

Deferred tax liability (-) and deferred tax receivable (+) in thous. CZK	31 December 2024	31 December 2023
Deferred tax asset to be recovered after more than 12 months	62,573	198,495
Deferred tax asset to be recovered within 12 months	89,198	68,108
Deferred tax liability payable after more than 12 months	-92,360	-105,052
Deferred tax liability payable within 12 months	0	-12,827
Net deferred tax liability (-) / tax asset (+)	59,411	148,724

Deferred tax was calculated using an effective tax rate of 21%.

in thous. CZK The item represents deferred tax from the following titles	31 December 2024	31 December 2023
Difference in the residual prices of fixed assets	-78,314	-74,045
Tax non-deductible part of allowances for receivables	28,353	31,217
Inventory adjustment	0	0
Other provisions and temporary differences	83,792	188,408
Liabilities towards employees and board members	35,598	45,398
Incremental costs of obtaining a contract	-13,039	-35,920
Lease liabilities	755	601
Change in fair value of hedging derivative	2,267	-6,935
Total	59,411	148,724

Deferred tax liability (-) and deferred tax receivable(+) in thous. CZK	Difference in the residual prices of fixed assets	Non-tax deductible portion of allowance for doubtful accounts and inventories	Liabilities towards employees and board members	Reserves and hedging derivatives	Total
1 January 2023	-65,689	82,050	20,931	-9,583	27,708
profit (+) / loss (-)	-8,356	-50,833	24,467	170,838	136,116
other comprehensive income				-15,100	-15,100
31 December 2023	-74,045	31,217	45,398	146,155	148,723
profit (+) / loss (-)	-4,269	-2,864	-9,800	-81,581	-98,514
other comprehensive income				9,202	9,202
31 December 2024	-78,314	28,353	35,598	73,775	59,411

7.20. Other tax liabilities and receivables

Other tax liabilities in 2024 consist of personal income tax in the amount of CZK 4,573 thous. (2023: CZK 3,794 thous.), VAT in the amount of CZK 344,528 thous. (2023: CZK 255,202 thous.) and other taxes and charges in the amount of CZK 24,019 thous. (2023: CZK 6,426 thous.).

The liability for income tax payable amounts to CZK 487,145 thous. (CZK 671,641 thous. as at 31/ 12/ 2023).

7.21. Other reserves

Reserves in thous. CZK Book value	Long-term/short-term
Balance as at 1/ 1/ 2023	16,604
Creation of reserves	641,710
Reversals of provisions	-737
Balance as at 31/ 12/ 2023	657,577
Creation of reserves	133,452
Use of provisions	-358,256
Balance as at 31/ 12/ 2024	432,773
Net book value 2023	657,577
Net book value 2024	432,773

Reserves as at 31 December 2024 are mainly made up of the provision for loss-making contracts in accordance with IAS 37 (CZK 250,327 thous. and the reserve for remediation of ecological burden (CZK 34,612 thous.).

7.22. Revenues from sales

Revenues from sales in thous. CZK	2024	2023
Sale of natural gas	17,948,441	18,892,193
Sale of gas distribution	3,590,246	2,569,079
CNG Sales	113,498	96,244
Sale of flexibility	3,039	5,666
Sale of electricity	4,880,739	3,810,340
Sale of electricity distribution	2,648,206	1,242,961
Other services	351,132	342,113
of which revenues from meal provisions	16,973	15,963
of which revenues from other services mainly SLA services)	334,159	326,150
Sale of goods and products (services)	94	282
Revenues from contracts with customers	29,535,395	26,958,878
Revenues from property leases	47,988	46,151
Total	29,583,383	27,005,029

As at 31/ 12/ 2023, the Company recognised estimated compensations amounting to CZK 1,419,507 thous. (sale of natural gas) and in the amount of CZK 348,292 thous. (sale of electricity).

The methodology for calculating compensation is based on Government Regulation No. 5/2023 Coll., on compensation provided for the supply of electricity and gas at fixed prices, as amended by Government Regulation No. 65/2023 Coll., Government Regulation No. 77/2023 Coll. and Government Regulation No. 272/2023 Coll.

7.23. Purchased gas, electricity, materials and services connected with gas and electricity supplies

Purchased gas, electricity, materials and services connected with gas and electricity supplies in thous. CZK	2024	2023
Costs of gas purchases	16,223,665	17,198,198
of which gas reservoir costs	107,283	105,379
Gas distribution fee	3,591,316	2,566,245
Costs of electricity purchases	4,739,616	3,475,785
Electricity distribution fee	2,651,615	1,251,014
Purchasing expenses – total	27,206,212	24,491,242
Derivative transactions expenses – secured item	-56,554	84,135
Total	27,149,658	24,575,377

7.24. Other operating income

Other operating income in thous. CZK	2024	2023
Profit from sales of fixed assets	2,577	7,315
Income from sale of material	365	8
Income from write-off of receivables	892	679
Income from write-off of lapsed liabilities	-51	8,876
Court fee compensations	3,502	2,950
Benefits from insurance (indemnity)	763	753
Shares of the profit	165,000	306,217
Other	570,889	358,357
Total	743,937	685,155

7.25. Personnel costs

Personnel costs in thous. CZK	2024	2023
Employees	597,950	521,241
Members of statutory bodies	65,158	54,727
Future benefits to members of statutory bodies under performance contracts (Section 4.18.4)	0	1,481
Total	663,108	577,449

Related parties to the Company are also key management personnel, who are the members of statutory bodies.

During 2024 and 2023, no loans or credit lines were provided to members of the Board of Directors, members of the Supervisory Board or to other management members. Company cars, computers and telecommunication equipment are available for use by the Board members and other executives.

Personal expenses of members of statutory bodies in 2024 include benefits paid under performance contracts (see Section 4.18.4) in the amount of CZK 2,352 thous. (2023: CZK 2,702 thous.). No profit shares were paid to members of statutory bodies in 2024 and 2023.

Contributions to the state pension scheme (on the basis of defined contributions) in 2024 amounted to CZK 86,230 thousand per employee (2023: CZK 77,932 thous.) and CZK 3,961 thous. for members of statutory bodies (2023: CZK 3,134 thous.).

7.26. Depreciation of fixed assets

Depreciation of fixed assets	2024	2023
in thous. CZK		
Depreciation of buildings and other structures	23,497	23,450
Depreciation of real estate investments	3,867	3,759
Depreciation of movables and sets of movables	9,518	9,133
Depreciation of vehicles	6,282	4,044
Depreciation of IT equipment and other hardware	10,025	13,912
Depreciation of tangible fixed assets	582	372
Depreciation of intangible assets	29,283	33,999
Depreciation of assets originating from the right of use	3,421	4,560
Net book value of discarded land	0	27
Total	86,475	93,256

7.27. Other operating costs

Other operating costs	2024	2023
in thous. CZK		
Consumption of materials and energy	44,966	52,747
Costs of goods	47	144
Services	436,381	321,671
of which asset repair and maintenance costs	7,676	1,677
of which claims collection costs	10,492	19,777
of which promotion, advertising and marketing costs	98,733	72,719
of which rent payments (short-term rent and low-value assets)	4,041	2,484
of which IT systems management and repair costs	97,256	74,987
of which business representatives' commission costs	101,603	26,940
of which consulting costs	18,604	30,762
of which building operational costs	24,935	23,031
of which catering costs	0	0
of which costs of other services	73,041	69,294
Taxes and fees	3,160	2,395
Other (mainly provision for inventories and changes in provisions)	-196,733	368,518
Total	287,821	745,475

Information on fees paid to the auditing company is disclosed in the Annex to the consolidated financial statements of Pražská plynárenská, a.s. as of 31 December 2024.

7.28. Financial costs

Financial costs	2024	2023
in thous. CZK		
Interest expense	9,672	77,788
Lease liabilities – interest paid	284	355
Costs arising from the settlement of trading derivatives	29,917	175,437
Bank charges	73,777	73,517
Other financial expense (mainly foreign exchange losses)	193,928	198,328
Total	307,578	525,425

7.29. Financial revenues

Financial revenues	2024	2023
in thous. CZK		
Interest income	312,821	321,124
Income from contractual penalties and interests from default	5,554	7,855
Revenues arising from the settlement of trading derivatives	8,059	8,874
Other financial revenues (mainly foreign exchange profits)	175,407	142,820
Total	501,841	480,673

7.30. Income tax

Income tax expense recognised in the comprehensive statement includes:

in thous. CZK	2024	2023
Income tax – current	1,038,975	826,370
Income tax – adjustment of income tax from previous years	79,639	3,301
Income tax – deferred	98,514	-136,116
Income tax on profit after tax	1,217,128	693,555

As of 1 January 2023, the Company is subject to windfall profits tax. The total estimated tax liability for 2024 is CZK 1,038,975 thous. (of which CZK 360,314 thous. represents the tax with application of 21% tax rate and CZK 678,661

thous. with application of 60% tax rate). Reconciliation of the tax base and estimated total tax calculated on accounting profit multiplied by the applicable corporate tax rate and the effective tax rate on windfall profits.

in thous. CZK	2024	2023
Profit before tax	2,320,827	1,646,029
Income tax at the effective rate	1,527,422	724,253
Non-taxable income	-335,365	-145,129
Tax non-deductible expenses	-47,811	175,087
Gifts	-2,378	-4,965
Other	75,260	-55,691
Income tax on profit after tax	1,217,128	693,555

The Company is subject to the Large Multinational Group and Large Domestic Group Tax Equalisation Act effective for the 2024 tax year. The Company has not made a provision for domestic equalisation tax in 2024 as it meets the criteria for the application of the temporary safe harbour, which is based on a simplified effective tax rate calculation.

7.32. Related party transactions and balances

Transactions related to the purchase or sale of energy (gas, electricity, heat, CNG) to companies controlled by the Capital City of Prague were concluded according to market conditions and are not presented in the following tables.

The Company was involved in the following transactions with related parties:

7.31. Dividends paid

No dividend was paid in 2024 and 2023 to the parent company.

SUBSIDIARIES Revenues	2024	2023
in thous. CZK		
Revenue from supply and distribution natural gas and electricity	398,706	307,674
Revenues from sale of services	327,902	331,168
Revenues from the sale of fixed assets	50	7,172
Revenues from the sale of goods and materials	2,256	644
Shares of the profit	165,000	306,217
Other revenue	80,806	36,367
Total revenues	974,720	989,242

Costs	2024	2023
in thous. CZK		
Consumption of materials and energy	9,643	13,630
Gas distribution fee	1,999,332	1,535,542
Purchase of other services	19,512	19,648
Other costs	9,944	44,091
Total costs	2,038,432	1,612,911

OTHER RELATED PARTIES Revenues in thous. CZK	2024	2023
Revenues from sale of services	199	134
Other revenue	6	0
Total revenues	205	134

Costs in thous. CZK	2024	2023
Consumption of materials and energy (excluding gas, electricity, heat, CNG)	881	675
Purchase of other services	8,592	9,600
Total costs	9,473	10,275

PARENT COMPANY HMP Costs in thous. CZK	2024	2023
Other costs	26,000	14,532
Other revenue	0	467
Total costs	26,000	14,999

The Group reported the following balances with related parties:

SUBSIDIARIES Receivables and payables in thous. CZK	31 December 2024	31 December 2023
Trade receivables	445,744	478,773
Short-term advances paid*	277,418	256,395
Loan granted**	1,050,000	1,000,000
Estimated receivables	79,863	45,827
Other accounts receivable	28,683	38,432
Total receivables	1,881,708	1,819,427
Trade payables	8,872	8,302
Short-term advances received*	20,430	12,921
Estimated payables	230	0
Financial resources from subsidiaries	287,539	431,928
Other liabilities	665	1,424
Total accounts payable	317,736	454,575

*These balances are reported including VAT.

**Loans granted to Pražská plynárenská Distribuce, a.s. (CZK 1,000 mil.) and Prometheus, energetické služby, a.s., a member of the Pražská plynárenská, a.s. Group. (CZK 50,000 thous.).

OTHER RELATED PARTIES Receivables and payables in thous. CZK	31 December 2024	31 December 2023
Trade receivables	31	33
Short-term advances paid*	1,065	288
Total receivables	1,096	321
Trade payables	2,142	458
Total accounts payable	2,142	458

PARENT COMPANY HMP Receivables and payables in thous. CZK	31 December 2024	31 December 2023
Trade receivables	0	565
Total receivables	0	565

*These balances are reported including VAT.

The Company in all monitored periods did not report any balances as of the decisive date in relation to the main and ultimate parent company.

Dividends paid to shareholders in 2024 and 2023 are disclosed in Section 7.31. Transactions and balances with key management are disclosed in Sections 7.25. and 7.18.

Other related parties represent companies and affiliates controlled by the ultimate parent company (Capital City of Prague).

7.33. Regulatory framework

As at 1 January 2007, the Company in line with the requirements of the European Directives on the liberalisation of the gas market and amendment of the Energy Act unbundled part of its operations and transferred the part of the enterprise related to the distribution of natural gas to its subsid-

iary company. This resulted in the legal division of the distribution network operator from the vertically integrated gas company and the establishment of the subsidiary company Pražská plynárenská Distribuce, a.s., Member of the Pražská plynárenská, a.s. Group, which took over the role of distribution network operator. Under the granted licences, the Company trades in natural gas and electricity.

Gas and electricity trading (the trader is not subject to price regulation).

The gas and electricity market is fully liberalised, and all customers thus have the option to choose their own supplier. The Company is engaged in the purchase and sale of gas and electricity (commodities) including related operations.

The commodity price is contractual (unregulated), while the price of distribution services is regulated. The distribution service price is regulated by the Energy Regulatory Office.

7.34. Contractual and other future commitments

The expenditure for the acquisition of tangible and intangible assets contracted as of 31 December 2024, which have not yet been incurred, amounts to CZK 4,666 thous. (2023: CZK 17,770 thous.).

SUBSIDIARIES in thous. CZK	2024	2023
Up to 1 year	3,710	3,710
Total	3,710	3,710

OTHER COMPANIES in thous. CZK	2024	2023
Up to 1 year	956	14,060
Total	956	14,060

As of 31 December 2024, the aggregate of future minimum payments for services - mainly for the use of gas storage capacity - totalled CZK 209,482 thous. without effective VAT (as of 31 December 2023: CZK 281,769 thous.).

in thous. CZK	2024	2023
Up to 1 year	150,782	89,776
1-3 years	55,864	160,189
3-5 years	2,522	29,515
Above 5 years	314	2,289
Total	209,482	281,769

8. Other facts

8.1. Contingent liabilities

No court cases that would materially affect the Company's profit/loss statement are being conducted or prepared.

The Company has no contingent liability arising from possible major future costs that relate to a past period and which could arise as a result of damage to the environment and harm to an employee's health on record.

The Company management is not aware of any important potential Company liabilities as of 31 December 2024 apart from those mentioned in Section 5.2 and 7.21.

8.2. Events after the balance sheet date of the Financial Statements

After the balance sheet date, no events occurred which could have a significant impact on the Financial Statements as of 31 December 2024.

8.3. Authorisation of the financial statements

The financial statements were approved by the Company Board of Directors for publishing on the date stated below. The approved financial statements may be supplemented or amended upon request and approved by the sole shareholder at the General Meeting.

In Prague on 29 April 2025



Ing. Ludvík Baleka
Chairman of the Board
of Directors



Ing. Milan Cízl
Deputy Chairman of the Board
of Directors



CONSOLIDATED FINANCIAL STATEMENT

Individual financial statements for the year ended 31 December 2024 prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union

Pražská plynárenská, a.s. Consolidated statement of financial position as at 31 December 2024 Compiled in compliance with the IFRS in the wording adopted by the EU		
	31/ 12/ 2024	31/ 12/ 2023
	thous. CZK	thous. CZK
ASSETS		
Fixed assets		
Land, buildings, and equipment	9,445,382	8,885,633
Intangible assets	150,146	149,156
Assets originating from the right of use	22,821	27,107
Incremental costs of obtaining a contract	13,287	33,413
Contract assets	3,683	58,228
Other fixed assets	10,769	11,217
Fixed assets – total	9,646,088	9,164,754
Short-term assets		
Inventories	1,309,434	1,072,419
Trade and other receivables	2,774,334	3,227,839
Cash and cash equivalents	4,836,262	5,075,697
Other assets	94,232	144,477
Incremental costs of obtaining a contract	32,734	33,080
Contract assets	12,389	3,569
Paid income tax advance	0	0
Short-term assets – total	9,059,385	9,557,081
TOTAL ASSETS	18,705,473	18,721,835
EQUITY AND LIABILITIES		
Equity		
Registered capital	431,972	431,972
Profit funds	238,960	238,960
Revaluation of hedging derivatives	-8,528	26,089
Retained earnings	8,718,443	7,140,936
Equity	9,380,847	7,837,957
Non-controlled shares	212,355	150,359
Equity – total	9,593,202	7,988,316
Long-term liabilities		
Trade liabilities and other long-term liabilities	13,231	6,354
Lease liabilities	22,468	26,708
Deferred tax liability	679,859	514,419
Reserves	382,135	690,756
Long-term liabilities – total	1,097,693	1,238,237
Short-term liabilities		
Loans	640,000	1,000,055
Trade payables, advances and deposits received	5,899,227	7,297,431
Lease liabilities	4,239	4,147
Other liabilities	409,421	311,289
Due income tax	514,953	627,025
Other tax liabilities	404,708	255,335
Reserves	142,030	0
Short-term liabilities – total	8,014,578	9,495,282
TOTAL EQUITY AND LIABILITIES	18,705,473	18,721,835

Pražská plynárenská, a.s. Consolidated statement of the comprehensive profit/loss statement as at 31 December 2024 Compiled in compliance with the IFRS in the wording adopted by the EU		
	2024	2023
	thous. CZK	thous. CZK
Revenues from sales	30,834,214	27,718,605
Purchased gas and electricity, materials and services related to gas and electricity supply	25,878,874	23,161,543
Other operating income	594,059	400,209
Personnel costs	1,117,911	987,035
Depreciation of fixed assets	446,799	499,266
Loss due to depreciation of financial assets	19,447	7,735
Other operating costs	944,530	1,402,727
Operating profit/loss	3,020,712	2,060,508
Financial costs	356,824	527,546
Financial revenues	421,414	444,798
Financial profit/loss	64,590	-82,748
Profit before tax	3,085,302	1,977,760
Income tax	1,447,709	844,625
Profit after tax	1,637,593	1,133,135
Items that may be reclassified and reported as profit or loss:		
Settlement of hedging derivatives (change in fair value)	-10,795	33,024
Deferred tax on hedging derivatives	2,267	-6,935
Other comprehensive income	-8,528	26,089
Comprehensive income for the period	1,629,065	1,159,224

Pražská plynárenská, a.s. Consolidated statement of cash flows for the year ended 31 December 2024 Compiled in compliance with the IFRS in the wording adopted by the EU			
	Note:	2024 thous. CZK	2023 thous. CZK
Profit before tax		3,085,302	1,977,760
Adjustments to profit before tax		119,163	648,085
Depreciation of fixed assets	7.26	446,799	499,266
Write-offs of receivables		66,816	19,394
Change in the position of adjustments and reserves		-214,374	344,397
Profit from sales of fixed assets	7.24	-3,231	-8,937
Net interest		-176,847	-206,035
Net cash flows from operations before tax and changes in working capital		3,204,465	2,625,845
Change in working capital needs		-906,881	5,150,585
Changes in the position of receivables from operations		564,936	49,798
Change in liabilities from operations		-1,234,302	1,190,184
Movement in inventories (gross)		-237,515	3,910,603
Net cash flow from operations before tax		2,297,584	7,776,430
Interest paid		-37,830	-118,039
Interest received	7.29	244,560	271,287
Income tax paid on ordinary activities and additional assessments minus tax re-funds		-1,384,473	-335,230
Net cash flow from operations		1,119,841	7,594,448
Acquisition cost of fixed assets		-1,007,327	-719,013
Revenues from sales of fixed assets		5,469	19,056
Credit and loans to associates		0	0
Net cash flow from investments		-1,001,858	-699,956
Payment of long-term liabilities		2,637	4,385
Redemption of issued bonds	5.2	0	-2,700,000
Change in bank loans *	7.17	-360,055	-299,945
Change in the position of the loan from the parent company PPH a.s. *	7.18	0	-63,950
Net cash flows from financing activities		-357,418	-3,059,510
Cash and cash equivalents at the beginning of the accounting period		5,075,697	1,240,715
Net change in cash and cash equivalents per accounting period		-239,435	3,834,982
Cash and cash equivalents at the end of the accounting period		4,836,262	5,075,697

* cash flows from a loan from the parent company PPH a.s. and short-term bank loans are reported as net because they constitute cash income and payments with quick turnover and short-term maturity.

