EP Infrastructure, a.s.

Unaudited Condensed Consolidated Interim Financial Statements as of and for the six-month period ended 30 June 2022

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

Deloitte.

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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Shareholders of EP Infrastructure, a.s.

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

Introduction

We have reviewed the accompanying condensed consolidated interim financial statements of EP Infrastructure, a.s. (hereinafter also the "Company") and its subsidiaries (the "Group"), which comprise the condensed consolidated interim statement of financial position as at 30 June 2022, and the condensed consolidated interim statement of comprehensive income for period of 6 months ended 30 June 2022, condensed consolidated interim statement of changes in equity and condensed consolidated interim statement of cash flows for the year then ended and notes to the condensed consolidated interim financial statements (hereinafter also the "Consolidated Financial Statements"). Management is responsible for the preparation and fair presentation of this interim financial information in accordance with International Accounting Standard (IAS) 34, "Interim Financial Reporting" as adopted by the European Union. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

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

Emphasis of Matter

We draw attention to Note 12 to the financial statements which describes assumptions used in the impairment tests based on IAS36 and the assumptions described in Note 2c describing the uncertainty around the military conflict of Russian Federation in Ukraine and related sanctions, which might have an impact on the entity. Our opinion is not modified in respect of this matter.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information does not give a true and fair view of the financial position of the entity as at 30 June 2022, 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 9 September 2022

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

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Content

Condensed consolidated interim statement of comprehensive income

For the period ended 30 June 2022
In millions of EUR ("MEUR")

	Note	2022 (six months)	2021 (six months)
Revenues	6	**1,893**	**1,334**
Purchases and consumables	7	**(1,016)**	**(500)**
Subtotal		**877**	**834**
Personnel expenses		(113)	(106)
Depreciation and amortization	12, 13	(214)	(211)
Repairs and maintenance		(12)	(9)
Emission rights, net		(87)	(40)
Taxes and charges		(3)	(3)
Other operating income	8	33	31
Other operating expenses	9	(68)	(54)
Own work, capitalized		13	12
Profit (loss) from operations		**426**	**454**
Finance income	10	7	21
Finance expense	10	(47)	(53)
Gain (loss) from financial instruments	10	77	17
Net finance income (expense)		**37**	**(15)**
Share of profit (loss) of equity accounted investees, net of tax		-	-
Gain (loss) on disposal of subsidiaries		-	-
Profit before income tax		**463**	**439**
Income tax expenses	11	(115)	(110)
Profit for the period		**348**	**329**
Items that are not reclassified subsequently to profit or loss			
Fair value reserve included in other comprehensive income, net of tax	11	2	-
Items that are or may be reclassified subsequently to profit or loss			
Foreign currency translation differences for foreign operations	11	1	(121)
Foreign currency translation differences from presentation currency	11	-	119
Effective portion of changes in fair value of cash-flow hedges, net of tax	11	(299)	(71)
Other comprehensive income (loss) for the period, net of tax		**(296)**	**(73)**
Total comprehensive income for the period		**52**	**256**
Profit attributable to:			
Owners of the Company		206	180
Non-controlling interest	16	142	149
Profit for the period		**348**	**329**
Total comprehensive income attributable to:			
Owners of the Company		6	148
Non-controlling interest		46	108
Total comprehensive income for the period		**52**	**256**
Total basic and diluted earnings per share in EUR	15	0.64	0.56

The notes presented on pages 6 to 39 form an integral part of these condensed consolidated interim financial statements.

Condensed consolidated interim statement of financial position

As at 30 June 2022 *In millions of EUR ("MEUR")*	**Note**	***30 June 2022**	**31 December 2021**
Assets			
Property, plant and equipment	12	9,693	9,809
Intangible assets	13	82	188
Goodwill	13	107	105
Equity accounted investees		1	1
Restricted cash		1	-
Financial instruments and other financial assets	19	187	41
Trade receivables and other assets		174	44
Deferred tax assets		55	20
Total non-current assets		**10,300**	**10,208**
Inventories		193	190
Trade receivables and other assets		518	424
Contract assets	6	115	36
Financial instruments and other financial assets	19	299	240
Prepayments and other deferrals		14	12
Current income tax receivable		12	7
Cash and cash equivalents		1,078	501
Restricted cash		1	2
Total current assets		**2,230**	**1,412**
Total assets		**12,530**	**11,620**
Equity			
Share capital	14	3,248	2,988
Share premium		9	8
Reserves	14	(3,307)	(2,853)
Retained earnings		1,098	899
Total equity attributable to equity holders		**1,048**	**1,042**
Non-controlling interest	16	2,751	2,784
Total equity		**3,799**	**3,826**
Liabilities			
Loans and borrowings	17	4,418	4,079
Financial instruments and financial liabilities	19	544	182
Provisions	18	278	264
Deferred income		89	94
Contract liabilities	6	106	77
Deferred tax liabilities		1,623	1,685
Trade payables and other liabilities		-	3
Total non-current liabilities		**7,058**	**6,384**
Trade payables and other liabilities		453	382
Contract liabilities	6	94	79
Loans and borrowings	17	110	62
Financial instruments and financial liabilities	19	840	674
Provisions	18	101	161
Deferred income		29	17
Current income tax liability		46	35
Total current liabilities		**1,673**	**1,410**
Total liabilities		**8,731**	**7,794**
Total equity and liabilities		**12,530**	**11,620**

* The change in Equity items stems from a change in accounting policies described in Note 2 d).

The notes presented on pages 6 to 39 form an integral part of these consolidated financial statements

Condensed consolidated interim statement of changes in equity

For the period ended 30 June 2022

In millions of EUR ("MEUR")	Note	Share capital	Share premium	Attributable to owners of the Company Reserves *Non-distributable reserves*	*Translation reserve*	*Fair value reserve*	*Other capital reserves*	*Hedging reserve*	Retained earnings	Total	Non-controlling interest	Total Equity
Balance as at 31 December 2021 (A)		**2,988**	**8**	**1**	**(54)**	**1,335**	**(3,814)**	**(321)**	**899**	**1,042**	**2,784**	**3,826**
Effect of change in functional currency	2(d)	*260*	*1*	*-*	*101*	*(3)*	*(368)*	*37*	*(28)*	*-*	*-*	*-*
Adjusted balance at the beginning of the period		**3,248**	**9**	**1**	**47**	**1,332**	**(4,182)**	**(284)**	**871**	**1,042**	**2,784**	**3,826**
Total comprehensive income for the year:												
Profit or loss (B)		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**206**	**206**	**142**	**348**
Other comprehensive income:												
Foreign currency translation differences for foreign operations	11	-	-	-	1	-	-	-	-	1	-	1
Foreign currency translation differences from presentation currency	11	-	-	-	-	-	-	-	-	-	-	-
Fair value reserve included in other comprehensive income, net of tax		-	-	-	-	-	-	-	-	-	-	-
Revaluation reserve included in other comprehensive income, net of tax		-	-	-	-	1	-	-	-	1	1	2
Effective portion of changes in fair value of cash-flow hedges, net of tax	11	-	-	-	-	-	-	(202)	-	(202)	(97)	(299)
Total other comprehensive income (C)		**-**	**-**	**-**	**1**	**1**	**-**	**(202)**	**-**	**(200)**	**(96)**	**(296)**
Total comprehensive income for the period (D) = (B + C)		**-**	**-**	**-**	**1**	**1**	**-**	**(202)**	**206**	**6**	**46**	**52**
Contributions by and distributions to owners:												
Dividends to equity holders	14	-	-	-	-	-	-	-	-	-	(82)	(82)
Transfer to retained earnings		-	-	-	-	(21)	-	-	21	-	-	-
Total contributions by and distributions to owners (E)		**-**	**-**	**-**	**-**	**(21)**	**-**	**-**	**21**	**-**	**(82)**	**(82)**
Changes in ownership interests in subsidiaries that do not result in loss of control:												
Effect of disposed entities		-	-	-	-	-	-	-	-	-	-	-
Effect of acquisitions through business combinations	5	-	-	-	-	-	-	-	-	-	3	3
Effect of changes in ownership of non-controlling interest		-	-	-	-	-	-	-	-	-	-	-
Total changes in ownership interests in subsidiaries (F)		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**3**	**3**
Total transactions with owners (G) = (E + F)		**-**	**-**	**-**	**-**	**(21)**	**-**	**-**	**21**	**-**	**(79)**	**(79)**
Balance at 30 June 2022 (H) = (A + D + G)		**3,248**	**9**	**1**	**48**	**1,312**	**(4,182)**	**(486)**	**1,098**	**1,048**	**2,751**	**3,799**

The notes presented on pages 6 to 39 form an integral part of these condensed consolidated interim financial statements.

