



**BRAWA, a.s. Annual Report  
for the Year Ended 30 November 2023**

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## Company Profile

BRAWA, a.s. (hereinafter referred to as "BRAWA") is the sole owner of the GAZELLE gas pipeline. This 166-kilometre pipeline, with a pipe diameter of DN 1400 and a design pressure of 85 bar, connects the transmission systems of the Czech Republic and the Federal Republic of Germany at the Brandov and Rozvadov border points. NET4GAS, s.r.o. is the operator of the GAZELLE pipeline.

## Shareholder

BRAWA's sole shareholder is NET4GAS, s.r.o.

## Supervisory Board as of 30 November 2023

### Martin Kolář

Chairman of the Supervisory Board

Position held since: 11 July 2022

Membership since: 1 July 2022

(in the Supervisory Board continuously since 20 March 2012)

### Radek Benčík

Vice-Chairman of the Supervisory Board

Position held since: 11 July 2022

Membership since: 1 July 2022

(in the Supervisory Board continuously since 20 March 2012)

### Andreas Rau

Member of the Supervisory Board

Membership since: 19 February 2022

(in the Supervisory Board continuously since 19 February 2014)

## Changes in the Supervisory Board

No changes occurred in the composition of the Supervisory Board of BRAWA in the year ended 30 November 2023.

## Board of Directors as of 30 November 2023

### Jan Martinec

Chairman of the Board of Directors

Position held since: 7 July 2019

Membership since: 7 July 2019

(in the Board of Directors continuously since 7 July 2014)

### Miroslav Holý

Vice-Chairman of the Board of Directors

Position held since: 17 December 2020

Membership since: 30 November 2020

(in the Board of Directors continuously since 1 November 2015)

## Changes in the Board of Directors

No changes occurred in the composition of the Board of Directors of BRAWA in the year ended 30 November 2023.

## Report on Operations

### Main Events and Expected Development of the Company

In the year ended 30 November 2023, BRAWA operated and managed its assets in accordance with its long-term plan. Its core activity was therefore managing its property – the GAZELLE pipeline – and its lease to the transmission system operator NET4GAS, s.r.o.

The next accounting period will be characterised by steady implementation of the Company's long term business plan – i.e. the lease of the GAZELLE pipeline to the transmission system operator. The Company's business plan does not anticipate any further investments or commercial development beyond the scope of the already existing contractual relationships.

### Main Economic Indicators

<b>Selected indicators</b>	<b>1 Dec 2022 – 30 Nov 2023</b>
Total revenue from sale of services (CZK million)	514
Operating profit (CZK million)	400
Profit before tax (CZK million)	422
Profit after tax (CZK million)	250
Acquisition of fixed assets (CZK million)	0
Number of employees (converted to FTE)	0

#### Revenues, costs, profit

In the year ended 30 November 2023, BRAWA achieved profit before taxation of CZK 422 million, and profit after tax of CZK 250 million. Operating profit amounted to CZK 400 million and was generated from its core business operation – lease of the GAZELLE pipeline. Its operating revenues amounted to CZK 514 million and operating costs were CZK 115 million. Its financial result showed a profit of CZK 22 million.

#### Asset structure

As of 30 November 2023, the total net assets of BRAWA amounted to CZK 7,078 million, of which fixed assets accounted for CZK 6,464 million, representing 91% of total assets. These assets consisted of tangible fixed assets. As of 30 November 2023, current and other assets amounted to CZK 611 million, representing 9% of all assets. Current and other assets consisted mainly of short-term receivables.

#### Structure of liabilities and equity

As of 30 November 2023, BRAWA's equity amounted to CZK 6,085 million, representing roughly 86% of its total liabilities and equity. Its liabilities amounted to CZK 993 million, of which long-term payables (deferred tax liability) accounted for 99%.

#### Investments

As of 30 November 2023, BRAWA has not made any investments in fixed assets.

#### Investment instruments

In the year ended 30 November 2023, BRAWA did not use any investment instruments.



## **Research and development activities**

In the year ended 30 November 2023, BRAWA did not make any major expenditure on research and development.

## **Branches or other parts of business premises abroad**

BRAWA has no branches or other parts of business premises abroad.

## **Human Resources**

BRAWA had no employees as of 30 November 2023.

## **Environmental Protection**

Environmental protection is an issue which BRAWA sees as more than just a matter of meeting statutory requirements. Protecting the environment is above all an aspect of the Company's corporate social responsibility. No environmental incidents or other serious events endangering the environment occurred in the year ended 30 November 2023 in connection with the Company's business or other activities.

## **Post Balance Sheet Events**

No events that would have a material impact on the Annual Report of BRAWA, a.s. for the year ended 30 November 2023 occurred after the balance sheet date.

## Report on Relations

The Board of Directors of BRAWA, a.s. (hereinafter the “Company” or “BRAWA”) has drawn up, in accordance with Section 82 of Act No. 90/2012 Coll., the Business Corporations Act (hereinafter “BCA”), the following Report on Relations covering the relations among the Company and controlling entities and among the Company and other entities controlled by the same controlling entities (hereinafter “Related Parties”) during the year ended 30 November 2023 in all cases where the Company is aware of the existence of such Related Parties. This Report on Relations forms an integral part of the Company’s Annual Report for the year ended 30 November 2023 and is provided to the shareholder of the Company for its review within the same period of time and under the same conditions as the Financial Statements.