1. Name, registered office, and information on the founding of the Company

Pražská plynárenská, a.s. (hereinafter referred to as the "Company" or "PP, a.s.") was established on 31 December 1993 with its registered office at Prague 1 - Nové Město, Národní 37, Postal Code 110 00, Czech Republic. The Company ID number is 601 93 492. The Company LEI is 315700QBYOTLGRRMO011.

1.1. Definition of the group and its business activities

The Pražská plynárenská, a.s. Group (the "Group") consists of the parent company and all its subsidiaries.

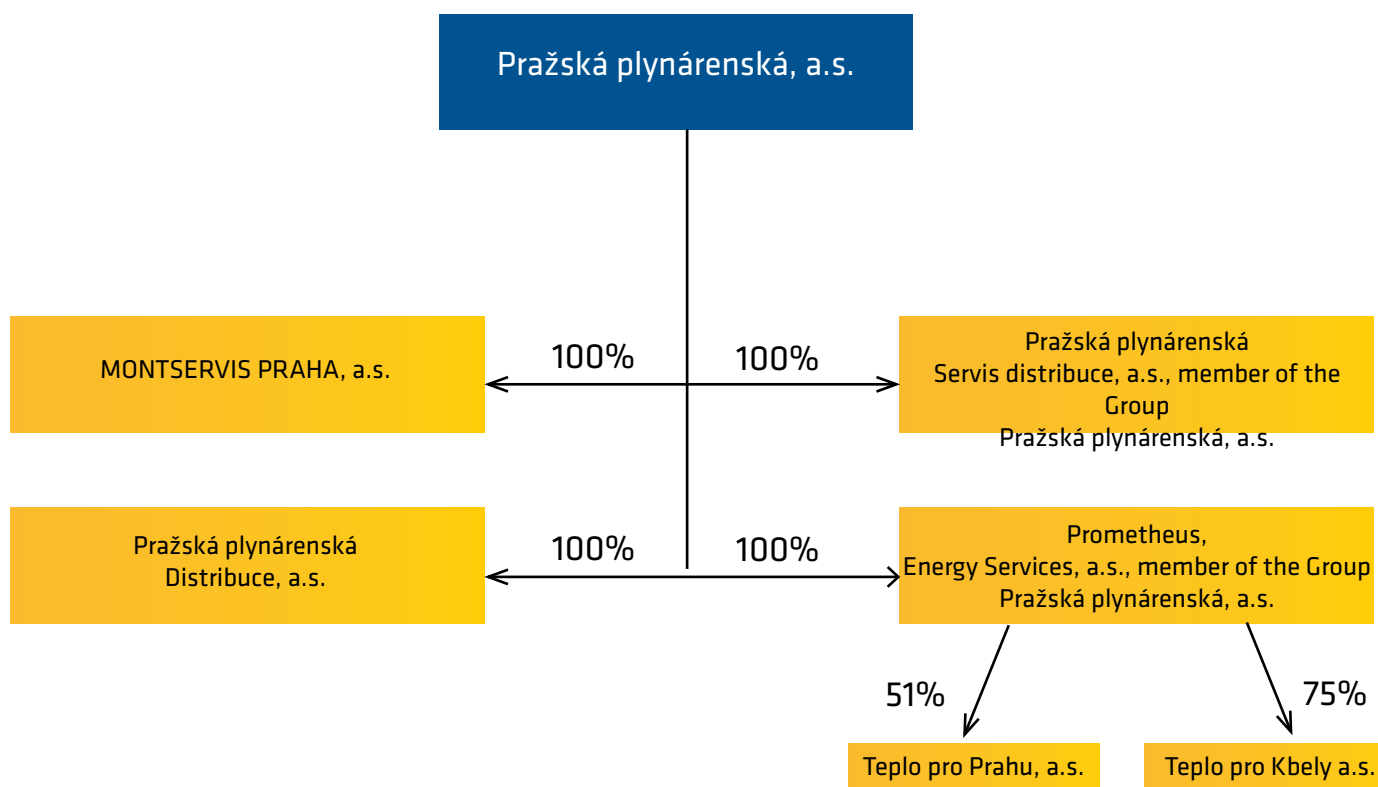
The Group's core business activity is the sale/distribution of natural gas and the sale of electricity.

Other Group business activities are:

- provision of services related to information technologies and the purchase and sale of hardware and software;
- provision of services in the field of research into the cause of natural gas losses, measuring and metrology in the gas industry;
- service, maintenance, repairs and construction of gas facilities;
- rendering services relating to the management and maintenance of movable and immovable property;
- generation and distribution of energy;
- administration and management of energy facilities and management of swimming pools and facilities.

Based on the current results, the expected profit to be generated during the next 12 months, the availability of credit lines and other means of managing liquidity, management of the Group believes that the Group has sufficient financial capacity to continue its business for at least 12 months from the date of signing these consolidated financial statements.

Organisational structure of the Group as at 31 December 2024



1.2. Company shareholder

The sole shareholder controlling the Company as at 31 December 2024, as well as 31 December 2023, is the City of Prague.

1.3. Merger and formation of a new company

In 2024, on the basis of the "Merger Project" (hereinafter referred to as the Merger), in accordance with the provisions of Section 61a et seq. in conjunction with Section 100 et seq. of Act No. 125/2005 Coll., on the Transformation of Commercial Companies and Cooperatives, as amended, the dissolving company Pražská plynárenská Distribuce, a.s., a member of the Pražská plynárenská, a.s. Group, with registered office at U Plynárny 500, 145 08 Prague 4, Company ID No.: 274 03 505, registered in the Commercial Register maintained by the Municipal Court in Prague, File No. B 10356 (hereinafter referred to as the "Dissolving Company") carried out a merger by merger with the successor company Nová PP Distribuce, a.s., with its registered office at U Plynárny 500/44, 140 00 Prague 4, Company ID No.: 210 31 088, registered in the Commercial Register maintained by the Municipal Court in Prague, File No. B 28573 (the "Successor Companies"). On 1 July 2024, the name of the Successor Company was changed to Pražská plynárenská Distribuce, a.s.

The decisive date of the Merger within the meaning of Section 10 of the Act on Conversions, i.e. the date from which the acts of the Dissolving Company shall be deemed, from an accounting point of view, to have been carried out on account of the Successor Company, shall be 1 January 2024.

On 16 June 2023, the Prague City Council approved the intention to merge the Company and Pražská plynárenská Holding a.s., with Pražská plynárenská, a.s. as the successor company.

The Company implemented the merger by acquisition with its parent company PPH a.s. on the basis of a merger project with a record date of 1 January 2023, and the merger became effective on 1 July 2023 by entry into the Commercial Register.

The Successor Company, Pražská plynárenská, a.s., took over all assets and liabilities of the Dissolving Company PPH a.s., including imputed items and transitional accounts in the valuation and structure resulting from the final financial statements of the Dissolving Companies.

In 2024, the military conflict in Ukraine and the related sanctions against the Russian Federation continued. The Group has no direct exposure to companies based in Ukraine or the Russian Federation, or to companies that are under sanctions and the Company's existence is not threatened thereby. As of the date of preparation of these financial statements, the

Group's liabilities are being met as they fall due and the going concern principle continues to apply.

2. Rules for preparation of consolidated financial statements

Declaration of conformity

The consolidated financial statements were processed according to the International Financial Reporting Standards (IFRS) in the form adopted by the EU.

Basis of preparation of consolidated financial statements

The consolidated financial statements were prepared on the basis of historical acquisition prices except for cases defined in Sections 4.7.2., 4.10.1., 4.12. and 4.13. The consolidated financial statements have been prepared on a going concern basis.

Functional and presentation currency of the consolidated financial statements

Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (so-called "functional currency").

The currency of the financial statements of each company in the Group and the reporting currency of the consolidated financial statements is Czech crowns (CZK). Figures in the consolidated financial statements, unless stated otherwise, are presented in thousands of Czech crowns (thous. CZK).

Use of estimates and value judgements

During the preparation of the financial statements according to the IFRS, the Group Management makes estimates and value judgements as well as assumptions, which impact the use of the accounting procedures and the reported volumes of assets and liabilities, revenues, and costs. The actual results may differ from these estimates.

The estimates and assumptions are reviewed continuously. The review of accounting estimates is taken into consideration in the period in which the given estimate was reviewed, and in all concerned future periods.

Information on the fundamental judgements during application of the accounting procedures, which have a more significant impact on the amounts reported in the financial statements, are stated in the following notes:

- Section 4.19.1 – Uninvoiced gas deliveries,
- Section 4.19.2. – Uninvoiced electricity deliveries.

3. Adoption of new or revised accounting standards and interpretations

Standards and interpretations in effect during the current period

In the current period, the following amendments to the existing standards issued by the International Accounting Standards Board (IASB) and adopted by the European Union are effective:

Effective as of 1 January 2024

- Amendments to IFRS 17 Insurance contracts - initial application IFRS 17 and IFRS 9 - Comparable Information
- Amendments to IAS 1 - Requirement to disclose significant information on accounting rules
- Amendments to IAS 8 - Definitions of accounting estimates
- Amendments to IAS 12 - Deferred tax relating to assets and liabilities arising from a single transaction

Effective as of 1 January 2024

- Amendments to IFRS 16 Leases - Lease obligation on sale and leaseback
- Amendments to IAS 1 - Classification of liabilities as short-term or long-term

Newly issued standards, amendments to standards and their interpretations approved by the EU do not have a significant impact on the Company's financial statements.

New standards, interpretations and amendments to the existing standards issued by IASB but not yet adopted by the European Union:

Newly issued standards, amendments to standards and their interpretations approved by the EU, which are not yet effective and have not been applied by the Company, do not have a significant impact on the Company's financial statements.

4. Basic principles for preparation of consolidated financial statements and significant accounting policies

4.1. Consolidation principles

4.1.1. Subsidiary companies

The consolidated financial statements of the Group consist of the financial statements of Pražská plynárenská, a.s., and its subsidiaries. A subsidiary is a company (including a structured company) into which the Company has invested and which is controlled by the Company.

In assessing whether the Company controls the entity into which it has invested, the key consideration is whether the Company is exposed to variable income from this entity or whether the Company is entitled to receive the income based on its commitment in the entity and the Company can influence the income through the control exercised in the entity. The results of subsidiaries acquired or disposed of by the Company during the year are included in the consolidated statement of comprehensive income from the date of acquisition to the date of disposal. The accounting policies used when preparing the subsidiaries' financial statements are in compliance with the accounting policies of the parent company.

All group transactions within the Group, balances, revenues, and costs are eliminated during consolidation.

4.1.2. Company business combinations

Company business combinations are accounted for using the purchase method on the acquisition date, which is the date on which the Company obtains control.

In the case of an acquisition of a business, the Company assesses whether the acquired financial assets and assumed financial liabilities are classified and defined in the manner that corresponds to their contractual, economic and other relevant conditions at the date of purchase.

Non-controlling interests in subsidiaries are in Teplo pro Kbel y a.s. (25% share) and Teplo pro Prahu, a.s. (49% share).

4.1.3. Goodwill

Goodwill is initially measured at the amount of the difference between the paid value plus the value of any non-controlled interests and the fair value of interests previously held and between the net fair value of identifiable assets acquired and liabilities assumed.

After initial recognition, goodwill is reported at the acquisition cost less accumulated losses in value. The reported goodwill is tested for possible impairment - loss in value. This test is performed at least once a year or more frequently if there are indicators of possible devaluation of goodwill.

At the acquisition date, goodwill is allocated to those cash-generating units where it is expected that these units will benefit from the synergies arising from the acquisition. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows largely independent of the cash inflows from other assets. Impairment of goodwill

is established by determining the recoverable amount of the cash-generating units to which the goodwill has been allocated. If the recoverable amount of the cash-generating unit is less than its book value, the loss in value is reported.

The impairment test determines the recoverable amount of a cash-generating unit, which is calculated as value representing the actual use. Value representing the use is the current value of future cash flows expected to be generated by the cash-generating unit.

4.2. Intangible assets

4.2.1. Valuation of intangible assets

Separately acquired intangible assets are reported at acquisition cost minus accumulated amortisation and value depreciation losses.

4.2.2. Amortisation

Intangible assets are amortised applying the straight-line method over their estimated useful lives as shown in the following table:

Intangible asset category	Useful life (number of years)
Software	4
Assessable rights	4

The expected useful life and the amortisation method are reviewed at the end of each accounting period; the effect of any change in estimates is applied prospectively.

4.3. Land, buildings, and equipment

4.3.1. Recognition and valuation

Land, buildings and equipment are reported at acquisition cost, less accumulated adjustments (except land) and losses due to value depreciations.

The acquisition cost of land, buildings, and equipment includes all costs related to their acquisition, less any relevant discounts.

The costs related to acquisition include direct costs incurred in the delivery and putting the assets into working condition and costs incurred to return the affected area back to its original condition.

The repair and maintenance costs of land, buildings and equipment are recognised in the consolidated statement of comprehensive profit/loss in the period in which they occurred.

Subsequent expenditures are included in net book value or recognised as a separate asset, if the Group might achieve financial gain in respect to this item and if the price of the item can be measured reliably.

4.3.2. Depreciation

Buildings and equipment are depreciated applying the straight-line method over their estimated useful lives.

The estimated service life of individual asset categories of tangible assets is always reviewed at the end of the accounting period. The estimated useful lives used in these consolidated financial statements are shown in the following table:

4.3.3. Disposals

Gains and losses on disposals of a particular item of land, buildings and equipment are determined as the difference between the sale proceeds and the carrying amount of assets involved and are recognised in the net amount in the consolidated statement of comprehensive profit/loss.

Intangible asset category	Useful life (number of years)
Gas pipelines, buildings and other constructions	25 - 50
Tangible movables and their sets	2 - 14
Heating technologies and other tangible assets	15 - 30

The following expected service lives were applied to the tangible movable assets and their sets:

Tangible movables and their sets	Useful life (number of years)
Vehicles (means of transport)	4 - 10
Computer equipment	2 - 4
Gas meters, reducers and regulators	10
Mechanical parts of control stations	10
Other movables	2 - 14

Land owned by the Group is not depreciated. The effect of any change in the estimated useful life or depreciation method is applied prospectively.

4.4. Assets originating from the right of use and lease liabilities

4.4.1. Assets originating from the right of use

The Group leases various assets, especially non-residential premises. Contracts may contain both lease and non-lease components. The Group assigns equivalent value to lease and non-lease components based on their relative separate prices.

Leased assets resulting from lease contracts are initially measured based on the present values of lease liabilities and include:

- any lease payments made on or before the commencement date, minus any lease incentives received,
- all initial direct costs and
- the cost of returning the asset under the terms required by the lease contracts.

Assets with the right to use are generally depreciated on the straight-line basis over the term of the lease. If the Group is reasonably certain that it will exercise the option to purchase, the asset with the right to use is depreciated over the life of the underlying assets. Depreciation on items of assets with the right to use is calculated using the straight-line basis against their estimated use.

The Company applies an exemption from recognition for leases that define a lease for 12 months or less as of the effective date of the lease and do not include the option to purchase the underlying asset as well as lease contracts where the underlying asset has a low value. Lease payments for these assets are reported as Other operating costs.

4.4.2. Lease liabilities

Lease liabilities are initially measured based on the present value. Lease liabilities include the net present value of the following lease payments:

- fixed payments less receivables from leasing incentives,
- variable payment leasing, which is based on an index or rate, originally measured using the index or rate as of the commencement date,
- the implementation price of a call option, provided that the Group is reasonably certain that the option will be used, and
- penalty payments for termination of the lease, provided that the lease term reflects application of this option.

Lease payments are discounted using the implicit interest rate. If this rate cannot be easily determined, the lessee's incremental borrowing rate is used, which is the rate that the

lessee would have to pay to borrow the funds needed to obtain an asset of similar value as an asset with right for use in a similar economic environment and with similar terms.

To determine the incremental borrowing rate, the Group uses, if possible, as the starting point the recent third-party financing received by the lessee, adjusted so it reflects changes in the financing conditions after the financing was accepted by the third party.

Lease finance costs (interests) are recognised as an expense over the lease term, so as to produce a constant periodic rate of interest on the remaining part of the liability for each period.

Payments related to short-term leases of assets and to all low-value asset leases are reported on a straight-line basis as an expense in profit or loss. A short-term lease is a lease with a term of 12 months or less.

4.5. Impairment in the value of non-financial assets

Upon each occurrence of events or changes that indicate or may result in the rise of the book value of land, buildings, or equipment as well as other non-financial assets including intangible assets to a value that exceeds their recoverable value, a review is done to determine whether the assets have been impaired. Goodwill and intangible assets not yet available for use are reviewed for impairment annually. 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 its selling costs and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

4.6. Inventories

Inventories are reported at the acquisition cost or with the recoverable value, whichever is lower. The acquisition cost of the inventories includes the acquisition price and expenses incurred in bringing inventories to their present condition and location.

The price of natural gas compressed into underground gas storage is determined on the basis of supplier invoices received for the given month. The price of stored gas is calculated under the allocation model based on the movement of gas in the storage facility and based on the invoices received for the given month, which is also the price of the extracted natural gas in the month following the given month.

The weighted average cost method is used monthly for disposals of inventories.

4.7. Financial assets

The Group classifies its financial assets according to the IFRS 9 into the following categories:

- financial assets at incurred cost (debt instruments),
- financial assets at fair value posted to profit or loss.

4.7.1. Financial liabilities at incurred cost

Classification of financial assets upon first entry depends on the characteristics of the contractual cash flows of the financial assets and the business model of the Group for their management.

The Group values the financial assets at incurred cost if both of the following conditions are fulfilled:

The financial asset is held within the framework of the business model with the intention to hold the financial asset for the purpose of getting contractual cash flows, and

The contractual conditions of the financial assets lead to the set data of the cash flows, which are exclusively repayments of the principal and interest on the outstanding principal.

Gains and losses from derecognition, modification, or impairment of assets are reported in the profit or loss.