Condensed consolidated interim statement of changes in equity

For the period ended 30 June 2021

In millions of EUR ("MEUR")	Note	Share capital	Share premium	Attributable to owners of the Company Reserves *Non-distributable reserves*	*Translation reserve*	*Fair value reserve*	*Other capital reserves*	*Hedging reserve*	Retained earnings	Total	Non-controlling interest	Total Equity
Balance as at 1 January 2021 (A)		2,988	8	1	(33)	1,377	(3,814)	(102)	644	1,069	3,012	4,081
Total comprehensive income for the year:												
Profit or loss (B)		-	-	-	-	-	-	-	180	180	149	329
Other comprehensive income:												
Foreign currency translation differences for foreign operations	11	-	-	-	(41)	-	-	-	-	(41)	(80)	(121)
Foreign currency translation differences from presentation currency	11	-	-	-	33	-	-	-	-	33	86	119
Fair value reserve included in other comprehensive income, net of tax		-	-	-	-	-	-	-	-	-	-	-
Effective portion of changes in fair value of cash-flow hedges, net of tax	11	-	-	-	-	-	-	(24)	-	(24)	(47)	(71)
Total other comprehensive income (C)		-	-	-	(8)	-	-	(24)	-	(32)	(41)	(73)
Total comprehensive income for the period (D) = (B + C)		-	-	-	(8)	-	-	(24)	180	148	108	256
Contributions by and distributions to owners:												
Dividends to equity holders	14	-	-	-	-	-	-	-	(100)	(100)	(120)	(220)
Transfer to retained earnings		-	-	-	-	(21)	-	-	21	-	-	-
Total contributions by and distributions to owners (E)		-	-	-	-	(21)	-	-	(79)	(100)	(120)	(220)
Changes in ownership interests in subsidiaries that do not result in loss of control:												
Effect of disposed entities		-	-	-	-	-	-	-	-	-	-	-
Effect of acquisitions through business combinations		-	-	-	-	-	-	-	-	-	-	-
Effect of changes in ownership of non-controlling interest		-	-	-	-	-	-	-	-	-	-	-
Total changes in ownership interests in subsidiaries (F)		-	-	-	-	-	-	-	-	-	-	-
Total transactions with owners (G) = (E + F)		-	-	-	-	(21)	-	-	(79)	(100)	(120)	(220)
Balance at 30 June 2021 (H) = (A + D + G)		2,988	8	1	(41)	1,356	(3,814)	(126)	745	1,117	3,000	4,117

The notes presented on pages 6 to 39 form an integral part of these condensed consolidated interim financial statements.

Condensed consolidated interim statement of cash flow

For the year ended 30 June 2022

In millions of EUR ("MEUR")	Note	2022 (six month)	2021 (six month)
OPERATING ACTIVITIES			
Profit (loss) for the period		348	329
Adjustments for:			
Income taxes	11	115	110
Depreciation and amortization	12, 13	214	211
Impairment losses on property, plant and equipment and intangible assets	12	4	(2)
(Gain) loss from commodity derivatives, net		1	10
Loss on disposal of property, plant and equipment, investment property and intangible assets	12	4	5
Emission rights		87	40
(Profit) loss from financial instruments	10	(77)	(17)
Interest expense, net	10	42	50
Change in allowance for impairment to trade receivables and other assets, write-offs	9	(4)	7
Change in provisions		(10)	4
Unrealized foreign exchange (gains) losses, net		(5)	(27)
Operating profit before changes in working capital		**719**	**720**
Change in trade receivables and other assets		(255)	7
Change in inventories		(3)	13
Change in trade payables and other liabilities		19	(28)
Cash generated from (used in) operations		**480**	**712**
Interest paid		(51)	(68)
Income taxes paid		(131)	(162)
Cash flows generated from (used in) operating activities		**298**	**482**
INVESTING ACTIVITIES			
Loans provided to the other entities		(3)	-
Proceeds (outflows) from sale (settlement) of financial instruments		(27)	4
Acquisition of property, plant and equipment, investment property and intangible assets	12, 13	(64)	(56)
Purchase of emission rights	13	(20)	(1)
Proceeds from sale of emission rights		-	-
Proceeds from sale of property, plant and equipment, investment property and other intangible assets		2	2
Acquisition of subsidiaries and special purpose entities, net of cash acquired	5	(1)	-
Advance paid for acquisitions		-	(23)
Interest received		1	-
Other investing activities		4	-
Cash flows from (used in) investing activities		**(108)**	**(74)**
FINANCING ACTIVITIES			
Proceeds from borrowings received	17	400	105
Repayment of borrowings	17	(9)	(764)
Proceeds from bonds issued	17	-	1,000
Repayment of bonds issued	17	-	(570)
Finance fees paid from repayment of borrowings and bond issue		-	(5)
Payment of lease liability		(5)	(4)
Loans provided to non-controlling shareholders as a prepayment for a dividend		-	(92)
Dividends paid	14	-	(151)
Cash flows from (used in) financing activities		**386**	**(481)**
Net increase (decrease) in cash and cash equivalents		576	(73)
Cash and cash equivalents at beginning of the period		**501**	**709**
Effect of exchange rate fluctuations on cash held		1	4
Cash and cash equivalents at end of the period		**1,078**	**640**

The notes presented on pages 6 to 39 form an integral part of these consolidated financial statements.

Notes to the condensed consolidated interim financial statements

1. Background

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

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

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

The condensed consolidated interim financial statements of the Company for the six-month period ended 30 June 2022 include the statements of the Parent Company and its subsidiaries.

The shareholders of the Company as at 30 June 2022 were as follows:

	Interest in share capital		Voting rights
	MEUR	%	%
EPIF Investments a.s.	2,241	69.00	69.00
CEI INVESTMENTS S.a.r.l.	1,007	31.00	31.00
Total	**3,248**	**100.00**	**100.00**

The shareholders of the Company as at 31 December 2021 were as follows:

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

The movement of the share capital is mainly caused by change of the functional currency of the Parent Company from 1 January 2022. For more details see Note 2(d).

The members of the Board of Directors as at 30 June 2022 were:

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

2. Basis of preparation

(a) Statement of compliance

The annual consolidated financial statements for the EPIF Group will be prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"), as adopted by the European Union. These unaudited condensed consolidated interim financial statements "Interim Financial Statements" have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34"). These Interim Financial Statements do not include all the information required for a complete set of IFRS financial statements and should be read in conjunction with the consolidated financial statements of the EPIF Group as of and for the year ended 31 December 2021 dated on 25 March 2022. Changes to significant accounting policies are described in Note 2(d).

These condensed consolidated interim financial statements were approved by the Company's Board of Directors on 9 September 2022.

(b) Critical accounting estimates and assumptions

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

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

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were affected by the developments in the geopolitical situation related to the military invasion of Ukraine by the Russia Federation, the COVID-19 pandemic and further matters described in Note 2 (c). In particular, these accounting estimates and assumptions are subject to increased uncertainty.

(c) Recent developments and key events for EPIF Group

Macroeconomic and geopolitical environment

Following the military invasion of Ukraine by the Russian Federation in February 2022, the United States, the EU, the United Kingdom, Canada, Japan, Australia and other countries imposed sanctions against the Russian Federation and Belarus as well as certain Russian and Belarussian companies including producers of oil and gas. These events resulted in general uncertainty with respect to the supply of natural gas from the Russian Federation to Europe, which was intensified by actions of the Russian state-owned company Gazprom related to Nord Stream 1 ("**NS1**"), the main pipeline transporting natural gas from the Russian Federation to Europe. In June 2022, Gazprom reduced gas volumes transported through NS1 to 40 per cent. capacity and from 11 July 2022 to 21 July 2022 interrupted the gas flow entirely due to announced and scheduled maintenance work. The gas volumes transported through NS1 resumed at levels similar to levels before the interruption, but subsequently decreased at short notice to 20 per cent. capacity due to maintenance work on a compressor turbine. In addition, on 19 August 2022, Gazprom announced a planned interruption of gas flow transported through NS1 from 31 August 2022 to 2 September 2022 due to maintenance work at a key compressor station. On 2 September 2022 evening, Gazprom announced that gas flows via NS1 would be halted indefinitely. On 5 September, a Kremlin spokesman indicated that the gas supplies to Europe through NS1 will not resume until Western sanctions against the Russian Federation are lifted. With regard to these developments and the ongoing military invasion of Ukraine, it is uncertain whether any further reductions or interruptions in the supply of natural gas from the Russian Federation to Europe will occur.

