Energetický a průmyslový holding, a.s.

Unaudited Condensed Consolidated Interim Financial Statements
as of and for the six-month period ended 30 June 2023

prepared in accordance with IAS 34 Interim Financial Reporting of IFRS

Deloitte.

Deloitte Audit s.r.o.
Churchill I
Italská 2581/67
120 00 Prague 2 – Vinohrady
Czech Republic

Tel: +420 246 042 500
DeloitteCZ@deloitteCE.com
www.deloitte.cz

Registered by the Municipal
Court in Prague, Section C,
File 24349
ID. No.: 49620592
Tax ID. No.: CZ49620592

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

for the Board of Directors of Energetický a průmyslový holding, a.s.

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

Introduction

We have reviewed the accompanying Unaudited Condensed Consolidated Interim Financial Statements of Energetický a průmyslový holding, a.s. (hereinafter also the “Company”) and its subsidiaries (the “Group”), which comprise the condensed consolidated interim statement of financial position as at 30 June 2023, and the condensed consolidated interim statement of comprehensive income for period of 6 months ended 30 June 2023, condensed consolidated interim statement of changes in equity and condensed consolidated interim statement of cash flows for the period of 6 months ended 30 June 2023 and notes to the condensed consolidated interim financial information (hereinafter also the “Unaudited Consolidated Financial Information”). Management is responsible for the preparation and fair presentation of this Unaudited Consolidated Financial Information in accordance with International Accounting Standard (IAS) 34, “Interim Financial Reporting” as adopted by the European Union. Our responsibility is to express a conclusion on this Unaudited Consolidated Financial Information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Unaudited Consolidated Financial Information does not give a true and fair view of the financial position of the entity as at 30 June 2023, and of its financial performance and its cash flows for the six-month period then ended in accordance with International Accounting Standard (IAS) 34, “Interim Financial Reporting” as adopted by the European Union.

In Prague on 8 September 2023

Audit firm:	Represented by:
Deloitte Audit s.r.o.	Ladislav Šauer on the basis of a power of attorney

Content

Condensed consolidated interim statement of comprehensive income

For the six-month period ended 30 June 2023

In millions of EUR ("MEUR")	**Note**	**2023 (six months)**	**2022 (six months)**
Revenues	7	**14,906**	**15,108**
Purchases and consumables	8	**(11,328)**	**(12,147)**
Subtotal		**3,578**	**2,961**
Services	9	(427)	(233)
Personnel expenses		(345)	(304)
Depreciation, amortization and impairment		(389)	(377)
Emission rights, net	10	(759)	(691)
Own work, capitalized		15	17
Other operating income (expense), net	11	(191)	(78)
Profit (loss) from operations		**1,482**	**1,295**
Finance income	12	114	68
Change in impairment on financial instruments and other financial assets	12	(5)	5
Finance expense	12	(188)	(108)
Net finance income (expense)		**(79)**	**(35)**
Share of profit (loss) of equity accounted investees, net of tax	16	847	284
Profit before income tax		**2,250**	**1,544**
Income tax expenses	13	(321)	(292)
Profit for the period		**1,929**	**1,252**
Items that are not reclassified subsequently to profit or loss			
Revaluation of property, plant and equipment, net of tax	13, 14	442	-
Fair value reserve included in other comprehensive income, net of tax	13	4	29
Items that are or may be reclassified subsequently to profit or loss			
Foreign currency translation differences for foreign operations	13	38	4
Effective portion of changes in fair value of cash-flow hedges, net of tax	13	177	(449)
Other comprehensive income for the period, net of tax		**661**	**(416)**
Total comprehensive income for the period		**2,590**	**836**
Profit attributable to:			
Owners of the Company		1,780	1,034
Non-controlling interest	20	149	218
Profit for the period		**1,929**	**1,252**
Total comprehensive income attributable to:			
Owners of the Company		2,008	770
Non-controlling interest	20	582	66
Total comprehensive income for the period		**2,590**	**836**
Total basic and diluted earnings per share in EUR	19	0.45	0.26

The notes presented on pages 9 to 55 form an integral part of these condensed consolidated interim financial statements.

Condensed consolidated interim statement of financial position

As at 30 June 2023	Note	30 June 2023	31 December 2022
In millions of EUR ("MEUR")			
Assets			
Property, plant and equipment	14	12,762	11,649
Intangible assets and goodwill	15	397	627
Investment property		21	21
Equity accounted investees		519	1,221
Restricted cash		18	18
Financial instruments and other financial assets	23	952	740
Trade receivables and other assets		296	391
Prepayments and other deferrals		3	4
Deferred tax assets		242	295
Total non-current assets		**15,210**	**14,966**
Inventories, extracted minerals and mineral products		1,171	1,318
Trade receivables and other assets		3,839	5,313
Contract assets	7	102	100
Financial instruments and other financial assets	23	2,946	5,508
Prepayments and other deferrals		121	127
Current income tax receivable		147	88
Restricted cash		34	22
Cash and cash equivalents		3,257	3,010
Assets/disposal groups held for sale	17	1,783	-
Total current assets		**13,400**	**15,486**
Total assets		**28,610**	**30,452**
Equity			
Share capital	18	161	161
Reserves	18	936	723
Retained earnings		3,884	2,595
Total equity attributable to equity holders		**4,981**	**3,479**
Non-controlling interest	20	4,033	3,651
Total equity		**9,014**	**7,130**
Liabilities			
Loans and borrowings	21	7,255	7,039
Financial instruments and financial liabilities	23	823	441
Provisions	22	1,330	1,246
Deferred income		86	83
Contract liabilities	7	115	108
Deferred tax liabilities		2,153	1,929
Trade payables and other liabilities		124	92
Total non-current liabilities		**11,886**	**10,938**
Trade payables and other liabilities		2,779	4,316
Contract liabilities	7	128	71
Loans and borrowings	21	1,091	668
Financial instruments and financial liabilities	23	2,003	4,752
Provisions	22	1,048	1,867
Deferred income		79	64
Current income tax liability		582	646
Total current liabilities		**7,710**	**12,384**
Total liabilities		**19,596**	**23,322**
Total equity and liabilities		**28,610**	**30,452**

The notes presented on pages 9 to 55 form an integral part of these condensed consolidated interim financial statements.

Condensed consolidated interim statement of changes in equity

For the six-month period ended 30 June 2023

		Attributable to owners of the Company												
In millions of EUR ("MEUR")	**Note**	**Share capital**	**Share premium**	**Reserves**							**Retained earnings**	**Total**	**Non-controlling interest**	**Total Equity**
				Other capital funds from capital contributions	***Non-distributable reserves***	***Translation reserve***	***Fair value reserve***	***Revaluation value reserve***	***Other capital reserves***	***Hedging reserve***				
Balance as at 1 January 2023 (A)		**161**	**-**	**23**	**18**	**(132)**	**111**	**895**	**(56)**	**(136)**	**2,595**	**3,479**	**3,651**	**7,130**
Total comprehensive income for the period:														
Profit or loss (B)		-	-	-	-	-	-	-	-	-	**1,780**	**1,780**	**149**	**1,929**
Other comprehensive income:														
Foreign currency translation differences for foreign operations	13, 18	-	-	-	-	27	-	-	-	-	-	27	11	**38**
Fair value reserve included in other comprehensive income, net of tax	13, 18	-	-	-	-	-	4	-	-	-	-	4	-	**4**
Revaluation reserve included in other comprehensive income, net of tax	13, 18	-	-	-	-	-	-	150	-	-	-	150	292	**442**
Effective portion of changes in fair value of cash-flow hedges, net of tax	13, 18	-	-	-	-	-	-	-	-	47	-	47	130	**177**
Total other comprehensive income (C)		-	-	-	-	**27**	**4**	**150**	-	**47**	-	**228**	**433**	**661**
Total comprehensive income for the period (D) = (B + C)		-	-	-	-	**27**	**4**	**150**	-	**47**	**1,780**	**2,008**	**582**	**2,590**
Contributions by and distributions to owners:														
Increase of share capital		-	-	-	-	-	-	-	-	-	-	-	3	**3**
Dividends to equity holders	18, 20	-	-	-	-	-	-	-	-	-	(506)	(506)	(203)	**(709)**
Transfer to retained earnings		-	-	-	-	-	-	(16)	-	-	16	-	-	-
Transfer to non-distributable reserves - creation of legal fund		-	-	-	1	-	-	-	-	-	(1)	-	-	-
Total contributions by and distributions to owners (E)		-	-	-	**1**	-	-	**(16)**	-	-	**(491)**	**(506)**	**(200)**	**(706)**
Total transactions with owners (F)		-	-	-	**1**	-	-	**(16)**	-	-	**(491)**	**(506)**	**(200)**	**(706)**
Balance at 30 June 2023 (G) = (A + D + F)		**161**	**-**	**23**	**19**	**(105)**	**115**	**1,029**	**(56)**	**(89)**	**3,884**	**4,981**	**4,033**	**9,014**

The notes presented on pages 9 to 55 form an integral part of these condensed consolidated interim financial statements.

For the six-month period ended 30 June 2022

In millions of EUR ("MEUR")	Note	Attributable to owners of the Company												
				Reserves										
		Share capital	**Share premium**	*Other capital funds from capital contributions*	*Non-distributable reserves*	*Translation reserve*	*Fair value reserve*	*Revaluation value reserve*	*Other capital reserves*	*Hedging reserve*	**Retained earnings**	**Total**	**Non-controlling interest**	**Total Equity**
Balance as at 1 January 2022		**170**	**64**	**23**	**17**	**(117)**	**1**	**925**	**(54)**	**(195)**	**874**	**1,708**	**3,195**	**4,903**
Adjustment on change of functional currency of the parent entity		(9)	(64)	-	(1)	25	2	-	(2)	2	47	-	-	-
Adjustment on initial application of IAS 37 amendment to onerous contract		-	-	-	-	-	-	-	-	-	(173)	**(173)**	-	**(173)**
Adjusted balance at the beginning of the period 2022 (A)		**161**	-	**23**	**16**	**(92)**	**3**	**925**	**(56)**	**(193)**	**748**	**1,535**	**3,195**	**4,730**
Total comprehensive income for the period:		-	-	-	-	-	-	-	-	-	-	-	-	-
Profit or loss (B)		-	-	-	-	-	-	-	-	-	**1,034**	**1,034**	**218**	**1,252**
Other comprehensive income:														
Foreign currency translation differences for foreign operations	13, 18	-	-	-	-	(2)	-	-	-	-	-	(2)	6	**4**
Fair value reserve included in other comprehensive income, net of tax	13, 18	-	-	-	-	-	28	-	-	-	-	28	1	**29**
Effective portion of changes in fair value of cash-flow hedges, net of tax	13, 18	-	-	-	-	-	-	-	-	(290)	-	(290)	(159)	**(449)**
Total other comprehensive income (C)		-	-	-	-	**(2)**	**28**	-	-	**(290)**	-	**(264)**	**(152)**	**(416)**
Total comprehensive income for the period (D) = (B + C)		-	-	-	-	**(2)**	**28**	-	-	**(290)**	**1,034**	**770**	**66**	**836**
Dividends to equity holders	18, 20	-	-	-	-	-	-	-	-	-	(568)	(568)	(93)	**(661)**
Transfer to retained earnings		-	-	-	-	-	-	(14)	-	-	14	-	-	-
Transfer to non-distributable reserves - creation of legal fund		-	-	-	1	-	-	-	-	-	(1)	-	-	-
Total contributions by and distributions to owners (E)		-	-	-	**1**	-	-	**(14)**	-	-	**(555)**	**(568)**	**(93)**	**(661)**
Total transactions with owners (F)		-	-	-	**1**	-	-	**(14)**	-	-	**(555)**	**(568)**	**(93)**	**(661)**
Balance at 30 June 2022 (G) = (A + D + F)		**161**	-	**23**	**17**	**(94)**	**31**	**911**	**(56)**	**(483)**	**1,227**	**1,737**	**3,168**	**4,905**

The notes presented on pages 9 to 55 form an integral part of these condensed consolidated interim financial statements.

Condensed consolidated interim statement of cash flow

For the six-month period ended 30 June 2023

In millions of EUR ("MEUR")	**Note**	**2023 (six months)**	**2022 (six months)**
OPERATING ACTIVITIES			
Profit for the period		1,929	1,252
Adjustments for:			
Income tax expenses		321	292
Depreciation, amortization and impairment		389	377
Dividend income	12	(3)	(3)
Change in impairment on financial instruments and other financial assets	12	5	(5)
Non-cash (gain) loss from commodity and freight derivatives, net	7	(1,182)	(137)
(Gain) loss on disposal of property, plant and equipment, investment property and intangible assets	11	-	1
Emission rights, net		759	691
Share of (profit) loss of equity accounted investees		(847)	(284)
(Gain) loss from financial instruments	12	51	(80)
Net interest expense	12	123	83
Change in allowance for impairment to trade receivables and other assets, write-offs	11	31	(6)
Change in provisions		(9)	(15)
Other finance fees		(22)	-
Unrealized foreign exchange gains (losses), net		18	(2)
Operating profit before changes in working capital		**1,563**	**2,164**
Change in trade receivables, other assets, prepayment and other deferrals and contract assets		2,233	(280)
Change in inventories, extracted minerals and mineral products		130	(222)
Change in trade payables and other liabilities, deferred income and contract liabilities		(1,864)	51
Change in restricted cash		(12)	(1)
Cash generated from (used in) operations		**2,050**	**1,712**
Interest paid		(146)	(78)
Income taxes paid		(407)	(219)
Cash flows generated from (used in) operating activities		**1,497**	**1,415**
INVESTING ACTIVITIES			
Dividends received from associates and joint-ventures		3	5
Dividends received, other		3	2
Purchase of financial instruments		-	17
Loans provided to other entities		(359)	(995)
Repayment of loans provided to other entities		357	850
Proceeds (outflows) from sale (settlement) of financial instruments		1,411	188
Acquisition of property, plant and equipment, investment property and intangible assets		(330)	(284)
Purchase of emission rights		(1,276)	(958)
Proceeds from sale of emission rights		10	5
Proceeds from sale of property, plant and equipment, investment property and other intangible assets		7	16
Acquisition of associates and joint ventures		-	(50)
Acquisition of subsidiaries and joint operations, net of cash acquired	6	(448)	-
Increase in share capital in not wholly owned subsidiaries		3	-
Capital contributions paid to associates and joint ventures		2	(2)
Interest received		19	9
Cash flows from (used in) investing activities		**(598)**	**(1,197)**

Condensed consolidated interim statement of cash flow (continuing)

For the six-month period ended 30 June 2023

In millions of EUR ("MEUR")	**Note**	**2023 (six months)**	**2022 (six months)**
FINANCING ACTIVITIES			
Proceeds from borrowings received		3,609	1,584
Repayment of borrowings		(3,594)	(1,193)
Proceeds from bonds issued, net of transaction fees		20	-
Repayment of bonds issued		-	(45)
Payment of lease liability		(26)	(31)
Dividends paid to associates and joint ventures		-	(14)
Dividends paid to non-controlling interests		(155)	-
Dividends paid to the owners of the Company		(506)	(568)
Cash flows from (used in) financing activities		**(652)**	**(267)**
Net increase (decrease) in cash and cash equivalents		*247*	*(49)*
Cash and cash equivalents at beginning of the period		**3,010**	**2,497**
Effect of exchange rate fluctuations on cash held		-	1
Cash and cash equivalents at end of the period		**3,257**	**2,449**

The notes presented on pages 9 to 55 form an integral part of these condensed consolidated interim financial statements.