### 1. Controlling Entities

In the year ended 30 November 2023, the Company was controlled:

#### a) directly by

NET4GAS, s.r.o., with its registered office at Na Hřebenech II 1718/8, Nusle, Prague 4, 140 21, Czech Republic, ID No. 272 60 364, registered in the Commercial Register maintained by the Municipal Court in Prague, Section C, File No. 108316 (hereinafter “NET4GAS”);

#### b) indirectly by

- NET4GAS Holdings, s.r.o., with its registered office at Na hřebenech II 1718/8, Nusle, Prague 4, 140 00, Czech Republic, ID No. 291 35 001, registered in the Commercial Register maintained by the Municipal Court in Prague, Section C, File No. 202655 (hereinafter “NET4GAS Holdings”), as the sole shareholder of NET4GAS;
- (i) Allianz Infrastructure Luxembourg I S.à r.l., with its registered office at L-2450 Luxembourg, 14, boulevard F.D. Roosevelt, Grand Duchy of Luxembourg, registration number: B 175770, and (ii) Borealis Novus Parent B.V., with its registered office at 1011PZ Amsterdam, Muiderstraat 9, Kingdom of the Netherlands, registration number: 57412243, each of which is a member of NET4GAS Holdings with an ownership interest of 50%, and which together have the status of joint controlling entities in relation to NET4GAS Holdings by virtue of Section 75(3) of the BCA.

### 2. Other Related Parties

The Board of Directors of the Company has prepared this Report on Relations based on available information.

The relevant structure of relationships between the controlling entities and the controlled entity and other related parties is set out in Annex 1 to this Report on Relations.

### 3. Role of the Controlled Entity, Method and Means of Control

The Company is the owner of assets used by the controlling entity (NET4GAS) in its business activities on the basis of the lease of such assets from the Company.

The Company is controlled by NET4GAS, where this relationship of control is based primarily on the fact that NET4GAS is the sole shareholder in the Company and appoints the members of the Company’s Board of Directors and Supervisory Board.

### 4. Valid Agreements between the Company and Controlling Entities or other Related Parties

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



## **5. Acts Performed in the Most Recent Accounting Period at the Instigation or in the Interest of Controlling Entities or Related Parties**

In the most recent accounting period, the Company did not take any other actions at the instigation of or in the interest of controlling or related parties other than entering into the agreements referred to in Section 4 of this Report on Relations.

## **6. No Damage**

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

## **7. Advantages and Disadvantages Resulting from Relations with Related Parties**

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

In the most recent accounting period, the Company had an agreement in place with the controlling entity, NET4GAS, for the provision of services in the following areas: GAZELLE project supervision, construction and assembly work within the construction, accounting, controlling, tax issues, payroll administration, cash-flow, risk management, insurance, facility management, purchasing and logistics, corporate affairs and network documentation. This cooperation benefits the Company by allowing the streamlining of its internal processes.

## **8. Confidentiality**

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

## **9. Conclusion**

This Report on Relations was verified by the Company's auditor, who is responsible for verifying the financial statements in accordance with specific legislation, approved by the Company's Board of Directors on 23 February 2024, and was submitted for review to the Supervisory Board.

In Prague on 23 February 2024



Jan Martinec  
Chairman of the Board of Directors



Miroslav Holý  
Vice-Chairman of the Board of Directors

## Annex No. 1 Structure of relations among controlling entities and other Related Parties in the most recent accounting period

Allianz Infrastructure Luxembourg I S.à r.l. (50.00%) and Borealis Novus Parent B.V. (50.00%)

100.00% NET4GAS Holdings, s.r.o.

100.00% NET4GAS, s.r.o.

BRAWA, a.s.

## Annex No. 2 Agreements concluded between the Company and controlling entities or other Related Parties in the most recent accounting period

Contracting party	Agreement title	Date of entry into	Details
Net4Gas, s.r.o.	Amendment 10 to the Service Level Agreement for Selected Services	2 January 2023	The subject of the amendment is a change in the price list and the responsible person.
Net4Gas, s.r.o.	Amendment 6 to the Lease Agreement	30 December 2022	The subject of the amendment is a change in the Investment provision and payment of investment costs.
Net4Gas, s.r.o.	Amendment 5 to the Lease Agreement	12 January 2023	The subject of the amendment is the change in the WACC profit margin.
Net4Gas, s.r.o.	Amendment No.3 to the Loan Agreement	22 December 2022	The amendment determines / updates the prices of loans provided, including responsible persons.

## Orders of BRAWA, a.s. at NET4GAS, s.r.o. delivered in the most recent accounting period:

- Order No. 4180000191 SLA services for 2023 (covered by the contract)
- Orders No. 4180000192, 4180000193, 4180000194 D&O Insurance excess – re-invoicing (the service is not provided by NET4GAS)

## Orders of NET4GAS, s.r.o. at BRAWA, a.s. delivered in the most recent accounting period:

- Order No. 4170080470 Gas pipeline rent for 2023 (covered by the contract)



**Annex No. 3 Agreements concluded between the Company and controlling entities or other Related Parties in previous accounting periods and effective in the most recent accounting period**