Further, commodity prices continued to increase due to the military invasion of Ukraine and the related sanctions. Extreme weather events led to further increases in electricity prices as they affected the operations of hydro and nuclear power plants and the electricity system as a whole. This was due to the fact that increased temperature of cooling water may result in reduced power output because of decreasing thermal efficiency. Significant increases of electricity prices occurred in France, a key electricity exporter in Europe, where operations of nuclear reactors decreased to less than 50 per cent. due to lengthy and delayed maintenance work, ongoing droughts, heat waves and decreased supply of natural gas, resulting in reduced overall power supply compounding the energy crisis in France as well as the rest of Europe.

Both the EU and the national governments have been trying to address the energy crisis and mitigate its impacts on European businesses and households. The European Commission introduced five proposals on emergency measures which were discussed on the emergency TTE Energy Council meeting held on 9 September 2022. The proposed emergency measures are as follows (i) measures capping the revenues of inframarginal electricity producers with low costs of production and a introduction of a solidarity contribution from fossil fuel companies to be used to mitigate the impact of high energy prices on customers; (ii) introduction emergency and temporary intervention, including gas price cap; (iii) incentivizing coordinated electricity demand-reduction across the EU in order to relieve pressure on electricity generation and (iv) introduction of emergency liquidity instruments ensuring that market participants have at their disposal a sufficient collateral to meet margin calls and that would address increased volatility in futures markets. The TTE Energy Council is further committed to reduce gas use in the EU by 15 per cent until the spring 2023, encouraged further work on the voluntary EU Energy Platform on gas, LNG and hydrogen in order to secure the EU energy supply at affordable prices and encouraged development of LNG transshipment as well as development of a network of energy interconnectors. The European Commission is invited to present further proposals on the above-mentioned measures by mid-September 2022.

The EPIF Group is subject to a number of laws and regulations at both EU and national level, which are subject to ongoing change. In May 2022, the European Commission introduced the REPowerEU Plan aimed at elimination of the dependency of the EU on Russian fossil fuels by 2027 through energy savings, diversification of energy supplies and accelerated roll-out of renewable energy replacing fossil fuels. The REPowerEU Plan introduces, among other measures, joint procurement of LNG through the EU Energy Purchase Platform and creation of a coordinated European plan for the reduction of industry gas demand aimed at establishing resilience against a sudden interruption in Russian gas supply including through redirection of gas to the most affected countries and imposing of an EU gas price cap. It is uncertain whether the REPowerEU Plan will be approved and whether the member states will be able to successfully implement the proposed measures and engage in sufficient cooperation.

As part of the EU sanctions package against the Russian Federation in response to the military invasion of Ukraine, the EU introduced a ban on Russian coal imports that became effective in August 2022. The EU further announced a potential ban on seaborne imports of Russian oil and petroleum products expected to become effective at the end of 2022. Imposition of EU sanctions on Russian fossil fuels is associated with demand for alternative sources of imports from countries outside the EU as well as increase in domestic production, which resulted in the reactivation of coal-fired power plants in Germany that had been previously placed on reserve in connection with emission reductions targets. Austria, France and Netherlands have also announced plans to reactivate their coal-fired power plants in order to fill their gas storage facilities ahead of winter. On 5 September 2022, Germany announced that it would temporarily halt the phase-out of two nuclear power plants to provide a security reserve for the upcoming winter.

Continuous increase in energy and food prices and global disruptions of supply chains related to renewed outbreaks of COVID-19 in China have significantly contributed to steady increase in inflation which reached its highest level since 1980s in many countries. The central banks in the EU, United States and Asia have begun to raise interest rates in order to combat rising inflation. This development, however, exposes the companies to greater interest rate risks. The global product and raw material shortages cause imbalances in global supply and demand and labour shortages adversely affect the transport and logistics. In addition, if energy prices continue to rise due to falling gas supplies from the Russian Federation, this increase in energy prices may exacerbate a risk of a renewed recession.

The operations of the EPIF Group continue to be resilient to the impacts of new outbreaks of the COVID-19 pandemic and measures adopted in response to its further spread as described in the financial statements of the EPIF Group as of and for the twelve months ended 31 December 2021. The impacts of the COVID-19 pandemic had a limited adverse effect on the operational and financial performance of the EPIF Group.

Impact of the military invasion of Ukraine by the Russian Federation on the EPIF Group

In the context of the ongoing military invasion in the territory of Ukraine and associated sanctions targeting the Russian Federation, the Company has been analysing the situation on an ongoing basis, assessing the impacts on the Company and its subsidiaries and taking relevant measures to mitigate the related impacts on the Group's business activities.

In March 2022, Moody's assigned to the Company a Ba1 long-term CFR rating and Ba1-PD probability of default rating and withdrew its Baa3 long-term issuer rating in connection with the described macroeconomic conditions. The senior unsecured debt ratings of the Company's outstanding senior bonds were downgraded to Ba2 (negative outlook). In May 2022, S&P Global Ratings downgraded the Company's Foreign Currency LT credit rating from BBB to BBB-. As of 30 June 2022, the Company is under negative watch by all three major credit rating agencies indicating that the Company's credit rating may be further downgraded in the near future.

The EPIF Group is exposed to, among other things, the following key risks:

- Increased counterparty risk related to Russian gas flows, in particular the credit risk associated with the Russian counterparty. Although the revenue of the EPIF Group is secured by ship-or-pay contracts, it cannot be excluded that the counterparty will default on its payment obligation due to, among other things, the imposed sanctions, decisions to interrupt gas supply or physical damage to the pipeline infrastructure, especially in the territory of Ukraine. As of 30 June 2022, the EPIF Group did not experience any delays in capacity payments in respect to the payment obligations of its counterparties.
- The EPIF Group relies on strategic hedging for risk management purposes. As of 30 June 2022, Eustream had a significant volume of gas in-kind sales hedged for the period 2022-2024. Eustream receives gas in-kind from shippers as a pre-agreed fixed percentage of actual commercial gas flows for its operational and technical needs. As Eustream is legally required to maintain the transmission network balanced, it disposes of a potential surplus of gas by selling it to the market. Due to the above-mentioned macroeconomic conditions, in particular lower volumes of gas being shipped, Eustream is exposed to the risk that the volume of gas in-kind received may be insufficient to cover the volume hedged.
- Increased liquidity risk due to the significant increase in electricity, gas and other commodity price levels which imposes significant margining requirements on EPIF Group. As of 30 June 2022, the EPIF Group deposited EUR 339 million (31 December 2021: EUR 63 million) of margin requirements with its trading counterparties.

The EPIF Group has taken a number of actions in order to preserve the position of EPIF Group and its key stakeholders. In particular, in a press release dated 3 March 2022, the Company confirmed that its overall exposure to the Russian Federation was already reduced during the year 2021. Further, on 10 March 2022, the Company's two shareholders expressed their commitment and readiness to postpone dividend distributions from the Company in order to improve EPIF Group's cash flow position until the uncertainty stabilizes. The Company's shareholders also stated their commitment to maintain and re-establish (as applicable) the investment grade credit ratings of the Company and its subsidiaries Eustream and SPPD, however the Company's ability to do so is dependent on a number of factors, some of which are beyond its and its shareholders' control.

As of 30 June 2022, neither any part of the EPIF Group's business nor any of its stakeholders are subject to EU sanctions.

Seasonality of revenues

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 2022, the Group reported revenue of EUR 3,351 million (for year ended 31 December 2021: EUR 2,792 million) and Profit from operations of EUR 821 million (for year ended 31 December 2021: EUR 849 million).