The financial assets of the Group at incurred cost include the trade and other receivables, cash and cash equivalents as well as other financial assets in the statement of financial position.

The Group reports an adjustment entry for Expected Credit Losses (ECL) for all the financial assets at incurred cost.

The Group uses a three-level ECL. In the first reporting of the financial assets, if there is no evidence of failure, the Group assigns the financial assets to Level 1. If a significant increase in the credit risk has occurred since the date of first reporting, the Group will assign such financial asset to Level 2. If the financial asset fulfils the definition of failure, the Group transfers it to Level 3.

The Group considers a potential failure a situation where it will not be able to collect all outstanding amounts based on the initially negotiated conditions. The Group considers serious indicators of a failure significant financial difficulties of debtors and the probability that the debtor will enter bankruptcy or financial restructuring.

Application of the simplified approach using the impairment matrix

In the case of trade receivables without a significant financing element, the Group defines the volume of the adjusting entries according to the matrix. This matrix is based on the application of a reasonable degree of losses on unpaid trade receivable balances (i.e. age analysis of the receivables).

When determining the amount of adjusting entries by simplified procedure, the Group takes the following steps:

- 1) The Group first divides its individual trade receivables into groups with characteristics similar to credit risk.
- 2) In the second step, the Company sets a ratio of historical loss for each group with a similar credit risk. In 2025, the Company expects its customers' payment morale to deteriorate due to the current deteriorated macroeconomic indicators, which has been reflected in the current loss ratio (i.e. % of outstanding receivables to maturity for 2024).
- 3) At the next step, the Group determines the expected losses for each group of receivables, which is further divided into partial categories according to the number of days that they are overdue.
- 4) Subsequently, the Group will enumerate the adjusting entries on the basis of the current gross volume of trade receivables multiplied by the ratio of the expected losses.
- 5) The Group also took into account a risk surcharge, which is based on an estimate of the future development of outstanding receivables, where the Group took into account (in addition to other issues) the amount of outstanding advance payments.

In the case of trade receivables and contractual asserts, the Group in the calculation of ECL applies the simplified approach and reports adjusting entries in the amount of the full life ECL at each financial statement date. The Group created a matrix of adjusting entries, which is based on historical experience with credit losses and is adjusted by outlook information specific for the relevant debtors and economic environment, which is the expected GDP growth and the expected change in the unemployment rate.

The impairment loss is reported in the profit or loss. Unrecoverable trade receivables are written off against the adjusting entries. The Group writes off receivables after taking all legal steps associated with collection efforts. Subsequently, the paid amounts for receivables already written off are reported in the profit or loss.

If the trade receivable is qualified as unrecoverable, a 100% adjusting entry is created for it. The creation of adjusting entries is posted to profit or loss.

4.7.2. Financial assets at fair value reported in profit or loss

Derivative financial instruments are, upon first posting, reported at fair value as at the date of negotiation of the contract and subsequently revalued at fair value. The method for reporting the final profit or loss or funds from secured cash flows depends on whether the given derivative is classified as a hedging derivative or as a trade derivative.

The Group secures expected future cash flows from the purchase of gas and electricity through short-term FX forwards and FX swaps. To secure future cash flows with maturity of more than one year, the Group uses in certain cases the so-called rollover strategy, which is used to secure expected future cash flows with a series of currency derivatives with shorter maturities. As of the date of the maturity of the currency derivative - classified as a rollover, a new one is immediately established under current market conditions with the same nominal value. The value of such a hedging derivative at the settlement date must be retained in the accounting reserve in equity until the secured item is realised.

The Group determines whether hedging is effective at the beginning of the hedging instrument application by using the critical parameters method and at least at the financial statements date and at a balance sheet date using the dollar-off-set method, which compares cumulative changes in the fair value of the hedging instrument and cumulative changes in the fair value of a hypothetical derivative representing the hedged item.

At the same time, the Group has considered potential sources of inefficiency but does not consider them significant.

The potential sources of inefficiencies of security are:

- changes in the timing of the realisation of the secured item,
- significant changes in the credit risk of any of the counterparties of the secured item and/or instrument,
- reduction of the realised amount of the secured item below the value of the hedging instrument,
- non-zero initial value of the hedging derivative.

The default accounting regulation governing the rules for accounting for financial instruments (in this case financial derivatives) and hedging accounting is the IFRS 9 standard. Under the transitional provisions of IFRS 9, the Group used the option to proceed in accordance with the rules of IAS 39 and

decided not to use the parts of IFRS 9 dealing with hedging accounting.

The Group's Treasury Department monitors the currency risk of the Group to ensure that this risk is as small as possible. The real value of derivatives is determined as the net present value of cash flows arising from derivatives.

4.8. 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, which are held for the purpose of covering short-term liabilities.

4.9. Equity

4.9.1. Registered capital

The registered capital of the Group consists of ordinary shares. Preferred shares of the Group were not issued. At the same time, the Group does not hold any own shares.

4.9.2. Profit funds

Profit-based funds are generated from the profit or loss of the Group companies.

Usage of funds created from profit is in accordance with the Articles of Incorporation of the Group companies.

4.10. Financial liabilities

Financial liabilities are classified as financial liabilities at fair value through profit or loss, or as other financial liabilities.

Financial liabilities are classified according to whether they are held for trading or not. Financial liabilities comprise mainly trade payables, short-term bank loans, overdraft accounts, loans and credit from the parent company, and other liabilities.

Short-term trade liabilities and other financial liabilities, excluding liabilities at fair value reported in the profit or loss, are initially reported at fair value and subsequently valued at book value using the effective interest rate method.

4.10.1. Financial liabilities posted at fair value to the profit or loss

Financial liabilities are classified at fair value through profit or loss if intended for trading which includes financial derivatives that were not designated as hedging instruments.

Derivatives are the only type of financial liabilities recognised at fair value through gain or loss of the Group.

4.10.2. Other financial liabilities

Other financial liabilities are initially measured at fair value and subsequently measured at incurred cost discounted at the effective interest rate. The portion of long-term liabilities with contracted maturity within one year are classified in short-term liabilities.

4.10.3 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired from suppliers through the regular course of business.

Accounts payable are classified as short-term liabilities if payment is due within one year. If not, they are recorded as long-term liabilities.

Trade payables are initially recognised at fair value and subsequently measured at incurred cost discounted at the effective interest rate.

4.11. Uninvoiced deliveries and advances received

The Group compensates the value of uninvoiced deliveries and advances received. The resulting value, per individual customer, nears the actual receivable from or payable to customers. Receivables from customers are classified as financial assets, which will be settled in cash. Liabilities towards customers are non-financial liabilities (advances received), which will be settled by supplying gas, electricity or other non-cash supply.

4.12. Bank loans

Loans and financial aid are initially recognised at fair value, which is equal to the fair value of the received performance, less the costs related to the provision of a loan or financial aid. Interest-bearing bank loans and other short-term financial borrowings are subsequently recognised at incurred cost considering the materiality principle and using the effective interest rate method. Any difference between proceeds (less transaction costs incurred) and redemption value is recognised in profit or loss over the period of the loan using the effective interest rate method. Borrowing costs related to a particular asset are capitalised into the acquisition costs of the asset.

4.12.1. Lending costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period they are incurred.

4.13. Bonds

The Group initially recognises the issued debt securities and subordinate liabilities at fair value on the date of their creation. After initial recognition, these financial liabilities are valued at incurred cost using the effective interest rate.

Transaction expenditure (e.g. legal services and other financial costs related to the acquisition of bonds) are accrued over their entire duration, and thus become part of the accrued value of the bonds.

4.14. Reserves

A provision is recognised when the Group has an unconditional obligation as a result of past events, it is probable that the Group will have to settle the obligation, and the amount can be reliably estimated.

Provisions are measured as the best estimate of expenditures expected to be required to settle the obligation at the reporting date, considering risks and uncertainties connected with the obligation. Provisions not drawn in the following year are recognised as at the balance sheet date at their discounted value in case the impact of the discount as at the balance sheet date is significant. Market interest rates are used for discounting.

4.15. Revenues from contracts with customers

The Group reports revenue when the obligation to perform by transfer of the promised goods or services to the customer, who gets control over this asset, is fulfilled, which means after supply of services and goods and their acceptance by the customer.

Revenues from sales of goods and services are presented net of Value Added Tax and net of discounts and are measured at fair value of the consideration received or receivable on an accrual basis.

These one-off discounts and bonuses lead to the reporting of contractual assets, which are subsequently amortised for the residual contract term. If discounts and bonuses for the service are provided during the contract term in a non-uniform way, and the monthly service is provided to the customer uniformly, the total revenues from the services are reported on a uniform basis.

In this case, the constant monthly revenues will also be reported in compliance with the IFRS 15. A discount may be provided at the beginning or during the contract term. The discounts and bonuses may be provided gradually, which means that the size of the discount changes during the minimum term of the contract. The discounts and bonuses are reported during the contract term on a linear basis through the contractual asset, which is created in the period of lower payments and subsequently amortised over the residual contract term. When posting contractual assets within the framework of the model of expected loss according to IFRS 9, the customer's credit risk is considered.

It is typical in the domestic market to conclude combined services agreements with customers where the total price is billed to the customer, both for the commodity and the distribution services, which the trader has purchased at the given distribution company. Distribution service price is a part of the price for combined services provided to customers. The Group concluded that in case of distribution services the Group acts as a responsible entity (and not as a representative) and reports revenues from services in full, including the part representing distribution services.

4.15.1. Incremental costs of obtaining a contract

Sales agent commissions and other costs are treated as incremental costs to obtain a contract with the customer and are reported as an asset. These costs are amortised over the estimated customer retention period and amortisation is reported under Other operating costs.

4.15.2 Revenue from the sale and distribution of natural gas

Revenue from natural gas sales is recognised when the commodity is delivered. Revenue from sales of natural gas on the liberalised market is measured based on the commodity val-

ue reflecting all costs for natural gas purchases and the gross margin that covers the costs of electricity trade and profit, and the cost of other energy services related to gas deliveries to the customer in the required quantity and at the required time.

The price for end customers consists of the price for services provided by OTE including a fee covering operations of the Energy Regulatory Office ("ERO"), a two-component price for distribution consisting of the price paid for purchased natural gas and monthly or yearly fixed price for distribution capacity and price of other services related to the supply. This price is a two-component price and consists of the commodity price and fixed monthly payment or capacity component of the price.

The price of other supply services for households and low volume customers is usually fixed for the period based on the Group's business decision. For medium and large customers, there is an option to either set the price as a fixed price with a validity of one month or longer, or to use one of the products offered (e.g. fixing the price for a longer period, or a combination of fixed and spot prices).

The price for the distribution services represents a two-component price and it is regulated by ERO. The price for OTE services is also regulated by ERO, and it contains a fee according to Section 17d of Act No. 458/2000 Coll., as amended.

Gas supply and distribution to high-volume and middle-volume customer categories are billed on a monthly basis according to the measured consumption. Gas supplies to low-volume customer categories ("MO") and households ("DOM") are billed periodically once every 12 months (according to Article 15, Act No. 70/2016 Coll.), based on the reading of the consumption at each consumption point, or based on the reading provided by the customer alone. Revenues from MO and DOM categories consist of actually billed revenues and revenues from so called "uninvoiced gas" (see Sections 4.19.1 and 5.1). The amount of uninvoiced gas is calculated from the total amount of purchased gas in the particular year based on past behaviour of individual customers and is valued in relation to the valid price list published by the Group, or based on individually set prices and products.

4.15.3. Revenues from sales of electricity

Revenue from the sale of electricity is recognised when the commodity is delivered. Revenue from the sale of electricity is measured based on the commodity value reflecting all costs for electricity purchases and the gross margin that cov-

ers costs of electricity trade and profit, and the cost of other energy services related to electricity deliveries to the customer in the required quantity and at the required time

The electricity price consists of two components, regulated and non-regulated items. The regulated component is composed of the price for electricity distribution (the Group uses external electricity distributors) and the regulated services. The individual items are published by ERO according to its price decisions. The price level for electricity distribution may vary by distributor.

The non-regulated price component contains primarily price for electricity supply, respectively electricity consumed at a high tariff in CZK/MWh and electricity consumed at a low tariff in CZK/MWh. A part of this non-regulated component can also be the fixed monthly payments for the distribution point in CZK/month. The fixed monthly price for delivery of electricity is determined by the trader using the market principles. The price for the electricity supply is derived from the price established at the energy stock exchange. The final price also includes the electricity tax and VAT.

Electricity supply and distribution to middle-volume customer categories – households ('MOO') – and middle-volume customer categories – entrepreneurs ('MOP') – are billed based on the measured consumption of each consumption point, which is performed in the reading cycle set by the relevant provider of the distribution network. Electricity supplies to categories MOO and MOP with Type C readings (annual) are billed periodically once within 12 months based on the reading of the consumption of each offtake point, based on customer self-reading. In the case of Type B reading in categories MOO and MOP, the electricity supplies are billed on a monthly basis according to the reading of the consumption of each consumption point (according to the provisions of Section 15 Decree No. 70/2016 Coll., and the provisions of Section 3 Decree No. 152/2016 Coll.).

Revenues from the MOO and MOP categories consist of actually billed revenues and revenues from uninvoiced electricity. The amount of uninvoiced electricity is calculated from the total amount of purchased electricity in the particular year based on past behaviour of individual customers and is valued in relation to the valid price list of the Company, or to individually set prices and products.

Electricity supply and distribution to high-volume categories (VO), whose consumption points are at high or very high voltage levels, are billed on a monthly basis and based on the measured consumption. Revenues from high-volume categories consist of actually billed revenues.

4.15.4. Revenues from sales of goods

These revenues are reported on the date of the release of the goods from the warehouse and are reported minus discounts and VAT. Prices and payment terms are based on individual contracts.

4.15.5. Revenues from miscellaneous services

Sales are reported on the date of the release of the goods from the warehouse and are reported minus discounts and VAT. Prices and payment terms are based on individual contracts.

Revenues from the sale of other services are mainly related to construction and maintenance of gas and water pipelines, rent and IT services.

4.16. Foreign currency conversions

Transactions in a foreign currency other than the functional currency of the Group are converted using the exchange rates announced by the Czech National Bank as at the transaction date.

Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate published by the Czech National Bank as at the reporting date of the consolidated statement. Foreign exchange profits and losses are recognised as financial profits or losses in the period in which they occurred.

4.17. Employee benefits

4.17.1. Contributions to the state pension scheme

The Group pays contributions for its employees to the state pension system, which is managed on the basis of a defined contribution plan. The Group has no other liabilities related to the state pension scheme after paying contributions in the amount defined by law.

4.17.2. Additional pension and life insurance

In accordance with the valid Collective Agreement, the Group makes monthly contributions to pension and life insurance schemes for its employees, which are paid to an independent entity under a defined contribution scheme. These contributions are recognised in profit/loss as incurred.

4.17.3. Other benefits

Other benefits (e.g. paid holidays) are continuously recognised as expenses when incurred.

4.17.4. Termination benefits

The Company also provides termination benefits to its executives. These benefits are granted if certain conditions are met, namely compliance with non-competition and confidentiality clauses. Amounts are determined based on monthly bonuses. The Group recognises the liability for the termination benefits as at the date when it can no longer withdraw the offer, i.e. as at the signature date of the executive performance contract.

4.18. Taxes

Income tax comprises current and deferred tax.

4.18.1. Current tax

Current income tax represents the estimated tax payable for the accounting period calculated by using the tax rate and the relevant laws enacted as of the end of the reporting period and valid for the period.

The estimated current tax is reduced by advances paid toward income tax. The short-term receivable is recognised in the case that the income tax advances paid exceed the estimated current tax as at the reporting date.

4.18.2. Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount of an asset or liability in the Consolidated statement of financial position and their tax values. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination. A deferred tax receivable is recognised if it is probable that taxable profit will be earned in the future, which will allow application of these temporary differences.

The deferred tax asset and liability are determined using the tax rate expected to be valid in the period in which the tax asset is realised or the tax liability is settled, according to tax law enacted as at the end of the reporting period. Offsetting the deferred tax asset and liability is allowed when there is a legally enforceable right to offset the current tax asset and the current tax liability and when the deferred tax asset and liability relates to income tax collected by the same tax authority and if the Group intends to settle its current tax assets and liabilities on a net basis.

4.19. Significant accounting estimates and main reasons for uncertainties in the determination of estimates

Preparation of consolidated financial statements requires using estimates and assumptions that affect the figures for the financial position presented as at the reporting date and

profit/loss statement for the reporting period. The estimates and assumptions are calculated on the basis of all relevant available information. Nevertheless, as implied by the nature of an estimate, the real values may differ from the estimates in the future.

4.19.1. Uninvoiced gas deliveries

The Group Management considers the determination of uninvoiced gas deliveries and the distribution fees to low-volume customers and households to be the most significant area subject to the use of estimates. As of 31 December 2024, the value of uninvoiced gas and distribution fees to low-volume customers and households represented CZK 4,604,142 thous. (as of 31 December 2023, the amount was CZK 3,591,739 thous.).

This estimate is determined using the balancing method, as the difference between total gas purchases and sales of monthly invoiced customers, losses and own consumption during that period. This estimate is then reduced by gas supplies for low-volume customers and households categories that have already been invoiced for the given period.

Uninvoiced gas deliveries to large-volume and to medium-volume consumers are also reported in the accounting estimates. These estimates do not carry any risk because they are created on the basis of actual gas meter readings.

Sensitivity analysis

The percentage ratio of losses to the distributed amount used for calculation of the uninvoiced gas in 2024 is 1.88%. The median ratio of the balance difference to the distributed amount for the last 6 years is equal to 2.07%. If in 2024, the ratio of losses to the total amount of gas distributed was equal to the long-term average, i.e. it would be less (greater) by 0.2 percentage points (while all other variables would remain unchanged), the pre-tax profit as of 31 December 2024 would be CZK 28.1 mil. higher (lower) due to higher (lower) revenues in the uninvoiced gas deliveries.

4.19.2. Uninvoiced electric power deliveries

Similarly as natural gas, the Group Management considers the determination of the amount of uninvoiced electricity and the distribution fee for the categories of low-volume (MOP) and households (MOO) to be an important area of application of estimates. As of 31 December 2024, the value of uninvoiced energy and distribution fee to low-volume customers and households represented CZK 1,140,994 thous. (as of 31 December 2023, the amount was CZK 712,005 thous.). This estimate is determined using the balancing method, as the difference between total electricity purchases and sales

of electricity invoiced on a monthly basis to customers and the Company's own consumption during the monitored period. Within the framework of the accounting estimates, estimates relating to large volume consumers are also reported, but these estimates represent a minimum degree of risk because they are based on already billed items. Through these estimates, they are only transferred to the corresponding accounting period.

Sensitivity analysis

The sensitivity analysis of the uninvoiced electricity segment shows a change in the amount of this item provided that the nomination deviation related to the acquisition of the commodity is included in the input balance. Usually, the amount of this deviation is in the range of 3-5% of the number of technical units sold. In the case of Pražská plynárenská, a.s., the amount of the purchase deviation for the category of MOO and MOP for 2024 would be around 641,358 MWh. The fixed price for the valuation of the deviation is set at CZK 5,800 per MWh, which in the case of Pražská plynárenská, a.s., would have an impact on the generation of uninvoiced electricity in the total amount of ± CZK 111.6 mil.