Notes to the condensed consolidated interim financial statements

1. Background

Energetický a průmyslový holding, a.s. (the "Parent Company" or "the Company" or "EPH") is a joint-stock company, with its registered office at Pařížská 130/26, 110 00 Praha 1, Czech Republic. The Company was founded on 7 August 2009 and entered in the Commercial Register on 10 August 2009.

The main activities of the Company are corporate investments in the energy infrastructure and power generation. Besides energy infrastructure and power generation activities the Group also operates in logistics.

The condensed consolidated financial statements of the Company for the six-month period ended 30 June 2023 comprise the statements of the Parent Company and its subsidiaries (together referred to as the "Group" or "EPH Group") and the Group's interests in associates and joint ventures. Number of Group entities is provided in Note 26 – Group entities.

The shareholders of the Company as at 30 June 2023 were as follows:

In millions of EUR	**Interest in share capital**		**Voting rights**
	MEUR	%	%
EP Corporate Group, a.s.	90	56.00	56.00
J&T ENERGY HOLDING, a.s.	71	44.00	44.00
Total	**161**	**100.00**	**100.00**

The shareholders of the Company as at 31 December 2022 were as follows:

In millions of EUR	**Interest in share capital**		**Voting rights**
	MEUR	%	%
EP Corporate Group, a.s.	90	56.00	56.00
J&T ENERGY HOLDING, a.s.	71	44.00	44.00
Total	**161**	**100.00**	**100.00**

The members of the Board of Directors as at 30 June 2023 were:

- JUDr. Daniel Křetínský (Chairman of the Board of Directors)
- Mgr. Marek Spurný (Member of the Board of Directors)
- Mgr. Pavel Horský (Member of the Board of Directors)
- Ing. Jan Špringl (Member of the Board of Directors)

Transaction overview related to the shareholder structure of EPH Group

Changes in 2022

No change in the shareholder structure occurred in the six-months period ended 30 June 2022.

Changes in 2023

No change in the shareholder structure occurred in the six-months period ended 30 June 2023.

2. Basis of preparation

(a) Statement of compliance

The annual consolidated financial statements for the EPH Group will be prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"), as adopted by the European Union. These unaudited condensed consolidated interim financial statements "Interim Financial Statements" have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34"). These Interim Financial Statements do not include all the information required for a complete set of IFRS financial statements and should be read in conjunction with the consolidated financial statements of the EPH Group as of and for the year ended 31 December 2022 published on 17 April 2023. Changes to significant accounting policies are described in Note 2(d).

These unaudited condensed consolidated interim financial statements were approved by the Company's Board of Directors on 8 September 2023.

(b) Critical accounting estimates and assumptions

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

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

In preparing these interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were affected by the developments in the geopolitical situation related to the military invasion of Ukraine by the Russian Federation. In particular, these accounting estimates and assumptions are subject to increased uncertainty.

(c) Recent developments and key events for the Group

Macroeconomic and geopolitical environment

In the context of the ongoing military invasion in the territory of Ukraine and associated sanctions targeting the Russian Federation, the Parent Company has identified risks and adopted appropriate measures to mitigate impacts on Group's business activities. Based on the information available and current developments, the Parent Company's management has been continuously analysing the situation and assessing its direct impact on the Group. The Parent Company's management has assessed the potential impacts of this situation on Group's operations and concluded that they do not currently have a material impact on going concern assessment result. However, further negative developments as regards this situation cannot be ruled out, which could subsequently have a material negative impact on the Company, its businesses, financial condition, results, cash flows and overall outlook.

(d) Changes in accounting policies

Except as described below, the accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the Group's consolidated financial statements as of and for the year ended 31 December 2022.

Amendments to IAS 12 – Deferred tax Related to Assets and Liabilities arising from a Single Transaction (Effective for annual reporting periods beginning on or after 1 January 2023)

The amendment modifies an exemption from the initial recognition of deferred tax asset and liability arising from a single transaction that is not a business combination and does not impact accounting and taxable profit. For transactions in which equal deductible and taxable temporary differences arise (e.g. leases and decommissioning liabilities and assets), the entity is required to recognize deferred tax asset and liability and initial recognition exemption does not apply.

The Group has adopted Amendment to IAS 12 from 1 January 2023. For leases and decommissioning items, the Group is required to recognize associated deferred tax assets and liabilities from the beginning of the earliest comparative period presented (i.e. 1 January 2022), with any cumulative effect recognized in retained earnings. Following the amendment, the Group has recognized a separate deferred tax asset in relation to its lease liabilities and decommissioning provision and deferred tax asset in relation to its right-of-use assets and assets arising from the decommissioning provisions. There was no impact on the statement of financial position because the balances qualify for offset under IAS 12 and therefore no impact on the retained earnings as at 1 January 2022. The impact of the amendment related to detailed disclosure of deferred tax assets and liabilities will be provided in the annual financial statements for the Group for the year ended 31 December 2023.

Global minimum top-up tax

In December 2021, The Organization for Economic Co-operation and Development ("OECD") released the Pillar Two model rules to reform international corporate taxation ("Pillar Two"). Large multinational enterprises within the rules' scope are required to calculate their effective tax rate for each jurisdiction in which they operate. They will be liable to pay a top-up tax for the difference between their effective tax rate per jurisdiction and the 15% minimum rate. The ultimate parent entity of the multinational enterprise is primarily liable for the top-up tax in the jurisdiction in which it is domiciled.

In May 2023, the International Accounting Standards Board (IASB) issued amendment "International Tax Reform – Pillar Two Model Rules", which amended IAS 12 Income taxes. The amendment introduces a temporary exception to the requirements to recognize and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes and disclosure requirements for affected entities. The amendment is applicable immediately upon issue and disclosure requirements are applicable for annual periods beginning on or after 1 January 2023. Pending the adoption of the amendment by the EU, the Group was however required to develop its own accounting policy applying the guidance in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, considering the most recent guidance issued by standard-setting bodies. Under this accounting policy, the Group does not recognize deferred tax impacts of the top-up tax or remeasure existing deferred taxes under local regular income tax systems. The Group intends to implement amendment International Tax Reform – Pillar Two Model Rules as soon as it is adopted by the EU.

Neither of the countries in which the Group operates has currently enacted or substantively enacted Pillar Two legislation. The Group is currently analyzing the possible impact of Pillar Two on its financial position and performance.

Revenue cap

Expenses related to revenue cap are reported in income statement as a part of expenses within line item in Purchases and consumables. Liability arising from revenue cap contributions is reported as a liability from other taxes.

Interest in joint operations

A joint operation is an arrangement in which the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. When the Group undertakes its activities under joint operations, the Group as a joint operator recognizes in relation to its interest in a joint operation:

- its assets and liabilities (including its share of any assets and liabilities held jointly);
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses (including its share of any expenses incurred jointly).

When a Group entity transacts with a joint operation in which a Group entity is a joint operator, the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognized in the Group's consolidated financial statement only to the extent of other parties' interests in the joint operation.

(e) Recently issued accounting standards

Following paragraphs provide summary of the additional key requirements of IFRSs that are effective for annual period beginning on or after 1 January 2023 and that have thus been applied by the Group for the first time:

- IFRS 17 Insurance Contracts and Amendment to IFRS 17 (Effective for annual reporting periods beginning on or after 1 January 2023)
- Amendments to IFRS 17 Insurance contracts – Initial Application of IFRS 17 and IFRS 9 – Comparative Information (Effective for annual reporting periods beginning on or after 1 January 2023)
- Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure Initiative – Accounting Policies (Effective for annual reporting periods beginning on or after 1 January 2023)
- Amendments to IAS 8 – Definition of Accounting Estimates (Effective for annual reporting periods beginning on or after 1 January 2023)

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

(f) Basis of preparation

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

- gas transmission pipelines and gas distribution pipelines at revalued amounts;
- gas inventories for trading at fair value less cost to sell;
- investment properties;
- derivative financial instruments;
- non-derivative financial instruments at fair value through profit or loss;
- financial instruments at fair value through other comprehensive income.

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

i. Foreign currency transactions

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

Monetary assets and liabilities denominated in foreign currencies are retranslated to the respective functional currencies of Group entities at the exchange rate at the reporting date.

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

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

ii. Translation of foreign operations

These condensed consolidated interim financial statements are prepared in Euro, which is also the Group's presentation currency. The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated into Euro at foreign exchange rates at the reporting date. The income and expenses of foreign operations are translated into Euro using average exchange rate for the period. For significant transactions the exact foreign exchange rate is used.

Foreign exchange differences arising on translation of foreign operations are recognised in other comprehensive income and presented in the translation reserve in equity. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportion of the translation difference is allocated to non-controlling interests. At disposal, relevant part of translation reserve is recycled to income statement and included in gain/(loss) from disposal of subsidiaries in the consolidated statement of comprehensive income.

	EUR/CZK		**EUR/GBP**	
Date	**Closing exchange rate**	**Average exchange rate for the 6-month (12-month) period**	**Closing exchange rate**	**Average exchange rate for the 6-month (12-month) period**
30 June 2023	0.04212	0.04222	1.16512	1.14106
31 December 2022	0.04147	0.04071	1.12748	1.17266
30 June 2022	0.04042	0.04057	1.16532	1.18727

3. Seasonality of operations

The seasonal character of revenues related to certain activities relevant to the Group (primarily heat generation, gas distribution and gas supply) is affected by the climate of the temperate climatic zone. The heating season generally runs from the beginning of September to the end of May of the next year. The length of the heating season may differ year to year depending on the average day temperature and weather conditions. Therefore, period to period comparability of certain revenues and associated expenses is limited.

For the 12 months ended 30 June 2023, the Group reported revenue of EUR 36,920 million (for year ended 31 December 2022: EUR 37,122 million), Profit from operations of EUR 3,659 million (for year ended 31 December 2022: EUR 3,472 million) and Underlying EBITDA of EUR 4,545 million (for the year ended 31 December 2022: EUR 4,346 million).

4. Determination of fair values

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

(a) Property, plant and equipment

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

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

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

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

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

Selected items of property, plant and equipment – gas transmission pipeline owned and operated by eustream, a.s. ("Eustream") and gas distribution pipelines owned and operated by SPP – distribúcia, a.s. ("SPPD") – are recognized in revalued amount in accordance with IAS 16 since 1 January 2019 and 1 January 2020, respectively. The revalued amount represents the fair value as at the date of the most recent revaluation, net of any subsequent accumulated depreciation and subsequent accumulated impairment. The most recent revaluation was prepared as at 1 August 2019 for Eustream and as at 1 January 2023 for SPPD by an independent expert and will be carried out regularly (at least every five years), so that the carrying amount does not differ materially from the amount recognised on the balance sheet date using fair values.

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

The assumptions used in the revaluation model are based on the reports of the independent appraisers. The resulting reported amounts of these assets and the related revaluation surplus of assets do not necessarily represent the value in which these assets could or will be sold. There are uncertainties about future economic conditions, changes in technology and the competitive environment within the industry, which could potentially result in future adjustments to estimated revaluations and useful lives of assets that can significantly modify the reported financial position and profit. For further information, refer to Note 14 – Property, plant and equipment and Note 2(c) – Recent developments and key events for the Group.

(b) Intangible assets

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

(c) Investment property

The fair value of investment property is determined by an independent registered valuer. The fair value is assessed based on current prices in an active market for similar properties in the same location and condition, or where not available, by applying generally applicable valuation methodologies that consider the aggregate of the estimated cash flows expected to be received from renting out the property. A yield that reflects the specific risks inherent in the net cash flows is then applied to the net annual cash flows to arrive at the property valuation (discounting).

Valuations reflect, when appropriate, the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting vacant accommodation, the allocation of maintenance and insurance responsibilities between the Group and the lessee, and the remaining economic life of the property. When rent reviews or lease renewals are pending with anticipated reversionary increases, it is assumed that all notices, and when appropriate counter-notices, have been served validly and within the appropriate time.

(d) Inventories

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

The fair value of inventories held by commodity traders (for trading purposes) is based on their listed market price and is adjusted for transport costs.

(e) Non-derivative financial assets

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

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

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

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

(f) Non-derivative financial liabilities

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

(g) Derivatives

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

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

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

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

5. Operating segments

Operating segments are aggregated to four reportable segments in EPIF Group (Gas Transmission, Gas and Power distribution, Gas Storage and Heat Infra), three reportable segments in EPPE Group (Flexible Power Generation (with its subsegments Contracted/Semi-contracted and Merchant), Renewables and Other) and two reportable segments in the rest of EPH Group (Carbon-neutral and Other).

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

EP Infrastructure Group ("EPIF Group")

The EPIF Group operates critical energy infrastructure through various subsidiaries in five reportable segments under IFRS 8: Gas transmission, Gas and power distribution, Gas storage, Heat Infra and Other.