(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 2021.

As of 1 January 2022, the functional currency of the Parent Company changed from Czech crown to Euro. Following an assessment of primary and secondary criteria of IAS 21 by the EPIF management it has been concluded that Euro represents the primary economic environment in which the Company operates more faithfully. The change was mainly triggered by Euro becoming a prevailing currency in which funds from financing activities have been obtained and income from the principal activities (dividend revenues, revenues from services rendered) has been generated in recent years and management does not expects for that to change in the future. As at the date of change of the functional currency, all items of assets, equity and liabilities of the Parent Company were translated from Czech crown to Euro using exchange rate on the date of change (24.86 CZK/EUR). For non-monetary items, such as the share capital, the translated amounts have become new historical cost.

As a result of the change in the functional currency of the Parent Company, the Group has adopted Euro as the currency in which consolidated financial statements are prepared. Operations of subsidiaries whose functional currency is Euro are no longer considered as foreign operations. Conversely, subsidiaries whose functional currency is Czech crown have become foreign operations. The change of the functional currency of the Parent Company and the change in the assessment of foreign operations has been recorded prospectively. The presentation currency of the Group has not been affected and remains to be Euro and thus comparative information have not been restated.

The change of the functional currency of the Parent Company, has had the following effect on the consolidated opening balances as at 1 January 2022:

In millions of EUR	**Balance as at 1 January 2022**	**Effect of change in functional currency**	**Adjusted balance as at 1 January 2022**
Share capital	2,988	260	3,248
Share premium	8	1	9
Non-distributable reserves	1	-	1
Translation reserve	(54)	101	47
Fair value reserve	1,335	(3)	1,332
Other capital reserves	(3,814)	(368)	(4,182)
Hedging reserve	(321)	37	(284)
Retained earnings	899	(28)	871
Equity attributable to owners of the Company	**1,042**	-	**1,042**
Non-controlling interest	2,784	-	2,784
Total Equity	**3,826**	-	**3,826**

(e) Recently issued accounting standards

Following paragraphs provide a summary of the additional key requirements of IFRSs that are effective for annual period beginning on or after 1 January 2022 and that have thus been applied by the Group for the first time:

- Amendments to IFRS 3 – Updating a Reference to the Conceptual Framework; IAS 16 – Proceeds before Intended Use, IAS 37 – Onerous Contracts – Cost of Fulfilling a Contract and Annual Improvements 2018-2020 (Effective for annual reporting periods beginning on or after 1 January 2022)

Amendment to IAS 37 – Onerous Contracts – Costs of Fulfilling a Contract specifies which costs a company includes when assessing whether a contract will be loss-making. Costs of fulfilling the contract comprise incremental costs of fulfilling the contract as well as an allocation of other costs that relate directly to fulfilling contracts.

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

(f) Basis of preparation

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

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

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

i. Foreign currency transactions

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). Company's functional currency is 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 presentation and functional 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 a foreign exchange rate that approximates the foreign exchange rate at the date of the transaction. For significant transactions the exact foreign exchange rate is used.

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 financial income or expense in the statement of comprehensive income.

Date	Closing exchange rate CZK/EUR	Average exchange rate CZK/EUR for the 6-month (12-month) period
30 June 2022	24.740	24.649
31 December 2021	24.860	25.645
30 June 2021	25.485	25.854

3. 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 August 2018 for SPPD by an independent expert and will be carried out regularly (at least every five years), so that the carrying amount does not differ materially from the amount recognised on the balance sheet date using fair values.

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

The assumptions used in the revaluation model are based on the reports of the independent appraisers. The resulting reported amounts of these assets and the related revaluation surplus of assets do not necessarily represent the value in which these assets could or will be sold. There are uncertainties about future economic conditions, changes in technology and the competitive environment within the industry, which could potentially result in future adjustments to estimated revaluations and useful lives of assets that can significantly modify the reported financial position and profit. For further information, refer to Note 12 – Property, plant and equipment and Note 2 (c) – Recent developments and key events for EPIF 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) Inventories

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

(d) Non-derivative financial assets

The fair value of financial assets at fair value through profit or loss, held-to-maturity investments and available-for-sale financial assets is based on their quoted market price at the reporting date without any deduction for transaction costs. If a quoted market price is not available, the fair value of the instrument is estimated by management using pricing models or discounted cash flows techniques.

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

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

The fair value of trade and other receivables and of held-to-maturity investments is determined for disclosure purposes only.

(e) Non-derivative financial liabilities

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

(f) Derivatives

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

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

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

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

4. Operating segments

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

Major indicators used by the Board of Directors, the chief operating decision maker, to measure these segments'performance is profit (loss) for the year before income tax expenses, finance expense, finance income, profit (loss) from derivative financial instruments, share of profit of equity accounted investees, net of tax, gain (loss) on disposal of subsidiaries, special purpose entities, joint ventures and associates, depreciation of property, plant and equipment and amortisation of intangible assets, and negative goodwill („Underlying EBITDA") and capital expenditures.

i. Gas transmission

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

ii. Gas and power distribution

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

iii. Gas storage

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

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

iv. Heat Infra

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

v. Other

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

vi. Holding entities

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

Profit or loss

For the six-month period ended 30 June 2022

In millions of EUR

	Gas trans-mission	Gas and power distribution	Gas storage	Heat Infra	Total segments	Other	Holding	Inter-segment eliminations	Consolidated financial information
Revenues: Energy and related services	241	1,510	120	321	2,192	3	-	(332)	1,863
external revenues	*138*	*1,474*	*103*	*145*	*1,860*	*3*	-	-	*1,863*
of which: Gas	*138*	*550*	*103*	-	*791*	-	-	-	*791*
Electricity	-	*924*	-	*61*	*985*	*3*	-	-	*988*
Heat	-	-	-	*84*	*84*	-	-	-	*84*
inter-segment revenues	*103*	*36*	*17*	*176*	*332*	-	-	*(332)*	-
Revenues: Logistics and freight services	-	-	-	18	18	-	-	-	18
external revenues	-	-	-	*18*	*18*	-	-	-	*18*
inter-segment revenues	-	-	-	-	-	-	-	-	-
Revenues: Other	-	4	-	7	11	2	-	-	13
external revenues	-	*4*	-	*7*	*11*	*2*	-	-	*13*
inter-segment revenues	-	-	-	-	-	-	-	-	-
Gain (loss) from commodity and freight derivatives, net	-	(1)	-	-	(1)	-	-	-	(1)
Total revenues	**241**	**1,513**	**120**	**346**	**2,220**	**5**	**-**	**(332)**	**1,893**
Purchases and consumables: Energy and related services	(17)	(1,211)	(12)	(94)	(1,334)	-	-	329	(1,005)
external Purchases and consumables	*(6)*	*(917)*	*(11)*	*(71)*	*(1,005)*	-	-	-	*(1,005)*
inter-segment Purchases and consumables	*(11)*	*(294)*	*(1)*	*(23)*	*(329)*	-	-	*329*	-
Purchases and consumables: Other	-	-	-	(10)	(10)	(1)	-	-	(11)
external Purchases and consumables	-	-	-	*(10)*	*(10)*	*(1)*	-	-	*(11)*
inter-segment Purchases and consumables	-	-	-	-	-	-	-	-	-
Total Purchases and consumables	**(17)**	**(1,211)**	**(12)**	**(104)**	**(1,344)**	**(1)**	**-**	**329**	**(1,016)**
Personnel expenses	(14)	(53)	(17)	(25)	(109)	(1)	(3)	-	(113)
Depreciation and amortisation	(58)	(111)	(16)	(28)	(213)	(1)	-	-	(214)
Repairs and maintenance	-	(1)	-	(11)	(12)	-	-	-	(12)
Emission rights, net	-	-	(1)	(86)	(87)	-	-	-	(87)
Taxes and charges	-	(1)	(1)	(1)	(3)	-	-	-	(3)
Other operating income	-	14	-	16	30	-	4	(1)	33
Other operating expenses	(5)	(32)	(16)	(15)	(68)	(1)	(3)	4	(68)
Own work, capitalized	1	11	-	1	13	-	-	-	13
Profit (loss) from operations	**148**	**129**	**57**	**93**	**427**	**1**	**(2)**	**-**	**426**