<b>Contracting party</b>	<b>Agreement title</b>	<b>Concluded on</b>	<b>Details</b>
NET4GAS, s.r.o.	Service Level Agreement for Selected Services as amended by Amendment 1 of 20 December 2013, Amendment 2 of 27 January 2014, Amendment 3 of 6 February 2015, Amendment 4 of 30 November 2015, Amendment 5 of 30 December 2016, Amendment 6 of 30 December 2018, Amendment 7 of 30 December 2019 and Amendment 8 of 4 January 2021	31 December 2012	The subject matter of the agreement is the provision of the following services by NET4GAS, s.r.o. to BRAWA, a.s.: GAZELLE project supervision, construction and assembly work during the project, accounting, controlling, tax issues, payroll administration, cash-flow, risk management, insurance, facility management, purchasing and logistics, corporate affairs, network documentation, price, and list of the Provider's authorised representatives.
NET4GAS, s.r.o.	Lease Agreement, as amended by Amendment 1 of 15 February 2017, Amendment 2 of 14 September 2020 and Amendment 3 of 4 January 2021	31 December 2012	Under the agreement, BRAWA, a.s. leases gas infrastructure to NET4GAS, s.r.o. consisting primarily of the "High-pressure DN 1400 gas pipeline – Brandov BTS – Rozvadov" The subject matter of the amendment is a new method for calculating the rent.
NET4GAS, s.r.o.	Loan Agreement, as amended by Amendment 1 of 16 July 2015 and Amendment 2 of 12 December 2019	2 July 2013	The agreements lay down the framework for cash pooling in the Czech currency between BRAWA, a.s. and the companies NET4GAS, s.r.o. and NET4GAS Holdings, s.r.o. The purpose is to optimise the use of financial resources in the framework of related parties and to reduce transaction costs.
NET4GAS, s.r.o., NET4GAS Holdings, s.r.o. (Multilateral agreement)	Agreement Ref. No. ZBA/2017/07 on the Provision of Real Unidirectional Cash Pooling as amended by Amendment 1 of 27 September 2018	9 November 2017	
NET4GAS, s.r.o.	Agreement on the Establishment of an Easement (No. 1)	3 August 2018	The subject matter of the agreement is the establishment of an easement – "High-pressure DN 1400 gas pipeline, RU Kateřinský potok - RU Přimda", an underground high-pressure gas pipeline over 40 bar.
NET4GAS, s.r.o.	Agreement on the Establishment of an Easement (No. 2)	3 August 2018	The subject matter of the agreement is the establishment of an easement – "High-pressure DN 1400 gas pipeline, RU Kateřinský potok - RU Přimda", an underground high-pressure gas pipeline over 40 bar.

<b>Contracting party</b>	<b>Agreement title</b>	<b>Concluded on</b>	<b>Details</b>
NET4GAS, s.r.o.	Agreement on the Establishment of an Easement (No. 3)	3 August 2018	The subject matter of the agreement is the establishment of an easement – "High-pressure DN 1400 gas pipeline, RU Kateřinský potok - RU Přimda", an underground high-pressure gas pipeline over 40 bar.
NET4GAS, s.r.o., natural person	Agreement on Compensation for the Establishment of Easement	10 September 2019	The subject matter of the agreement is an arrangement regarding compensation to which the owner is entitled for establishing an easement as per an agreement on the establishment of an easement and for the fact that the owner is prevented from executing a project on the land.
NET4GAS, s.r.o.	Personal Data Processing Agreement	2 January 2019	The agreement lays down rights and duties of the parties regarding the processing of relevant personal data.

We, as the Company, have decided not to disclose the performance values of individual contracts in the Report on Relations, as we consider this information to be information that by its nature is subject to trade secrets within the meaning of Section 82 (6) of the Business Corporations Act (BCA).

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

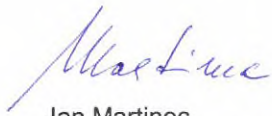
In the most recent accounting period, no actions were taken at the instigation of or in the interest of controlling or related parties.



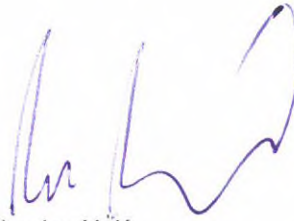
## Persons Responsible for the Annual Report

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

In Prague on 23 February 2024



Jan Martinec  
Chairman of the Board of Directors



Miroslav Holý  
Vice-Chairman of the Board of Directors

**Financial Statements**

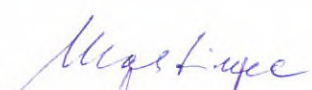

**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2023**

**Name of the Company:** BRAWA, a.s.  
**Registered Office:** Na Hřebenech II 1718/8, Nusle, 140 21 Prague  
**Legal Status:** Joint Stock Company  
**Corporate ID:** 247 57 926

**Components of the Financial Statements:**

**Balance Sheet**  
**Profit and Loss Account**  
**Statement of Changes in Equity**  
**Cash Flow Statement**  
**Notes to the Financial Statements**

**These financial statements were prepared on 23 February 2024.**

<b>Statutory body of the reporting entity:</b>	<b>Signature</b>
<b>Jan Martinec</b> Chairman of the Board of Directors	
<b>Miroslav Holý</b> Vice-Chairman of the Board of Directors	





**BALANCE SHEET**  
full version

**BRAWA a.s.**  
Corporate ID 247 57 926

As of  
30.11.2023  
(in CZK thousand)