Gas Transmission

The Group's Gas Transmission Business is operated through Eustream, which is the owner and operator of one of the main European gas pipelines and is the only gas transmission system operator in the Slovak Republic. The transmission network of Eustream is part of the Central Corridor which is one of the largest and one of the most important piped gas import routes into Europe. Eustream's pipelines have unique positioning to supply gas to Central European and Southern European gas markets, irrespective of the gas source and flows pattern. Eustream generates revenue primarily by charging tariffs for the transmission of gas through its pipelines. Majority of the gas transmitted through the network of Eustream stems from a long-term contract with a Russian shipper of gas, while the residual volumes are mostly based on short-term contracts concluded with European utilities, gas suppliers and gas traders. These contracts entitle shippers to transmit the natural gas through the Eustream's network to/from the Czech Republic, Austria, Ukraine, Hungary and since late 2022 also Poland. Shippers are obliged to pay the capacity fees for the booked capacity irrespective of whether such capacity is utilized by the shipper as all contracts, regardless of duration, are based on a 100 per cent. ship-or-pay principle. In addition, a portion of revenue is generated via sale of gas in-kind, which Eustream receives from shippers and which remains in the network of Eustream after serving the network's technological needs.

Gas and Power Distribution

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

Gas Storage

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

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

Heat Infra

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

EPIF Other

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

EP Power Europe Group ("EPPE Group")

EPPE Group focuses on development of a coherent power generation portfolio in Europe. With a total net installed capacity of ca. 13.4[1] GW (on consolidated basis, excluding equity-accounted investees) and with a balanced portfolio of gas and coal fired power plants, as well as renewables in the form of biomass, wind and solar power plants, EPPE Group belongs to the top power producers in Europe. In addition, the Group has been investing into new low emission power plants in Italy and Northern Ireland (2.4 GW) and is considering launching additional market-critical gas project (1.7 GW) and also a battery storage project (299 MW) in the UK. The installed capacity of the above projects (all of them hydrogen-ready) is approx. 4.1 GW plus 299 MW of battery storage (the projects with installed capacity of 1.7 GW and 299 MW of battery storage are still subject to final investment decision).

EPPE Group specializes in power generation from conventional and renewable sources, lignite mining and also operates as a trading house.

EPPE Group is divided into three reportable segments under IFRS 8: Flexible Power Generation with two subsegments - Contracted/Semi-contracted subsegment (including generation activities in Italy, the UK and Ireland) and Merchant subsegment (including generation activities in Germany, the Netherlands and France and supply business activities in France and the Netherlands), Renewables (including activities in Germany, the UK, Italy and France) and Other (mining activities in Germany).

Flexible Power Generation

Contracted/Semi-contracted subsegment

The Contracted/Semi-contracted part of the segment is primarily represented by investments in assets that generate electricity in condensation mode and which are contracted or partially contracted under some regulatory scheme, typically capacity market contracts (Italy, the UK and Ireland) or must run regime (Italy). Overall installed capacity of Group's gas and coal fired power plant fleet in this segment is 7.9[2] GW.

In addition to those, Group's equity investees operate power plant with installed capacity of 0.8 GW in Italy.

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(1) *The number includes installed capacity of Mehrum and Emile Huchet 6 (EH6). Both power plants were already off the merchant operations (Mehrum since December 2021 and EH6 since March 2022). Due to the situation on the energy market both power plants have been called back into operation by respective governments of Germany and France during 2022 to support the electricity grid and security of supply until March 2024 and March 2025, respectively.*

(2) *In addition to 7.9 GW, the Group has been investing into new low emission power plants in Italy and Northern Ireland and is considering launching additional market-critical gas project and also a battery storage project in the UK. An installed capacity of those projects above (all of them hydrogen-ready) is approx. 4.1 GW plus 299 MW of battery storage (the projects with installed capacity of 1.7 GW and 299 MW of battery storage are still subject to final investment decision).*

Merchant subsegment

The Merchant part of the segment is primarily represented by investments in assets that generate electricity and sell it on the merchant market (Germany, France and the Netherlands) and gas and power supply business activities (France and the Netherlands). Overall installed capacity of Group's mainly gas-fired and coal-fired power plant fleet in this segment is 4.9[1] GW.

The subsegment also includes Humbly Grove Energy Limited, which owns and operates an underground gas storage facility in Hampshire, UK, with the total capacity of 2.7 TWh of gas.

Merchant subsegment also contains supporting functions such as trading of energy products related to our power plant portfolio, as well as procurement of commodities and freight requirements of EPH's power plant facilities.

In addition to those, Group's joint ventures operate additional power plants with 7.6 GW of installed capacity in Germany. Major portion of net assets held under joint ventures is currently presented as Asset held for sale as per IFRS 5 (for more details refer to Note 17 – Assets held for sale).

Renewables

The Renewable energy segment consists mostly of biomass fired power plants located in the UK and Italy as well as of wind farms and solar parks located in Germany and France. Total installed capacity of renewable sources is 0.6 GW.

In addition, the Group's renewable energy business also includes EP Power Minerals GmbH, which is a European competence leader in the management of power plant by-products and blasting abrasives, along with industrial wastes.

As a part of EPPE Group's renewable energy strategy to transform real estate capabilities and former open-cast lignite mining areas, EP New Energies GmbH, the EPH Group owned renewables developer, continues to work on several photovoltaic and wind projects in Germany.

EPPE Other

The mining part of this segment is represented by companies operating in Germany. Two mines operated in Saxony-Anhalt and Saxony region supply power plants under long-term supply contracts.

The rest of EPH Group

Carbon-neutral

The main entity within this segment is Slovenské elektrárne, a.s. and its subsidiaries, accounted for using equity method with 33% share of the Group. Slovenské elektrárne, a.s. is the largest electricity producer in the Slovak Republic, operating two nuclear, two coal-fired, 31 hydroelectric and two photovoltaic power plants, generating approx.. 70% of the country's total electricity production. With a net installed capacity of 4.3 GW (already including Unit 3 of the Mochovce Power Plant), it is one of the largest electricity producers in Central and Eastern Europe. Its unique portfolio enables it to produce almost 95% of electricity without greenhouse gases, avoiding 16 million tons of carbon dioxide emissions every year. The company is currently completing Units 3 and 4 of the Mochovce Nuclear Power Plant with Unit 3 currently running at 90% of production capacity and thus with trial run close to completion.

EPH Other

The segment EPH Other consists of companies which are not managed within EPIF or EPPE Group.

Other entities in this segment primarily include Group's logistic companies and other supporting function to Group's main segments managed by EPPE or EPIF Groups. Mainly it includes EP Cargo Deutschland GmbH, EP CARGO POLSKA, S.A., Lokotrain s.r.o., LOCON Logistik & Consulting AG, EP Cargo Trucking Group and SPEDICA Group, which arrange complex logistical solutions for other

Group segments as well as for third parties. An equity-accounted investee SŽ EP Logistika Group is also included in this segment.

Holding entities

The Holding entities segment is mainly represented by Energetický a průmyslový holding, a.s., EP Infrastructure, a.s., EP Energy, a.s., Slovak Gas Holding B.V., EPH Gas Holding B.V., Seattle Holding B.V., SPP Infrastructure, a.s., Czech Gas Holding Investment B.V., EP Power Europe, a.s., EPPE Germany a.s., LEAG Holding, a.s., EP New Energy Italia S.r.l., EP France S.A.S., EP Slovakia B.V., and Slovak Power Holding B.V.

The segment profit therefore primarily represents dividends received from its subsidiaries, finance expense and results from acquisition accounting or disposals of subsidiaries and associates.

Profit or loss

For the six-month period ended 30 June 2023

In millions of EUR	EPIF Group					EPPE Group								
	Gas Transmission	**Gas and Power Distribution**	**Gas Storage**	**Heat Infra**	**EPIF Other**	**Flexible power generation**	**EPPE Renewables**	**EPPE Other**	**EPH Carbon-neutral**	**EPH Other**	**Total segments**	**Holding Entities**	**Inter-segment eliminations**	**Consolidated Financial Information**
Revenues: Energy and related services	121	2,018	191	370	2	10,537	458	155	-	1	13,853	-	(828)	13,025
external revenues	*120*	*1,858*	*170*	*146*	*1*	*10,273*	*348*	*108*	-	*1*	*13,025*	-	-	*13,025*
of which: electricity	-	*1,397*	-	*55*	*1*	*7,502*	*311*	*3*	-	-	*9,269*	-	-	*9,269*
gas	*120*	*461*	*169*	-	-	*2,677*	-	-	-	-	*3,427*	-	-	*3,427*
coal	-	-	-	-	-	*89*	-	*101*	-	-	*190*	-	-	*190*
heat	-	-	-	*91*	-	-	-	*4*	-	-	*95*	-	-	*95*
other energy products	-	-	*1*	-	-	*5*	*37*	-	-	*1*	*44*	-	-	*44*
inter-segment revenues	*1*	*160*	*21*	*224*	*1*	*264*	*110*	*47*	-	-	*828*	-	*(828)*	-
Revenues: Logistics and freight services	-	-	-	19	-	248	-	-	-	95	362	-	(28)	334
external revenues	-	-	-	*11*	-	*248*	-	-	-	*75*	*334*	-	-	*334*
inter-segment revenues	-	-	-	*8*	-	-	-	-	-	*20*	*28*	-	*(28)*	-
Revenues: Other	-	59	3	8	3	190	107	16	-	4	390	-	(25)	365
external revenues	-	*59*	*3*	*8*	*3*	*176*	*101*	*13*	-	*2*	*365*	-	-	*365*
inter-segment revenues	-	-	-	-	-	*14*	*6*	*3*	-	*2*	*25*	-	*(25)*	-
Gain (loss) from commodity and freight derivatives, net	-	(1)	-	-	-	1,183	-	-	-	-	1,182	-	-	1,182
Total revenues	**121**	**2,076**	**194**	**397**	**5**	**12,158**	**565**	**171**	-	**100**	**15,787**	-	**(881)**	**14,906**
Purchases and consumables	(30)	(1,649)	(8)	(167)	(1)	(9,912)	(234)	(36)	-	(26)	(12,063)	-	735	(11,328)
external purchases and consumables	*(22)*	*(1,164)*	*(5)*	*(63)*	*(1)*	*(9,777)*	*(234)*	*(36)*	-	*(26)*	*(11,328)*	-	-	*(11,328)*
inter-segment purchases and consumables	*(8)*	*(485)*	*(3)*	*(104)*	-	*(135)*	-	-	-	-	*(735)*	-	*735*	-
Services	(4)	(54)	(17)	(32)	(1)	(202)	(73)	(38)	-	(53)	(474)	(15)	62	(427)
Personnel expenses	(15)	(60)	(18)	(27)	(1)	(113)	(21)	(55)	-	(15)	(325)	(20)	-	(345)
Depreciation, amortization and impairment	(55)	(124)	(13)	(29)	(1)	(93)	(36)	(25)	-	(13)	(389)	-	-	(389)
Emission rights, net	-	-	(1)	(88)	-	(662)	-	(8)	-	-	(759)	-	-	(759)
Own work, capitalized	1	11	-	1	-	2	-	-	-	-	15	-	-	15
Other operating income (expense), net	(30)	(2)	(1)	(2)	(1)	(210)	(14)	(20)	-	7	(273)	(1)	83	(191)
Profit (loss) from operations	**(12)**	**198**	**136**	**53**	-	**968**	**187**	**(11)**	-	-	**1,519**	**(36)**	**(1)**	**1,482**

In millions of EUR	EPIF Group					EPPE Group								
	Gas Trans-mission	**Gas and Power Distribution**	**Gas Storage**	**Heat Infra**	**EPIF Other**	**Flexible power generation**	**EPPE Renewables**	**EPPE Other**	**EPH Carbon-neutral**	**EPH Other**	**Total segments**	**Holding Entities**	**Inter-segment eliminations**	**Consolidated Financial Information**
Finance income	-	12	7	5	-	38	-	104	-	2	168	*644	*(698)	114
external finance revenues	*-*	*5*	*5*	*2*	*-*	*13*	*(1)*	*-*	*-*	*2*	*26*	*88*	*-*	*114*
inter-segment finance revenues	*-*	*7*	*2*	*3*	*-*	*25*	*1*	*104*	*-*	*-*	*142*	**556*	**(698)*	*-*
Change in impairment on financial instruments and other financial assets	-	-	(1)	-	-	-	-	-	-	-	(1)	(4)	-	(5)
Finance expense	(17)	(10)	(4)	(1)	-	(179)	(2)	(6)	-	(1)	(220)	(151)	183	(188)
Net finance income (expense)	**(17)**	**2**	**2**	**4**	-	**(141)**	**(2)**	**98**	-	**1**	**(53)**	**489**	**(515)**	**(79)**
Share of profit (loss) of equity accounted investees, net of tax	-	-	-	-	-	760	1	-	83	3	847	-	-	847
Gain (loss) on disposal of subsidiaries, joint ventures and associates	-	-	-	-	-	-	-	(15)	-	-	(15)	-	15	-
Profit (loss) before income tax	**(29)**	**200**	**138**	**57**	-	**1,587**	**186**	**72**	**83**	**4**	**2,298**	***453**	***(501)**	**2,250**
Income tax expenses	7	(50)	(34)	(14)	-	(197)	(8)	(18)	-	(1)	(315)	(6)	-	(321)
Profit (loss) for the period	**(22)**	**150**	**104**	**43**	-	**1,390**	**178**	**54**	**83**	**3**	**1,983**	***447**	***(501)**	**1,929**

* *EUR 516 million is attributable to intra-group dividends primarily recognised by Czech Gas Holding Investment B.V., SPP Infrastructure, a.s., EP Energy, a.s., EP New Energy Italia S.r.l. and EP Power Europe, a.s.*

Other financial information:														
Underlying EBITDA[(1)]	43	322	149	82	1	1,061	223	14	-	13	1,908	(36)	(1)	1,871

(1) Underlying EBITDA represents profit (loss) for the period before income tax expenses, finance expense, finance income, change in impairment on financial instruments and other financial assets, share of profit (loss) of equity accounted investees, net of tax, gain (loss) on disposal of subsidiaries, joint ventures and associates, depreciation, amortization and impairment of tangible and intangible assets and negative goodwill.