In millions of EUR	Gas trans-mission	Gas and power distribution	Gas storage	Heat Infra	Total segments	Other	Holding	Inter-segment eliminations	Consolidated financial information
Finance income	1	3	1	4	9	-	*310	*(312)	7
external finance revenues	-	-	*1*	*2*	*3*	-	*4*	-	*7*
inter-segment finance revenues	*1*	*3*	-	*2*	*6*	-	**306*	**(312)*	-
Finance expense	(16)	(6)	(2)	(1)	(25)	(1)	(37)	16	(47)
Profit (loss) from derivative financial instruments	42	(1)	(1)	1	41	-	36	-	77
Share of profit (loss) of equity accounted investees, net of tax	-	-	-	-	-	-	-	-	-
Gain (loss) on disposal of subsidiaries, special purpose entities, joint ventures and associates	-	-	-	-	-	-	-	-	-
Profit (loss) before income tax	**175**	**125**	**55**	**97**	**452**	-	***307**	***(296)**	**463**
Income tax expenses	(43)	(34)	(13)	(18)	(108)	-	(7)	-	(115)
Profit (loss) for the year	**132**	**91**	**42**	**79**	**344**	-	***300**	***(296)**	**348**

* *EUR 295 million is attributable to intra-group dividends primarily recognised by Czech Gas Holding Investment B.V., SPP Infrastructure, a.s. and EP Energy, a.s.*

Other financial information:									
Underlying EBITDA(1)	206	240	73	121	640	2	(2)	-	640

(1) Underlying EBITDA represents profit (loss) for the year before income tax expenses, finance expense, finance income, profit (loss) from derivative financial instruments, share of profit of equity accounted investees, net of tax, gain (loss) on disposal of subsidiaries, special purpose entities, joint ventures and associates, depreciation of property, plant and equipment and amortisation of intangible assets, and negative goodwill.

For the six-month period ended 30 June 2021

In millions of EUR

	Gas trans-mission	Gas and power distribution	Gas storage	Heat Infra	Total segments	Other	Holding	Inter-segment eliminations	Consolidated financial information
Revenues: Energy and related services	254	917	142	160	1,473	2	-	(153)	1,322
external revenues	*181*	*913*	*126*	*100*	*1,320*	*2*	-	-	*1,322*
of which: Gas	*181*	*383*	*126*	-	*690*	-	-	-	*690*
Electricity	-	*530*	-	*19*	*549*	*2*	-	-	*551*
Heat	-	-	-	*81*	*81*	-	-	-	*81*
inter-segment revenues	*73*	*4*	*16*	*60*	*153*	-	-	*(153)*	-
Revenues: Logistics and freight services	-	-	-	13	13	-	-	-	13
external revenues	-	-	-	*13*	*13*	-	-	-	*13*
inter-segment revenues	-	-	-	-	-	-	-	-	-
Revenues: Other	-	3	-	4	7	2	-	-	9
external revenues	-	*3*	-	*4*	*7*	*2*	-	-	*9*
inter-segment revenues	-	-	-	-	-	-	-	-	-
Gain (loss) from commodity and freight derivatives, net	-	(10)	-	-	(10)	-	-	-	(10)
Total revenues	**254**	**910**	**142**	**177**	**1,483**	**4**	**-**	**(153)**	**1,334**
Purchases and consumables: Energy and related services	(13)	(564)	(12)	(60)	(649)	-	-	153	(496)
external Purchases and consumables	*(12)*	*(416)*	*(11)*	*(57)*	*(496)*	-	-	-	*(496)*
inter-segment Purchases and consumables	*(1)*	*(148)*	*(1)*	*(3)*	*(153)*	-	-	*153*	-
Purchases and consumables: Other	-	-	2	(5)	(3)	(1)	-	-	(4)
external Purchases and consumables	-	-	*2*	*(5)*	*(3)*	*(1)*	-	-	*(4)*
inter-segment Purchases and consumables	-	-	-	-	-	-	-	-	-
Total Purchases and consumables	**(13)**	**(564)**	**(10)**	**(65)**	**(652)**	**(1)**	**-**	**153**	**(500)**
Personnel expenses	(14)	(50)	(17)	(21)	(102)	(1)	(3)	-	(106)
Depreciation and amortisation	(58)	(111)	(15)	(26)	(210)	(1)	-	-	(211)
Repairs and maintenance	-	(1)	-	(8)	(9)	-	-	-	(9)
Emission rights, net	(3)	-	(1)	(36)	(40)	-	-	-	(40)
Taxes and charges	-	(1)	(1)	(1)	(3)	-	-	-	(3)
Other operating income	1	8	-	19	28	-	3	-	31
Other operating expenses	(11)	(27)	(5)	(9)	(52)	-	(2)	-	(54)
Own work, capitalized	2	9	-	1	12	-	-	-	12
Profit (loss) from operations	**158**	**173**	**93**	**31**	**455**	**1**	**(2)**	**-**	**454**

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

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

Other financial information:									
Underlying EBITDA(1)	216	284	108	57	665	2	(2)	-	665

(1) Underlying EBITDA represents profit (loss) for the year before income tax expenses, finance expense, finance income, profit (loss) from derivative financial instruments, share of profit of equity accounted investees, net of tax, gain (loss) on disposal of subsidiaries, special purpose entities, joint ventures and associates, depreciation of property, plant and equipment and amortisation of 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 2022
In millions of EUR

	Gas transmission	Gas and power distribution	Gas storage	Heat Infra	Total segments	Other	Holding	Inter-segment eliminations	Consolidated financial information
Underlying EBITDA	**206**	**240**	**73**	**121**	**640**	**2**	**(2)**	**-**	**640**
Depreciation and amortisations	(58)	(111)	(16)	(28)	(213)	(1)	-	-	(214)
Finance income	1	3	1	4	9	-	310	(312)	7
Finance expense	(16)	(6)	(2)	(1)	(25)	(1)	(37)	16	(47)
Profit/(loss) from derivative financial instruments	42	(1)	(1)	1	41	-	36	-	77
Income tax	(43)	(34)	(13)	(18)	(108)	-	(7)	-	(115)
Profit for the year	**132**	**91**	**42**	**79**	**344**	**-**	**300**	**(296)**	**348**

For the six-month period ended 30 June 2021
In millions of EUR

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

Segment assets and liabilities

For the six-month period ended 30 June 2022

In millions of EUR	Gas trans-mission	Gas and power distribution	Gas storage	Heat Infra	Total reportable segments	Other	Holding	Inter-segment eliminations	Consolidated financial information
Reportable segment assets	4,341	6,716	891	914	12,862	24	1,866	(2,222)	12,530
Reportable segment liabilities	(2,688)	(3,255)	(482)	(355)	(6,780)	(13)	(4,160)	2,222	(8,731)
Additions to tangible and intangible assets[(1)]	20	44	5	41	110	-	-	-	110
Acquisition of property, plant and equipment, investment property and intangible assets (excl. emission rights, right-of-use assets and goodwill)	17	32	4	11	64	-	-	-	64

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

For the year ended 31 December 2021

In millions of EUR	Gas trans-mission	Gas and power distribution[(2)]	Gas storage	Heat Infra	Total reportable segments	Other	Holding	Inter-segment eliminations	Consolidated financial information
Reportable segment assets	4,360	6,129	861	873	12,223	26	1,115	(1,744)	11,620
Reportable segment liabilities	(2,647)	(2,317)	(402)	(383)	(5,749)	(13)	(3,776)	1,744	(7,794)
Additions to tangible and intangible assets[(1)]	34	104	12	150	300	-	-	-	300
Acquisition of property, plant and equipment, investment property and intangible assets (excl. emission rights and goodwill)	25	83	9	34	151	-	-	-	151

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

Information about geographical areas

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

As of the period ended 30 June 2022

In millions of EUR	Czech Republic	Slovakia	Germany	Total
Property, plant and equipment	576	8,947	170	9,693
Intangible assets and goodwill	150	38	1	189
Total	**726**	**8,985**	**171**	**9,882**