Na Hřebenech II 1718/8  
Nusle  
140 21 Praha

		30.11.2023			30.11.2022
		Gross	Adjustment	Net	Net
	<b>TOTAL ASSETS</b>	<b>8 394 170</b>	<b>1 316 173</b>	<b>7 077 997</b>	<b>7 081 432</b>
<b>B.</b>	<b>Fixed assets</b>	<b>7 780 073</b>	<b>1 316 173</b>	<b>6 463 900</b>	<b>6 583 878</b>
<i>B.I.</i>	<i>Intangible fixed assets</i>	<b>75</b>	<b>75</b>		
B.I.1.	Development	75	75		
<i>B.II.</i>	<i>Tangible fixed assets</i>	<b>7 779 998</b>	<b>1 316 098</b>	<b>6 463 900</b>	<b>6 583 878</b>
B.II.1.	<i>Land and structures</i>	<b>7 779 998</b>	<b>1 316 098</b>	<b>6 463 900</b>	<b>6 573 275</b>
B.II.1.1.	Land	1 667		1 667	1 667
B.II.1.2.	Structures	7 778 331	1 316 098	6 462 233	6 571 608
B.II.5.	<i>Prepayments for tangible fixed assets and tangible fixed assets under construction</i>				<b>10 603</b>
B.II.5.2.	Tangible fixed assets under construction				10 603
<b>C.</b>	<b>Current assets</b>	<b>610 709</b>		<b>610 709</b>	<b>495 273</b>
<i>C.II.</i>	<i>Receivables</i>	<b>610 586</b>		<b>610 586</b>	<b>495 182</b>
C.II.1.	<i>Long-term receivables</i>				
C.II.2.	<i>Short-term receivables</i>	<b>610 586</b>		<b>610 586</b>	<b>495 182</b>
C.II.2.1.	Trade receivables	105 162		105 162	45 246
C.II.2.2.	Receivables - controlled or controlling entity	505 424		505 424	449 936
<i>C.IV.</i>	<i>Cash</i>	<b>123</b>		<b>123</b>	<b>91</b>
C.IV.2.	Cash at bank	123		123	91
<b>D.</b>	<b>Other assets</b>	<b>3 388</b>		<b>3 388</b>	<b>2 281</b>
D.1.	Deferred expenses	20		20	19
D.3.	Accrued income	3 368		3 368	2 262

		30.11.2023	30.11.2022
	<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>7 077 997</b>	<b>7 081 432</b>
<b>A.</b>	<b>Equity</b>	<b>6 084 689</b>	<b>6 252 160</b>
A.I.	<i>Share capital</i>	402 000	402 000
A.I.1.	Share capital	402 000	402 000
A.II.	<i>Share premium and capital funds</i>	<b>5 433 000</b>	<b>5 570 000</b>
A.II.2.	<i>Capital funds</i>	<b>5 433 000</b>	<b>5 570 000</b>
A.II.2.1.	Other capital funds	5 433 000	5 570 000
A.V.	<i>Profit or loss for the current period (+/-)</i>	<b>249 689</b>	<b>280 160</b>
<b>B.+C.</b>	<b>Liabilities</b>	<b>993 308</b>	<b>829 272</b>
<b>B.</b>	<b>Reserves</b>	<b>20 766</b>	<b>1 060</b>
B.II.	Income tax reserve	20 766	1 060
<b>C.</b>	<b>Payables</b>	<b>972 542</b>	<b>828 212</b>
C.I.	<i>Long-term payables</i>	<b>962 976</b>	<b>819 799</b>
C.I.8.	Deferred tax liability	962 976	819 799
C.II.	<i>Short-term payables</i>	<b>9 566</b>	<b>8 413</b>
C.II.4.	Trade payables	348	341
C.II.8.	<i>Other payables</i>	<b>9 218</b>	<b>8 072</b>
C.II.8.4.	Social security and health insurance payables	17	17
C.II.8.5.	State - tax payables and subsidies	9 068	7 735
C.II.8.6.	Estimated payables	105	292
C.II.8.7.	Sundry payables	28	28

**PROFIT AND LOSS ACCOUNT**  
structured by the nature of expense method

**BRAWA a.s.**  
Corporate ID 247 57 926

Year ended  
30.11.2023  
(in CZK thousand)

Na Hřebenech II 1718/8  
Nusle  
140 21 Praha

		Year ended 30.11.2023	Year ended 30.11.2022
I.	Sales of products and services	514 155	446 755
A.	Purchased consumables and services	<b>3 949</b>	<b>3 882</b>
A.3.	Services	3 949	3 882
D.	Staff costs	<b>610</b>	<b>610</b>
D.1.	Payroll costs	456	456
D.2.	Social security and health insurance costs and other charges	<b>154</b>	<b>154</b>
D.2.1.	Social security and health insurance costs	154	154
E.	Adjustments to values in operating activities	<b>109 375</b>	<b>109 375</b>
E.1.	<i>Adjustments to values of intangible and tangible fixed assets</i>	<b>109 375</b>	<b>109 375</b>
E.1.1.	Adjustments to values of intangible and tangible fixed assets - permanent	109 375	109 375
F.	Other operating expenses	<b>566</b>	<b>214</b>
F.3.	Taxes and charges	12	16
F.5.	Sundry operating expenses	554	198
*	<b>Operating profit or loss (+/-)</b>	<b>399 655</b>	<b>332 674</b>
VI.	Interest income and similar income	<b>21 981</b>	<b>13 246</b>
VI.1.	Interest income and similar income - controlled or controlling entity	21 981	13 246
VII.	Other financial income	8	6
K.	Other financial expenses	26	50
*	<b>Financial profit or loss (+/-)</b>	<b>21 963</b>	<b>13 202</b>
**	<b>Profit or loss before tax (+/-)</b>	<b>421 618</b>	<b>345 876</b>
L.	Income tax	<b>171 929</b>	<b>65 716</b>
L.1.	Due income tax	28 752	7 599
L.2.	Deferred income tax (+/-)	143 177	58 117
**	<b>Profit or loss net of tax (+/-)</b>	<b>249 689</b>	<b>280 160</b>
***	<b>Profit or loss for the current period (+/-)</b>	<b>249 689</b>	<b>280 160</b>
*	Net turnover for the current period	<b>536 144</b>	<b>460 007</b>



**STATEMENT OF  
CHANGES IN EQUITY**

Year ended  
30.11.2023  
(in CZK thousand)