For the six-month period ended 30 June 2022

In millions of EUR	EPIF Group					EPPE Group								
	Gas Transmission	**Gas and Power Distribution**	**Gas Storage**	**Heat Infra**	**EPIF Other**	**Flexible power generation**	**EPPE Renewables**	**EPPE Other**	**EPH Carbon-neutral**	**EPH Other**	**Total segments**	**Holding Entities**	**Inter-segment eliminations**	**Consolidated Financial Information**
Revenues: Energy and related services	241	1,509	119	326	4	11,747	393	144	-	-	14,483	-	(623)	13,860
external revenues	*137*	*1,343*	*101*	*150*	*3*	*11,626*	*393*	*107*	-	-	*13,860*	-	-	*13,860*
of which: electricity	-	*923*	-	*66*	*3*	*7,894*	*369*	*5*	-	-	*9,260*	-	-	*9,260*
gas	*137*	*420*	*101*	-	-	*3,680*	-	-	-	-	*4,338*	-	-	*4,338*
coal	-	-	-	-	-	*52*	-	*100*	-	-	*152*	-	-	*152*
heat	-	-	-	*84*	-	-	-	*2*	-	-	*86*	-	-	*86*
other energy products	-	-	-	-	-	-	*24*	-	-	-	*24*	-	-	*24*
inter-segment revenues	*104*	*166*	*18*	*176*	*1*	*121*	-	*37*	-	-	*623*	-	*(623)*	-
Revenues: Logistics and freight services	-	-	-	16	-	682	-	-	-	88	786	-	(20)	766
external revenues	-	-	-	*13*	-	*682*	-	-	-	*71*	*766*	-	-	*766*
inter-segment revenues	-	-	-	*3*	-	-	-	-	-	*17*	*20*	-	*(20)*	-
Revenues: Other	-	4	-	7	2	257	67	27	-	4	368	-	(23)	345
external revenues	-	*4*	-	*4*	*2*	*249*	*65*	*18*	-	*3*	*345*	-	-	*345*
inter-segment revenues	-	-	-	*3*	-	*8*	*2*	*9*	-	*1*	*23*	-	*(23)*	-
Gain (loss) from commodity and freight derivatives, net	-	(1)	-	-	-	138	-	-	-	-	137	-	-	137
Total revenues	**241**	**1,512**	**119**	**349**	**6**	**12,824**	**460**	**171**	-	**92**	**15,774**	-	**(666)**	**15,108**
Purchases and consumables	(17)	(1,212)	(12)	(91)	(1)	(11,103)	(272)	(42)	-	(42)	(12,792)	-	645	(12,147)
external purchases and consumables	*(6)*	*(795)*	*(10)*	*(66)*	*(1)*	*(10,915)*	*(271)*	*(42)*	-	*(41)*	*(12,147)*	-		*(12,147)*
inter-segment purchases and consumables	*(11)*	*(417)*	*(2)*	*(25)*	-	*(188)*	*(1)*	-	-	*(1)*	*(645)*	-	*645*	-
Services	(2)	(20)	(5)	(29)	(1)	(107)	(42)	(25)	-	(28)	(259)	(8)	34	(233)
Personnel expenses	(14)	(53)	(17)	(25)	(1)	(91)	(18)	(56)	-	(14)	(289)	*(15)*	-	(304)
Depreciation, amortization and impairment	(58)	(111)	(20)	(28)	(1)	(83)	(37)	(26)	-	(13)	(377)	-	-	(377)
Emission rights, net	-	-	(1)	(86)	-	(603)	5	(6)	-	-	(691)	-	-	(691)
Own work, capitalized	1	11	-	1	-	2	-	2	-	-	17	-	-	17
Other operating income (expense), net	(3)	3	(7)	2	(1)	(53)	(7)	(6)	-	4	(68)	3	(13)	(78)
Profit (loss) from operations	**148**	**130**	**57**	**93**	**1**	**786**	**89**	**12**	-	**(1)**	**1,315**	**(20)**	-	**1,295**

In millions of EUR	EPIF Group					EPPE Group								
	Gas Trans-mission	**Gas and Power Distribution**	**Gas Storage**	**Heat Infra**	**EPIF Other**	**Flexible power generation**	**EPPE Renewables**	**EPPE Other**	**EPH Carbon-neutral**	**EPH Other**	**Total segments**	**Holding Entities**	**Inter-segment eliminations**	**Consolidated Financial Information**
Finance income	42	2	1	4	-	(7)	(5)	3	-	11	51	*559	*(542)	68
external finance revenues	*42*	*(1)*	*1*	*2*	-	*(20)*	*(6)*	*3*	-	-	*21*	*47*	-	*68*
inter-segment finance revenues	-	*3*	-	*2*	-	*13*	*1*	-	-	*11*	*30*	**512*	**(542)*	-
Change in impairment on financial instruments and other financial assets	-	-	(1)	-	-	-	-	-	-	-	(1)	5	1	5
Finance expense	(16)	(6)	(2)	(1)	(1)	(32)	(3)	(4)	-	(12)	(77)	(79)	48	(108)
Net finance income (expense)	**26**	**(4)**	**(2)**	**3**	**(1)**	**(39)**	**(8)**	**(1)**	-	**(1)**	**(27)**	**485**	**(493)**	**(35)**
Share of profit (loss) of equity accounted investees, net of tax	-	-	-	-	-	180	-	79	-	26	285	(1)	-	284
Profit (loss) before income tax	**174**	**126**	**55**	**96**	-	**927**	**81**	**90**	-	**24**	**1,573**	***464**	***(493)**	**1,544**
Income tax expenses	(43)	(34)	(13)	(18)	-	(153)	(29)	(20)	-	(1)	(311)	19	-	(292)
Profit (loss) for the period	**131**	**92**	**42**	**78**	-	**774**	**52**	**70**	-	**23**	**1,262**	***483**	***(493)**	**1,252**

* *EUR 494 million is attributable to intra-group dividends primarily recognised by Czech Gas Holding Investment B.V., SPP Infrastructure, a.s., EP Energy, a.s., EP New Energy Italia S.r.l. and EP Power Europe, a.s.*

Other financial information:														
Underlying EBITDA(1)	206	241	77	121	2	869	126	38	-	12	1,692	(20)	-	1,672

(1) Underlying EBITDA represents profit (loss) for the period before income tax expenses, finance expense, finance income, change in impairment on financial instruments and other financial assets, share of profit (loss) of equity accounted investees, net of tax, gain (loss) on disposal of subsidiaries, joint ventures and associates, depreciation, amortization and impairment of tangible and intangible assets and negative goodwill.

Underlying EBITDA reconciliation to the closest IFRS measure

The underlying EBITDA reconciles to the profit as follows:

For the six-month period ended 30 June 2023
In millions of EUR

	Gas Trans-mission	Gas and Power Distribution	Gas Storage	Heat Infra	EPIF Other	Flexible power generation	EPPE Renewables	EPPE Other	EPH Carbon-neutral	EPH Other	Total segments	Holding Entities	Inter-segment eliminations	Consolidated Financial Information
Underlying EBITDA	**43**	**322**	**149**	**82**	**1**	**1,061**	**223**	**14**	**-**	**13**	**1,908**	**(36)**	**(1)**	**1,871**
Depreciation, amortisation and impairment	(55)	(124)	(13)	(29)	(1)	(93)	(36)	(25)	-	(13)	(389)	-	-	(389)
Finance income	-	12	7	5	-	38	-	104	-	2	168	644	(698)	114
Change in impairment on financial instruments and other financial assets	-	-	(1)	-	-	-	-	-	-	-	(1)	(4)	-	(5)
Finance expense	(17)	(10)	(4)	(1)	-	(179)	(2)	(6)	-	(1)	(220)	(151)	183	(188)
Share of profit (loss) of equity accounted investees, net of tax	-	-	-	-	-	760	1	-	83	3	847	-	-	847
Gain/(loss) on disposal of subsidiaries, joint ventures and associates	-	-	-	-	-	-	-	(15)	-	-	(15)	-	15	-
Income tax	7	(50)	(34)	(14)	-	(197)	(8)	(18)	-	(1)	(315)	(6)	-	(321)
Profit for the period	**(22)**	**150**	**104**	**43**	**-**	**1,390**	**178**	**54**	**83**	**3**	**1,983**	**447**	**(501)**	**1,929**

For the six-month period ended 30 June 2022
In millions of EUR

	Gas Trans-mission	Gas and Power Distribution	Gas Storage	Heat Infra	EPIF Other	Flexible power generation	EPPE Renewables	EPPE Other	EPH Carbon-neutral	EPH Other	Total segments	Holding Entities	Inter-segment eliminations	Consolidated Financial Information
Underlying EBITDA	**206**	**241**	**77**	**121**	**2**	**869**	**126**	**38**	**-**	**12**	**1,692**	**(20)**	**-**	**1,672**
Depreciation, amortisation and impairment	(58)	(111)	(20)	(28)	(1)	(83)	(37)	(26)	-	(13)	(377)	-	-	(377)
Finance income	42	2	1	4	-	(7)	(5)	3		11	51	559	(542)	68
Change in impairment on financial instruments and other financial assets	-	-	(1)	-	-	-	-	-		-	(1)	5	1	5
Finance expense	(16)	(6)	(2)	(1)	(1)	(32)	(3)	(4)		(12)	(77)	(79)	48	(108)
Share of profit (loss) of equity accounted investees, net of tax	-	-	-	-	-	180	-	79		26	285	(1)	-	284
Income tax	(43)	(34)	(13)	(18)	-	(153)	(29)	(20)		(1)	(311)	19	-	(292)
Profit for the period	**131**	**92**	**42**	**78**	**-**	**774**	**52**	**70**		**23**	**1,262**	**483**	**(493)**	**1,252**

Segment assets and liabilities

For the six-month period ended 30 June 2023

In millions of EUR	Gas Transmission	Gas and Power Distribution	Gas Storage	Heat Infra	EPIF Other	Flexible power generation	EPPE Renewables	EPPE Other	EPH Carbon-neutral	EPH Other	Total segments	Holding Entities	Inter-segment eliminations	Consolidated Financial Information
Reportable segment assets	4,300	6,649	1,148	1,013	23	14,330	1,065	767	337	288	29,920	4,425	(5,735)	28,610
Reportable segment liabilities	(2,152)	(2,677)	(635)	(381)	(12)	(9,441)	(372)	(606)	-	(135)	(16,411)	(8,920)	5,735	(19,596)
Additions to tangible and intangible assets[(1)]	3	64	10	43	-	1,386	5	24	-	12	1,547	-	-	1,547
Acquisition of property, plant and equipment, investment property and intangible assets (excl. emission rights, right-of-use assets and goodwill)	2	51	7	20	-	226	5	16	-	3	330	-	-	330
Equity accounted investees	-	1	-	-	2	66	2	18	337	92	518	1	-	519

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

For the year ended 31 December 2022

In millions of EUR	Gas Transmission	Gas and Power Distribution	Gas Storage	Heat Infra	EPIF Other	Flexible power generation	EPPE Renewables	EPPE Other	EPH Carbon-neutral	EPH Other	Total segments	Holding Entities	Inter-segment eliminations	Consolidated Financial Information
Reportable segment assets	4,431	6,180	1,063	1,094	25	16,486	1,066	704	-	285	31,334	3,676	(4,558)	30,452
Reportable segment liabilities	(2,407)	(2,829)	(430)	(484)	(12)	(12,568)	(531)	(609)	-	(138)	(20,008)	(7,872)	4,558	(23,322)
Additions to tangible and intangible assets[(1)]	37	117	23	234	1	1,575	63	71	-	27	2,148	-	-	2,148
Acquisition of property, plant and equipment, investment property and intangible assets (excl. emission rights, right-of-use assets and goodwill)	32	89	10	40	1	475	63	30	-	12	752	-	-	752
Equity accounted investees	-	1	-	-	1	1,109	1	21	-	88	1,221	-	-	1,221

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

For the six-month period ended 30 June 2022

In millions of EUR	Gas Transmission	Gas and Power Distribution	Gas Storage	Heat Infra	EPIF Other	Flexible power generation	EPPE Renewables	EPPE Other	EPH Carbon-neutral	EPH Other	Total segments	Holding Entities	Inter-segment eliminations	Consolidated Financial Information
Additions to tangible and intangible assets[(1)]	20	55	3	24	18	1,340	24	10	-	9	1,503	-	-	1,503
Acquisition of property, plant and equipment, investment property and intangible assets (excl. emission rights, right-of-use assets and goodwill)	17	43	2	7	5	176	24	9	-	1	284	-	-	284

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

Information about geographical areas

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

For the six-month period ended 30 June 2023

In millions of EUR	Czech Republic	Slovakia	Germany	Italy	United Kingdom	Ireland	France	Netherlands	Switzerland	Other	Total
Property, plant and equipment	664	9,296	654	401	890	78	92	672	10	5	12,762
Intangible assets and goodwill	120	40	89	19	51	11	55	12	-	-	397
Investment property	3	-	-	-	18	-	-	-	-	-	21
Total	**787**	**9,336**	**743**	**420**	**959**	**89**	**147**	**684**	**10**	**5**	**13,180**

For the six-month period ended 30 June 2023

In millions of EUR	Czech Republic	Slovakia	Germany	Italy	United Kingdom	Ireland	France	Netherlands	Switzerland	Other	Total
Revenues: Electricity	52	984	928	1,092	2,498	101	473	1,360	860	921	9,269
Revenues: Gas	187	504	873	240	173	160	124	1,137	28	1	3,427
Revenues: Coal	29	9	101	-	-	-	-	-	-	51	190
Revenues: Heat	91	-	4	-	-	-	-	-	-	-	95
Revenues: Other energy products	1	1	18	-	4	-	7	1	-	12	44
Revenues: Logistics and freight services	34	2	59	1	33	-	1	2	98	104	334
Revenues: Other	15	59	178	-	(6)	1	4	1	2	111	365
Gain (loss) from commodity and freight derivatives, net	(121)	109	95	7	176	-	406	(19)	302	227	1,182
Total	**288**	**1,668**	**2,256**	**1,340**	**2,878**	**262**	**1,015**	**2,482**	**1,290**	**1,427**	**14,906**

The geographical area "Other" comprises income items primarily from Luxembourg, Croatia and Hungary.

(1) Revenues from Luxembourg include mainly derivative transactions on energy exchanges.