For the six-month period ended 30 June 2022

In millions of EUR	Czech Republic	Slovakia	Other*	Total
Revenues: Gas	295	474	22	791
Revenues: Electricity	410	565	13	988
Revenues: Heat	84	-	-	84
Revenues: Logistics and freight services	12	1	5	18
Revenues: Other	8	5	-	13
Gain (loss) from commodity and freight derivatives, net	(1)	-	-	(1)
Total	**808**	**1,045**	**40**	**1,893**

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

As of the year ended 31 December 2021

In millions of EUR	Czech Republic	Slovakia	Germany	Total
Property, plant and equipment	591	9,051	167	9,809
Intangible assets and goodwill	256	35	2	293
Total	**847**	**9,086**	**169**	**10,102**

For the six-month period ended 30 June 2021

In millions of EUR	Czech Republic	Slovakia	Other*	Total
Revenues: Gas	134	448	108	690
Revenues: Electricity	171	372	8	551
Revenues: Heat	81	-	-	81
Revenues: Logistics and freight services	8	1	4	13
Revenues: Other	5	4	-	9
Gain (loss) from commodity and freight derivatives, net	(10)	-	-	(10)
Total	**389**	**825**	**120**	**1,334**

5. Acquisitions and disposals of subsidiaries, joint-ventures and associates

The condensed consolidated interim financial statements of the Company for the six-month period ended 30 June 2022 include Parent company and all material companies which Parent company controls directly or indirectly using the full consolidation method. Material associates and joint ventures are included using the equity method. Number of the Group entities as at 30 June 2022 and 31 December 2021 is as follows:

	30 June 2022	31 December 2021
Fully consolidated entities	55	55
Associates and joint-ventures accounted for using the equity method	4	5

(a) Acquisitions and step-acquisitions

i. 30 June 2022

There were no significant acquisitions or step-acquisitions in the six-month period ended 30 June 2022.

(b) Disposal of investments

i. 30 June 2022

On 14 February 2022, the Group disposed 41.67% stake in Greeninvest Energy, a.s. with no material effect to the Group's financial statements.

6. Revenues

In millions of EUR	30 June 2022 (six months)	30 June 2021 (six months)
Revenues: Energy and related services		
of which: Electricity	988	551
Gas	791	690
Heat	84	81
Total Energy and related services	**1,863**	**1,322**
Revenues: Logistics and freight services	**18**	**13**
Revenues: Other	**13**	**9**
Total revenues from customers	**1,894**	**1,344**
Gain (loss) from commodity derivatives, net	**(1)**	**(10)**
Total	**1,893**	**1,334**

For disaggregation of revenue based on type of service and based on geographical area refer to Note 4 – Operating segments.

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

In 2022 no material revenue was recognised from performance obligations satisfied (or partially satisfied) in previous periods.

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

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

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

In millions of EUR	30 June 2022	31 December 2021
Contract assets	115	36
Current	*115*	*36*
Non-Current	-	-
Contract liabilities	200	156
Current	*94*	*79*
Non-Current	*106*	*77*

The amount of EUR 60 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 2022. Remaining part of EUR 19 million will be recognised till the end of 2022.

7. Purchases and consumables

In millions of EUR	30 June 2022 (six months)	30 June 2021 (six months)
Purchases and consumables: Energy and related services		
Purchase cost of sold electricity	697	342
Purchase costs of sold gas and other energy products	193	60
Consumption of fuel and other material	74	62
Consumption of energy	26	22
Other purchase costs	15	10
Total Energy and related services	**1,005**	**496**
Purchases and consumables: Other		
Consumption of material	5	4
Changes in WIP, semi-finished products and finished goods	(2)	(2)
Other cost of goods sold	3	-
Consumption of energy	3	2
Other purchases	2	-
Total Other	**11**	**4**
Total	**1,016**	**500**

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

8. Other operating income

In millions of EUR	30 June 2022 (six months)	30 June 2021 (six months)
Decentralization and cogeneration fee[(1)]	5	9
Consulting fees	5	3
Property acquired free-of-charge and fees from customers	4	3
Rental income	3	4
Compensation from other and insurance companies	3	2
Profit from sale of material	1	-
Other[(2)]	12	10
Total	**33**	**31**

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

(2) Other consists of miscellaneous items.

9. Other operating expenses

In millions of EUR	**30 June 2022 (six months)**	**30 June 2021 (six months)**
Outsourcing and other administration fees	16	11
Transport expenses	8	6
Information technologies costs	7	6
Rent expenses	6	8
Consulting expenses	5	3
Office equipment and other material	4	3
Loss on disposal of tangible and intangible assets	3	-
Insurance expenses	2	2
Shortages and damages	2	-
Advertising expenses	1	1
Gifts and sponsorship	1	1
Security services	1	1
Impairment losses	4	6
Of which relates to: Property, plant and equipment and intangible assets	*4*	*(2)*
Trade receivables and other assets	*-*	*8*
Other	8	6
Total	**68**	**54**

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

Recognised in profit or loss

In millions of EUR	**30 June 2022 (six months)**	**30 June 2021 (six months)**
Interest income	3	1
Dividend income	1	1
Net foreign exchange profit	3	19
Finance income	**7**	**21**
Interest expense	(44)	(51)
Interest expense from unwind of provision discounting	(1)	-
Fees and commissions expense for payment transactions	(1)	-
Fees and commissions expense for other services	(1)	(2)
Finance expense	**(47)**	**(53)**
Profit (loss) from hedging derivatives	(1)	(3)
Profit (loss) from currency derivatives for trading(1)	2	2
Profit (loss) from interest rate derivatives for trading(1)	76	18
Profit (loss) from derecognition of financial assets at amortized cost	(5)	-
Impairment losses from financial assets	5	-
Profit (loss) from financial instruments	**77**	**17**
Net finance income (expense) recognised in profit or loss	**37**	**(15)**

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

11. Income tax expenses

Income tax recognised in other comprehensive income

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]	2	-	2
Items that are or may be reclassified subsequently to profit or loss			
Foreign currency translation differences for foreign operations	1	-	1
Effective portion of changes in fair value of cash-flow hedges[1]	(376)	77	(299)
Total	**(373)**	**77**	**(296)**

(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	2021 (six months)		
	Gross	**Income tax**	**Net of income tax**
Items that are or may be reclassified subsequently to profit or loss			
Foreign currency translation differences for foreign operations[2]	(121)	-	(121)
Foreign currency translation differences from presentation currency[2]	119	-	119
Effective portion of changes in fair value of cash-flow hedges[1]	(91)	20	(71)
Total	**(93)**	**20**	**(73)**

(1) Deferred tax recognized in other comprehensive income of equity accounted investees is not shown in the table as it is not relevant to the financial statements of the Group.
(2) 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 23.01% (six-month period ended 30 June 2021: 25.06%), 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.

12. Property, plant and equipment

In the six-month period ended 30 June 2022 the additions of property, plant and equipment consists of additions to tangible assets under construction of EUR 49 million attributable mainly to Eustream of EUR 16 million, SSD of EUR 13 million and SPPD of EUR 10 million, additions to buildings of EUR 8 million attributable mainly to SPPD of EUR 3 million and SSD of EUR 4 million, additions to machinery and equipment of EUR 13 million attributable mainly to SPPD of EUR 10 million and addition to gas pipelines of EUR 2 million attributable solely to SPPD.

In the six-month period ended 30 June 2022 the Group has disposed of property, plant and equipment in net book value of EUR 5 million.

A major part of the Group's 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 as further described in Note 2 (c). 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 (further described in Note 2 (c)). Cost of Debt was calculated as the weighted average rate of the Group's Loans and borrowing.

As the result of the performed impairment testing, the 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 2022 unless an impairment trigger is identified earlier.

13. Intangible assets (including goodwill)

In the six-month period ended 30 June 2022 the additions of intangible assets by the EPIF Group consisted mainly of purchased emission allowances of EUR 20 million and emission allowances allocated to the Group by the Ministry of the Environment of the Czech Republic of EUR 13 million.

In the six-month period ended 30 June 2022 the disposals of intangible assets by the EPIF Group consisted mainly of surrendered emission allowances of EUR 145 million related to production of 2021, which were mainly represented by Czech entities in Heat infra segment of EUR 135 million, Eustream of EUR 6 million and NAFTA Germany of EUR 2 million.