**BRAWA a.s.**  
Corporate ID 247 57 926

Na Hřebenech II 1718/8  
Nusle  
140 21 Praha

	Share capital	Capital funds	Profit or loss for the current period	TOTAL EQUITY
<b>Balance at 30 November 2021</b>	<b>402 000</b>	<b>5 755 000</b>	<b>311 576</b>	<b>6 468 576</b>
Distribution of profit or loss			-311 576	-311 576
Payments from capital funds		-185 000		-185 000
Profit or loss for the current period			280 160	280 160
<b>Balance at 30 November 2022</b>	<b>402 000</b>	<b>5 570 000</b>	<b>280 160</b>	<b>6 252 160</b>
Distribution of profit or loss			-280 160	-280 160
Payments from capital funds		-137 000		-137 000
Profit or loss for the current period			249 689	249 689
<b>Balance at 30 November 2023</b>	<b>402 000</b>	<b>5 433 000</b>	<b>249 689</b>	<b>6 084 689</b>

**CASH FLOW  
STATEMENT**

**BRAWA a.s.**  
**Corporate ID 247 57 926**

Year ended  
30.11.2023  
(in CZK thousand)

Na Hřebenech II 1718/8  
Nusle  
140 21 Praha

		Year ended 30.11.2023	Year ended 30.11.2022
<b>P.</b>	<b>Opening balance of cash and cash equivalents</b>	<b>450 027</b>	<b>457 338</b>
	<i>Cash flows from ordinary activities (operating activities)</i>		
Z.	Profit or loss before tax	421 618	345 876
A.1.	Adjustments for non-cash transactions	87 747	96 143
A.1.1.	Depreciation of fixed assets	109 375	109 375
A.1.5.	Interest expense and interest income	-21 981	-13 246
A.1.6.	Adjustments for other non-cash transactions	353	14
<b>A.*</b>	<b>Net operating cash flow before changes in working capital</b>	<b>509 365</b>	<b>442 019</b>
A.2.	Change in working capital	-59 117	51 441
A.2.1.	Change in operating receivables and other assets	-60 270	51 783
A.2.2.	Change in operating payables and other liabilities	1 153	-342
<b>A.**</b>	<b>Net cash flow from operations before tax</b>	<b>450 248</b>	<b>493 460</b>
A.4.	Interest received	20 875	11 826
A.5.	Income tax paid from ordinary operations	-9 046	-5 418
<b>A.***</b>	<b>Net operating cash flows</b>	<b>462 077</b>	<b>499 868</b>
B.1.	Fixed assets expenditures	10 603	-10 603
<b>B.***</b>	<b>Net investment cash flows</b>	<b>10 603</b>	<b>-10 603</b>
	<i>Cash flow from financial activities</i>		
C.2.	Impact of changes in equity	-417 160	-496 576
C.2.2.	Capital payments to partners/shareholders	-137 000	-185 000
C.2.6.	Profit shares/dividends paid	-280 160	-311 576
<b>C.***</b>	<b>Net financial cash flows</b>	<b>-417 160</b>	<b>-496 576</b>
<b>F.</b>	<b>Net increase or decrease in cash and cash equivalents</b>	<b>55 520</b>	<b>-7 311</b>
<b>R.</b>	<b>Closing balance of cash and cash equivalents</b>	<b>505 547</b>	<b>450 027</b>

***BRAWA, a.s.***

Notes to the financial statements

30 November 2023

## **1. General information**

### **1.1. Introductory information about the Company**

BRAWA, a.s. (the "Company") was incorporated in the Commercial Register held by the Municipal Court in Prague, Section B, Insert 16622, on 10 November 2010 and has its registered office in Prague - Nusle, Na Hřebenech II 1718/8. The Company's primary business activities registered in the Commercial Register are the lease of real estate, flats and commercial premises. The Company is the owner of the line sections of the GAZELLE gas pipeline, which it leases to the transmission system operator NET4GAS, s.r.o. The identification number of the Company is 247 57 926.

The Company has updated its Articles of Association that are now fully governed by the new Corporations Act. This fact became effective on 11 June 2014.

The Company is not a shareholder having unlimited liability in any undertaking.

## **2. Accounting policies**

### **2.1. Basis of preparation**

The financial statements have been prepared in accordance with Generally Accepted Accounting Principles in the Czech Republic for medium-sized entities and have been prepared under the historical cost convention.

### **2.2. Intangible fixed assets**

All intangible assets with a useful life greater than one year and a unit cost of more than CZK 60 thousand are treated as intangible fixed assets.

Purchased intangible fixed assets are initially recorded at cost, which includes all costs related to its acquisition. All research costs are expensed.

Intangible fixed assets are amortised applying the straight-line method over their estimated useful lives as follows (unless the agreement or license conditions state a shorter or longer period):

<b>Intangible fixed assets</b>	<b>Estimated useful life</b>
Development	3 years

The amortisation plan is updated during the useful life of the intangible fixed assets based on the expected useful life.

A provision for impairment is created when the carrying value of an asset is greater than its estimated recoverable amount. The estimated recoverable amount is determined based on expected future cash flows generated by the given asset.

### **2.3. Tangible fixed assets**

All tangible assets with a useful life greater than one year and a unit cost of more than CZK 10 thousand are treated as tangible fixed assets.

Acquired tangible fixed assets are initially recorded at cost, which includes all costs related to its acquisition. Own work capitalised is recorded at cost.



Tangible fixed assets, except for land which is not depreciated, are depreciated over their estimated useful lives as follows:

<b>Tangible fixed assets</b>	<b>Estimated useful life</b>
Buildings and constructions	30-70 years

The depreciation plan is updated during the useful life of the tangible fixed assets based on the expected useful life.