For the the year ended 31 December 2022

In millions of EUR	Czech Republic	Slovakia	Germany	Italy	United Kingdom	Ireland	France	Hungary	Switzerland	Other	Total
Property, plant and equipment	675	8,818	666	401	891	82	96	-	17	3	11,649
Intangible assets and goodwill	292	40	101	22	94	26	52	-	-	-	627
Investment property	3	-	-	-	18	-	-	-	-	-	21
Total	**970**	**8,858**	**767**	**423**	**1,003**	**108**	**148**	-	**17**	**3**	**12,297**

For the six-month period ended 30 June 2022

In millions of EUR	Czech Republic	Slovakia	Germany	Italy	United Kingdom	Ireland	France	Hungary	Switzerland	Other	Total
Revenues: Electricity	437	627	1,084	2,327	1,770	191	1,990	-	22	812	9,260
Revenues: Gas	207	486	1,250	333	259	243	6	196	176	1,182	4,338
Revenues: Coal	-	-	137	-	-	-	15	-	-	-	152
Revenues: Heat	84	-	2	-	-	-	-	-	-	-	86
Revenues: Other energy products	3	-	14	-	4	-	-	-	-	3	24
Revenues: Logistics and freight services	42	2	139	44	98	11	-	1	59	370	766
Revenues: Other	59	73	109	4	2	1	7	1	-	89	345
Gain (loss) from commodity and freight derivatives, net	289	(28)	1,003	(113)	43	6	(1,116)	-	-	53	137
Total	**1,121**	**1,160**	**3,738**	**2,595**	**2,176**	**452**	**902**	**198**	**257**	**2,509**	**15,108**

The geographical area "Other" comprises income items primarily from Luxembourg, Korea and Ukraine.

(1) Revenues from Luxembourg include mainly derivative transactions on energy exchanges.

6. Acquisitions and disposals of subsidiaries, joint ventures, joint operations and associates

(a) Acquisitions

i. 30 June 2023

In millions of EUR	Date of acquisition	Equity interest acquired %	Equity interest after acquisition %
New subsidiaries			
Rijnmond Power Holding B.V.	05/01/2023	100	100
PZEM Energy Company B.V., PZEM Pipe B.V., Sloe Centrale Holding B.V. and their subsidiaries ("PZEM and Sloe Group")	25/01/2023	100	100
MaasStroom Energie C.V.	23/05/2023	100	100
New joint operation			
Enecogen V.O.F.	23/05/2023	50	50

Rijnmond Power Holding B.V., PZEM and Sloe Group

On 25 January 2023, EPH closed, via its subsidiary EP Netherlands B.V. ("EP NL"), the acquisition of Sloe power plant with 870 MW installed capacity from ZEH N.V. and French electric utility company EDF S.A. In addition, on 5 January 2023, EP NL acquired Rijnmond power plant with 800 MW installed capacity. Besides the power plant portfolio, EP NL has also acquired PZEM Energy Company B.V. from ZEH N.V. which includes the ZBL pipeline (a 55 km gas pipeline supplying the Sloe Power Plant), trading business and B2B power and gas supply. With a total installed capacity of 1.670 MW, EPH has become a relevant player in the Dutch energy market, with approximately 7.5% share on total conventional installed capacity which will ensure a stable supply of energy in the ongoing complex energy transition.

MaasStroom Energie C.V. and Enecogen V.O.F.

On 23 May 2023, EP NL has successfully concluded an agreement with Castleton Commodities International LLC (CCI), securing the acquisition of two gas-fired power plants. EP NL has acquired full ownership of MaasStroom, a gas-fired power plant located in Rotterdam (Pernis) with an installed capacity of 436 MW. Additionally, EP NL has acquired a 50% stake in Enecogen, a gas-fired power plant situated in Rotterdam (Europoort) with a total installed capacity of 910 MW (share of EPH is 455 MW). The remaining 50% stake in Enecogen will continue to be held by the Dutch energy company, Eneco N.V. These strategic acquisitions, together with the previous Dutch acquisitions, have enabled EP NL to establish a portfolio comprising four highly efficient gas-fired power plants. With a cumulative capacity of 2.6 GW, EP NL now ranks as the third largest operator of power plants in the Netherlands.

(b) Effect of acquisitions

i. 30 June 2023

Subsidiaries and joint operations

The fair value of the amounts recognized for assets acquired and liabilities assumed as at the acquisition dates of Rijnmond Power Holding B.V., PZEM and Sloe Group, MaasStroom Energie C.V. and Enecogen V.O.F.are provided in the following table.

In millions of EUR	**Carrying amount**[(1)]	**Fair value adjustment**	**2023 Total**[(1)]
Property, plant, equipment, land, buildings	631	49	680
Intangible assets	6	(2)	4
Trade receivables and other assets	1,010	(27)	983
Financial instruments and other financial assets	403	-	403
Inventories	36	-	36
Cash and cash equivalents	168	-	168
Deferred tax assets	70	23	93
Provisions	(86)	-	(86)
Deferred tax liabilities	(5)	(42)	(47)
Loans and borrowings	(632)	-	(632)
Financial instruments and other financial liabilities	(552)	-	(552)
Trade payables and other liabilities	(459)	27	(432)
Net identifiable assets and liabilities	**590**	**28**	**618**
Non-controlling interest			-
Goodwill on acquisitions of subsidiaries/joint operation			9
Cost of acquisition			**627**
Consideration paid, satisfied in cash (A)			616
Purchase price liability			11
Total consideration transferred			**627**
Less: Cash acquired (B)			168
Net cash inflow (outflow) (C) = (B – A)			**(448)**

(1) Represents values at 100% share for Rijnmond Power Holding B.V., PZEM and Sloe Group, MaasStroom Energie C.V. and values at 50% share for joint operation Enecogen V.O.F.

ii. Rationale for acquisitions

The Group's strategic rationale for realised acquisitions comprised several factors, including:

- The subsidiaries' businesses are complementary to EPH's portfolio;
- Potential for synergic effects;
- The subsidiaries have an advantageous position within the market;
- Subject industries are expected to grow in the future;
- Further vertical integration of the trading activities with the generation activities, i.e. securing gas supplies for own gas-fired plants.

As further expansion in energy sectors of the countries in which the Group currently has operations is one of the strategic aims of the Group, EPH is investing both in energy companies and in companies supplying the energy industry. The Group's current aim is to further strengthen its position and become an important participant in the energy market in the Central and Western Europe.

The Group's view is that there is long-term strategic value in these investments due to the development of the market.

In 2023, the Group recognized goodwill of EUR 9 million from the acquisition of Rijnmond Power Holding B.V., PZEM and Sloe Group and Enecogen V.O.F.

(c) Business combinations – acquisition accounting 2023

The acquiree's identifiable assets, liabilities and contingent liabilities were recognised and measured at their fair values at the acquisition date by the parent company Energetický a průmyslový holding, a.s. (except for acquisitions under common control, which are carried in net book values); in line with the above, the established fair values were subsequently reported in the consolidated financial statements of the Company. Allocation of the total purchase price among the net assets acquired for financial statement reporting purposes was performed with the support of professional advisors.

The valuation analysis is based on historical and prospective information prevailing as at the date of the business combination (which also involves certain estimates and approximations such as business plan forecasts, useful life of assets, and the weighted average cost of capital components). Any prospective information that may impact the future value of the acquired assets is based on management's expectations of the competitive and economic environments that will prevail at the time.

The results of the valuation analyses are also used for determining the amortisation and depreciation periods of the values allocated to specific intangible and tangible fixed assets.

Purchase price allocation was performed for all business combinations within the scope of IFRS 3.

Fair value adjustments resulting from business combinations in 2023 are presented in the following table:

In millions of EUR	**Property, plant and equipment**	**Intangible assets**	**Trade receivables and other assets**	**Deferred tax asset**	**Trade payables and other liabilities**	**Deferred tax liability**	**Total net effect on financial position**
Subsidiary							
Sloe Group	(127)	(2)	-	33	-	-	**(96)**
MaasStroom Energie C.V.	129	-	-	(10)	27	(33)	**113**
Enecogen V.O.F.	47	-	(27)	-		(9)	**11**
Total	**49**	**(2)**	**(27)**	**23**	**27**	**(42)**	**28**

(d) Disposal of investments

i. 30 June 2023

On 6 April 2023, in connection with the liquidation process of EPH Financing SK, a.s. v likvidácii, the company was deconsolidated without any significant impact on the Group's financial statements.

7. Revenues

In millions of EUR	30 June 2023 (six months)	30 June 2022 (six months)
Revenues: Energy and related services		
of which: Electricity	9,269	9,260
Gas	3,427	4,338
Coal	190	152
Heat	95	86
Other energy products	44	24
Total Energy and related services	**13,025**	**13,860**
Revenues: Logistics and freight services	**334**	**766**
Revenues: Other	**365**	**345**
Total Revenues from customers	**13,724**	**14,971**
Gain (loss) from commodity and freight derivatives, net	**1,182**	**137**
Total revenues	**14,906**	**15,108**

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

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

In 2023 no material revenue was recognised from performance obligations satisfied (or partially satisfied) in previous periods.

Line item "Gain (loss) from commodity and freight derivatives, net" comprises of transactions related mostly to derivatives held for risk management purposes for which hedge accounting documentation under IFRS is however not prepared. This includes measurement of unsettled derivatives to fair value as at the balance sheet date as well as certain reclassification adjustments between gain (loss) from commodity derivatives and revenues from energy and related services related to derivative contract held for risk management purposes, which are reported as trading derivatives according to IFRS requirements. As a result of IFRS treatment, revenues from sale of underlying commodity are measured using fair value of the underlying commodity as at the date of settlement of the derivative contract and difference between contracted price and fair value is included in Gain (loss) from commodity and freight derivatives.

For Condensed consolidated interim statement of cash flow this line is fully added back or deducted to reach "Operating profit before changes in working capital" line. The cash impact from the derivatives is then captured within lines "Proceeds (outflows) from sale (settlement) of financial instruments" and "Cash generated from (used in) operations" (via changes of working capital).

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

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

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

Contract assets and liabilities

In millions of EUR	**30 June 2023**	**31 December 2022**
Contract assets	102	100
Current	*102*	*100*
Non-current	-	-
Contract liabilities	243	179
Current	*128*	*71*
Non-current	*115*	*108*

The amount of EUR 53 million recognised in current contract liabilities at the beginning of the period has been recognised as revenue in the period for the six months ended 30 June 2023. Remaining part of EUR 18 million will be recognised by the end of 2023.

8. Purchases and consumables

In millions of EUR	**30 June 2023 (six months)**	**30 June 2022 (six months)**
Purchase cost of sold electricity	6,850	5,024
Purchase cost of sold gas and other energy products	2,041	3,830
Consumption of energy	1,620	1,742
Other purchase costs	492	805
Consumption of fuel and other material	229	601
Changes in WIP, semi-finished products and finished goods	(2)	(2)
Other purchases and consumables	98	147
Total purchases and consumables	**11,328**	**12,147**

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

9. Services

In millions of EUR	**30 June 2023 (six months)**	**30 June 2022 (six months)**
Repairs and maintenance	103	48
Transport expenses	58	23
Consulting expenses	35	25
Network fees	34	-
Outsourcing and other administration fees	27	23
Insurance expenses	24	22
Industrial waste	23	21
Information technologies costs	21	14
Rent expenses	16	14
Environment protection	11	13
Advertising expenses	5	3
Training, courses, conferences	4	2
Security services	3	2
Communication expenses	2	2
Other services	61	21
Total services	**427**	**233**

10. Emission rights, net

Emission rights, net is composed mainly of expense related to creation of provision for emission rights of EUR 706 million (30 June 2022: EUR 731 million).

11. Other operating income (expense), net

In millions of EUR	**30 June 2023 (six months)**	**30 June 2022 (six months)**
Rental income	14	20
Consulting fees	14	11
Compensation from insurance and other companies	10	24
Profit from sales of material	6	2
Property acquired free-of-charge and fees from customers	3	4
Ecological tax reimbursement	3	2
Contractual penalties	2	1
Inventory surplus	-	2
Revenues from write-off liabilities	-	3
Other	9	17
Other operating income	**61**	**86**
Trading fees	(75)	-
Taxes and charges	(54)	(50)
Office equipment and other material	(41)	(46)
Change in impairment	(31)	6
Of which relates to: Inventories	*(32)*	*9*
Trade receivables and other assets	*1*	*(3)*
Creation and reversal of provision	(27)	(37)
Consulting expenses	(4)	(11)
Contractual penalties	(4)	-
Re-transmission fee	(3)	(4)
Shortages and damages	(2)	(2)
Gifts and sponsorship	(1)	(1)
Loss on disposal of tangible and intangible assets	-	(1)
Other	(10)	(18)
Other operating expense	**(252)**	**(164)**
Total other operating income (expense), net	**(191)**	**(78)**

Taxes and charges include carbon price support tax, property tax, electricity tax, gas tax and other taxes and charges.

12. Net finance income (expense)

In millions of EUR	**30 June 2023 (six months)**	**30 June 2022 (six months)**
Interest income	48	13
Fee and commission income	20	-
Dividend income	3	3
Finance income	**71**	**16**
Profit from trading derivatives[(1)]	64	86
Profit from revaluation of equity option[(2)]	-	-
Profit (loss) from hedging derivatives	(6)	(1)
Profit (loss) from sale of financial instruments	(7)	(5)
Net foreign exchange gain(loss)	(8)	(28)
Profit (loss) from financial instruments	**43**	**52**
Total finance income	**114**	**68**
Change in impairment on financial assets	(5)	5
Total change in impairment on financial instruments and other financial assets	**(5)**	**5**
Interest expense	(159)	(90)
Fees and commissions expense for other services	(17)	(12)
Interest expense from unwind of provision discounting	(12)	(6)
Total finance expense	**(188)**	**(108)**
Total net finance income (expense)	**(79)**	**(35)**

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

(2) This line captures potential profit (loss) from revaluation of equity option relating to call option of EP Slovakia B.V. over additional 50% interest in Slovak Power Holding B.V., the owner of 66% shares in Slovenské elektrárne a.s. As of 30 June 2023, the valuation of the option remained materially the same to the value recognized as of 31 December 2022 (EUR 160 million). The main factors affecting the option's valuation are power prices, discount rate and regulatory environment in Slovakia as well as EU energy related policies in Slovakia, all these constituting a significant uncertainty as to how the option value will develop in the future.

13. Income tax expenses

Income tax recognised in other comprehensive income

In millions of EUR	2023 (six months)		
	Gross	Income tax	Net of income tax
Items that are not reclassified subsequently to profit or loss			
Revaluation reserve included in other comprehensive income	593	(151)	442
Fair value reserve included in other comprehensive income(1)	4	-	4
Items that are or may be reclassified subsequently to profit or loss			
Foreign currency translation differences for foreign operations	38	-	38
Effective portion of changes in fair value of cash-flow hedges(1)	261	(84)	177
Total	**896**	**(235)**	**661**

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

In millions of EUR	2022 (six months)		
	Gross	Income tax	Net of income tax
Items that are not reclassified subsequently to profit or loss			
Fair value reserve included in other comprehensive income(1)	25	4	29
Items that are or may be reclassified subsequently to profit or loss			
Foreign currency translation differences for foreign operations	4	-	4
Effective portion of changes in fair value of cash-flow hedges(1)	(477)	28	(449)
Total	**(448)**	**32**	**(416)**

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

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

Tax for the six-month period is charged at 22.88% (six-month period ended 30 June 2022: 23.17%), representing the best estimate of the average annual effective tax rate expected for the full year, applied to the pre-tax income of the six-month period.