5. Financial Risk Management

5.1. Credit Risk

Selecting the counterparties for financial transactions in the Group is limited to parties with high creditworthiness. The Group performs only financial transactions whose originator or underwriter has a high rating in terms of credit investments issued by competent and independent global rating agencies and for whom it is also possible to continuously monitor the credit quality indicators through the financial market. Cooperating banks enjoy long-term credit ratings A1– A3, issued by Moody's.

The credit risk associated with the counter-parties in business transactions is managed by the Group using various tools such as insurance, credit limits, differential collection process, etc.

In the case of cash, cash equivalents, and short-term bank financing, the concentration of credit risk is limited by the fact that the Group deposits cash in well-established credit institutions. Credit risk in the case of trading and other receivables, as well as other financial assets, is also limited thanks to risk management tools and the debt collection process.

Trade and other receivables

IFRS 9 introduced a new model of expected impairment loss, which requires more timely identification of credit losses. The standard specifically requires the accounting units to report the expected credit losses. The Group creates an adjusting entry that represents the estimate of expected credit loss to the trade receivables, to other receivables and contractual assets. Cash and cash equivalents are also subject to the requirements for reduction of value according to the IFRS 9; nevertheless, the ascertained loss from reduction of value was insignificant.

Impairment losses are reported in such a manner as to cover both individually significant exposure to credit risk and portfolio loss in the case of assets for which impairment is not assessed individually. Objective proof of the impairment of value in the receivable portfolio includes the past experience of the Group with collection of payments, changes in the internal and external assessments of customers, the Group's current position, and insights into the economy during the expected service life of the receivables.

In the case of financial assets, which include cash and cash equivalents, loans, term deposits, trade receivables, and other receivables, exposure of the Group to credit risk is established from the potential failure of the counterparty and is equal up to the book value of these financial assets.

The Group values its financial investments as at each balance sheet date to ascertain whether objective evidence of impairment exists. Financial investments are considered impaired if the objective evidence indicates that one or more events have negatively affected the estimated future cash flows of this investment. Significant financial assets are tested individually for impairment. The remaining financial assets are evaluated on a portfolio basis in groups that have similar characteristics in terms of credit risk. The impairment loss on financial assets is calculated as the difference between its book value and the current value of estimated cash flows discounted at the initial effective interest rate. All impairment losses are recognised in the profit or loss. Impairment loss is derecognised if the derecognition is objectively related to events that occurred after reporting the loss. Derecognition of an impairment loss is reported in the profit or loss.

Trade receivables from customers with a higher credit risk are to a certain extent secured by lien in the form of advances received.

The Group creates an adjusting entry that represents the estimate of expected credit loss to the trade receivables, to other receivables and contractual assets.

The structure of the allowances is divided into a total of 3 levels according to the expected loss from credit risk. Credit impaired receivables classified as Level 1 are those receivables up to 30 days past due, as well as past due receivables and uninvoiced deliveries for which an adjusting entry is made in

accordance with IFRS 9. Credit-impaired receivables classified as Level 2 are those that are 1 to 6 months past due. The Group classifies receivables that are more than 6 months past due and individually assessed receivables for which there is a high probability of expected loss from credit risk into Level 3.

The table summarises the complete overview of trade and other receivables minus the adjusting entry:

Type of receivable in thous. CZK	31 December 2024	31 December 2023
Trade receivables from third parties	675,943	1,031,639
Trade receivables from related parties	575	668
Financial trade receivables	676,518	1,032,307
Allowances for trade receivables	-246,119	-273,598
Net trade receivables – financial	430,399	758,709
Uninvoiced deliveries	2,270,142	2,411,632
Adjusting entries for uninvoiced deliveries	-20,358	-41,247
Total trade and other receivables – financial	2,680,183	3,129,094
Short-term operational advances made	84,629	80,219
Other receivables – non-financial	15,746	24,642
Allowances for other receivables and advances paid	-6,224	-6,116
Total trade and other receivables – non-financial	94,151	98,745
Total trade and other receivables – short-term	2,774,334	3,227,839

The structure of allowances for trade and other receivables according to the level of expected interest rate impairment is shown in the following tables:

31 December 2024

Allowances for doubtful accounts (in thous. CZK)	Expected interest risk impairment			
	Level 1	Level 2	Level 3	Total
Cat. MO	37,137	458	44,901	82,496
Cat. DOM	32,671	399	47,453	80,523
Cat. VO	12,613	104	19,274	31,991
Cat. Other	26,296	627	44,544	71,467
Total	108,717	1,588	156,172	266,477

31 December 2023

Allowances for doubtful accounts (in thous. CZK)	Expected interest risk impairment			
	Level 1	Level 2	Level 3	Total
Cat. MO	46,020	862	60,230	107,112
Cat. DOM	41,551	1,635	69,803	112,989
Cat. VO	14,366	59	27,874	42,299
Cat. Other	14,315	770	37,360	52,445
Total	116,252	3,326	195,267	314,845

Cash and cash equivalents and other financial assets

The Group makes only short-term cash deposits (cash, deposit bills, term deposits, and REPO operations). The Group transfers its free cash to financial instruments. Selecting the counterparties for financial transactions with cash is limited to parties with high creditworthiness.

The Group performs only financial transactions whose originator or underwriter has a secure creditworthy assessment

by the competent autonomous global rating agencies on the investment scale and it is also possible to continuously monitor the credit quality indicators through the financial market. Cash and cash equivalents are also subject to the requirements for reduction of value according to the IFRS 9; nevertheless, the ascertained loss from reduction of value was insignificant.

Cash and cash equivalents in thous. CZK	Bank rating	31 December 2024	31 December 2023
Cash on hand	not assigned	1,552	1,465
Money in bank accounts	A1 - A3	4,834,710	4,079,732
Short-term investments – bills of exchange	A1	0	994,500
Total exposure to cash, cash equivalents and other financial assets		4,836,262	5,075,697

5.2. Liquidity risk

Liquidity risk is a risk that the accounting entity will not fulfil its obligations arising from financial liabilities.

The goal for liquidity risk management is to keep a balance between financing of operating activity and financial flexibility to meet trade payables and liabilities to creditors of the Group on time.

Management of the Group minimises liquidity risk (i.e. the risk of a lack of cash to pay liabilities) by continuous ongoing management and planning of its future cash flows. The main tool for planning of cash flows is the preparation of a midterm plan, which is prepared annually for a 3-year period. The cash flow plan for the following year is subsequently divided into individual days and kept up to date. Based on this detailed forecast, the Group ensures that a sufficient level of liquid cash is available to settle its liabilities. The availability of funding and the possibility of closing market positions are important for cautious management of liquidity risk.

The Group Management monitors the liquidity and its development on the basis of weekly reports; the Group Management also receives short-term liquidity forecasts.

Pražská plynárenská, a.s. has operational financing in the form of an overdraft credit line, revolving financing and bank guarantees. The short-term external financing includes an operating loan for the purchase of natural gas guaranteed by the City of Prague. These external financial resources are provided by a consortium of two banks, i.e. Československá obchodní banka, a.s., and Česká spořitelna, a.s.

Pražská plynárenská Distribuce, a.s. (hereinafter PPD, a.s.) has concluded operational financing in the form of a promissory note programme provided by Československá obchodní banka, a.s. (ČSOB) and Česká spořitelna, a.s. (ČS), as well as revolving loans arranged with UniCredit Bank Czech Republic and Slovakia, a.s. (UCB) and with Raiffeisenbank a.s. (RFB). PPD, a.s. is financed by a combination of bank financing and an intercompany loan.

In connection with the financing, in 2023, the following documents were concluded between the Group and Československá obchodní banka, a.s., (also to the behalf of Česká spořitelna, a.s.), UniCredit Bank Czech Republic and Slovakia, a.s., and Raiffeisenbank a.s., in addition to the existing loan agreements:

- Agreement on the establishment of a lien on the Company's plant between the Company and Československá obchodní banka, a.s.,
- Agreement on the establishment of a lien on the receivables under bank account management agreements between the Company and Československá obchodní banka, a.s.,
- Agreement establishing a ban on burdening and alienation between the Company and Československá obchodní banka, a.s.
- Agreement establishing a ban on burdening and alienation between the Group and UniCredit Bank Czech Republic and Slovakia, a.s.,
- Agreement establishing a ban on burdening and alienation between the Group and Raiffeisenbank a.s.

An Agreement for a loan of up to CZK 1 billion is concluded between Pražská plynárenská, a.s. and Pražská plynárenská Distribuce, a.s.

An agreement for a loan of up to CZK 100 million has been concluded between Pražská plynárenská, a.s. and Prometheus, energetické služby, a.s., a member of the Pražská plynárenská, a.s. Group.

The Group has also arranged a short-term euro overdraft facility with Raiffeisenbank a.s. for the purpose of trading on the energy exchange and related documentation for trading on the energy exchange:

- The Group concluded with Raiffeisenbank a.s. an Agreement on the pledge of receivables from accounts.

Short-term funding structure as at 31 December 2024:

(in thous. CZK)	Limit	From	To	Interest rate
Overdraft credit lines in CZK	1,000,000	15/ 5/ 2023	15/ 5/ 2027	floating
Committed guarantee/revolving credit line	4,000,000	15/ 5/ 2023	15/ 5/ 2027	fixed/floating
Uncommitted line for guarantees	20,000	19/ 1/ 2017	for an indefinite period of time	fixed
Loan with HMP guarantee	4,000,000	24/ 6/ 2022	24/ 6/ 2025	floating
Overdraft euro credit lines RB (EUR 0.5 mil., using an exchange rate of 25.185 CZK/EUR)	12,593	31/ 5/ 2024	31/ 5/ 2025	floating
ČSOB and ČS Currency Exchange Programme	1,200,000	2/ 11/ 2023	2/ 11/ 2027	floating
Committed UCB revolving credit line	600,000	2/ 11/ 2023	2/ 11/ 2027	floating
Committed RFB revolving credit line	600,000	2/ 11/ 2023	2/ 11/ 2027	floating
Total	11,432,593			

As at 31 December 2024, PPD, a.s. had drawn down the promissory note programme in the amount of CZK 400,000 thous., revolving credit from UCB in the amount of CZK 120,000 thous. and revolving credit from RFB in the amount of CZK 120,000 thous.

Short-term funding structure as at 31 December 2023:

(in thous. CZK)	Limit	From	To	Interest rate
Overdraft credit lines in CZK	1,000,000	15/ 5/ 2023	15/ 5/ 2027	floating
Committed guarantee/revolving credit line	4,000,000	15/ 5/ 2023	15/ 5/ 2027	fixed/floating
Uncommitted line for guarantees	20,000	19/ 1/ 2017	for an indefinite period of time	fixed
Loan with HMP guarantee	4,000,000	24/ 6/ 2022	24/ 6/ 2025	floating
Overdraft euro credit lines RB (EUR 0.5 mil., using an exchange rate of 24.725 CZK/EUR)	12,363	31/ 5/ 2023	31/ 5/ 2024	floating
ČSOB exchange programme	1,200,000	2/ 11/ 2023	2/ 11/ 2027	floating
Committed UCB revolving credit line	600,000	2/ 11/ 2023	2/ 11/ 2027	floating
Committed RFB revolving credit line	600,000	2/ 11/ 2023	2/ 11/ 2027	floating
Total	11,432,363			

As at 31 December 2023, PPD has drawn down the promissory note programme in the amount of CZK 600 thous., revolving credit from UCB in the amount of CZK 200 thous. and revolving credit from RFB in the amount of CZK 200 thous.

Drawing of short-term bank loans allows the Group to optimise coverage of seasonal fluctuations in its cash flows, which accompany the purchase and sale of energy. An integral part of Group funding is the utilisation of the financial resources of Group companies aggregated in cash-pooling. Using these free resources means that drawing short-term loans from the banks is reduced. Financial ratios are monitored at the Group's consolidated level in relation to the terms of the loan agreements. In the event of their non-fulfilment, the banks may request premature loan repayment and bond redemption. These indicators were fulfilled as of 31 December 2024 and as of 31 December 2023.

The liquidity position is supported by the system of advance payments; whereas the high-volume and middle-volume categories pay advances several times during the month, the low-category and households pay advances monthly or quarterly. The setting of the advances takes into account the past consumption for all categories (an algorithm based on three-year historical consumption is used), as well as the seasonal character of the gas consumption, and the gas price.

The following tables show the liabilities grouped by residual period to contractual maturity as at 31 December 2024 and as at 31 December 2023. The size of the liabilities shown in the tables is equivalent to the non-discounted cash flows, including interest, where relevant. The interest is based on the loan amount as at 31 December 2024 and on the interest rates valid on the financial market as of 31 December 2024.

Lease liabilities are reported separately in Section 7.4.

31 December 2024

in thous. CZK	0-3 months	3-6 months	6-12 months	1-3 years	3-5 years	Total
Derivatives (currency forwards and commodity futures)	1,835,867	1,228,810	678,439	0	0	3,743,115
Revolving credit PPD, a.s.	240,992	0	0	0	0	240,992
Currency exchange programme PPD, a.s.	0	0	400,000	0	0	400,000
Trade and other liabilities	3,118,266	666	171	13,231	0	3,132,334
Total	5,195,125	1,229,476	1,078,610	13,231	0	7,516,441

31 December 2023

in thous. CZK	0-3 months	3-6 months	6-12 months	1-3 years	3-5 years	Total
Derivatives (currency forwards and commodity futures)	2,554,926	1,772,523	432,714	9,920	0	4,770,083
Revolving credit PPD, a.s.	403,478	0	0	0	0	403,478
Currency exchange programme PPD, a.s.	0	0	600,000	0	0	600,000
Trade and other liabilities	2,855,456	653	530	6,352		2,862,991
Total	5,813,860	1,773,176	1,033,244	16,272	0	8,636,553

The main aim of the analysis of liabilities is the identification of unavoidable liabilities that have to be paid (within the legal limitations), which represent a cash outflow that negatively impacts liquidity.

Concluded guarantees

The Group has secured its financial liabilities with Československá obchodní banka, a.s. as at 31 December 2024:

- to the benefit of OTE, a.s., up to CZK 150,000 thous. (under the Deviation settlement agreement No. AP 006/09 dated 11/ 12/ 2009);
- to the benefit of OTE, a.s., up to CZK 225,000 thous. (under the Deviation settlement agreement No. A3602/14 of 4/ 12/ 2014 and the Agreement on access to the organised short-term electricity market No. B3602/14 of 4/ 12/ 2014);
- to the benefit of RWE Supply Trading GmbH, in the amount of EUR 15,000 thous. (CZK 377,775 thous.) due to being present and active on the gas market (according to the EFET Agreement of 3/ 6/ 2014);
- to the benefit of Uniper Global Commodities SE in the amount of EUR 20,000 thous. (CZK 503,700 thous.) due to being present and active on the gas market (according to the EFET Agreement of 14/ 6/ 2021);
- to the benefit of EDF in the amount of EUR 10,000 thous. (CZK 251,850 thous.) due to being present and active on the gas market (according to the EFET Agreement of 4/ 5/ 2016);
- to the benefit of the Road and Motorway Directorate of the Czech Republic, up to the amount of CZK 52 thous. (according to the agreement No. 4200033782 on subsequent payment conditions with deferred maturity, of 29/ 11/ 2019);

- to the benefit of M – SILNICE, a.s., up to CZK 1,537 thous. (according to the Contract for Work, project No. 925119003 and concluded on 19/ 12/ 2019).

The Group secured its financial liabilities with Československá obchodní banka, a.s., as of 31 December 2023:

- to the benefit of OTE, a.s., up CZK 325,000 thous. (under the Deviation settlement agreement No. AP 006/09 of 11/ 12/ 2009);
- to the benefit of OTE, a.s., up to CZK 100,000 thous. (under the Deviation settlement agreement No. A3602/14 of 4/ 12/ 2014 and the Agreement on access to the organised short-term electricity market No. B3602/14 of 4/ 12/ 2014);
- to the benefit of RWE Supply Trading GmbH, in the amount of EUR 15,000 thous. (CZK 370,875 thous.) due to being present and active on the gas market (according to the EFET Agreement of 3/ 6/ 2014) ;
- to the benefit of Uniper Global Commodities SE in the amount of EUR 20,000 thous. (CZK 494,500 thous.) due to being present and active on the gas market (according to the EFET Agreement of 14/ 6/ 2021);
- to the benefit of the Road and Motorway Directorate of the Czech Republic, up to the amount of CZK 52 thous. (according to the agreement No. 4200033782 on subsequent payment conditions with deferred maturity, of 29/ 11/ 2019);
- to the benefit of M – SILNICE, a.s., up to CZK 1,537 thous. (according to the Contract for Work, project No. 925119003 and concluded on 19/ 12/ 2019).

These concluded guarantees are not included in the consolidated statement of the financial position.

5.3. Market risk

5.3.1. Interest rate risk

Interest rate risk is defined as risk related to changes in fair value of future cash flows from financial instruments as a result of interest rate fluctuation.

The goal of interest rate risk management is to eliminate risk emerging from interest rate fluctuations of interest-bearing financial liabilities and receivables using an appropriate structure.

The Group's management monitors interest rate risk based on regular reporting, the standard part of which includes information on the current development of interbank interest rates (especially PRIBOR and EURIBOR) and an evaluation of current interest costs. The Group Management is provided with a short term forecast of these interest rates. In 2024, the Group drew down short-term bank loans (promissory note programme, revolving credit facilities) and cash under cash-pooling. In 2023, the Group drew down short-term bank loans (promissory note programme, revolving credits), a loan from the Capital City of Prague and cash under cash-pooling.

Sensitivity analysis

If the interest rate had increased/decreased by 100 basic points while all other variables held constant as of 1 January 2024, the profit before tax as of 31 December 2024 would have been CZK 7,198 thous. lower/higher as a result of the increased/decreased interest expense (as of 31 December 2023: CZK 5,707 thous.).

5.3.2. Exchange rate risk

Currency risk means that the future cash flows from financial instruments will change as result of changes in currency rates.

Movements in exchange rates represent a risk due to the fact that the Group purchases virtually all its gas and electricity in foreign currencies. The choice of currency for purchases made in forward purchases is fully dependent on the overall commercial conditions offered. The Group always secures the exchange rate risk in the form of currency forwards at the bank for most of the purchased volume. All spot purchase transactions are carried out in EUR, while a certain portion of these purchases are sold in EUR, or the purchase is made to the portfolio of customers at the listed price using the exchange rate in force on the purchase date. The Group actively manages currency risk through quarterly

closing of open foreign currency positions, by setting a stop-loss limit and by managing the purchase of natural gas and electricity in foreign currency, thus maintaining full hedging of long-term currency risk.

Fluctuation of exchange rates constitutes a further risk as the Group keeps receivables and payables in foreign currencies. Starting on 1 January 2019, the Group decided to apply a secure accounting system in order to secure future cash flows in foreign currencies from the purchase of commodities.

Sensitivity analysis

If the CZK/EUR exchange rate as of 31 December 2024 had weakened (increased) / strengthened (dropped) by 0.5 CZK/EUR while all other variables held constant, the profit before tax as at 31 December 2024 as a result of revaluation of liabilities in EUR would have been lower/higher by CZK 2,029 thous. (as of 31 December 2023: CZK 2,403 thous.).