A provision for impairment is established when the carrying value of an asset is greater than its estimated recoverable amount. The estimated recoverable amount is determined based on expected future cash flows generated by the given asset.

Repairs and maintenance expenditures related to the pipeline are incurred by the lessee. The technical improvement of tangible fixed assets is recorded and depreciated by the lessee.

#### **2.4. Receivables**

Receivables are stated at their nominal value less a provision for doubtful amounts. A provision is created on the basis of an ageing analysis and individual evaluation of the creditworthiness of the customers. The Company does not establish any provision for receivables from related parties.

#### **2.5. Foreign currency translation**

Transactions denominated in foreign currencies are translated and recorded at the daily exchange rate determined by the Czech National Bank. Cash, receivables and liabilities balances denominated in foreign currencies have been translated at the exchange rate published by the Czech National Bank as at the balance sheet date. All exchange gains and losses on the translation of cash, receivables and payables are recorded in the profit and loss account.

The Company treats advances paid for the acquisition of fixed assets or inventories as receivables denominated in foreign currencies and therefore these assets are translated at the exchange rate published by the Czech National Bank as at the balance sheet date.

Balances of accrued expenses and accrued income denominated in foreign currencies have been translated at the exchange rate published by the Czech National Bank as at the balance sheet date.

#### **2.6. Changes of accounting policies and corrections of prior period errors**

Changes to accounting policies (inclusive of deferred tax impact) and corrections of errors arising from incorrect accounting or unrecorded expenses and income in prior periods, if material, are recorded in the financial statements line Other profit or loss from prior years.

#### **2.7. Provisions**

Provisions are recognised when the Company has a present obligation, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

The Company recognises a provision for its future income tax payable, which is presented net of advances paid for the income tax. If advances paid are higher than the estimated income tax payable the difference is recognised as a short-term receivable.

#### **2.8. Revenue recognition**

Sales are recognised as at the date the services are rendered and are stated net of discounts and value added tax.

## **2.9. Related parties**

The Company's related parties are considered to be the following:

- parties, which directly or indirectly control the Company, their subsidiaries and associates;
- parties, which have directly or indirectly significant influence on the Company;
- members of the Company's or parent company's statutory and supervisory boards and management and parties close to such members, including entities in which they have a controlling or significant influence.

Material transactions and outstanding balances with related parties are disclosed in Note 9.

## **2.10. Deferred tax**

Deferred tax is recognised on all temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. Deferred tax asset is recognised if it is probable that sufficient future taxable profit will be available against which the asset can be utilised.

Effective as of 1 January 2024, the corporate income tax rate will increase from 19% to 21%. The new tax rate will apply to the company from the accounting period starting on 1 December 2024.

## **2.11. Cash-flow statement**

The Company has prepared a Cash flow statement using the indirect method. Cash equivalents represent short-term liquid investments, which are readily convertible for a known amount of cash.

The Company uses cash-pooling within the group. A receivable (payable) that arises from cash-pooling is presented in the Cash-flow statement as part of the item Cash and Cash equivalents. If the payable arising from cash-pooling represents a form of financing, it is not presented in the Cash-flow statement as part of Cash and cash equivalents.

## **2.12. Subsequent events**

The effects of events which occurred between the balance sheet date and the date of preparation of the financial statements are recognised in the financial statements in the case that these events provide further evidence of conditions that existed as at the balance sheet date.

Where significant events occur subsequent to the balance sheet date but prior to the preparation of the financial statements, which are indicative of conditions that arose subsequent to the balance sheet date, the effects of these events are disclosed but are not themselves recognised in the financial statements.

### 3. Intangible fixed assets

(CZK'000)	1 December 2022	Additions /transfers	30 November 2023
<b>Cost</b>			
Development	75	0	75
<b>Total</b>	<b>75</b>	<b>0</b>	<b>75</b>
<b>Accumulated amortisation</b>			
Development	(75)	0	(75)
<b>Total</b>	<b>(75)</b>	<b>0</b>	<b>(75)</b>
<b>Net book value</b>	<b>-</b>		<b>-</b>

(CZK'000)	1 December 2021	Additions /transfers	30 November 2022
<b>Cost</b>			
Development	75	0	75
<b>Total</b>	<b>75</b>	<b>0</b>	<b>75</b>
<b>Accumulated amortisation</b>			
Development	(75)	0	(75)
<b>Total</b>	<b>(75)</b>	<b>0</b>	<b>(75)</b>
<b>Net book value</b>	<b>-</b>		<b>-</b>

### 4. Tangible fixed assets

(CZK'000)	1 December 2022	Additions /transfers	Disposals	30 November 2023
<b>Cost</b>				
Land	1,667	0	0	1,667
Constructions	7,778,331	0	0	7,778,331
Tangible fixed assets under construction	<b>10,603</b>	(10,603)	0	0
<b>Total</b>	<b>7,790,601</b>	<b>(10,603)</b>	<b>0</b>	<b>7,779,998</b>
<b>Accumulated depreciation</b>				
Constructions	(1,206,723)	(109,375)	0	(1,316,098)
<b>Total</b>	<b>(1,206,723)</b>	<b>(109,375)</b>	<b>0</b>	<b>(1,316,098)</b>
<b>Net book value</b>	<b>6,583,878</b>			<b>6,463,900</b>

(CZK'000)	1 December 2021	Additions /transfers	Disposals	30 November 2022
<b>Cost</b>				
Land	1,667	0	0	1,667
Constructions	7,778,331	0	0	7,778,331
Tangible fixed assets under construction	0	<b>10,603</b>	0	<b>10,603</b>
<b>Total</b>	<b>7,779,998</b>	<b>10,603</b>	<b>0</b>	<b>7,790,601</b>
<b>Accumulated depreciation</b>				
Constructions	(1,097,348)	(109,375)	0	(1,206,723)
<b>Total</b>	<b>(1,097,348)</b>	<b>(109,375)</b>	<b>0</b>	<b>(1,206,723)</b>
<b>Net book value</b>	<b>6,682,650</b>			<b>6,583,878</b>

The current geopolitical situation may have an impact on the Company. The Company records the GAZELLE gas pipeline in its assets, which is used for transmission of natural gas, with a carrying amount of CZK 6,463,900 thousand.