14. Property, plant and equipment

In the six-month period ended 30 June 2023, the additions to property, plant and equipment mainly consist of additions to long-term tangible assets under construction of EUR 115 million attributable mainly to EP NI Energy Limited, Stredoslovenská distribučná, a.s. EP Produzione S.p.A and SPP – distribúcia, a.s. and additions to machinery and equipment of EUR 26 million attributable mainly to MIBRAG GmbH, EP SHB Limited and Stredoslovenská distribučná, a.s. Advance payments for tangible assets (recognized within trade receivables and other assets) in the six-month period ended 30 June 2023 were in amount of EUR 161 million (six-month period ended 30 June 2022: EUR 66 million).

Balance of property, plant and equipment increased by EUR 680 million as a result of acquisitions of Rijnmond Power Holding B.V., PZEM and Sloe Group, MaasStroom Energie C.V. and Enecogen V.O.F.

In the six-month period ended 30 June 2023 the Group has disposed of property, plant and equipment in net book value of EUR 7 million.

As of 31 December 2022, SPPD's distribution pipeline system had a carrying value of EUR 3,468 million under the revaluation model. Based on the revaluation of relevant assets performed in 2023, the carrying value increased to EUR 4,058 million. The difference of EUR 593 million with a corresponding deferred tax impact of EUR 151 million was recognized as a current period revaluation under IAS 16 and reported in other comprehensive income for the period.

Revalued asset is depreciated on a straight-line basis, revaluation surplus is released to retained earnings as the asset is depreciated. If the revalued asset is derecognised or sold, the revaluation surplus as a whole is transferred to retained earnings. These transfers are made directly in equity and do not affect other comprehensive income.

Impairment testing

A major part of the EPIF's Group property, plant and equipment is represented by the gas transmission pipelines of Eustream and the gas distribution pipelines of SPPD, which are carried at a revalued amount (fair value as of the date of revaluation less subsequent depreciation and impairment) following the IAS 16 revaluation model.

As of the balance sheet date, the Group carried out an impairment testing of non-current assets in line with IAS 36 (Impairment of Assets), in particular of the Property, Plant and Equipment assets carried at revalued amount based on the revaluation model under the IAS 16 (Property, Plant and Equipment). The management of the Group has considered varying scenarios taking into account volatile market environment and uncertainties regarding developments in the geopolitical situation. The recoverable amount was determined as value in use based on the estimated future cash flows discounted to present value, using midterm business plans and perpetuity. The following underlying assumptions were considered for the base case scenario:

- commodity prices are based on available forward prices as of the balance sheet date;
- in the short to mid-term horizon, Russian gas is expected to be supplied to the European Union. In the long term, the European Union is assumed to be able to build additional LNG capacities (namely regasification facilities and interconnections) in order to balance a potential reduction in Russian gas supplies without the need to reduce Europe's gas consumption;
- due to the strategic position of Eustream with respect to gas supply to countries neighbouring with Slovakia, the gas transmission network of Eustream is deemed to be relevant even in a scenario with reduced or even stopped natural gas flows from Russia;
- the major Russian shipper is assumed to honour the long-term contract with Eustream;
- natural gas demand in Slovakia and the neighbouring countries is expected to remain broadly in line with historical volume;
- in the long term, natural gas is assumed to be replaced by low-carbon gases;
- the Group aims to be a frontrunner in the transition to a hydrogen future, therefore a necessary transformation of the business is expected to be undertaken.

The discount rates applied to the cash flow projections used for the value in use determination are calculated as the Weighted Average Cost of Capital (WACC) of each CGU. Cost of equity was determined using the Capital Asset Pricing Model, while parameters were based on the reputable external sources and peer-group entities relevant to each CGU. In particular, cost of equity takes into account a risk premium rate impacted by the recent developments. Cost of debt was calculated as the weighted average rate of the EPIF's Group loans and borrowings.

As the result of the performed impairment testing, the EPIF Group did not recognize any impairment as of the balance sheet date. According to the Group's policy, the impairment testing will be performed again as at 31 December 2023 unless an impairment trigger is identified earlier.

Assets held by cash-generating units other than in the EPIF Group were not subject to impairment testing as the Group did not identify any impairment indicators as at 30 June 2023.

15. Intangible assets (including goodwill)

In the six-month period ended 30 June 2023, the additions and disposals of intangible assets consist primarily of additions and disposals related to emission allowances.

Balance of intangible assets increased by EUR 4 million and balance of goodwill increased by EUR 9 million as a result of acquisitions of Rijnmond Power Holding B.V., PZEM and Sloe Group and Enecogen V.O.F.

Impairment testing for cash-generating units containing goodwill

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

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

In millions of EUR	**30 June 2023**	**31 December 2022**
EOP Distribuce, a.s.	52	52
EP Power Minerals GmbH	22	22
Biomasse Italia S.p.A.	16	16
EP Power Grit GmbH	11	11
Elektrárny Opatovice, a.s.	7	7
LOCON Logistik & Consulting AG	7	7
Enecogen V.O.F.	7	-
EP Cargo a.s.	5	5
EP ENERGY TRADING, a.s.	5	5
Saale Energie GmbH	3	3
SPEDICA GROUP COMPANIES, s.r.o.	2	2
SPV100, s.r.o.	1	1
Dobrá Energie s.r.o.	1	1
EP Cargo Trucking CZ s.r.o.	1	1
Rijnmond Power Holding B.V.	1	-
PZEM Energy Company B.V	1	-
Total goodwill	**142**	**133**

Goodwill and impairment testing

As at 30 June 2023, management did not identify any impairment trigger that would cause the Group to perform impairment testing of goodwill recognized in relation to above listed entities. According to the Group's policy, the impairment test will be performed as at 31 December 2023 unless an impairment trigger is identified earlier.

16. Equity accounted investees

For the period ended 30 June 2023, share of profit (loss) of equity accounted investees, net of tax consists mainly of share of profit of joint-venture LEAG of EUR 759 million (six-month period ended 30 June 2022: EUR 254 million) and share of profit of associate Slovenské elektrárne, a.s. of EUR 83 million (six-month period ended 30 June 2022: nil).

As of 30 June 2023, interest in joint-venture LEAG was reclassified to assets held for sale and thus is not recognized as an equity accounted investee on the balance sheet as at 30 June 2023. For more details refer to Note 17 – Assets held for sale.

Slovenské elektrárne, a.s.

The Group carried out impairment test and calculated option value of Slovenské elektrárne, a.s. ("SE") as at 31 December 2022. As at 30 June 2023, the assumptions applied have not significantly changed and thus the Group used valuation and sensitivity analysis applied as at 31 December 2022.

As at 31 December 2022, impairment test and option value of SE were based on the Group's estimate of free cash flows reflecting power prices forecast from independent external expert and the Group's estimate of timing of EMO3 and EMO4 blocks full operations and related CAPEX to finalize those projects. Discount rate applied reflected risks connected with the company and it was estimated at

14.5%. Calculation reflected regulation known to the date of issuance of financial statements as of and for the year ended 31 December 2022.

A change in discount rate by +1% would cause decrease of option value by negative EUR 116 million and decrease in discount rate by -1% would have effect on the option value of positive EUR 131 million.

The Group calculated simplified sensitivity of option value on power prices. Option value would drop by EUR 150 million, if power prices dropped by 5 EUR/MWh in every year used in value calculation and would increase by EUR 150 million, if price of power increased by 5 EUR/MWh in every year used in value calculation.

17. Assets held for sale

As at 30 June 2023, balance of assets held for sale of EUR 1,783 million is fully represented by joint-venture LEAG (Lausitz Energie Verwaltungs GmbH and its subsidiaries and associates). In 2023, the Group announced a plan to transfer energy transition assets from the EPH Group into EP Energy Transition, the holding company of a newly established group. EP Energy Transition group will gradually consist of participations mainly in German assets concentrated within LEAG and JTSD Groups. The transfer of LEAG Group is expected to take place by the end of the year 2023 and is highly probable. Therefore, the Group reclassified interest in joint-venture LEAG to assets held for sale on 30 June 2023 and ceased to apply equity method prospectively from the date of reclassification under assets held for sale. As at the date of classification to assets held for sale, the Group tested assets for potential impairment with no indication of impairment trigger to value of assets.

18. Equity

Share capital and share premium

The authorised, issued and fully paid share capital as at 30 June 2023 consisted of 4,000,000 ordinary shares with a par value of CZK 1,000 each (31 December 2022: 4,000,000 ordinary shares with a par value of CZK 1,000 each).

The shareholder is entitled to receive dividends and to cast 1 vote per 1 share of nominal value CZK 1000 at meetings of the Company’s shareholders.

In 2023, the Company declared and paid dividends in amount of EUR 506 million (2022: EUR 568 million) to its shareholders.

30 June 2023	**Number of shares 1,000 CZK**	**Ownership %**	**Voting rights %**
EP Corporate Group, a.s.	2,240,001	56.00%	56.00%
J&T ENERGY HOLDING, a.s.	1,759,999	44.00%	44.00%
Total	**4,000,000**	**100.00%**	**100.00%**

31 December 2022	**Number of shares 1,000 CZK**	**Ownership %**	**Voting rights %**
EP Corporate Group, a.s.	2,240,001	56.00%	56.00%
J&T ENERGY HOLDING, a.s.	1,759,999	44.00%	44.00%
Total	**4,000,000**	**100.00%**	**100.00%**

Reserves recognised in equity comprise the following items:

In millions of EUR	**30 June 2023**	**31 December 2022**
Revaluation reserve	1,029	895
Fair value reserve	115	111
Other capital funds from capital contributions	23	23
Non-distributable reserves	19	18
Other capital reserves	(56)	(56)
Hedging reserve	(89)	(136)
Translation reserve	(105)	(132)
Total	**936**	**723**

19. Earnings per share

Basic earnings per share

Basic earnings per share in EUR per 1,000 CZK of share nominal value equal 0.45 (30 June 2022: 0.26).

The calculation of basic earnings per share as at 30 June 2023 was based on profit attributable to ordinary shareholders of EUR 1,780 million (30 June 2022: EUR 1,034 million), and a weighted average number of ordinary shares outstanding of 4,000 million (30 June 2022: 4,000 million).

Weighted average number of ordinary shares as at 30 June 2023 *In millions of shares*	**Nominal**	**Weighted**
Issued ordinary shares as at 1 January 2023	4,000	4,000
Total	**4,000**	**4,000**

Weighted average number of ordinary shares as at 30 June 2022 *In millions of shares*	**Nominal**	**Weighted**
Issued ordinary shares as at 1 January 2022	4,000	4,000
Total	**4,000**	**4,000**

Dilutive earnings per share

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

20. Non-controlling interest

30 June 2023 *In millions of EUR*	**Stredoslo-venská energetika, a.s. and its subsidiaries**	**NAFTA a.s. and its subsidiaries**	**SPP Infrastructure, a.s. and its subsidiaries(3)**	**SPP distribúcia, a.s. and its subsidiaries**	**eustream a.s.**	**Plzeňská teplárenská, a.s.**	**EP Produzione Centrale Livorno Ferraris S.p.A.**	**Other subsidiaries(4)**	**TOTAL**
Non-controlling percentage	**(5)66.19%**	**(5)52.41%**	**(5)66.19%**	**(5)66.19%**	**(5)66.19%**	**(5)75.85%**	**25.00%**		
Business activity	Distribution of electricity	Gas storage and exploration	Distribution of gas	Distribution of gas	Transmission of gas	Production and distribution of heat	Production of electricity and heat		
Country(1)	Slovakia	Slovakia, Germany	Slovakia	Slovakia	Slovakia	Czech Republic	Italy		
Carrying amount of NCI at 30 June 2023	436	215	(245)	2,184	1,421	195	42	(215)	4,033
Profit (loss) attributable to non-controlling interest for the period	47	42	(2)	44	(15)	16	2	15	149
Dividends declared(2)	(39)	(4)	(153)	-	-	(7)	-	-	(203)

(1) *Principal place of business of subsidiaries and associates varies.*
(2) *Dividends declared represent dividends declared to direct non-controlling interest.*
(3) *Excluding NAFTA a.s. and its subsidiaries, SPP Storage, s.r.o. and SPP – distribúcia, a.s. and its subsidiaries, eustream, a.s. and its subsidiaries and POZAGAS a.s.*
(4) *Column "Other subsidiaries" represents primarily 31% non-controlling interest in holding entities in EPIF Group. The non-controlling interest in these entities is negative as the consolidated net asset value of the entities after elimination of investment in subsidiaries is negative.*
(5) *Even though the immediate parent companies hold less than half of the voting rights, the Group assumes its control over the subgroups through shareholders' agreements that provide the Group with management control as the shareholder's agreement provides the Group with right and ability to manage subgroups' activities and influence thus their performance and return on the investment.*

31 December 2022 *In millions of EUR*	**Stredoslo-venská energetika, a.s. and its subsidiaries**	**NAFTA a.s. and its subsidiaries**	**SPP Infrastructure, a.s. and its subsidiaries(3)**	**SPP distribúcia, a.s. and its subsidiaries**	**eustream a.s.**	**Plzeňská teplárenská, a.s.**	**EP Produzione Centrale Livorno Ferraris S.p.A.**	**Other subsidiaries(4)**	**TOTAL**
Non-controlling percentage	**(5)66.19%**	**(5)52.41%**	**(5)66.19%**	**(5)66.19%**	**(5)66.19%**	**(5)75.85%**	**25.00%**		
Business activity	Distribution of electricity	Gas storage and exploration	Distribution of gas	Distribution of gas	Transmission of gas	Production and distribution of heat	Production of electricity and heat		
Country(1)	Slovakia	Slovakia, Germany	Slovakia	Slovakia	Slovakia	Czech Republic	Italy		
Carrying amount of NCI at 31 December 2022	**440**	**265**	**(136)**	**1,847**	**1,340**	**186**	**40**	**(331)**	**3,651**
Profit (loss) attributable to non-controlling interest for the period	**32**	**107**	**(2)**	**86**	**111**	**26**	**-**	**81**	**441**
Dividends declared(2)	**(75)**	**(2)**	**-**	**-**	**-**	**(5)**	**-**	**(8)**	**(90)**

(1) Principal place of business of subsidiaries and associates varies.
(2) Dividends declared represent dividends declared to direct non-controlling interest.
(3) Excluding NAFTA a.s. and its subsidiaries, SPP Storage, s.r.o. and SPP – distribúcia, a.s. and its subsidiaries, eustream, a.s. and its subsidiaries and POZAGAS a.s.
(4) Column "Other subsidiaries" represents primarily 31% non-controlling interest in holding entities in EPIF Group. The non-controlling interest in these entities is negative as the consolidated net asset value of the entities after elimination of investment in subsidiaries is negative.
(5) Even though the immediate parent companies hold less than half of the voting rights, the Group assumes its control over the subgroups through shareholders' agreements that provide the Group with management control as the shareholder's agreement provides the Group with right and ability to manage subgroups' activities and influence thus their performance and return on the investment.