Impairment testing for cash-generating units containing goodwill

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

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

In millions of EUR	30 June 2022	31 December 2021
Elektrárny Opatovice, a.s.(1)	43	94
EOP Distribuce, a.s.	52	-
EP Cargo a.s.	5	5
EP ENERGY TRADING, a.s.	5	5
SPV100, s.r.o.	1	1
Dobrá Energie s.r.o.	1	-
Total goodwill	**107**	**105**

(1) As of 1 January 2022 the company was demerged into two entities Elektrárny Opatovice, a.s. and EOP Distribuce, a.s.

Additional information on CGU with significant goodwill assigned:

As at 30 June 2022, management didn't identify any impairment trigger that would cause the Group to perform impairment testing of Goodwill recognized in relation to Elektrárny Opatovice, a.s. or above listed other entities. According to the Group's policy, the impairment test will be performed as at 31 December 2022 unless an impairment trigger is identified earlier.

14. Equity

Share capital and share premium

The authorised, issued and fully paid share capital as at 30 June 2022 consisted of 222,870,000 ordinary shares with a par value of CZK 250 each (31 December 2021: 222,870,000 ordinary shares) ("Shares A") and 100,130,000 shares (with which special rights relating to profit distribution are connected as specified in the Articles of Incorporation) with a par value of CZK 250 each (31 December 2021: 100,130,000 shares) ("Shares B").

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

The balance of the share capital increased to EUR 3,248 million due to the change of the functional currency of the Parent Company from 1 January 2022. For more details see Note 2(d).

In 2022 the Company declared and paid no dividends (2021: EUR 100 million) to its shareholders.

30 June 2022 *In thousand of pieces*	Number of shares 250 CZK Shares A	Shares B	Ownership %	Voting rights %
EPIF Investments a.s.	222,870	-	69.00%	69.00%
CEI INVESTMENTS S.a.r.l.	-	100,130	31.00%	31.00%
Total	**222,870**	**100,130**	**100.00%**	**100.00%**

31 December 2021 *In thousand of pieces*	Number of shares 250 CZK Shares A	Shares B	Ownership %	Voting rights %
EPIF Investments a.s.	222,870	-	69.00%	69.00%
CEI INVESTMENTS S.a.r.l.	-	100,130	31.00%	31.00%
Total	**222,870**	**100,130**	**100.00%**	**100.00%**

Reserves recognised in equity comprise the following items:

In millions of EUR	30 June 2022	31 December 2021
Non-distributable reserves	1	1
Fair value reserve	1,312	1,335
Hedging reserve	(486)	(321)
Translation reserve	48	(54)
Other capital reserves	(4,182)	(3,814)
Total	**(3,307)**	**(2,853)**

The movement of reserves is mainly caused by the change of the functional currency of the Parent Company from 1 January 2022. For more details see Note 2(d).

15. Earnings per share

Basic earnings per share

Basic earnings per share in EUR per 1 share of CZK 250 (30 June 2021: in EUR per 1 share of CZK 250) nominal value equal 0.64 (30 June 2021: 0.56).

The calculation of basic earnings per share as at 30 June 2022 was based on profit attributable to ordinary shareholders of EUR 206 million (30 June 2021: EUR 180 million), and a weighted average number of ordinary shares outstanding of 323,000,000 (30 June 2021: 323,000,000).

Weighted average number of ordinary shares as at 30 June 2022

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

Weighted average number of ordinary shares as at 30 June 2021

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

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.

16. Non-controlling interest

30 June 2022 *In millions of EUR*	**Stredoslovenská energetika Holding, a.s. and its subsidiaries (including SSD)**	**NAFTA a.s. and its subsidiaries**	**SPP Infrastructure, a.s. and its subsidiaries(2)**	**SPP distribúcia, a.s. and its subsidiaries**	**eustream a.s.**	**POZAGAS a.s.**	**Plzeňská teplárenská, a.s.**	**Other subsidiaries**	**Total**
Non-controlling percentage	(3)51.00%	(3)31.01%	(3)51.00%	(3)51.00%	(3)51.00%	38.01%	65.00%		
Business activity	Distribution of electricity	Gas storage and exploration	Distribution of gas	Distribution of gas	Transmission of gas	Gas storage and exploration	Production and distribution of heat		
Country(1)	Slovakia	Slovakia, Germany	Slovakia	Slovakia	Slovakia	Slovakia	Czech Republic		
Carrying amount of NCI at 30 June 2022	321	102	(249)	1,536	843	32	150	16	2,751
Profit (loss) attributable to non-controlling interest for the period	8	9	(1)	36	67	1	17	5	142
Dividends declared	(75)	(2)	-	-	-	-	(5)	-	(82)

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

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

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

31 December 2021 *In millions of EUR*	**Stredoslovenská energetika Holding, a.s. and its subsidiaries (including SSD)**	**NAFTA a.s. and its subsidiaries**	**SPP Infrastructure, a.s. and its subsidiaries[(2)]**	**SPP distribúcia, a.s. and its subsidiaries**	**eustream a.s.**	**POZAGAS a.s.**	**Plzeňská teplárenská, a.s.**	**Other subsidiaries**	**Total**
Non-controlling percentage	[(3)]51.00%	31.01%	[(3)]51.00%	[(3)]51.00%	[(3)]51.00%	38.01%	65.00%		
Business activity	Distribution of electricity	Gas storage and exploration	Distribution of gas	Distribution of gas	Distribution of gas	Gas storage and exploration	Production and distribution of heat		
Country[(1)]	Slovakia	Slovakia, Germany	Slovakia	Slovakia	Slovakia	Slovakia	Czech Republic		
Carrying amount of NCI at 31 December 2021	387	114	(340)	1,561	874	36	138	14	2,784
Profit (loss) attributable to non-controlling interest for the period	40	25	(1)	67	133	5	11	9	289
Dividends declared	(113)	(1)	(220)	-	-	-	(5)	(1)	(340)

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

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

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

17. Loans and borrowings

In millions of EUR	**30 June 2022**	**31 December 2021**
Issued debentures at amortised costs	3,860	3,872
Loans payable to credit institutions	599	207
Lease liabilities	69	62
Total	**4,528**	**4,141**
Non-current	*4,418*	*4,079*
Current	*110*	*62*
Total	**4,528**	**4,141**

EPIF Facilities agreement

During March, EPIF has drawn EUR 400 million under a revolving loan facility B due 14 January 2025.

18. Provisions

In millions of EUR	**Employee benefits**	**Provision for emission rights**	**Provision for lawsuits and litigations**	**Provision for restoration and decommissioning**	**Other**	**Total**
Balance at 1 January 2022	**40**	**142**	**1**	**210**	**32**	**425**
Provisions made during the period	(2)	92	-	7	-	**97**
Provisions used during the period	(1)	(144)	-	-	(9)	**(154)**
Provisions released during the period	-	-	-	-	-	**-**
Transfer	-	-	-	9	-	**9**
Unwind of discount[(1)]	-	-	-	1	-	**1**
Effect of movements in foreign exchange rates	1	2	-	(3)	1	**1**
Balance at 30 June 2022	**38**	**92**	**1**	**224**	**24**	**379**
Non-current	*37*	-	*1*	*220*	*20*	**278**
Current	*1*	*92*	-	*4*	*4*	**101**

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

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

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

19. Financial instruments

Financial instruments and other financial assets

In millions of EUR	30 June 2022	31 December 2021
Assets carried at amortized cost		
Loans to other than credit institutions	31	32
of which receivables from related parties	-	*4*
Total	**31**	**32**
Assets carried at fair value		
Hedging: *of which*	435	228
Interest rate swaps cash flow hedge	*30*	-
Commodity derivatives cash flow hedge(1)	*405*	*228*
Non-hedging: *of which*	4	6
Interest rate swaps reported as trading	3	-
Commodity derivatives reported as trading	-	*4*
Currency derivatives reported as trading	*1*	*2*
Equity instruments at fair value through OCI: *of which*	16	15
Shares at fair value through OCI	*16*	*15*
Total	**455**	**249**
Non-current	187	41
of which owed by other Group related companies	*8*	*4*
Current	299	240
Total	**486**	**281**

Financial instruments and other financial liabilities

In millions of EUR	30 June 2022	31 December 2021
Liabilities carried at fair value		
Hedging: *of which*	1,380	722
Interest rate swaps cash flow hedge	-	*3*
Commodity derivatives cash flow hedge(1)	*1,380*	*716*
Currency forwards cash flow hedge	-	*3*
Non-hedging: *of which*	2	134
Interest rate swaps reported as trading	-	*130*
Commodity derivates reported as trading	-	*4*
Currency forwards reported as trading	*2*	-
Other financial liabilities	2	-
Other financial liabilities	*2*	-
Total	**1,384**	**856**
Non-current	544	182
Current	840	674
Total	**1,384**	**856**

(1) Commodity derivatives designated as cash flow hedges primarily relate to forwards for sale/purchase of electricity and gas which EP ENERGY TRADING, a.s. used to hedge the cash flows arising from purchase and from sale of electricity and gas, as part of its activities as supplier of electricity and gas to final customers. The effectiveness of the hedging relationship is typically assessed by comparison of hedged volume to actual volumes sourced or delivered. 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.