As at the date of these financial statements, the cash flows from the lease of the pipeline are in accordance with the concluded contracts, and the Company meets its obligations as they fall due. The going concern principle used in the financial statements and the valuation of assets as at the date of the financial statements are based on the assumption that these cash flows will continue in the future.

In case the circumstances change, the assumptions and estimates used in the financial statements may require revision, which may lead to material adjustments to the carrying amount of assets and liabilities in the next financial year.

## 5. Receivables

(CZK'000)		30 November 2023	30 November 2022
Trade receivables	until maturity	105,162	44,893
	overdue <30 days	0	0
	overdue <365 days	0	0
	overdue >365 days	0	353
Receivables – controlled or controlling entity – cash-pooling		505,424	449,936
Estimated receivables		0	0
State – tax receivables		0	0
<b>Receivables – total carrying amount</b>		<b>610,586</b>	<b>495,182</b>

The provision for doubtful receivables as at 30 November 2023 or as at 30 November 2022 was not recognised.

Unsettled receivables have not been secured and none of them are due after more than 5 years.

The Company has no receivables nor provided any guarantees which are not included in the balance sheet.

Advances for income tax of CZK 7,967 thousand paid by the Company as at 30 November 2023 (as at 30 November 2022: CZK 6,539 thousand) are netted off with the provision for income tax of CZK 28,733 thousand as at 30 November 2023 (as at 30 November 2022: CZK 7,599 thousand) – refer to Note 11.

## 6. Equity

The Company is fully owned by NET4GAS, s.r.o., registered in the Czech Republic.

Authorised and issued share capital:

	30 November 2023		30 November 2022	
	No. of pieces	Carrying value (CZK'000)	No. of pieces	Carrying value (CZK'000)
Ordinary shares of CZK 1,000 fully paid	402,000	402,000	402,000	402,000

NET4GAS, s.r.o., with its registered office in Prague - Nusle, Na Hřebenech II 1718/8, prepares the consolidated financial statements of the smallest group of entities of which the Company forms part as a subsidiary.

The consolidated financial statements are prepared for the accounting period corresponding to the calendar year and are published in the Collection of Documents and on the NET4GAS website.

NET4GAS Holdings, s.r.o., with its registered office in Prague - Nusle, Na Hřebenech II 1718/8, prepares the consolidated financial statements of the largest group of entities of which the Company forms part as a subsidiary.

The consolidated financial statements are prepared for the accounting period corresponding to the calendar year and are published in the Collection of Documents.

The Company is fully governed by the new Corporations Act (see Note 1) and used the option not to create a reserve fund. This fact is further enabled by the Articles of Association of the Company.

The general meeting of the sole shareholder approved the financial statements of the Company for the year ended 30 November 2022 and decided to distribute the net profit for the year ended 30 November 2022 in the amount of CZK 280,160 thousand on 22 December 2022.



The general meeting decided that a part of other capital contributions in the amount of CZK 137,000 thousand shall be paid out to the sole shareholder on 22. December 2022.

## 7. Payables, commitments and contingent liabilities

(CZK'000)	30 November 2023	30 November 2022
Trade payables - current - until maturity	348	341
Estimated payables	105	292
Other payables – current - until maturity	51	51
Other payables VAT- current - until maturity	9,062	7,729
<b>Total short-term liabilities</b>	<b>9,566</b>	<b>8,413</b>
Deferred tax liability	962,976	819,799
<b>Total long-term liabilities</b>	<b>962,976</b>	<b>819,799</b>
<b>Total short-term and long-term liabilities</b>	<b>972,542</b>	<b>828,212</b>

Trade and other payables have not been secured against any assets of the Company and are not due after more than 5 years.

The Company does not have any liabilities or commitments that are not recognised in the balance sheet.

The Company provided no other guarantees except those recognised in the balance sheet.

The management of the Company is not aware of any contingent liabilities as of 30 November 2023.

The Company does not have any overdue payables related to social or health insurance or any other overdue payables to tax authorities or other state institutions.

## 8. Revenue

Revenues for the year ended 30 November 2023 and the year ended 30 November 2022 consist of income from the lease of the GAZELLE pipeline to the parent company NET4GAS, s.r.o. based on the transmission licence in the Czech Republic.

## 9. Related party transactions

The Company realised the following transactions with related parties:

(CZK'000)	Year ended 30 November 2023	Year ended 30 November 2022
<b>Revenues/Sales</b>		
NET4GAS, s.r.o. (lease of pipeline)	514,155	446,755
NET4GAS, s.r.o. (sale of assets, easements related to assets)	0	0
NET4GAS, s.r.o. (interest)	21,981	13,246
<b>Total</b>	<b>536,136</b>	<b>460,001</b>
<b>Costs/Purchases</b>		
NET4GAS, s.r.o. (services, assets)	3,282	3,217
<b>Total</b>	<b>3,282</b>	<b>3,217</b>

The following related party balances were outstanding as at:

(CZK'000)	30 November 2023	30 November 2022
<b>Trade receivables</b>		
NET4GAS, s.r.o.	105,162	44,893
<b>Receivables from cash-pooling</b>		
NET4GAS, s.r.o.	504,424	449,936
<b>Estimated receivables</b>		
NET4GAS, s.r.o.	0	0
<b>Total receivables</b>	<b>610,586</b>	<b>494,829</b>
<b>Accrued income – interest from cash-pooling</b>		
NET4GAS, s.r.o.	3,368	2,262
<b>Total accrued income</b>	<b>3,368</b>	<b>2,262</b>
<b>Trade payables</b>		
NET4GAS, s.r.o.	332	324
<b>Estimated payables</b>		
NET4GAS, s.r.o.	0	0
<b>Total payables</b>	<b>332</b>	<b>324</b>

The receivables from the cash-pooling bore interest at a rate that depends on the 1-day PRIBOR minus 0.4%.