21. Loans and borrowings

In millions of EUR	30 June 2023	31 December 2022
Issued debentures at amortised costs	4,365	4,350
Loans payable to credit institutions	2,513	1,512
Revolving credit facility	1,008	1,507
Lease liabilities	214	179
Factoring loans	199	100
Loans payable to other than credit institution	47	59
Total(1)	**8,346**	**7,707**
Non-current	7,255	7,039
Current	1,091	668
Total	**8,346**	**7,707**

(1) As at 30 June 2023, the Group has available committed undrawn term facilities and revolving facilities in amount of EUR 2,236 million (31 December 2022: EUR 1,604 million).

EP Infrastructure, a.s.

Facilities agreement

On 6 February 2023, 13 March 2023 and 11 April 2023, EP Infrastructure, a.s. voluntarily repaid a total of EUR 400 million of the revolving credit facility maturing in 2025.

Energetický a průmyslový holding, a.s.

Term and revolving facilities agreement

EPH is a party to a term and revolving facilities agreement dated 21 June 2023 with a syndicate of banks (the "EPH Facilities Agreement"), pursuant to which EPH has available loan facilities as of 30 June 2023 in the total amount of EUR 3,545 million, consisting of a term facility A1 in the amount of EUR 538.5 million due 21 June 2026, a term facility A2 in the amount of EUR 1,256.5 million due 21 June 2028, a revolving facility B1 in the amount of EUR 525 million due 21 June 2026 (the due date may under certain conditions be postponed up to 21 June 2028), a revolving facility B2 in the amount of EUR 525 million due 21 June 2028 and a revolving facility C in the amount of EUR 700 million due 21 June 2025 (the due day may under certain conditions be postponed up to 21 June 2028).

The EPH's obligations under the EPH Facilities Agreement are general, senior unsecured obligations and rank equally in right of payment with the EPH's existing and future indebtedness that is not subordinated in right of payment. The EPH Facilities Agreement contains restrictive provisions which, among other things, prohibit the use of the funds from the facilities for coal or lignite related activity, limit the Group's ability to incur additional financial indebtedness, make distributions and certain other payments, dispose of certain assets or create security over certain Group's assets, and EPH's ability to merge with other companies. The agreement obliges EPH to dispose of or close certain coal and lignite assets. The restrictions are subject to a number of exceptions and qualifications. For example, EPH may make distributions and certain other payments if (among other things), the Group net leverage does not exceed a certain limit, EPH and certain other Group members may incur additional financial indebtedness if (among other things) certain net leverage limits set for various Group levels are met. The EPH Facilities Agreement also contains change of control provisions the triggering of which may result in mandatory prepayment. Under certain conditions EPH is obliged to maintain its consolidated leverage below a certain level.

22. Provisions

In millions of EUR	Employee benefits	Provision for emission rights	Onerous contracts	Provision for lawsuits and litigations	Provision for restoration and decommissioning(3)	Other	Total
Balance at 1 January 2023	**167**	**1,614**	**34**	**24**	**1,179**	**95**	**3,113**
Provisions made during the period	4	706	-	2	18	26	**756**
Provisions used during the period	(10)	(1,541)	(10)	(1)	(15)	(2)	**(1,579)**
Provisions released during the period	(1)	-	(17)	-	(2)	(1)	**(21)**
Actuarial gains/losses	(4)	-	-	-	-	-	**(4)**
Change in provision recorded in property, plant and equipment	-	-	-	-	(2)	-	**(2)**
Acquisitions through business combinations(1)	-	-	45	-	41	-	**86**
Unwind of discount(2)	2	-	-	-	10	-	**12**
Effect of movements in foreign exchange rates	1	12	(1)	1	1	3	**17**
Balance at 30 June 2023	**159**	**791**	**51**	**26**	**1,230**	**121**	**2,378**
Non-current	*134*	*-*	*43*	*21*	*1,105*	*27*	***1,330***
Current	*25*	*791*	*8*	*5*	*125*	*94*	***1,048***

(1) The acquisition of PZEM and Sloe Group and MaasStroom Energie C.V.

(2) Unwinding of discount is included in interest expense.

(3) As at 30 June 2023, the balance in amount of EUR 491 million represents mining related provisions recorded by JTSD - Braunkohlebergbau GmbH and Helmstedter Revier GmbH. The balance in amount of EUR 181 million represents asset retirement costs recorded by EP Produzione S.p.A., Fiume Santo S.p.A., EP Centrale Tavazzano Montanaso S.p.A. and EP Centrale Ostiglia S.p.A. The balance in amount of EUR 171 million represents decommissioning provisions recorded by NAFTA a.s. and NAFTA Germany GmbH and the balance in amount of EUR 168 million represents asset retirement costs recorded by EP France Group. Remaining balance of EUR 219 million represents other decommissioning provisions.

In millions of EUR	**Employee benefits**	**Provision for emission rights**	**Onerous contracts**	**Provision for lawsuits and litigations**	**Provision for restoration and decommissioning**[2]	**Other**	**Total**
Balance at 1 January 2022	**274**	**1,342**	**71**	**28**	**1,230**	**79**	**3,024**
Provisions made during the period	13	731	-	-	28	32	**804**
Provisions used during the period	(9)	(1,295)	(17)	(2)	(18)	(9)	**(1,350)**
Provisions released during the period	(17)	-	(15)	(1)	(4)	(1)	**(38)**
Actuarial gains/losses	(12)	-	-	-	-	-	**(12)**
Change in provision recorded in property, plant and equipment	-	-	-	-	20	-	**20**
Unwind of discount[1]	1	-	-	-	5	-	**6**
Effect of movements in foreign exchange rates	1	(1)	(1)	1	-	-	-
Balance at 30 June 2022	**251**	**777**	**38**	**26**	**1,261**	**101**	**2,454**
Non-current	*242*	*34*	*16*	*22*	*1,194*	*48*	***1,556***
Current	*9*	*743*	*22*	*4*	*67*	*53*	***898***

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

(2) *As at 30 June 2022, the balance in amount of EUR 476 million represents mining related provisions recorded by JTSD - Braunkohlebergbau GmbH and Helmstedter Revier GmbH. The balance in amount of EUR 207 million represents asset retirement costs recorded by EP France Group. The balance in amount of EUR 194 million represents asset retirement costs recorded by EP Produzione S.p.A., Fiume Santo S.p.A. and EP Centrale Tavazzano Montanaso S.p.A. and the balance in amount of EUR 194 million represents decommissioning provisions recorded by NAFTA a.s. and NAFTA Germany GmbH. Remaining balance of EUR 190 million represents other decommissioning provisions.*

Accounting for provisions involves frequent use of estimates, such as probability of occurrence of uncertain events or calculation of the expected outcome. Such estimates are based on past experience, statistical models and professional judgement.

Employee benefits

The Group recorded a significant amount as provision for long-term employee benefits related to its employees. Valuations of these provisions are sensitive to assumptions used in the calculations, such as future salary and benefit levels, discount rates, employee leaving rate, late retirement rate, mortality and life expectancy. The management considered various estimated factors and how these estimates would impact the recognised provision. As a result of this analysis, no significant variances to the recorded provision are expected.

The provision for employee benefits in the amount of EUR 159 million (31 December 2022: EUR 167 million) was recorded by Mitteldeutsche Braunkohlengesellschaft GmbH, Helmstedter Revier GmbH, Gazel Energie Generation S.A.S., Kraftwerk Mehrum GmbH, EP Power Minerals GmbH, MINERALplus GmbH, Saale Energie GmbH, Eggborough Power Limited, Stredoslovenská distribučná, a.s., SPP – distribúcia, a.s., NAFTA a.s., NAFTA Germany GmbH, eustream, a.s., Stredoslovenská energetika a.s., EP Produzione S.p.A., Fiume Santo S.p.A., EP Produzione Centrale Livorno Ferraris S.p.A., EP Centrale Tavazzano Montanaso S.P.A., EP Centrale Ostiglia S.p.A., Elektrárny Opatovice, a.s. and United Energy, a.s.

Defined benefit assets in excess of related pension obligations (provisions) are recognized within trade receivables and other assets. As at 30 June 2023, defined benefit asset in amount of EUR 49 million (31 December 2022: EUR 43 million) was recorded.

Provision for emission rights

Provision for emission rights is recognised regularly during the year based on the estimated number of tonnes of CO2 emitted. It is measured at the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

Provision for lawsuits

A provision of EUR 26 million relates mainly to litigations and claims described in Note 27 – Litigations and claims (refer to Note 27 – Litigations and claims for more details).

As disclosed in Note 27 – Litigations and claims, there are other legal proceedings in which the Group is involved and for which the possibility of an outflow of resources was assessed as remote as at the date of the preparation of these consolidated financial statements, and therefore no provision was recorded as at 30 June 2023 and 31 December 2022.

Provision for restoration and decommissioning

The provision of EUR 1,230 million (31 December 2022: EUR 1,179 million) was primarily recorded by entities in Germany (EUR 551 million; 31 December 2022: EUR 534 million); Italy (EUR 193 million; 31 December 2022: EUR 193 million); Storage segment (EUR 191 million; 31 December 2022: EUR 189 million); France (EUR 176 million; 31 December 2022: EUR 182 million) and other.

23. Financial instruments

Financial instruments and other financial assets

In millions of EUR	30 June 2023	31 December 2022
Assets carried at amortized cost		
Loans to other than credit institutions	173	169
Other short-term deposits	-	13
Bills of exchange	1	-
Impairment of loans to other than credit institutions	(18)	(13)
Total	**156**	**169**
Assets carried at fair value		
Hedging: *of which*	524	940
Commodity derivatives cash flow hedge(1)	*484*	*931*
Interest rate swaps cash flow hedge	*40*	*9*
Non-hedging: *of which*	3,103	5,024
Commodity derivatives reported as trading(2)	*2,886*	*4,740*
Equity option at fair value through PL	*160*	*160*
Currency forwards reported as trading	*54*	*36*
Currency swaps reported as trading	*2*	*1*
Other derivatives reported as trading	*1*	*3*
Interest rate swaps reported as trading	*-*	*84*
Equity instruments at fair value through OCI: *of which*	115	107
Shares at fair value through OCI	*115*	*107*
Equity instruments at fair value through PL: *of which*	-	8
Shares at fair value through PL	*-*	*8*
Total	**3,742**	**6,079**
Non-current	952	740
Current	2,946	5,508
Total	**3,898**	**6,248**

(1) Commodity derivatives designated as cash flow hedges primarily relate to forwards or other type of derivative contracts for sale/purchase of electricity and gas. EP ENERGY TRADING, a.s. hedges the cash flows related to purchase/sale of electricity utilised for electricity supply to final customers.
Additionally, eustream, a.s. is active in hedging cash inflows predominantly from gas-in-kind received from shippers. eustream, a.s. regularly performs estimations of the surplus of natural gas from received gas-in-kind and enters into short and mid-term commodity swaps in order to hedge its natural gas selling prices.
(2) Commodity derivatives reported as trading relate mainly to risk management activities on our supply and generation business for which however the Group does not maintain formal hedge accounting documentation required by IFRS.

In millions of EUR	30 June 2023	31 December 2022
Liabilities carried at amortized cost		
Other financial liabilities	9	9
Issued bills of exchange	3	213
Total	**12**	**222**
Liabilities carried at fair value		
Hedging: *of which*	681	1,162
Commodity derivatives cash flow hedge	*673*	*1,155*
Currency forwards cash flow hedge	*8*	*7*
Non-hedging: *of which*	2,133	3,809
Commodity derivates reported as trading(1)	*2,089*	*3,761*
Interest rate swaps reported as trading	*38*	*38*
Other derivatives reported as trading	*3*	*6*
Currency forwards reported as trading	*3*	*4*
Total	**2,814**	**4,971**
Non-current	823	441
Current	2,003	4,752
Total	**2,826**	**5,193**

(1) Commodity derivatives reported as trading relate mainly to risk management activities on our supply and generation business for which however the Group does not maintain formal hedge accounting documentation required by IFRS.

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

In millions of EUR	30 June 2023 Nominal amount buy	30 June 2023 Nominal amount sell	30 June 2023 Positive fair value	30 June 2023 Negative fair value
Hedging: *of which*	9,730	(5,909)	524	(681)
Commodity derivatives cash flow hedge	*8,772*	*(4,945)*	*484*	*(673)*
Interest rate swaps cash flow hedge	*726*	*(722)*	*40*	-
Currency forwards cash flow hedge	*232*	*(242)*	-	*(8)*
Non-hedging: *of which*	14,688	(15,475)	3,103	(2,133)
Commodity derivatives reported as trading	*12,096*	*(13,049)*	*2,886*	*(2,089)*
Equity option at fair value through PL	*363*	*(203)*	*160*	-
Currency forwards reported as trading	*1,545*	*(1,539)*	*54*	*(3)*
Currency swaps reported as trading	*22*	*(20)*	*2*	-
Other derivatives reported as trading	*514*	*(516)*	*1*	*(3)*
Interest rate swaps reported as trading	*148*	*(148)*	-	*(38)*
Total	**24,418**	**(21,384)**	**3,627**	**(2,814)**

In millions of EUR	31 December 2022 Nominal amount buy	31 December 2022 Nominal amount sell	31 December 2022 Positive fair value	31 December 2022 Negative fair value
Hedging: *of which*	3,977	(3,954)	940	(1,162)
Commodity derivatives cash flow hedge	*3,667*	*(3,637)*	*931*	*(1,155)*
Interest rate swaps cash flow hedge	*80*	*(76)*	*9*	-
Currency forwards cash flow hedge	*230*	*(241)*	-	*(7)*
Non-hedging: *of which*	14,526	(15,112)	5,024	(3,809)
Commodity derivatives reported as trading	*11,152*	*(11,912)*	*4,740*	*(3,761)*
Equity option at fair value through PL	*236*	*(76)*	*160*	-
Interest rate swaps reported as trading	*1,353*	*(1,353)*	*84*	*(38)*
Currency forwards reported as trading	*1,157*	*(1,141)*	*36*	*(4)*
Other derivatives reported as trading	*605*	*(608)*	*3*	*(6)*
Currency swaps reported as trading	*23*	*(22)*	*1*	-
Total	**18,503**	**(19,066)**	**5,964**	**(4,971)**

Commodity derivatives are recognised in respect of contracts for purchase and sale of electricity, which are denominated in CZK and EUR where the contractual condition of derivatives does not meet the "own use exemption" as noted in IFRS 9.2.4.