If the CZK/EUR exchange rate had weakened (increased) / strengthened (dropped) by 0.5 CZK/EUR, while all other variables held constant as of 31 December 2024, the profit

before tax as of 31 December 2024 as a result of revaluation of liabilities in EUR would have been CZK 2,353 thous. (as of 31 December 2023: CZK 3,571 thous.).

in thous. CZK	2024	2023	2024	2023
	increase of 0.5 CZK/EUR		decrease of 0.5 CZK/EUR	
Liabilities in EUR	-2,029	-2,403	2,029	2,403
Receivables in EUR	2,353	3,571	-2,353	-3,571
Impact on profit before tax	324	1,168	-324	-1,168

If the CZK/EUR exchange rate as of 31 December 2024 had weakened (increased) / strengthened (dropped) by 0.5 CZK/EUR with all other variables held constant as of 31 December 2024, the other comprehensive income as of 31 December

2023 as a result of revaluation of hedged forward purchases realised as of 31 December 2024 would be CZK 73,852 thous. (as of 31 December 2023: CZK 94,167 thous.).

(in thous. CZK)	2024	2023	2024	2023
	increase of 0.5 CZK/EUR		decrease of 0.5 CZK/EUR	
Secured forward purchases in EUR	73,852	94,167	-73,852	-94,167
Impact on the overall profit/loss	73,852	94,167	-73,852	-94,167

5.3.3. Derivative financial tools

The settlement of purchases of natural gas and electricity in EUR exposes the Group to a risk of changes in future cash flows upon settlement of these transactions due to changes in the EUR/CZK exchange rate. The Group decided to regulate this risk by means of currency swaps and forwards. To hedge future cash flows with a maturity of more than one

year, the Group uses the so-called roll-over strategy, which is used to secure expected future cash flows with a series of currency derivatives with shorter maturities. As of the date of the maturity of the currency derivative - classified as a rollover, a new one is immediately established under current market conditions with the same nominal value.

Secured cash flows:

31 December 2024

(in thous. CZK)	0-3 months	3-6 months	6-12 months	1-3 years	3-5 years	Total
Securing of cash flows – future liabilities	1,835,867	1,228,810	678,439	0	0	3,743,115

31 December 2023

(in thous. CZK)	0-3 months	3-6 months	6-12 months	1-3 years	3-5 years	Total
Securing of cash flows – future liabilities	2,505,312	1,749,940	387,043	9,920	0	4,652,216

Derivatives securing cash flows

31 December 2024

(in thous. CZK)	Nominal value	Fair value		Hedged period	Average hedged rate
		Positive	Negative		
Currency forwards	3,743,115	0	10,795	0-1 year	25.342

31 December 2023

(in thous. CZK)	Nominal value	Fair value		Hedged period	Average hedged rate
		Positive	Negative		
Currency forwards	4,652,216	33,024	0	0-2 years	24.702

5.4. Fair value estimate

Fair values of financial assets and liabilities that are traded in an active market are determined by using prices quoted (unadjusted) on the active markets.

The fair value of a currency derivative relative to the nominal value of a trade results from the difference between the agreed forward rate and the expected rate at the maturity of the trade. This currency difference is discounted to the date on which the fair value is determined. The resulting valuation of the net present value is sent by the bank with which the derivative transaction was agreed.

As at the end of the reporting period, the Group classified its financial assets and liabilities at fair value through profit or loss under Level 2 featuring entry data used to determine the fair value (see Section 5.1.).

The book values of short term receivables after deducting their impairment and short term liabilities, bonds and loans are close to their fair values.

5.5. Offsetting financial receivables and financial liabilities

31 December 2024

in thous. CZK	Gross amount of compensation in the statement of financial position	Gross value of the credit in the Balance Sheet	Net value after compensation in the statement of financial position	The amount which is subject of the framework netting agreement and similar arrangements in the statement of financial position	Total net value exposure
Trade and other receivables	2,680,183		2,680,183	223,498	2,456,685
Trade and other financial liabilities	3,119,103		3,119,103	223,498	2,895,605

31 December 2023

in thous. CZK	Gross amount of compensation in the statement of financial position	Gross value of the credit in the Balance Sheet	Net value after compensation in the statement of financial position	The amount which is subject of the framework netting agreement and similar arrangements in the statement of financial position	Total net value exposure
Trade and other receivables	3,129,094	0	3,129,094	555,818	2,573,276
Trade payables and other financial liabilities	2,856,264	0	2,856,264	555,818	2,300,446

5.6. Net profit and losses from financial instruments

in thous. CZK	2024	2023
Trade receivables (mainly write-off of receivables and creation of allowances)	-21,036	-1,910
Cash and cash equivalents (mainly profits from appreciated financial resources)	229,757	275,996
Bonds (particularly cost interest)	-2,413	-24,392
Financial derivatives (especially losses from derivative transactions)	-39,699	-219,902
Bank loans (particularly cost interest)	-109,851	-108,981
Other financial liabilities (especially currency exchange profits / losses)	24,107	25,206
Net profits (+) / losses (-) reported in the profit/loss statement	80,865	-53,983
Financial derivatives in other comprehensive income (settlement)	-10,795	33,024
Net profits (+) / losses (-) reported in other total income	-10,795	33,024
Total net profits (+) / losses (-)	70,070	-20,959

6. Capital Management

Optimal capitalisation of the Group is balancing between capital gains and capability to cover all mature liabilities.

The goal of capital risk management is to maintain such proportion of equity and liabilities that all financial liabilities are repaid and that the Group's value increase for shareholders is ensured. The Group Management continuously evaluates

the current and expected results including planned and potential investments and cash flows, and adjusts the capital structure to achieve these goals.

The goal of the Group is to achieve such business results as to fulfil these financial indicators. In case of their non-fulfilment, the banks may request premature loan repayment. These indicators were fulfilled as of 31 December 2024 and 31 December 2023.

7. Notes to the Consolidated Financial Statements

7.1. Land, buildings, and equipment

Land, buildings, and equipment in thous. CZK Acquisition value	Land	Gas pipelines, buildings and other constructions	Tangible movables and their sets	Heating technology and other fixed tangible assets	Incomplete tangible fixed assets	Advance payments for fixed tangible assets	Total
Balance as at 1/ 1/ 2023	143,881	13,126,760	2,149,878	349,397	43,352	5,904	15,819,172
Effect of merger							0
Purchases					699,429	0	699,429
Transfers	1,145	402,685	143,410	79,719	-626,959	31,455	31,455
Decreases	-4,615	-30,630	-122,612	-5,390	-13,002	-32,570	-208,819
Balance as at 31/ 12/ 2023	140,411	13,498,815	2,170,676	423,726	102,820	4,789	16,341,237
Effect of merger	0	0	16,937	0	0		16,937
Purchases					964,082		964,082
Transfers	66	755,131	133,004	58,508	-946,709	28,901	28,901
Decreases	0	-7,835	-130,948	-8,229	-256	-20,423	-167,691
Balance as at 31/ 12/ 2024	140,477	14,246,111	2,189,669	474,005	119,937	13,267	17,183,466
Accumulated depreciation, adjustments, impairment, recharging							
Balance as at 1/ 1/ 2023	0	5,357,314	1,667,934	120,189	0	0	7,145,437
Depreciation	0	311,470	129,962	20,413	0	0	461,845
Allowances for	0	-23	0	0	0	0	-23
Accumulated depreciation for disposals	0	-26,785	-120,899	-3,971	0	0	-151,655
Balance as at 31/ 12/ 2023	0	5,641,976	1,676,997	136,631	0	0	7,455,604
Depreciation	0	281,060	106,420	26,049	0	0	413,529
Effect of merger	0	0	9,876	0		0	9,876
Allowances for	0	-23	0		0	0	-23
Accumulated depreciation for disposals	0	-7,327	-126,618	-6,957	0	0	-140,902
Balance as at 31/ 12/ 2024	0	5,915,686	1,666,675	155,723	0	0	7,738,084
Net book value 2023	140,411	7,856,839	493,679	287,095	102,820	4,789	8,885,633
Net book value 2024	140,477	8,330,425	522,994	318,282	119,937	13,267	9,445,382

The most significant part of unfinished investments in tangible fixed assets as of 31 December 2024 and 31 December 2023 consists of investment projects and projects related to building modifications and development of the existing distribution network, which are in various stages of completion

and whose project preparation and implementation requires a longer time horizon. Above all, these projects are also related to the value of reported and provided advances for tangible fixed assets, which mainly represent advances for materials and services that are provided by external entities.

Tangible movable assets and their sets - detail in thous. CZK Acquisition value	Vehicles (means of transport)	Computer equipment	Gas meters, counters and controllers	Mechanical parts of control stations	Other tangible movable assets	Total
Balance as at 1/ 1/ 2023	144,666	125,867	707,962	523,849	647,534	2,149,878
Transfers	43,657	3,550	60,692	4,549	30,962	143,410
Decreases	-14,279	-9,066	-76,749	0	-22,518	-122,612
Balance as at 31/ 12/ 2023	174,044	120,351	691,905	528,398	655,978	2,170,676
Effect of merger	14,788	48	0	0	2,101	16,937
Transfers	22,686	7,377	88,705	0	14,236	133,004
Decreases	-24,020	-10,631	-53,265	-484	-42,548	-130,948
Balance as at 31/ 12/ 2024	187,498	117,145	727,345	527,914	629,767	2,189,669
Accumulated depreciation, adjustments, impairment, recharging						
Balance as at 1/ 1/ 2023	106,498	92,719	448,052	511,661	509,004	1,667,934
Depreciation	13,970	13,225	50,330	24,313	28,124	129,962
Accumulated depreciation for disposals	-12,749	-8,991	-76,688	0	-22,471	-120,899
Reclassification				-66,421	66,421	0
Balance as at 31/ 12/ 2023	107,719	96,953	421,694	469,553	581,078	1,676,997
Depreciation	19,008	9,770	41,294	9,659	26,689	106,420
Effect of merger	8,187	48	0	0	1,641	9,876
Accumulated depreciation for disposals	-20,662	-10,621	-52,687	-484	-42,164	-126,618
Balance as at 31/ 12/ 2024	114,252	96,150	410,301	478,728	567,244	1,666,675
Net book value 2023	66,325	23,398	270,211	58,845	74,900	493,679
Net book value 2024	73,246	20,995	317,044	49,186	62,523	522,994

The business plant of Pražská plynárenská, a.s. was pledged to the benefit of the creditors Československá obchodní banka, a.s., and Česká spořitelna, a.s., with the following liens on the business plant:

(i) To secure debts under the Operating Loan Agreement up to CZK 5,000 million of 15 May 2023, as amended, secured debts of Pražská plynárenská, a.s., from operational financing, which may arise up to the amount of CZK 10,000 mil., and further

(ii) to secure debts under the Promissory Note Programme Agreement up to an amount of CZK 1,200 mil. of 2 November 2023, secured debts of the subsidiary company Pražská plynárenská Distribuce, a.s., a member of the Pražská plynárenská, a.s. Group, which may arise up to the amount of CZK 2,400 mil.

7.2. Intangible assets

Intangible assets in thous. CZK Acquisition value	Goodwill	Software	Assessable rights	Intangible fixed assets under con- struction	Total
Balance as at 1/ 1/ 2023	30,824	858,292	14,415	15,924	919,455
Purchases	0	0	0	29,940	29,940
Transfers	0	23,570	0	-23,570	0
Decreases	0	-184	0	0	-184
Balance as at 31/ 12/ 2023	30,824	881,678	14,415	22,294	949,211
Purchases	0		0	29,978	29,978
Transfers	0	27,973	189	-28,162	0
Decreases	0		-89	0	-89
Balance as at 31/ 12/ 2024	30,824	909,651	14,515	24,110	979,100
Accumulated depreciation, depreciation, impairment					
Balance as at 1/ 1/ 2023	0	753,981	14,071	0	768,052
Depreciation	0	31,843	344	0	32,187
Accumulated depreciation for disposals	0	-184	0	0	-184
Balance as at 31/ 12/ 2023	0	785,640	14,415	0	800,055
Depreciation	0	28,938	47	0	28,985
Accumulated depreciation for disposals	0	0	-86	0	-86
Balance as at 31/ 12/ 2024	0	814,578	14,376	0	828,954
Net book value 2023	30,824	96,038	0	22,294	149,156
Net book value 2024	30,824	95,073	139	24,110	150,146

The average residual amortisation period of software is 3 years and 1 month.

7.3. Goodwill

As of 31 December 2024, goodwill in the Group includes the incorporation of goodwill due to the acquisition of 90% ownership in MONTSERVIS PRAHA, a.s. which occurred on 8 March 2019. This goodwill was allocated to the cash-generating unit MONTSERVIS PRAHA, a.s. As of 24 June 2020, Pražská plynárenská, a.s. increased its ownership stake in this company to 95%. As of 21 May 2021, Pražská plynárenská, a.s. increased its ownership stake to 100%.

The Group has tested goodwill for value impairment (value in use). Tests performed as of 31 December 2024 did not indicate any decrease in the value of goodwill. Value from the use was calculated on the basis of discounted cash flows, which were based on a medium-term business plan (a three-year period 2024-2026). The business plan has been approved by

management and is current as of the time of the value impairment test performance. The business plan is based on past experience and expected future developments, while taking into account the current pandemic situation.

Revenue growth from 2024 to 2026 is constant at 4%, and personnel cost growth from 2024 to 2026 of 4% is based on the collective agreement.

Using a discounted cash flow method with a discount rate of 7.9% (2023: 6.43%), the present value of free cash flows in excess of the value of the cash-generating unit was determined. In 2024 and 2023, no impairment of goodwill was ascertained.

7.4. Assets originating from the right of use and lease liabilities

in thous. CZK Acquisition value	Non-residential premises and lands
Balance as at 1/ 1/ 2024	56,149
Increases	0
Decreases	0
Balance as at 31/ 12/ 2024	56,149
Accumulated depreciation, depreciation, impairment	
Balance as at 1/ 1/ 2024	29,043
Depreciation	4,285
Balance as at 31/ 12/ 2024	33,328
Net book value 1/ 1/ 2024	27,106
Net book value 31/ 12/ 2024	22,821

in thous. CZK Acquisition value	Non-residential premises and lands
Balance as at 1/ 1/ 2023	53,299
Decreases	2,850
Balance as at 31/ 12/ 2023	56,149
Accumulated depreciation, depreciation, impairment	
Balance as at 1/ 1/ 2023	23,808
Depreciation	5,234
Balance as at 31/ 12/ 2023	29,042
Net book value 1/ 1/ 2023	29,491
Net book value 31/ 12/ 2023	27,107

The Group mainly leases various non-residential premises and land. Lease contracts are usually concluded for an indefinite time. The Group has estimated the term of lease in these cases from 5 to 10 years.

As of 31 December 2024, the Group reported lease liabilities

(in thous. CZK)	0-3 months	3-6 months	6-12 months	1-3 years	3-5 years	5 years or more	Total
Long-term lease liabilities				12,144	1,331	8,994	22,468
Short-term lease liabilities	1,053	1,057	2,129				4,239
Total	1,053	1,057	2,129	12,144	1,331	8,994	26,707

As of 31 December 2023 the Group reported lease liabilities as follows:

(in thous. CZK)	0-3 months	3-6 months	6-12 months	1-3 years	3-5 years	5 years or more	Total
Long-term lease liabilities	0	0	0	13,005	5,395	8,308	26,708
Short-term lease liabilities	908	899	2,340	0	0	0	4,147
Total	908	899	2,340	13,005	5,395	8,308	30,855

The total cash flow related to lease liabilities in 2024 amounted to CZK 5,301 thous., and in 2023 amounted to CZK 6,276 thous.

Short-term lease expenses included in Other operating costs and leasing of low-value assets, which are not reclassified as lease liabilities, are reported in Section 7.27.

Interest expenses from lease liabilities included in the 2024 financial expenses are reported in Section 7.28.

7.5 Inventories

Inventories mainly represent gas stored in the gas storage. This gas was extracted in 2024 and recognised as consumption in the amount of CZK 306,863 thous. (in 2023: CZK 5,423,679 thous.). The Company did not make an inventory valuation allowance in 2024 and 2023.

No surpluses and/or shortfalls in inventories were found during stock-taking in 2024.

7.6 Short-term trade and other receivables

Type of receivable in thous. CZK	31 December 2024	31 December 2023
Trade receivables from third parties	675,943	1,031,639
Trade receivables due from related parties	575	668
Financial trade receivables	676,518	1,032,307
Allowances for trade receivables	-246,119	-273,598
Net value of trade receivables - financial	430,399	758,709
Uninvoiced deliveries	2,270,142	2,411,632
Adjusting entries for uninvoiced deliveries	-20,358	-41,247
Total trade and other receivables - financial	2,680,183	3,129,094
Short-term operational advances made	84,629	80,219
Other receivables - non-financial	15,746	24,642
Allowances for other receivables and advances paid	-6,224	-6,116
Total trade and other receivables - non-financial	94,151	98,745
Total trade and other receivables - short-term	2,774,334	3,227,839

Short-term operating advances provided to individual suppliers for natural gas and electricity purchases and purchases of gas distribution services were offset with anticipated payables created. In 2024 the offset amount of advances with estimated payables was CZK 904,949 thousand (2023: CZK 477,113 thous.).

Outstanding trade receivables have not been secured. Receivables from related parties are detailed in Section 5.1.

The age structure of outstanding trade and other receivables that have not been classified as impaired as of the date of the consolidated financial statements is as follows:

Receivables past due in thous. CZK	31 December 2024	31 December 2023
up to 30 days	46,284	36,303
Total	46,284	36,303

The age structure of trade receivables that have been classified as impaired as of the date of the Consolidated Financial Statements is as follows:

Receivables past due in thous. CZK	31 December 2024	31 December 2023
up to 6 months	61,094	64,366
6 to 12 months	10,648	29,283
more than 1 year	149,249	178,565
Total	220,991	272,214

Changes in adjusting entries for trade receivables may be analysed as follows:

Allowances for doubtful accounts in thous. CZK	31 December 2024	31 December 2023
Initial balance as of 1 January	314,845	328,352
Creation of an allowance for receivables	19,339	6,566
Use of the allowance	67,707	20,073
Final balance as of 31 December	266,477	314,845

The structure of allowances for trade and other receivables according to the level of expected interest rate impairment is shown in the following tables:

31 December 2024

Allowances for doubtful accounts (in thous. CZK)	Expected interest risk impairment			
	Level 1	Level 2	Level 3	Total
Cat. MO	37,137	458	44,901	82,496
Cat. DOM	32,671	399	47,453	80,523
Cat. VO	12,613	104	19,274	31,991
Cat. Other	26,296	627	44,544	71,467
Total	108,717	1,588	156,172	266,477

31 December 2023

Allowances for doubtful accounts (in thous. CZK)	Expected interest risk impairment			
	Level 1	Level 2	Level 3	Total
Cat. MO	46,020	862	60,230	107,112
Cat. DOM	41,551	1,635	69,803	112,989
Cat. VO	14,366	59	27,874	42,299
Cat. Other	14,315	770	37,360	52,445
Total	116,252	3,326	195,267	314,845

The following table shows losses due to depreciation of financial assets relating to trade and other receivables:

Loss due to depreciation of financial assets in thous. CZK	31 December 2024	31 December 2023
Change in the allowance - for existing receivables	-48,260	-12,338
Loss due to receivables written-off	67,707	20,073
Loss due to depreciation of financial assets total	19,447	7,735

The book value of the trade and other receivables is close to their fair value.