Remuneration to members of statutory bodies:

(CZK'000)	30 November 2023	30 November 2022
Remuneration to members of statutory bodies	456	456

The Board of Directors and the Supervisory Board did not receive any borrowings, advances, or loans, any collateral or other benefits in the year ended 30 November 2023 and 2022 other than those listed above.

## 10. Employees

The Company does not have any employees and only pays cash remuneration to the members of the Board of Directors and the Supervisory Board.

Other transactions with the Company's management are disclosed in Note 9 - Related party transactions.

## 11. Income tax

Analysis of the income tax expense:

(CZK'000)	Year ended 30 November 2023	Year ended 30 November 2022
Current tax expense (19%)	28,752	7,599
Deferred tax expense	143,177	58,117
<b>Total income tax expense</b>	<b>171,929</b>	<b>65,716</b>

Analysis of current income tax:

(CZK'000)	Year ended 30 November 2023	Year ended 30 November 2022
Net profit before taxation	421,618	345,876
Differences between accounting and tax depreciation	(270,866)	(305,880)
Non-deductible expenses	476	0
Net taxable profit	151,228	39,996
<b>Corporate income tax at 19%</b>	<b>28,733</b>	<b>7,599</b>
Adjustment of prior year tax	19	0
<b>Corporate income payable</b>	<b>28,752</b>	<b>7,599</b>

Deferred tax asset (+) / liability (-) can be analysed as follows:

(CZK'000)	30 November 2023	30 November 2022
<b>Deferred tax liability:</b>		
Difference between accounting and tax net book value of fixed assets	(962,976)	(819,799)
<b>Total net deferred tax liability</b>	<b>(962,976)</b>	<b>(819,799)</b>

Deferred tax was calculated at a rate of 21% in 2023 (30 November 2022 – 19%).

## 12. Cash-flow statement

Analysis of cash and cash equivalents disclosed in the Cash flow statement:

(CZK'000)	30 November 2023	30 November 2022
Cash at banks	123	91
Receivable arising from cash-pooling	505,424	449,936
<b>Cash and cash equivalents</b>	<b>505,547</b>	<b>450,027</b>

## 13. Subsequent events

No events occurred subsequent to the balance sheet date that would have a material impact on the financial statements as of 30 November 2023.

## **Independent Auditor's Report**



## INDEPENDENT AUDITOR'S REPORT

### To the Shareholder of BRAWA a.s.

Having its registered office at: Na Hřebenech II 1718/8 Nusle, 140 21 Prague

#### Opinion

We have audited the accompanying financial statements of BRAWA a.s. (hereinafter also the "Company") prepared on the basis of accounting regulations applicable in the Czech Republic, which comprise the balance sheet as at 30 November 2023, and the profit and loss account, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of BRAWA a.s. as at 30 November 2023, and of its financial performance and its cash flows for the year then ended in accordance with accounting regulations applicable in the Czech Republic.

#### Basis for Opinion

We conducted our audit in accordance with the Act on Auditors and Auditing Standards of the Chamber of Auditors of the Czech Republic, which are International Standards on Auditing (ISAs), as amended by the related application guidelines. Our responsibilities under this law and regulation are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Other Information in the Annual Report

In compliance with Section 2(b) of the Act on Auditors, the other information comprises the information included in the Annual Report other than the financial statements and auditor's report thereon. The Board of Directors is responsible for the other information.

Our opinion on the financial statements does not cover the other information. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. In addition, we assess whether the other information has been prepared, in all material respects, in accordance with applicable law or regulation, in particular, whether the other information complies with law or regulation in terms of formal requirements and procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with these requirements could influence judgments made on the basis of the other information.

Based on the procedures performed, to the extent we are able to assess it, we report that:

- The other information describing the facts that are also presented in the financial statements is, in all material respects, consistent with the financial statements; and
- The other information is prepared in compliance with applicable law or regulation.

In addition, our responsibility is to report, based on the knowledge and understanding of the Company obtained in the audit, on whether the other information contains any material misstatement of fact. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement of fact.

## Responsibilities of the Company's Board of Directors and Supervisory Board for the Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with accounting regulations applicable in the Czech Republic and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Supervisory Board is responsible for overseeing the Company's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the above law or regulation, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors and the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

In Prague on 23 February 2024

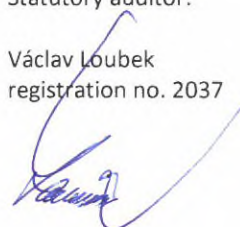
Audit firm:

Deloitte Audit s.r.o.  
registration no. 079



Statutory auditor:

Václav Loubek  
registration no. 2037



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ID No.: 24757926

The BRAWA, a.s. Annual Report for the year ended 30 November 2023 is also available in Czech. In all matters of the interpretation of information, views or opinions, the Czech version of the Annual Report takes precedence over the English version.

BRAWA, a.s.

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