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

In millions of EUR

	30 June 2022 Notional amount buy	30 June 2022 Notional amount sell	30 June 2022 Positive fair value	30 June 2022 Negative fair value
Hedging: *of which*	1,882	(2,394)	435	(1,380)
Interest rate swaps cash flow hedge	*710*	*(790)*	*30*	-
Commodity derivatives cash flow hedge	*1,172*	*(1,604)*	*405*	*(1,380)*
Currency forwards cash flow hedge	-	-	-	-
Non-hedging: *of which*	659	(650)	4	(2)
Interest rate swaps reported as trading	*500*	*(500)*	*3*	-
Commodity derivatives reported as trading	*1*	*(0)*	-	-
Currency forwards reported as trading	*158*	*(150)*	*1*	*(2)*
Total	**2,541**	**(3,044)**	**439**	**(1,382)**

In millions of EUR	31 December 2021 Nominal amount buy	31 December 2021 Nominal amount sell	31 December 2021 Positive fair value	31 December 2021 Negative fair value
Hedging: *of which*	1,117	(1,669)	228	(722)
Interest rate swaps cash flow hedge	*24*	*(27)*	-	*(3)*
Commodity derivatives cash flow hedge	*978*	*(1,521)*	*228*	*(716)*
Currency forwards cash flow hedge	*115*	*(121)*	-	*(3)*
Non-hedging: *of which*	1,783	(1,830)	6	(134)
Interest rate swaps reported as trading	*1,710*	*(1,760)*	-	*(130)*
Commodity derivatives reported as trading	*12*	*(12)*	*4*	*(4)*
Currency forwards reported as trading	*61*	*(58)*	*2*	-
Total	**2,900**	**(3,499)**	**234**	**(856)**

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

Fair value hierarchy for financial instruments carried at fair value

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

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

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

In millions of EUR	Level 1	30 June 2022 Level 2	Level 3	Total
Financial assets carried at fair value:				
Hedging: *of which*	-	435	-	**435**
Interest rate swaps cash flow hedge	-	*30*	-	***30***
Commodity derivatives cash flow hedge	-	*405*	-	***405***
Non hedging: *of which*	-	4	-	**4**
Interest rate swaps reported as trading	-	3	-	**3**
Currency forwards reported as trading	-	*1*	-	***1***
Equity instruments at fair value through OCI: of which	-	-	16	**16**
Shares at fair value through OCI	-	-	*16*	***16***
Total	**-**	**439**	**16**	**455**
Financial liabilities carried at fair value:				
Hedging: *of which*	-	1,380	-	**1,380**
Interest rate swaps cash flow hedge	-	-	-	**-**
Commodity derivatives cash flow hedge	-	*1,380*	-	***1,380***
Non-hedging: *of which*	-	2	-	**2**
Currency forwards reported as trading	-	*2*	-	***2***
Other financial liabilities	-	2	-	***2***
Other financial liabilities	-	*2*	-	***2***
Total	**-**	**1,384**	**-**	**1,384**

In millions of EUR	Level 1	31 December 2021 Level 2	Level 3	Total
Hedging: *of which*	-	228	-	**228**
Commodity derivatives cash flow hedge	-	*228*	-	***228***
Non-hedging: *of which*	-	6	-	**6**
Commodity derivatives reported as trading	-	*4*	-	***4***
Currency forwards reported as trading	-	*2*	-	***2***
Equity instruments at fair value through OCI: of which	-	-	15	**15**
Shares at fair value through OCI	-	-	*15*	***15***
Total	**-**	**234**	**15**	**249**
Financial liabilities carried at fair value:				
Hedging: *of which*	-	722	-	**722**
Interest rate swaps cash flow hedge	-	*3*	-	***3***
Commodity derivatives cash flow hedge	-	*716*	-	***716***
Currency forwards cash flow hedge	-	*3*	-	***3***
Non-hedging: *of which*	-	134	-	**134**
Interest rate swaps reported as trading	-	*130*	-	***130***
Commodity derivatives reported as trading	-	*4*	-	***4***
Total	**-**	**856**	**-**	**856**

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

In millions of EUR	30 June 2022 Carrying value	30 June 2022 Fair value	31 December 2021 Carrying value	31 December 2021 Fair value
Financial assets				
Loans to other than credit institutions	31	31	32	32
Financial liabilities				
Loans and borrowings	4,528	3,455	4,141	4,267

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

20. Commitments and contingencies

Off balance sheet liabilities

In millions of EUR	30 June 2022	31 December 2021
Commitments	676	726
Other granted guarantees and warranties	18	19
Total	**694**	**745**

Commitments

Majority of commitments is represented by contracts to purchase energy with physical delivery in following periods by SSH Group in amount of EUR 573 million (31 December 2021: EUR 615 million). Contracts for purchase of non-current assets of EUR 30 million (31 December 2021: EUR 17 million) are recognised by SSH Group, EUR 18 million (31 December 2021: EUR 25 million) recognised by Eustream. EUR 29 million recorded by SSD relating to the amount of an expected compensation from the regulator, which shall cover an insufficient compensation of power distribution losses in 2021. According to the relevant legislation, the compensation shall be received by 2023. Remaining EUR 26 million (31 December 2021: EUR 40 million) arise from different type of service contracts.

Off balance sheet asset

In millions of EUR	30 June 2022	31 December 2021
Received promises	1,438	1,440
Other received guarantees and warranties	224	260
Total	**1,662**	**1,700**

Received promises

Received promises mainly comprise the loan commitments received by the various companies within the Group in amount of EUR 455 million (31 December 2021: EUR 853 million). Contracts for the future sale of energy in amount of EUR 983 million (31 December 2021: EUR 587 million).

Other received guarantees and warranties

Other received guarantees and warranties mainly consist of guarantees received from a parent company of customers to secure trade receivables in the amount of EUR 150 million (31 December 2021: EUR 100 million) recognised by Eustream, SPPD and EP ENERGY TRADING s.r.o. and guarantees received from banks of EUR 74 million (31 December 2021: EUR 160 million) recognised by NAFTA a.s.

21. Subsequent events

On 12 July 2022, Stredoslovenská energetika Holding, a.s. has drawn EUR 140 million out of EUR 150 million available under a new bank financing agreement. The drawn funds comprise a term loan of EUR 50 million and a revolving credit facility of EUR 90 million. Both instruments are unsecured and have a five-year maturity.

On 12 August 2022, an amendment to the loan agreement between Eustream and a bank was signed, according to which the loan in the already drawn amount of EUR 65 million will be amortized via annual repayments of EUR 12 million until June 2027.

In the light of the recently elevated liquidity risk driven by an increase in electricity, gas and other commodity prices (as further described in the Note 2(c)), the Company's management is continuously evaluating and actively managing the liquidity position of the Group. As of the date of the condensed consolidated interim financial statements as at 30 June 2022, the Group has not been in breach of any of its financing agreements. Further, the Company's management also has considered other recent developments including the development in area of EU's and national governments' efforts to address the energy crisis and concluded that recent developments and the envisaged measures have no significant impact on the Company's condensed consolidated interim financial statements as at 30 June 2022 and the going concern assumption as of the date of preparation of financial statements.

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 2022.

Date:	Signature of the authorised representative	
9 September 2022	Daniel Křetínský Chairman of the Board of Directors of EP Infrastructure, a.s.	Pavel Horský Member of the Board of Directors of EP Infrastructure, a.s.