7.7. Cash and cash equivalents

The structure of cash and cash equivalents is shown below:

Cash and cash equivalents in thous. CZK	31 December 2024	31 December 2023
Cash on hand	1,552	1,465
Money in bank accounts	4,834,710	4,079,732
Short-term investments – bills of exchange	0	994,500
Total	4,836,262	5,075,697

7.8. Other assets

Other assets in thous. CZK	31 December 2024	31 December 2023
Receivables from revaluation of commodity derivatives to fair value	0	0
Liabilities from revaluation of trade derivatives at fair value	0	33,024
Other (mainly capitalised costs)	94,232	111,453
Other assets – total	94,232	144,477

7.9. Incremental costs of obtaining a contract

Incremental costs (in thous. CZK)	31 December 2024	31 December 2023
Commission paid to traders – long-term part	13,287	33,413
Commission paid to traders – short-term part	32,734	33,080
Incremental costs – total	46,021	66,493

The incremental costs to obtain a contract represent the commissions of sales representatives.

7.10. Contract assets

Contract assets (in thous. CZK)	31 December 2024	31 December 2023
Bonuses to customers – long-term part	3,683	58,228
Bonuses to customers – short-term part	12,389	3,569
Contract assets – total	16,072	61,797

Contract assets represent bonuses to customers for negotiating a contract or amendments.

7.11. Registered capital

Form of shares	2024		2023	
	Number of pieces	Nominal value (CZK)	Number of pieces	Nominal value (CZK)
Bearer shares	950,338	300	950,338	300
Registered shares	489,569	300	489,569	300
Total	1,439,907		1,439,907	
Total registered capital		431,972,100		431,972,100

Bearer shares are issued in book-registered form.

The registered shares are issued in book-registered form, their transferability is limited and the general meeting of the shareholders must give the owner its consent for their transfer, following discussion at the Board of Directors and the Supervisory Board. All shares have equal rights. All the shares are fully paid-up. The Group shareholder has both rights and obligations. The basic duty of the shareholder is the obligation to deposit. Shareholder rights include:

- right to a share of the profits,
- right to vote,
- right to request and receive an explanation at the General Meeting on matters relating to the Group or for the exercise of shareholder rights,
- right to present proposals and counter-proposals on matters included on the agenda of the General Meeting,
- rights of qualified shareholders to ask the Board of Directors to convene a General Meeting and the Supervisory Board to review the performance of the Board of Directors,
- right to bring a shareholder action against a member of the Board of Directors
or Supervisory Board, the right to seek repayment of the issue price against a shareholder who is in default of repayment,
- right to require forced transfer of corporate securities,
- right to a share in the liquidation balance.

7.12. Profit funds

The Group companies are fully governed by the new Corporations Act and utilised the option not to create a reserve fund. Usage of funds created from profit is in accordance with the Articles of Incorporation of the Group companies.

Reserve funds may be transferred to retained earnings or may be used to offset losses.

7.13. Cash flow hedge

The cash flow securing fund represents accumulated profits and losses from effective cash flow hedging. The cumulative accrued gain or loss on hedging derivatives is reclassified as profit or loss only if the secured transaction affects profit or loss, or it is included as a basis adjustment in the secured non-financial item in accordance with applicable accounting rules.

Gains and losses reclassified during the year from equity are included in the profit or loss on the line called Purchased gas and electricity, materials and services related to gas and electricity supplies.

(in thous. CZK)	31 December 2024	31 December 2023
Balance as of the beginning of the year	26,089	-34,808
Change in fair value of hedging derivatives	-43,819	75,997
Related deferred income tax	9,202	-15,100
Balance as of the end of year	-8,528	26,089

Reclassification to the comprehensive profit/loss for the period in thous. CZK	2024	2023
Profit after tax	1,637,593	1,133,135
Fair value of unmatured hedging derivatives	-10,795	33,024
Fair value of matriculated continuing hedging derivatives	0	0
Effective component of the fair value of hedging derivatives	-10,795	33,024
Deferred tax asset on hedging derivatives	2,267	-6,935
Comprehensive income for the period	1,629,065	1,159,224

7.14. Trade liabilities and other long-term liabilities

Other liabilities in thous. CZK Maturity	Long-term advances received	Other long-term liabilities	Total
Balance as at 31/ 12/ 2023	0	6,354	6,354
of which: due in less than 5 years	0	6,354	6,354
Balance as at 31/ 12/ 2024	0	13,231	13,231
of which: due in less than 5 years	0	13,231	13,231
Total as of 31/ 12/ 2023	0	6,354	6,354
Total as of 31/ 12/ 2024	0	13,231	13,231

7.15. Trade payables, advances, principals received – short term

Trade payables advances and principle received – short-term	31 December 2024	31 December 2023
Trade liabilities payable to third parties	3,077,997	2,815,346
Trade payables to related parties	41,106	40,918
Operating advances and short-term principal received (non-financial liabilities)	2,780,124	4,441,167
Trade payables, advances received and total principals	5,899,227	7,297,431

Trade payables and advances received - short-term (by maturity) in thous. CZK	Trade payables	Short-term advances received and principals	Contingent liability Accounts	Total
Balance as at 31/ 12/ 2023	316,848	4,441,167	2,539,416	7,297,431
of which due within 6 months	316,693	4,441,167	2,539,416	7,297,276
of which due in 6 months to 1 year	155	0	0	155
Balance as at 31/ 12/ 2024	195,344	2,780,124	2,923,759	5,899,227
of which due within 6 months	195,173	2,780,124	2,923,759	5,899,056
of which: due in 6 months to 1 year	171	0	0	171
Total as of 31/ 12/ 2024	195,344	2,780,124	2,923,759	5,899,227

Liabilities to related parties are defined in detail in Section 7.32.

Trade payables and other liabilities have not been secured by any Group assets.

The funds provided under the cash-pooling arrangement bore interest at a credit rate in 2024 as follows: in 01-06/2024: O/N PRIBOR - 1.50% p.a., in 07-12/2024: O/N PRIBOR + 1.00% p.a. In 2023 they carried a credit interest rate: between 01-03/2023: O/N PRIBOR - 2.50 % p.a., in 04/2023: O/N PRIBOR - 2.00% p.a., in 05-12/2023: O/N PRIBOR - 1.50% p.a.

For funds drawn within the framework of cash-pooling, interest was set at the debit interest rate O/N PRIBOR + 0.25% p.a. in 2024. For 2023, the debit interest rate was: in 01-04/2023: O/N PRIBOR + 0.30% p.a., in 05-12/2023: O/N PRIBOR + 0.25 % p.a.

The book value of the trade payables and other liabilities is close to their fair value.

7.15.1. Derivatives

7.15.1.1. Financial derivatives for trading

The fair value of financial derivatives is reported in net value for each type of derivative separately in the item Other

assets if it is positive for the Group and in the item Other liabilities if it is negative.

in thous. CZK	31 December 2024			31 December 2023		
	Fair value		Nominal value	Fair value		Nominal value
	Positive	Negative		Positive	Negative	
Currency forwards	0	0	0	0	0	0
Commodity futures	0	38,136	0	0	14,948	117,868

The Company trades natural gas, which is supplied as a physical commodity and electricity on the EEX (European Energy Exchange), which follows a financial settlement.

In 2024, the costs from the settlement of trade derivatives reported in the comprehensive profit/loss statement were CZK 29,917 thous. (in 2023, the costs were CZK 175,437

thous.), see Sections 7.28 and 7.29.

In 2024, losses from the settlement of trade derivatives reported in the comprehensive profit/loss statement were CZK 8,059 thous., (in 2023 revenue amounted to CZK 8,874 thous.), see Sections 7.28 and 7.29.

7.16. Uninvoiced deliveries and advances received

31 December 2024 in thous. CZK	Cat. DOM	Cat. MO	Cat. VO/SO	Other	Total
Uninvoiced deliveries	2,709,899	2,387,991	1,245,626	1,801,266	8,144,782
Advance payments received	-3,031,007	-2,915,946	-800,021	-1,495,710	-8,242,684
Clearing of Accounts	2,584,098	1,617,150	800,021	873,371	5,874,640
Uninvoiced deliveries - after offsetting	125,801	770,841	445,605	927,895	2,270,142
Advances received - after offsetting	-446,909	-1,298,796	0	-622,339	-2,368,044

As at 31/ 12/ 2023, the Group received advances - compensation provided for electricity and gas delivery in the amount of CZK 1,994,656 thous. (the amount is included in the column "Cat. DOM").

31 December 2023 in thous. CZK	Cat. DOM	Cat. MO	Cat. VO/SO	Other	Total
Uninvoiced deliveries	3,996,116	1,681,724	1,533,964	1,291,217	8,503,021
Advance payments received	-5,325,534	-2,879,335	-984,021	-1,077,691	-10,266,581
Clearing of Accounts	3,657,264	730,572	984,021	697,462	6,069,319
Uninvoiced deliveries - after offsetting	338,852	951,152	549,943	593,755	2,433,702
Advances received - after offsetting	-1,668,270	-2,148,763	0	-380,229	-4,197,262

7.17. Loans

The details of loans are given in Section 5.2.

Financial ratios are monitored at the Group's consolidated level in relation to the terms of the loan agreements. In the event of their non-fulfilment, the banks may request premature loan repayment and bond redemption. These indicators were fulfilled as of 31 December 2024 and as of 31 December 2023.

The book value of bonds is close to their fair value.

Overview of the movement of liabilities from financial operations – additional comment to the cash flow statement:

in thous. CZK	31/ 12/ 2023	Cash flows	Non-cash flows – Revaluation of liabilities using the effective interest rate method	31/ 12/ 2024
Currency exchange programme PPD, a.s.	600,000	-224,920	24,920	400,000
Bank loan PPD, a.s., from UCB	200,000	-87,224	7,224	120,000
Bank loan PPD, a.s., from RFB	200,000	-87,224	7,224	120,000
Total	1,000,000	-399,368	39,368	640,000

in thous. CZK	31/ 12/ 2022	Cash flows	Non-cash flows – Revaluation of liabilities using the effective interest rate method	31/ 12/ 2023
Loan PP, a.s., from the Capital City of Prague	500,000	-459,450	-40,550	0
Currency exchange programme PP, a.s.	800,000	-739,360	-60,640	0
Bonds PPD, a.s.	2,695,034	-2,718,900	23,866	0
Currency exchange programme PPD, a.s.	0	561,300	38,700	600,000
Bank loan PPD, a.s., from UCB	0	185,420	14,580	200,000
Bank loan PPD, a.s., from RFB	0	185,420	14,580	200,000
Financial resources from PPH a.s. - cash-pooling - merger 1/ 7/ 2023	63,950	0	-63,950	0
Total	4,058,984	-2,985,570	-73,414	1,000,000

7.18. Other liabilities

Other liabilities	31 December 2024	31 December 2023
Liabilities from revaluation of commodity derivatives to fair value	38,136	14,948
Liabilities from revaluation of securing derivatives to fair value	10,795	0
Total financial liabilities	48,931	14,948
Payables towards employees	316,626	255,629
Payables towards social insurance institutions	30,025	25,184
Other non-financial liabilities	13,839	15,528
Non-financial liabilities total	360,490	296,341
Other liabilities total	409,421	311,289

Liabilities payable to employees also include liabilities related to wages and unpaid future liabilities payable to the members of the statutory bodies of the Group according to performance contracts (Section 4.17.4) in the amount of CZK 63,347 thous. (2023: CZK 52,221 thous.).

7.19. Deferred tax receivables and liabilities

Compensation of deferred tax assets and liabilities was as follows:

Deferred tax liability (-) and deferred tax receivable (+) in thous. CZK	31 December 2024	31 December 2023
Deferred tax asset expected to be realised in more than 12 months	64,269	197,527
Deferred tax asset expected to be realised up to 12 months	120,418	104,089
Deferred tax liability to be settled in more than 12 months	-864,546	-804,208
Deferred tax liability payable within 12 months	0	-12,827
Net deferred tax liability	-679,859	-515,419

Deferred tax was calculated using an effective tax rate of 21%.

Deferred tax liability (-) and deferred tax asset (+) in thous. CZK	31 December 2024	31 December 2023
The item represents deferred tax from the following titles		
Difference in the residual prices of fixed assets	-850,500	-773,202
Tax non-deductible part of allowances for receivables	28,353	28,800
Inventory adjustment	790	685
Other provisions, adjustment entries and temporary differences	96,684	200,298
Lease liabilities	1,662	1,256
Change in fair value of hedging derivative	2,267	-6,935
Incremental costs of obtaining a contract	-13,039	-35,920
Liabilities towards employees and board members	53,925	70,599
Total	-679,859	-514,419

Deferred tax liability (-) and deferred tax receivable(+) in thous. CZK	Difference in residual values of fixed assets	Non-tax deductible portion of allowances for receivables and inventories	Liabilities to employees and members of bodies	Other	Total
31 December 2023	-773,202	29,485	70,599	158,699	-514,419
profit (+) / loss (-)	-77,299	-343	-16,674	-80,327	-174,642
other comprehensive income	0	0	0	9,202	9,202
31 December 2024	-850,501	29,142	53,925	87,574	-679,859

Deferred tax liability (-) and deferred tax receivable(+) in thous. CZK	Difference in residual values of fixed assets	Non-tax deductible part of the allowance for receivables and inventories	Liabilities to employees and members of bodies	Other	Total
31 December 2022	-685,176	80,321	35,898	672	-568,285
profit (+) / loss (-)	-88,026	-50,836	34,701	173,127	68,966
other comprehensive income	0	0	0	-15,100	-15,100
31 December 2023	-773,202	29,485	70,599	158,699	-514,419

7.20. Other tax liabilities and receivables

Other tax receivables in 2024 and 2023 mainly consist of a value added tax liability.

7.21. Reserves

Reserves in thous. CZK Book value	Long-term	Short-term
Balance as at 1/ 1/ 2023	59,813	0
Creation of reserves	642,938	0
Reversals of provisions	-11,847	0
Use of provisions	-148	0
Balance as at 31/ 12/ 2023	690,756	0
Creation of reserves	142,279	61,753
Use of provisions	-370,623	0
Reclassification of reserve	-80,277	80,277
Balance as at 31/ 12/ 2024	382,135	142,030
Net book value 2023	690,756	0
Net book value 2024	382,135	142,030

Reserves as at 31 December 2024 mainly include a provision for loss-making contracts (CZK 250,327 thous.), reserves for repairs of high-pressure gas pipelines (CZK 60,000 thous.), a reserve for the remediation of ecological burdens (CZK 34,612 thous.) and a reserve for land remediation at CNG stations (CZK 14,462 thous.).

In 2023, a provision for loss-making contracts was recognised in accordance with IAS 37. In the purchase portfolio for 2025 and 2026, 3 contracts were identified that were entered into in the first half of 2022 during a period of highly volatile prices to provide volume for the customer portfolio. The provision has been calculated at the estimated loss on these contracts.

In addition, in 2023, the Group posted a provision for land remediation at CNG stations. Pursuant to the lease agree-

ments, the Group will be obliged to remove the filling stations and accessories from the land at the end of the lease. The provision represents a professional estimate of the cost of land remediation following the termination of lease agreements.

The provision for the repair of environmental impact was recorded on the basis of an analysis of the risks of residual pollution in the PP, a.s. facility, which included the valuation of corrective measures in the area of the former naphthalene plant. At present, the state (MoF CR) is financing a survey of the affected locality and the event is included in the long-term MoF CR plan. The exact date of the repair work is not yet known. Further, the share of costs that will be covered by state funds and how much will be paid by the Group is not known.

7.22. Revenues from sales

Revenues from sales in thous. CZK	2024	2023
Sale of natural gas	17,609,298	18,358,224
Sale of own and third-party gas distribution	4,810,795	3,429,169
Sale of heat and CNG	674,216	576,161
Sale of flexibility	3,039	5,666
Sale of electricity	4,874,985	3,798,674
Sale of third-party electricity distribution	2,639,899	1,243,151
Other services	205,885	287,413
of which revenues from asset repairs and maintenance	101,787	95,625
of which revenues from construction of gas pipelines	33,482	45,961
of which revenues from earthworks	1,635	50
of which revenues from other services	68,981	145,777
Sale of goods and products (services)	1,711	5,888
Revenues from contracts with customers	30,819,828	27,704,346
Revenues from property leases	14,386	14,259
Total	30,834,214	27,718,605

As at 31/ 12/ 2023, the Group recognised estimated compensations amounting to CZK 1,419,507 thous. (sale of natural gas) and in the amount of CZK 348,292 thous. (sale of electricity).

The methodology for calculating compensation is based on Government Regulation No. 5/2023 Coll., on compensation provided for the supply of electricity and gas at fixed prices, as amended by Government Regulation No. 65/2023 Coll., Government Regulation No. 77/2023 Coll. and Government Regulation No. 272/2023 Coll.

7.23. Purchased gas, electricity, materials and services connected with gas and electricity supplies

Purchased gas, electricity, materials and services connected with gas and electricity supplies	2024	2023
in thous. CZK		
Costs of gas purchases	16,952,092	17,321,666
of which gas reservoir costs	107,283	105,379
Gas distribution fee	1,591,983	1,030,769
Costs of electricity purchases	4,747,185	3,478,898
Electricity distribution fee	2,644,168	1,246,075
Purchasing expenses – total	25,935,428	23,077,408
Derivative transactions expenses – secured item	-56,554	84,135
Total	25,878,874	23,161,543

7.24. Other operating income

Other operating income	2024	2023
in thous. CZK		
Profit from sales of fixed assets	3,231	8,937
Income from sale of material	7,858	9,662
Income from write-off of receivables	891	679
Income from write-off of lapsed liabilities	-51	8,876
Court fee compensations	3,690	3,238
Benefits from insurance (indemnity)	2,431	2,747
Other	576,009	366,070
Total	594,059	400,209

7.25. Personnel costs

Personnel costs	2024	2023
in thous. CZK		
Employees	1,006,153	888,578
Members of statutory bodies	95,678	88,539
Future benefits to members of statutory bodies provided under performance contracts (Section 4.17.4)	16,080	9,918
Total	1,117,911	987,035

Related parties to the Group are also key management personnel, who are members of statutory bodies.

During 2024 and 2023 no loans or credit lines were provided to members of the Board of Directors, members of the

Supervisory Board or to other management members of the Group. Company cars, computers and telecommunication equipment are available for use by the Board members and other executives.

Personal expenses of members of statutory bodies in 2024 include benefits paid under performance contracts (see Section 4.17.4) in the amount of CZK 4,954 thous. (2023: CZK 21,826 thous.).

No profit shares were paid to members of statutory bodies in 2024 and 2023.

Contributions to the state pension scheme (on the basis of defined contributions) in 2024 amounted to CZK 157,434 thousand per employee (2023: CZK 146,687 thous.) and CZK 9,348 thous. for members of statutory bodies (2023: CZK 9,027 thous.).