Fair value hierarchy for financial instruments carried at fair value

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

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

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

	30 June 2023			
In millions of EUR	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets carried at fair value:				
Hedging: *of which*	-	524	-	**524**
Commodity derivatives cash flow hedge	-	*484*	-	***484***
Interest rate swaps cash flow hedge	-	*40*	-	***40***
Non-hedging: *of which*	-	2,898	205	**3,103**
Commodity derivatives reported as trading	-	*2,841*	*45*	***2,886***
Equity option at fair value through PL	-	-	*160*	***160***
Currency forwards reported as trading	-	*54*	-	***54***
Currency swaps reported as trading	-	*2*	-	***2***
Other derivatives reported as trading	-	*1*	-	***1***
Equity instruments at fair value through OCI: *of which*	-	-	115	**115**
Shares at fair value through OCI	-	-	*115*	***115***
Total	-	**3,422**	**320**	**3,742**
Financial liabilities carried at fair value:				
Hedging: *of which*	-	681	-	**681**
Commodity derivatives cash flow hedge	-	*673*	-	***673***
Currency forwards cash flow hedge	-	*8*	-	***8***
Non-hedging: *of which*	-	2,132	1	**2,133**
Commodity derivatives reported as trading	-	*2,088*	*1*	***2,089***
Interest rate swaps reported as trading	-	*38*	-	***38***
Other derivatives reported as trading	-	*3*	-	***3***
Currency forwards reported as trading	-	*3*	-	***3***
Total	-	**2,813**	**1**	**2,814**

	31 December 2022			
In millions of EUR	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets carried at fair value:				
Hedging: *of which*	-	940	-	**940**
Commodity derivatives cash flow hedge	-	*931*	-	***931***
Interest rate swaps cash flow hedge	-	*9*	-	***9***
Non-hedging: *of which*	-	4,864	160	**5,024**
Commodity derivatives reported as trading	-	*4,740*	-	***4,740***
Equity option at fair value through PL	-	-	*160*	***160***
Interest rate swaps reported as trading	-	*84*	-	***84***
Currency forwards reported as trading	-	*36*	-	***36***
Other derivatives reported as trading	-	*3*	-	***3***
Currency swaps reported as trading	-	*1*	-	***1***
Equity instruments at fair value through OCI: *of which*	-	-	107	**107**
Shares at fair value through OCI	-	-	*107*	***107***
Equity instruments at fair value through PL: *of which*	8	-	-	**8**
Shares at fair value through PL	*8*	-	-	***8***
Total	**8**	**5,804**	**267**	**6,079**
Financial liabilities carried at fair value:				
Hedging: *of which*	-	1,162	-	**1,162**
Commodity derivatives cash flow hedge	-	*1,155*	-	***1,155***
Currency forwards cash flow hedge	-	*7*		***7***
Non-hedging: *of which*	-	3,809	-	**3,809**
Commodity derivatives reported as trading	-	*3,761*	-	***3,761***
Interest rate swaps reported as trading	-	*38*	-	***38***
Other derivatives reported as trading	-	*6*	-	***6***
Currency forwards reported as trading	-	*4*	-	***4***
Total	-	**4,971**	-	**4,971**

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

In millions of EUR	**Carrying value 30 June 2023**	**Fair value 30 June 2023**
Financial assets		
Loans to other than credit institutions	(1)155	173
Bills of exchange	1	1
Total	**156**	**174**
Financial liabilities		
Loans and borrowings	8,346	7,563
Other financial liabilities	9	9
Bills of exchange	3	3

In millions of EUR	**Carrying value 31 December 2022**	**Fair value 31 December 2022**
Financial assets		
Loans to other than credit institutions	(1)156	158
Other short-term deposits	13	13
Total	**169**	**171**
Financial liabilities		
Loans and borrowings	7,707	6,871
Bills of exchange	213	213
Other financial liabilities	9	9

(1) Loans to other than credit institutions are stated net of impairment.

As at 30 June 2023 and 31 December 2022 the fair values of trade receivables and other assets and trade payables and other liabilities equal to their carrying amounts.

24. Commitments and contingencies

Off balance sheet liabilities

In millions of EUR	30 June 2023	31 December 2022
Commitments	2,934	3,686
Guarantees given	1,140	1,150
Granted pledges - securities	556	529
Other granted pledges	794	1,361
Total	**5,424**	**6,726**

Granted pledges - securities

Granted pledges represent securities of individual Group companies used as pledges for financial indebtedness and hedging activities.

Guarantees given

Guarantees given include guarantees in the amount of EUR 1,131 million (31 December 2022: EUR 1,140 million) used mainly as collateral for commodity hedging by equity-accounted investees and payment guarantees of EUR 9 million (31 December 2022: EUR 10 million).

Commitments

In 2018, Mitteldeutsche Braunkohlengesellschaft mbH (“MIBRAG”) concluded agreements with Saxony’s Upper Mining Authority (“SOBA”) and Saxony-Anhalt’s State Office of Geology and Mining (“LAGB”), to ensure that the expenses for restoring open-cast mines are covered. The concluded agreements provide for the establishment of a special fund designed to financially shore up future liquidity requirements, which is to be set up successively by transferring certain assets to this fund by MIBRAG and by reinvesting the assets within the fund.

The two special purpose vehicles were established in 2020 and have since been funded as contractually agreed. MIBRAG is in close contact with the two mining authorities regarding need for adjustments resulting from the dynamic developments of the recent past.

In case of Lynemouth Power Limited, approximately 75-88% of annual biomass consumption (average annual consumption representing 1.5 megatonnes) has been contracted under two “take or pay” schemes, with a certain flexibility. Both contracts are concluded until 31 December 2027.

Majority of remaining commitments is represented by contracts to purchase energy with physical delivery in following periods by SSE Group (Stredoslovenská energetika holding, a.s. including all its subsidiaries) in amount of EUR 829 million (31 December 2022: EUR 1,368 million). Contracts for purchase of non-current assets of EUR 30 million (31 December 2022: EUR 19 million) are recognized by SSE Group and in the year ended 31 December 2022 also by eustream, a.s. of EUR 8 million. Contracts for future purchase of emission rights of EUR 1,820 million (31 December 2022: EUR 2,079 million) are recognized by EP Produzione S.p.A., MIBRAG, Saale Energie GmbH, Kraftwerk Mehrum GmbH, EP France Group, EPUKI Group, EP NL Group, Elektrárny Opatovice, a.s., United Energy, a.s. and Plzeňská teplárenská, a.s. Remaining commitments arise from different type of service contracts.

Other granted pledges

In millions of EUR	30 June 2023	31 December 2022
Property, plant and equipment	552	564
Trade receivables	153	638
Cash and cash equivalents	48	124
Inventories	41	35
Total	**794**	**1,361**

Other granted pledges include net book value of property, plant and equipment, cash and cash equivalents, trade receivables and inventories pledged mainly by EP SHB Limited and EP Langage Limited and Lynemouth Power Limited. Total value of assets pledged by each of these companies is limited by value of net assets. Pledged cash is readily available unless the respective entities are in the event of default. The assets are subject to pledges for financial indebtedness and hedging activities.

Off balance sheet assets

In millions of EUR	30 June 2023	31 December 2022
Received promises	3,345	2,854
Other received guarantees and warranties	264	298
Total	**3,609**	**3,152**

Received promises

Received promises mainly comprise the loan commitments received by the various companies within the Group in amount of EUR 2,236 million (31 December 2022: EUR 1,604 million). Contracts for the future sale of energy in amount of EUR 1,107 million (31 December 2022: EUR 1,249 million) are recognised by SSH Group.

Other received guarantees and warranties

Other received guarantees and warranties mainly consist of guarantees received from parent company of the customer to secure trade receivables in the amount of EUR 214 million (31 December 2022: EUR 193 million) recognised by eustream, a.s. and SPP - distribúcia, a.s. and guarantees received from banks of EUR 22 million (31 December 2022: EUR 41 million) recognised by NAFTA a.s. and payment guarantees of EUR 29 million recognized by EP Commodities a.s., Gazel Energie Solutions S.A.S. and EP Power Minerals GmbH (31 December 2022: EUR 64 million).

25. Related parties

The Group has a related party relationship with its shareholders and other parties, as identified in the following table:

The summary of outstanding balances with related parties as at 30 June 2023 and 31 December 2022 was as follows:

In millions of EUR

	Trade receivables and other financial assets	Trade payables and other financial liabilities	Trade receivables and other financial assets	Trade payables and other financial liabilities
	30 June 2023	30 June 2023	31 December 2022	31 December 2022
Companies controlled by ultimate shareholder(1)	16	-	6	1
Associates and joint ventures	167	226	150	184
Other related parties	4	1	-	1
Total	**187**	**227**	**156**	**186**

(1) Daniel Křetínský represents the ultimate shareholder.

The summary of transactions with related parties during the period ended 30 June 2023 and 30 June 2022 was as follows:

In millions of EUR

	Revenues and other income 30 June 2023	Expenses 30 June 2023	Revenues and other income 30 June 2022	Expenses 30 June 2022
Companies controlled by ultimate shareholder(1)	1	-	-	2
Associates and joint ventures	1,266	1,389	2,522	1,441
Other related parties	1	4	1	2
Total	**1,268**	**1,393**	**2,523**	**1,445**

(1) Daniel Křetínský represents the ultimate shareholder.

All transactions were performed under the arm’s length principle.

26. Group entities

The consolidated financial statements include parent company Energetický a průmyslový holding, a.s. and all material companies which EPH controls directly or indirectly using the full consolidation method. Material associates and joint ventures are included using equity method. Number of the Group entities as at 30 June 2023 and 31 December 2022 is as follows:

	30 June 2023	31 December 2022
Fully consolidated entities	155	141
Associates and joint-ventures accounted for using the equity method	52	51
Joint operations	1	-

27. Litigations and claims

Gazel Energie Generation S.A.S. („GEG“)

Gazel Energie Generation S.A.S. is disputing certain invoices relating to power trading with a counterparty concerning 2019 operations. In 2021, GEG asked the counterparty to provide justification on the invoices received and not yet paid, however the evidence of the calculation was not provided for. In respect of the litigation, a corresponding provision has been booked as at 30 June 2023 even though GEG believes that the claim is not justified. Final letter summing up the claims was sent beginning of 2022 and first step of negotiation took place between GEG and the counterparty during the summer 2022. Both parties agreed to extend the negotiations until the end of September 2023.

Biomasse Italia S.p.A. and Biomasse Crotone S.p.A.

A criminal investigation in connection with which certain former directors of Biomasse Italia S.p.A. and Biomasse Crotone S.p.A. as well as an employee of the company Biomasse Italia S.p.A. was closed and pre-trial phase started. Closure of the investigation does not anymore include two former directors of the company. The companies have not been subject to any investigation. Based on the information received so far, there are no elements which could indicate that criminal proceedings could be brought against the companies or that proceedings potentially affecting the company's assets could be initiated. The Group will continue to monitor the progress of the case.

EP Resources AG ("EPR AG")

An arbitration is pending between EP Resources AG and Russian supplier regarding the alleged breach of five coal supply contracts following international sanctions imposed on Russia in March 2022 due to the invasion of Ukraine. The supplier claims damages amounting to USD 221 million for non-performance of the contracts. The arbitration started in January 2023 (with letter before claim sent on 30 December 2022) and the claimant made the submission of claims on 31 March 2023. EPR AG submitted its defence in June 2023 and denied the claim in full. The analysis carried out by EPR's legal representatives, supported by the opinion of several EU regulatory authorities as well as renowned legal experts concluded that international sanctions prevented EPR AG to perform since the performance of the contracts would result in making resources available to sanctioned individuals and/or in other breach of relevant sanctions regimes. It is not possible to predict the exact outcome of the arbitration at this stage of the proceedings, however based on the legal analysis EPR strongly believes that the sanctions in place prevented the company from off-taking the five coal contracts from the Russian supplier and that the claim as a whole will be dismissed.

In July 2023 another Russian coal supplier asked EPR AG to pay damages amounting to USD 44 million for not off taking the coal per the framework supply contract. EPR AG denied this claim in full since it believes (as in the aforementioned case) that the international sanctions prevented the performance of the framework contract. As of the date of this interim financial statements EPR AG is awaiting the supplier's response; an arbitration has not yet commenced.

Since EPR AG views both claims as unsubstantiated no provision was recorded as of 30 June 2023.

EP SHB Limited ("EP SHB")

On 4 October 2021, The Office of Gas and Electricity Markets ("OFGEM") opened an investigation into EP SHB's compliance with condition 20A of the Electricity Generation Standard License Conditions. The Company has fully cooperated with all requests for information to date and the process remains ongoing. Even though the procedure has not yet been closed and the potential outcomes at the current time vary, from the prudency principle the Group recognized in its 2023 half-year financial statements a provision representing its best estimate of the outcome.

28. Subsequent events

On 29 August 2023, Energetický a průmyslový holding, a.s. received two investment grade ratings, namely from S&P Global Ratings (BBB-) and Fitch Ratings (BBB-), both with a stable outlook.

Except for the matters described above and elsewhere in the Notes, the Company's management is not aware of any other material subsequent events that could have an effect on the condensed consolidated interim financial statements as at 30 June 2023.

Date:	Signature of the authorised representative	
8 September 2023	JUDr. Daniel Křetínský Chairman of the Board of Directors	Mgr. Pavel Horský Member of the Board of Directors