SPP Infrastructure, a. s.

INDEPENDENT AUDITOR'S REPORT ON THE AUDIT OF THE SEPARATE FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED IN THE EUROPEAN UNION AS AT 30 SEPTEMBER 2022

AND

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

SPP Infrastructure, a. s.

SEPARATE ANNUAL REPORT

FOR THE REPORTING PERIOD AS AT
30 SEPTEMBER 2022

1. Company Profile

SPP Infrastructure, a.s. (hereinafter the "Company") was established by a Deed of Incorporation on the establishment of a private joint-stock company without a call for the subscription of shares on 22 May 2013 by the founder, Slovenský plynárenský priemysel, a.s. The Company was registered in the Business Register on 3 July 2013 (the Business Register of the Bratislava I District Court in Bratislava, Section: s.r.o., File No. 5791/B).

The Company was established as a 100% subsidiary of Slovenský plynárenský priemysel, a.s. (SPP) to reorganise the SPP Group pursuant to the Agreement on the Reorganisation of the SPP Group concluded between the National Property Fund of the Slovak Republic (NPF SR), the Ministry of Economy of the Slovak Republic (ME SR) and Energetický a průmyslový holding, a.s. (EPH) on 14 December 2012.
As part of the reorganisation process of the SPP Group, on 14 May 2014, SPP contributed its shares and ownership interests to the Company in the following subsidiaries in the form of an in-kind contribution:

- SPP – distribúcia, a.s.;
- eustream, a.s.;
- NAFTA a.s.;
- SPP Infrastructure Financing B.V.;
- SPP Bohemia a.s.;
- SPP Storage, a.s.;
- POZAGAS a.s.;
- GEOTERM KOŠICE, a.s.;
- PROBUGAS a.s.;
- SLOVGEOTERM a.s.;
- GALANTATERM spol. s r.o.

On 4 June 2014, the reorganisation of the SPP Group was completed by SPP purchasing back 49% of its treasury (SPP) shares from the shareholder, Slovak Gas Holding B.V. (SGH), and selling 49% of shares in the Company to SGH. After the completion of the transaction, the Slovak Republic, via the NPF SR and ME SR, became the sole (controlling) shareholder of SPP, which is the energy (gas and electricity) trader and a 51% non-controlling shareholder of the Company, which is a holding company and manages all significant group subsidiaries. SGH, a Dutch company owned by EPH, became the Company's shareholder with a 49% controlling ownership interest.

In March 2017, the Company acquired a 100% ownership interest in Plynárenská metrológia, s.r.o. from a subsidiary, SPP - distribúcia, a.s., for EUR 345 thousand. In December 2017, NAFTA, a.s. increased its existing ownership interest (35%) in POZAGAS a.s. to 65%. POZAGAS a.s. is controlled by SPP Infrastructure, a.s.; therefore, SPP Infrastructure, a.s. recognises the ownership interest in POZAGAS a.s. as investments in subsidiaries as of 1 January 2018.

The following companies were members of the SPP Infrastructure, a.s. Group as at 30 September 2021:

Company	Direct ownership interest of SPP Infrastructure, a.s. in the company
- SPP – distribúcia, a.s.	100%
- eustream, a.s.	100%
- NAFTA a.s.	56.15%
- SPP Infrastructure Financing B.V.	100%
- SPP Storage, a.s.	100%
- POZAGAS a.s.	35%
- GEOTERM KOŠICE, a.s.	95.82%
- SLOVGEOTERM a.s.	50%
- GALANTATERM spol. s r.o.	17.5%
- Plynárenská metrológia, s.r.o.	100%
-	

The Company has no organisational units abroad.

1.1. Core Business Activities of the Company

During the reporting period ended 30 September 2022, the Company's activities were (a) receiving and granting loans within the current structure of the Company's group, and (b) receiving dividends from subsidiaries (since the in-kind contribution date).