7.26. Depreciation of fixed assets

Depreciation of fixed assets in thous. CZK	2024	2023
Depreciation of buildings and other structures	32,505	34,458
Depreciation of pipelines	244,090	271,079
Depreciation of the buildings of regulating stations	4,465	5,933
Depreciation of the technology of regulating stations	9,659	24,313
Depreciation of gas meters, reducers and regulators	41,294	50,330
Depreciation of boiler installations and other fixed assets	26,049	20,414
Depreciation of vehicles	19,008	13,970
Depreciation of intangible assets	28,985	32,187
Depreciation of IT equipment	9,770	13,225
Depreciation of other movables	26,689	28,123
of which depreciation of other gas facilities	9,794	15,100
of which depreciation of other assets (inventories, etc.)	16,895	13,023
Depreciation of assets originating from the right of use	4,285	5,234
Total	446,799	499,266

7.27. Other operating costs

Other operating costs in thous. CZK	2024	2023
Consumption of materials and energy	110,041	162,158
Costs of goods	4,771	3,070
Lease fees	84,219	82,930
Services	867,280	770,454
of which: asset repair and maintenance costs	385,079	405,113
of which claims collection costs	7,034	11,964
of which promotion, advertising and marketing costs	99,659	73,492
of which IT systems management and repair costs	98,313	78,797
of which business representatives' commission costs	101,603	27,471
of which consulting costs	35,969	44,516
of which: gas meter reading costs	22,356	20,351
of which: telecommunication service and postal charges	24,523	23,543
of which: educational costs	5,239	4,085
of which costs of other services	87,505	81,122
Other (mainly inventory valuation allowances and changes in reserves)	-121,781	384,114
Total	944,530	1,402,726

The total remuneration of the auditing company Deloitte Audit, s.r.o., for the statutory audit of the Financial Statements for 2024 amounted to CZK 5,478 thous. without VAT (2023: CZK 3,780 thous. without VAT).

7.28. Financial costs

Financial costs in thous. CZK	2024	2023
Interest expense	54,631	78,238
Lease liabilities – interest paid	584	602
Cost paid to settle trade derivatives	29,917	175,437
Bank charges	73,988	73,744
Other financial expense	197,704	199,525
Total	356,824	527,546

Other financial expenses represent mainly foreign exchange differences.

7.29. Financial revenues

Financial revenues in thous. CZK	2024	2023
Interest income	232,062	284,875
Income from contractual fines and default interest	5,841	8,229
Cost paid to settle trade derivatives	8,059	8,874
Other financial revenues	175,452	142,820
Total	421,414	444,798

Other financial expenses represent mainly foreign exchange differences.

7.30. Income tax

Tax expense recognised in the consolidated statement of comprehensive income includes:

in thous. CZK	2024	2023
Income tax – current	1,192,433	908,206
Income tax - adjustment of income tax from previous years	80,010	5,385
Income tax – deferred	175,267	-68,966
Income tax on profit after tax	1,447,710	844,625

From 1 January 2023, the Group is subject to windfall tax, i.e. the obligation to pay tax on unexpected profits. The Group's total estimated tax liability for 2024 amounted to CZK 1,192,433 thous. (2023: CZK 826,370 thous.). Of which CZK 360,314 thous. (2023: CZK 322,041 thous.) represents the tax with application of 19% tax rate and CZK 678,661

thous. (2023: CZK 504,329 thous.) tax with application of 60% tax rate.

Reconciliation of the tax base and theoretical tax charge is calculated from consolidated accounting profit before tax multiplied by the effective income tax rate

in thous. CZK	2024	2023
Profit before tax	3,085,302	1,977,760
Income tax at the effective rate	1,838,816	830,659
Non-taxable income	-216,463	-62,960
Tax non-deductible expenses	50,196	152,823
Gifts	-2,689	-4,677
Other	-222,150	-71,220
Income tax on profit after tax	1,447,710	844,625

7.31. Dividends paid

No dividend was paid for 2024 and 2023.

7.32. Related party transactions and balances

Transactions related to the purchase or sale of energy (gas, electricity, heat, CNG) to companies controlled by the Capital City of Prague were concluded according to market conditions and are not presented in the following tables.

The Group was involved in the following transactions with related parties:

ULTIMATE PARENT COMPANY (Capital City of Prague) Revenues in thous. CZK	2024	2023
Revenues from sale of services	9,712	22,628
Other revenue	116	518
Total revenues	9,828	23,146

Costs in thous. CZK	2024	2023
Purchase of other services	1,071	1,722
Other costs	26,002	14,541
Total costs	27,073	16,263

OTHER RELATED PARTIES Revenues in thous. CZK	2024	2023
Revenues from sale of services	10,582	3,154
Revenue from sold property	352	1,100
Other revenue	293	1,250
Total revenues	11,227	5,504

Costs in thous. CZK	2024	2023
Purchase of material	7,833	1,759
Purchase of other services	89,962	109,571
Other costs	2,340	2,748
Total costs	100,135	114,078

The Group recognised the following balances with related parties:

ULTIMATE PARENT COMPANY (Capital City of Prague) Receivables and payables in thous. CZK	31 December 2024	31 December 2023
Trade receivables	462	627
Short-term advances paid*	0	7
Total receivables	462	634
Trade payables	15	1
Short-term advance payments received	60	60
Total accounts payable	75	61

*These balances are reported including VAT.

OTHER RELATED PARTIES Receivables and payables in thous. CZK	31 December 2024	31 December 2023
Trade receivables	113	41
Short-term advances paid*	2,011	1,270
Total receivables	2,124	1,311
Trade payables	41,091	40,917
Short-term advances received*	1,665	1,708
Total accounts payable	42,756	42,625

*These balances are reported including VAT.

Dividends paid to shareholders in 2024 and 2023 are disclosed in Section 7.31.

Transactions and balances with key management are disclosed in Sections 7.25. and 7.18.

Other related parties represent companies and affiliates controlled by the ultimate parent company (Capital City of Prague).

7.33. Regulatory framework

Under the granted licences, the Group trades in natural gas and electricity.

a) Gas and electricity trading (the trader is not subject to price regulation).

The gas and electricity market is fully liberalised, and all customers thus have the option to choose their own supplier.

b) Gas distribution – price regulation

The prices for natural gas distribution on the Czech gas market are regulated in accordance with the Energy Act and pub-

lished in the price list of the independent regulatory body, the Energy Regulatory Office.

The past year was the fourth year of the five-year Fifth Regulatory Period. Its parameters were set so that regulated companies could prepare for the changes that the transformation of the energy sector will bring in the coming years and decades.

The Energy Regulatory Office determines for PPD, a.s., in accordance with applicable legislation, the permitted revenues from licensed activities. As for 2024, the Company has received permitted revenues through prices and conditions set out in Price decision No. 4/2023 of 29 November 2023, defining regulated prices related to gas supply, with effect from 1 January 2024.

In accordance with Section 17(4) of the Energy Act, the Energy Regulatory Office is responsible, inter alia, for protecting the legitimate interests of licence holders whose activities are subject to regulation. The legislative framework of price regulation set out in Section 19a(1) of the Energy Act guarantees regulated entities to cover their permitted (justified)

costs to ensure reliable, safe and efficient performance of the licensed activity, as well as depreciation and a reasonable profit to ensure the return on investments made in equipment used to perform the licensed activity. The price regulation policies, among other things, also state the procedure in the event of deviations between the regulated revenues for the regulated year and the subsequently truly achieved revenues in the regulated year. In such scenario, the Energy Regulatory Office shall compensate for the deviation during the next period.

7.34. Contractual and other future commitments

The expenditure for the acquisition of tangible and intangible assets contracted as of 31 December 2024, which have not yet been incurred, amounts to CZK 376,433 thous. (2023: CZK 489,560 thous.).

in thous. CZK	2024	2023
Up to 1 year	165,750	197,490
1-3 years	148,532	210,183
3-5 years	52,166	62,205
Above 5 years	9,985	19,682
Total	376,433	489,560

The aggregate of future minimum payments for services - mainly for the use of gas storage capacity - totalled CZK 247,825 thous. as at 31 December 2024 without effective VAT (as of 31 December 2023: CZK 329,471 thous.).

in thous. CZK	2024	2023
Up to 1 year	189,064	137,410
1-3 years	55,880	160,207
3-5 years	2,534	29,527
Above 5 years	347	2,327
Total	247,825	329,471

8. Other facts

8.1. Contingent liabilities

The Group has no contingent liability arising from possible major future costs that relate to a past period and which could arise as a result of damage to the environment and harm to an employee's health on record.

The Group Management is not aware of any important potential Group liabilities as of 31 December 2024 apart from those mentioned in Sections 5.2 and 7.21.

8.2. Events after the balance sheet date of the Financial Statements

The Board of Directors of Pražská plynárenská, a.s., as the statutory representative of the sole shareholder in the capacity of the General Meeting of Pražská plynárenská Distribuce, a.s., accepted the resignation of Mr. Michal Holena as a member of the Supervisory Board as of 9 February 2025 and elected Ms. Marcela Marková as a member of the Supervisory Board with effect from 10 February 2025.

The Board of Directors of Pražská plynárenská, a.s., as the statutory representative of the sole shareholder in the capacity of the General Meeting of MONTSERVIS PRAHA, a.s., has dismissed Mr. Radek Dančák from the position of member of the Board of Directors as of 19 March 2025 and elected Mr. Daniel Lešek as a member of the Board of Directors with effect from 1 April 2025.

8.3. Authorisation of the financial statements

The consolidated financial statements were authorised by the Company Board of Directors for publishing and issue on the date stated below. The consolidated financial statements authorised in this manner may be supplemented or amended upon request and approval of the sole shareholder at the General Meeting.

In Prague on 29 April 2025



Ing. Ludvík Baleka
Chairman of the Board of Directors



Ing. Milan Cízl
Deputy Chairman of the Board
of Directors



VIII. INFORMATION ON PERSONS RESPONSIBLE FOR THE ANNUAL REPORT AND VERIFICATION OF FINANCIAL STATEMENTS

Ing. Ludvík Baleka, Chairman of the Board of the Directors of Pražská plynárenská, a.s.,

and

Ing. Milan Cízl, Deputy Chairman of the Board of Directors of Pražská plynárenská, a.s.,

declare that the data presented in this Annual Report corresponds to the facts and that no matters of substance that could affect a true and fair assessment of Pražská plynárenská, a.s. have been omitted.

In Prague on 29 April 2025

In Prague on 29 April 2025



Ing. Ludvík Baleka
Chairman of the Board
of Directors



Ing. Milan Cízl
Deputy Chairman of the Board
of Directors

The Company's Financial Statements for 2024 were audited by Deloitte Audit s.r.o., registered office Italská 2581/67, 120 00, Prague 2 – Vinohrady, Company ID: 496 65 521, registered in the Commercial Register maintained by the Municipal Court in Prague, Section C, File 24349 and on the list of auditing companies at the Chamber of Auditors of the Czech Republic under Licence No. 079.

The Company's Consolidated Financial Statements for 2024 were audited by Deloitte Audit s.r.o., registered office Italská 2581/67, 120 00, Prague 2 – Vinohrady, Company ID: 496 20 592, registered in the Commercial Register maintained by the Municipal Court in Prague, Section C, File 24349 and on the list of auditing companies at the Chamber of Auditors of the Czech Republic under Licence No. 079.



IX. REPORT ON RELATIONSHIPS BETWEEN THE CONTROLLING AND CONTROLLED PERSONS AND ON RELATIONSHIPS BETWEEN THE CONTROLLED PERSON AND OTHER PERSONS CONTROLLED BY THE SAME CONTROLLING PERSON (RELATED ENTITIES) FOR 2024

prepared by the Board of Directors of the company Pražská plynárenská, a.s., with its registered office at Prague 1 - Nové Město, Národní 37, Postal Code 110 00, Company ID 601 93 492, registered at the Municipal Court in Prague under File number B 2337 ("Pražská plynárenská, a.s., or "PP, a.s." or also the "Company").

This Report has been prepared by the Board of Directors of the controlled entity pursuant to the provisions of Act No. 90/2012 Coll., Act on commercial companies and cooperatives, as amended (Act on Corporations), hereinafter referred to as the "Act on Corporations", for 2024 (the "Accounting Period"). The Report was prepared by the Board of Directors pursuant to Section 82 of the cited Act, while taking into account the provisions of Section 504 of Act No. 89/2012 Coll., of the Civil Code, which defines trade secret regulations.

The Report on Relations is an integral part of the Company's 2024 Annual Report.

Introduction

From the attached graphical representation of the shareholding structure of Pražská plynárenská, a.s. as of 31 December 2024 (see Annex No. 1) shows the basic interconnectedness of the related entities. The chart shows that the controlling person as at 31 December 2024 was the Capital City of Prague with 100% of the share capital of the controlled person.

The Articles of Association of Pražská plynárenská, a.s. show that the election and dismissal of the members of the Supervisory Board is decided by the sole shareholder exercising the powers of the General Meeting (as of 31 December 2024 the Capital City of Prague), the election of the members of the Management Board is decided by the Supervisory Board of the Company.

The Board of Directors of Pražská plynárenská, a.s. in this Report describes the relationship between:

- PP, a.s., and the Capital City of Prague, i.e. the controlled entity and the entity directly controlling the controlled entity,
- related entities, i.e. Pražská plynárenská, a.s., and the Capital City of Prague, the party directly controlling the controlled entity and its controlled entities.

The relations between the related entities, i.e. Pražská plynárenská, a.s. and its subsidiary companies, are described in the Reports on Relations of the individual subsidiary companies.

1. Structure of the control relations

1.1. Entity controlling a directly controlled entity

The Capital City of Prague with its registered office at Mariánské nám. 2, 110 01 Prague 1.

1.2. Controlled entity

It is Pražská plynárenská, a.s., with its registered office at Národní 37/38, 110 00 Prague 1 - Nové Město, company ID No.: 601 93 492 ("PP, a.s." or the "controlled entity").

1.3. Other entities controlled by the same controlling entity

The organisations and companies, in which the Capital City of Prague had a major share in 2024 and with whom PP, a.s.,

entered into a contractual relationship in 2024 are listed below in Section 2.

1.4. Related entities

These are Pražská plynárenská, a.s., the Capital City of Prague and other company organisations where the Capital City of Prague owned a major share in 2024 and which it controlled.

1.5. Role of PP, a.s., in the Group

PP, a.s. operates in the Pražská plynárenská, a.s. Group as the controlling business corporation. It exercises its influence through participation in the general meetings of its subsidiary companies, staffing of the boards of directors and supervisory boards of the subsidiaries and application of the Group's directives.

2. Description of the relations between the related parties

2.1. Method and means of control

PP, a.s., was mainly controlled by its sole shareholder through representatives in the Supervisory Board, as well as through the exercise of voting rights at the General Meeting of PP, a.s.

2.2. Contracts concluded between related entities, valid in 2024

2.2.1. Contracts concluded between PP, a.s., and the Capital City of Prague or parties under its control

a) Contracts for gas and electricity supplies

AKROP, s. r. o., Company ID: 264 32 331

Centrum služeb pro rodinu a dítě a dětský domov Charlotty Masarykové, Company ID: 008 74 957

Dětský domov a Školní jídelna, Company ID: 613 89 293

Dětský domov, Company ID: 000 67 563

Dopravní podnik hl. m. Prahy (Prague Public Transit Company), Company ID: 000 05 886

Fakultní základní umělecká škola Hudební a taneční fakulty AMU v Praze, Company ID: 673 61 471

Gymnázium Jaroslava Heyrovského, Company ID: 604 46 234

Gymnázium Karla Sladkovského, Company ID: 613 85 131

Gymnázium, Company ID: 604 60 784

Gymnázium, Company ID: 604 59 085

Hudební divadlo v Karlíně, Company ID: 000 64 335

Hvězdárna a planetárium hlavního města Prahy, (Observatory and Planetarium of the Capital City of Prague) Company ID: 000 64 441

Jedličkův ústav a Mateřská škola a Základní škola a Střední škola, (Kindergarten, Elementary School, Secondary Vocational School), Company ID: 708 73 160

Kolektory Praha, a.s., Company ID: 267 14 124

Mateřská škola speciální, Company ID: 604 46 633

Minor, Company ID: 000 64 351

Obecní dům, a.s., Company ID: 272 51 918

Pražská strojírna, a. s.,
Company ID: 601 93 298

Pražské služby, a.s., Company ID: 601 94 120

Smíchovská střední průmyslová škola a gymnázium, Company ID: 613 86 855

Střední průmyslová škola dopravní, a. s.,
Company ID: 256 32 141

Střední průmyslová škola elektrotechnická a gymnázium V Úžlabině, Company ID: 613 85 409

Střední průmyslová škola elektrotechnická, Company ID: 613 85 301

Střední průmyslová škola sdělovací techniky, Company ID: 613 88 866

Střední škola podnikání a gastronomie, Company ID: 496 29 077

Školní jídelna, Prague 5 – Smíchov, Company ID: 708 42 132

Teplo pro Prahu a.s., Company ID: 171 38 558

TRADE CENTRE PRAHA a.s., Company ID: 004 09 316

Výstaviště Praha, a.s., Company ID: 256 49 329

Vyšší odborná škola a Střední průmyslová škola dopravní,
Company ID: 708 37 899

Vyšší odborná škola grafická a Střední průmyslová škola
grafická, Company ID: 708 37 783

Vyšší odborná škola stavební a Střední průmyslová
škola stavební, Company ID: 613 88 726

Vyšší odborná škola uměleckoprůmyslová
a Střední uměleckoprůmyslová škola,
Company ID: 613 88 025

Zahrada pro duši, Company ID: 082 97 517

Základní škola speciální a Praktická škola,
Company ID: 684 07 157

Základní umělecká škola Klementa Slavického,
Company ID: 673 60 572

Základní umělecká škola, Company ID: 604 60 041

Základní umělecká škola, Company ID: 481 35 143

Základní umělecká škola, Company ID: 684 07 289

Základní umělecká škola, Company ID: 613 87 452

Zoologická zahrada hl. m. Prahy (Prague Zoo),
Company ID: 000 64 459

Želivská provozní a. s., Company ID: 291 31 804

b) Other agreements

Československá akademie obchodní Dr. Edvarda Beneše,
střední odborná škola, Company ID 006 38 463 – contract for
student internship

Československá akademie obchodní, střední odborná škola,
Company ID 613 86 138 – contract for student internship

Divadlo Na zábradlí,
Company ID: 000 64 394 – cooperation agreement

Divadlo v Dlouhé,
Company ID: 000 64 343 – cooperation agreement

Divadlo pod Palmovkou, Company ID: 000 64 301 – coopera-
tion agreement

Dopravní podnik hl. m. Prahy, a.s. (Prague Public Transit Com-
pany), Company ID: 000 05 886 – contract for the establish-
ment of an easement, purchase contract for the sale of land

Dům dětí a mládeže hlavního města Prahy, Company ID: 000
64 289 – contract for the promotion of the family day

Gymnázium, Botičská 1,
Company ID: 613 881 06 – land lease contract

Gymnázium, Střední odborná škola, Základní škola
a Mateřská škola pro sluchově postižené,
Company ID: 613 88 149 – contract for professional practice
of students

Hlavní město Praha (Capital City of Prague), Company ID: 000
64 581 – lease agreement for non-residential premises, lease
agreement for business premises

Kolektory Praha, a.s., Company ID: 267 14 124 – contract for
the sale and purchase of compressed natural gas and the use
of a non-transferable customer card

Městská poliklinika Praha, Company ID: 001 28 601
70874212 – contract for the sale and purchase of compressed
natural gas and the use of a non-transferable customer card

Městská knihovna v Praze, Company ID: 000 64 467 – con-
tract for promotion, contract for the loan of real estate

Minor, Company ID: 000 643 51 – cooperation agreement

Obecní dům, a.s., Company ID: 272 51 918 – promotion contract
on the premises of the Municipal House

Obchodní akademie Vinohradská, Company ID 613 86 774 –
contract on professional practice of students

Pražská energetika, a.s., Company ID: 601 93 913 – EFET con-
tract (purchase / sale of natural gas), non-residential space
lease contracts, contract on the sublease of non-residential
spaces,

PREdistribuce, a.s., Company ID: 273 76 516 – connection con-
tract

Pražské služby, a.s., Company ID: 601 94 120 – work con-
tract for waste collection and disposal, contract for the sale

and purchase of compressed natural gas and the use of a non-transferable customer card

Pražské vodovody a kanalizace, a.s., Company ID: 256 56 635 - contract for water supply and sewage disposal, contract for purchase of biomethane

Střední škola elektrotechniky a strojírenství, Company ID: 006 39 133 - contract for student internship

Švandovo divadlo na Smíchově, Company ID: 000 64 327 - cooperation agreement

Symfonický orchestr hlavního města Prahy FOK, Company ID: 000 64 475 - cooperation agreement

Technická správa komunikací hl. m. Prahy, a.s., Company ID: 034 47 286 - agreement on the establishment of an easement

Technologie hlavního města Prahy, Company ID: 256 72 541 - EFET framework contract

TRADE CENTRE PRAHA, Company ID: 004 09 316 - contract for lease of non-residential premises, lease of a parking space

Vyšší odborná škola informačních studií a Střední škola elektrotechniky, multimédií a informatiky, Company ID 148 91 409 - contract for student internship

2.2.2. Overview of the conduct of the controlled entity to the benefit of or upon request of the related entities

In the Accounting Period, no decision was made by the sole shareholder exercising the powers of the general meeting of Pražská plynárenská, a.s., regarding conduct that would affect the assets of Pražská plynárenská, a.s., whose value would exceed 10% of the equity of Pražská plynárenská, a.s., according to the last financial statements, i.e. whose value would exceed the amount of CZK 473,504 thous. according to the Financial Statement of 31 December 2023.

2.3. Other legal acts

Hlavní město Praha, Company ID: 000 64 581 - memorandum defining cooperation and mutual support for youth focusing on the preparation of young adults to study for vocational positions (vocational certificate) in the Capital City of Prague.

Pražská energetika, a.s., Company ID: 601 93 913 - SoLR advance memorandum

Pražské služby, a.s., Company ID: 601 94 120 - memorandum of mutual cooperation

Pražská vodohospodářská společnost, a.s., Company ID: 256 56 112 - memorandum on mutual cooperation in the field of mobility, reduction of emission and effective cost reduction.

Pražské vodovody a kanalizace, a.s., Company ID: 256 56 635 - memorandum on mutual cooperation in the field of mobility, reduction of emission and effective cost reduction.

Střední odborná škola automobilní, informatiky a Gymnázium, Company ID 004 97 070 - cooperation in the field of service

Technická správa komunikací hl. m. Prahy, Company ID: 034 47 286 - memorandum of mutual cooperation

The controlled entity does not suffer any detriment from this relationship.

2.4. Assessment of detriment suffered by the controlled entity

PP, a.s. did not suffer any detriment from control by the controlling entity.

2.5. Assessment of the statutory body

The statutory body assessed the advantages and disadvantages arising from the relations between persons referred to in Section 1 and stated that benefits prevailed and that there were no risks arising from these relationships for the controlled entity.

As of 31 December 2024, the sole shareholder of the company, the Capital City of Prague, was the sole controlling person of Pražská plynárenská, a.s., and it was the Capital City of Prague, which controlled the company directly.

Pražská plynárenská, a.s. is a member of the Group, which includes subjects engaged mainly in activities related to energy trade and distribution and heating industry. Pražská plynárenská, a.s., as the controlling entity, is committed to reducing costs across the Group through the centralised provision of services.

2.6. Other facts

2.6.1. Members of PP, a.s. bodies

The Board of Directors of Pražská plynárenská, a.s., is not aware that any member of the Company bodies influenced the decisions of the Board of Directors or the Supervisory Board to the benefit of the controlling entity or the entity controlled by the same controlling entity.

In Prague on 18 February 2025

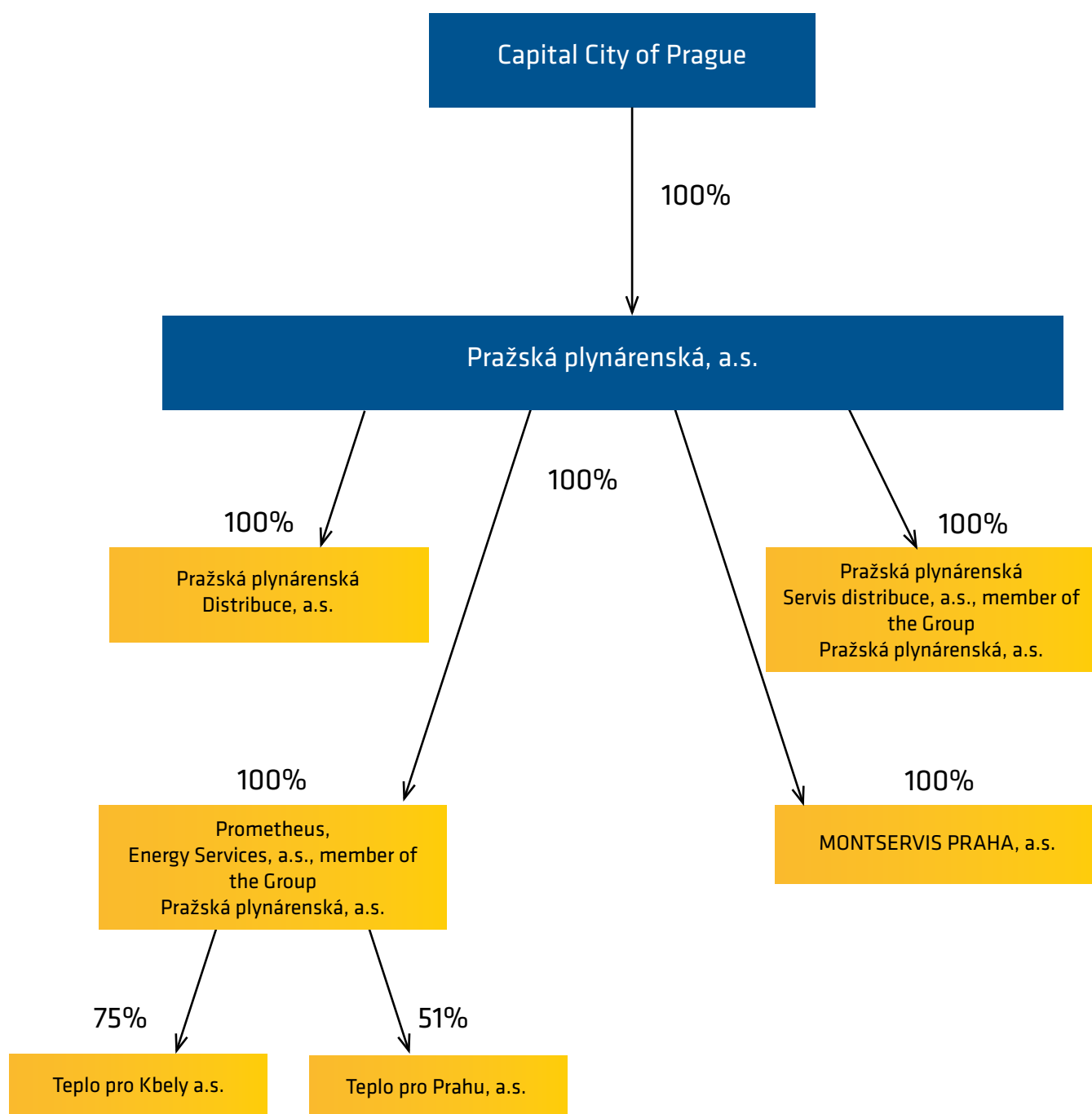


Ing. Ludvík Baleka
Chairman of the Board of Directors



Ing. Milan Cízl
Member of the Board of Directors

Chart showing relationships as at 31 December 2024



X. ANNUAL REPORT ON THE PROVISION OF INFORMATION ACCORDING TO ACT NO. 106/1999 COLL., ON FREE ACCESS TO INFORMATION FOR 2024

ANNUAL REPORT

on the provision of information pursuant to Act No. 106/1999 Coll.,

on free access to information for the year 2024

Pursuant to Section 18 of Act No. 106/1999 Coll., on free access to information, as amended (hereinafter referred to as the "**Act**"), Pražská plynárenská, a.s. publishes this Annual Report on its activities in the field of providing information for the year 2024:

a) Number of requests for information submitted and number of decisions issued rejecting requests:

A total of 3 requests were submitted.

A total of 2 decisions rejecting/partially rejecting requests were issued.

b) Number of appeals lodged against decisions:

Two appeals were lodged against decisions.

c) A copy of the essential parts of each court judgment reviewing the legality of the decision of the obligated entity to reject a request for information and an overview of all expenses incurred by the obligated entity in connection with court proceedings concerning rights and obligations under this Act, including the costs of its own employees and the costs of legal representation:

No judgment has been issued in a case reviewing the legality of a decision by an obligated entity.

d) A list of exclusive licenses granted, including the reasons for the necessity of granting an exclusive license:

No exclusive license has been granted.

e) Number of complaints filed under Section 16a, reasons for filing them, and a brief description of how they were handled:

No complaints were filed under Section 16a.

f) Further information relating to the application of this Act:

Information concerning the possibility of exercising the right to information under the Act is available to applicants on the website ppas.cz and at the Company's registered office at Národní 37/38, 110 00 Prague 1.

28 January 2025

28 January 2025



Ing. Ludvík Baleka
Chairman of the Board of Directors



Ing. Milan Cízl
Member of the Board of Directors

XI. ABBREVIATIONS

a.s.	joint-stock company
OSH	Occupational Safety and Health
CNG	Compressed Natural Gas
CZK	Czech crown
CNB	Czech National Bank
CR	Czech Republic
CS, a.s.	Česká spořitelna, a.s.
CSOB, a. s.	Československá obchodní banka, a. s.
DOM	household customer – natural person using gas for personal needs connected with housing or for personal needs of members of the natural person's household
VAT	Value Added Tax
SoLR	Supplier of Last Resort
EMS	Environmental Management System
ERO	Energy Regulatory Office
EU	European Union
EUR	euro – common currency of the European Union
GmbH	Gesellschaft mit beschränkter Haftung (German abbreviation for a limited liability company)
GDP	Gross Domestic Product

IFRS	International Financial Reporting Standards
ISIN	identification number under which a share was recorded at the Středisko cenných papírů/Centrální depozitář cenných papírů, a.s. (Securities Centre / Central Depository of Securities)
ICT	Information and communication technology
CZK	Czech crown
kg	kilogramme
LNG	Liquefied Natural Gas
m ³	cubic metre
	MoF CR Ministry of Finance of the Czech Republic
mil.	million
bil.	billion
MONT, a.s.	MONTSERVIS PRAHA, a.s.
MO	small customer – end (low-volume) customer who is not a large, medium-sized or household customer
MOO	electricity retail customer population
MOP	electricity retail business population
MWh	megawatt hour
OTE	market operator

FP	fire protection
PP, a.s.	Pražská plynárenská, a.s.
PPD, a.s.	Pražská plynárenská Distribuce, a.s.
PPH a.s.	Pražská plynárenská Holding a.s.
PPSD, a.s.	Pražská plynárenská Servis distribuce, a.s., member of the Pražská plynárenská, a.s. Group
RFB	Raiffeisenbank a.s.
s. p.	State enterprise
s. r. o.	Limited liability company
Coll.	Collection of laws of the Czech Republic
SO	medium-sized customer – natural person or legal entity whose offtake gas facility is connected to the transport or distribution system and whose annual consumption at the offtake point is at least 630 MWh but does not exceed 4,200 MWh

Tel.	telephone number
thous.	thousands
TpK	Teplo pro Kbely a.s.
TpP	Teplo pro Prahu, a.s.
UCB	UniCredit Bank Czech Republic and Slovakia, a.s.
VO	wholesale customer - natural or legal person whose gas-consuming installation is connected to a transmission or distribution system and whose annual gas consumption at the point of consumption exceeds 4,200 MWh
ZO	Labor Code

XII. AUDITOR'S REPORT



Deloitte Audit s.r.o.
Churchil 1
Italská 2581/67
120 00 Prague 2 - Vinohrady
Czech Republic

Tel: +420 246 042 500
DeloitteCZ@deloitteCE.com
www.deloitte.cz

registered with the Municipal
Court
in Prague, Section C, Insert
24349

INDEPENDENT AUDITOR'S REPORT

For shareholders of Pražská plynárenská, a.s.

Registered office: Národní 37, 110 00 Prague 1 - Nové Město

Auditor's statement

We have audited the accompanying separate financial statements of Pražská plynárenská, a.s. (the "Company") prepared in accordance with IFRS accounting standards as adopted by the European Union, which comprise the statement of financial position as at 31 December 2024, the profit or loss statement, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, which include significant (material) disclosures about the accounting policies used.

We have also audited the accompanying Consolidated Financial Statements of Pražská plynárenská, a.s. and its subsidiaries (the "Group"), prepared in accordance with IFRS as adopted by the European Union, which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements that include significant (material) disclosures about accounting policies used.

In our opinion:

- the attached financial statements give a true and fair view of the financial position of Pražská plynárenská, a.s. as at 31 December 2024 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 attached consolidated financial statements give a true and fair view of the consolidated financial position of the Pražská plynárenská Group as at 31 December 2024 and of its consolidated financial performance and consolidated cash flows for the year then ended in accordance with IFRS accounting standards as adopted by the European Union.

Basis for the auditor's statement

We conducted the audit in accordance with the Act on Auditors and the standards of the Chamber of Auditors of the Czech Republic for auditing, which are the International Standards on Auditing (ISA), possibly supplemented and modified by related application clauses. Our responsibility as stipulated by these regulations is outlined in detail in the section on the Auditor's responsibility for the audit of the financial statements. In accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic, we are independent of the company and have fulfilled other ethical obligations arising from these regulations. We assume that the evidence that we obtained provides a sufficient and appropriate basis for us to make our statement.

Other information included in the annual report

In accordance with Section 2(b) of the Auditors Act, other information is information contained in the consolidated annual report other than the separate and consolidated financial statements and our auditor's report. The Company's Board of Directors is responsible for the other information.

Our opinion on the financial statements does not apply to the other information. Nevertheless, as part of our responsibilities related to verification of the financial statements, we have to check the miscellaneous information and assess whether the miscellaneous information is not significantly (materially) inconsistent with the financial statement or our knowledge of the accounting entity, obtained while verifying the financial statements, or whether the information does not prove to be significantly (materially) incorrect. We also assess whether other information was prepared in all significant (material) aspects according to the applicable legal regulations. This assessment means whether the other information fulfils the requirements of the legal regulations for formal essentials and procedures for processing of other information in the context of significance (materiality), i.e. whether any non-observance of the given requirements could influence the judgement made on the basis of other information.

Based on the accomplished procedures, to the extent to which we can judge, we state 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 was processed in compliance with the legal regulations..

We are also required to state whether based on findings and awareness about the Company and the Group, which we arrived at while conducting the audit, the other information does not contain any significant (material) inaccuracies. As part of the procedures described, we did not discover any significant (material) inaccuracies in other information obtained.

Responsibility of the Company's Board of Directors and Supervisory Board for the financial statements

The Board of Directors is responsible for the preparation of separate and consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Communities and for such internal control as it determines is necessary to enable the preparation of separate and consolidated financial statements that are free from significant (material) inaccuracy, whether due to fraud or error.

When preparing separate and consolidated financial statements, the Company's Board of Directors is required to assess whether the Company and the Group are capable of continuing as a going concern and, if relevant, to describe in the notes to the separate and consolidated financial statements matters relating to its going concern and the use of the going concern assumption in the preparation of separate and consolidated financial statements, except in cases where the Board of Directors plans to dissolve the Company or Group or terminate its activities, or where it has no other realistic option but to do so.

The Supervisory Board is responsible for overseeing the Company's financial reporting.

Responsibility of the auditor for an audit of the financial statements

Our objective is to obtain reasonable assurance about whether the separate and consolidated financial statements taken as a whole are free from significant (material) inaccuracies, whether due to fraud or error, and to issue an auditor's report that includes our opinion. The adequate certainty is a large rate of certainty; however, it is not a guarantee that the audit carried out in compliance with the regulations given above will reveal in all cases a possible significant (material) inaccuracy in the separate and consolidated financial statement. Inaccuracies might occur due to fraud or mistake and are considered significant (material) if it is possible to realistically presume that they would affect individually, or in total, the economic decisions which the users of the separate and consolidated financial statement will accept on its basis.

During the audit in accordance with the above-stated regulations, it is our obligation to apply professional judgement and maintain professional scepticism during the entire audit. It is also our obligation:

- To identify and assess the risks of the significant (material) inaccuracy of the separate and consolidated financial statements caused by fraud or mistake, propose and perform auditing procedures reacting to these risks and to obtain sufficient and suitable probative information we are able to use for the opinion. A risk that we do not reveal a significant (material) inaccuracy resulting from a fraud is bigger than a risk of not revealing significant (material) inaccuracies resulting from an error, because a fraud may be connected with secret agreements, falsification, wilful default, untrue statements or avoidance of internal inspections.
- To become familiar with the internal control systems of the Company or the Group relevant for the audit to the extent that will enable us to propose auditing approaches that are suitable in view of the particular circumstances and so that we can express our opinion regarding the effectiveness of the internal control system.
- To assess the appropriateness of the accounting policies used, the reasonableness of the accounting estimates made and the information provided by the Board of Directors in this regard in the notes to the separate and consolidated financial statements.
- To assess the appropriateness of the use of the going concern basis of accounting in the preparation of the separate and consolidated financial statements by the Board of Directors and whether, in the light of the evidence gathered, a significant (material) uncertainty exists as a result of events or conditions that may cast significant doubt about the Company's or Group's ability to continue as a going concern. If we conclude that such significant (material) uncertainty exists, it is our responsibility to draw attention in our report to the information presented in the notes to the separate and consolidated financial statements and, if that information is not sufficient, to express a modified opinion. Our findings regarding the Company's or Group's ability to continue in its activities are based on the evidence that we have received by the date of our report. However, future events or conditions may cause the Company or the Group to cease to continue as a going concern.

- To evaluate the overall presentation, disaggregation and content of the separate and consolidated financial statements, including the notes, and whether the separate and consolidated financial statements present the underlying transactions and events in a manner that results in a fair presentation.
- To obtain sufficient and appropriate evidence about the financial information of the entities included in the Group and its business activities to provide a basis for expressing an opinion on the consolidated financial statements. We are responsible for the management of the Group audit, its supervision and its performance. The auditor's opinion on the consolidated financial statements is our sole responsibility..

It is our duty to inform the Board of Directors and the Supervisory Board, among others, about the planned scope and time of the audit, and about significant findings that we collected while carrying out the audit, including any significant faults discovered in the internal control systems.

In Prague, on 29 April 2025

Auditing company:

Deloitte Audit s.r.o.
licence number 079



Statutory auditor:

Michal Černý
licence number 2483





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