1.2. Company's Bodies as at 30 September 2022

Statutory Body: Board of Directors

Chairman:	Ing. František Čupr, MBA (since 30 September 2020)
Vice-Chairman:	Ing. Marianna Ondrová (since 01 May 2022)
	Ing. Ľuboš Lopatka, PhD. (until 30 April 2022)
Members:	Ing. Anton Matulčík (since 22 July 2022)
	Ing. Milan Urban (until 21 July 2022)
	Ing. Miroslav Haško (since 8 October 2013)
	Ing. Jan Stříteský (since 29 March 2018)

Supervisory Board

Chairman:	Ing. Ingrid Šabíková, PhD. (since 27 March 2021)
Vice-Chairman:	Mgr. Pavel Horský (since 3 July 2013)
Members:	Ing. Michal Sklienka (since 30 September 2020)
	Norbert Lojka, MBA (since 1 May 2022)
	Ing. Dušan Halgaš (until 30 April 2022)
	Martin Gebauer (since 26 January 2022)
	Jiří Zrůst (until 25 January 2022)
	MUDr. Dalibor Gergeľ, PhD. (since 30 September 2020)

An Audit Committee was established at the Company with effect from 20 December 2016 in accordance with Act No. 423/2015 Coll. on Statutory Audit. The members of the Audit Committee as at 30 September 2022 are as follows:

Chairman:	Ing. Jakub Šteinfeld
Members:	Ing. Libor Briška (until 13 February 2022)
	Ing. Miroslav Jankovič (since 14 February 2022)
	Ing. Václav Paleček (since 1 October 2020)

1.3. Shareholder Structure of the Company

Shareholder	Share in Registered Capital	
	Absolute in EUR	**%**
Slovenský plynárenský priemysel, a.s.	1 868 317 262	51%
Slovak Gas Holding, B.V.	1 795 049 674	49%
Total	3 663 366 936	100%

2. R&D

The Company does not carry out R&D activities. These activities are carried out by subsidiaries.

3. Risks and Uncertainties

The Company monitors, evaluates and manages primarily regulation, market, financial, operational, environmental, personnel and media risks and their impact on the financial statements. Thanks to the adopted measures, it constantly reduces the impacts of risks on the Company's operations.

Companies in the SPP Infrastructure, a.s. Group create environmental provisions for the dismantling and recultivation of production and storage wells and storage centres and restoring such sites to their original condition based on previous experience and estimated costs.

4. *Selected Financial Information*

The Company's reporting period is the period from 1 October 2021 to 30 September 2022.

4.1. Selected Financial Indicators of SPP Infrastructure, a.s. – Separate IFRS (in EUR mil.)

Balance of Assets and Equity/Liabilities – Separate Financial Statements

Item	Current Reporting Period	Immediately-Preceding Reporting Period
Assets	**5 444**	**5 592**
Non-current assets:	*5 100*	*5 113*
Investments in subsidiaries	5 076	5 076
Investments in joint ventures	-	-
Loan receivable	23	36
Other non-current assets	1	1
Current assets	*344*	*479*
Receivable from short-term loans	13	13
Other current assets	291	460
Cash and cash equivalents	40	6

Item	Current Reporting Period	Immediately-Preceding Reporting Period
Equity and liabilities	**5 444**	**5 592**
Equity:	*5 031*	*5 000*
Registered capital	3 663	3 663
Legal and other reserves	733	733
Retained earnings	635	604
Non-current liabilities	*272*	*104*
Long-term loans	272	104
Current liabilities	141	488
Trade and other payables	141	488
Short-term loans	-	-

Finance Income (in EUR mil.)

Item	Current Reporting Period	Immediately-Preceding Reporting Period
Finance income, of which:	**466**	**270**
Dividends	465	269
Interest on borrowings	1	1

Finance Costs (in EUR mil.)

Item	Current Reporting Period	Immediately-Preceding Reporting Period
Finance costs, of which:	3	1
Interest expense	3	1
Other finance costs	-	-

Expenses (in EUR thousand)

Item	Current Reporting Period	Immediately-Preceding Reporting Period
Costs of services provided, of which:	211	246
Costs of the auditor, audit company, of which:	*48*	*46*
Costs of auditing separate financial statements	22	21
Other assurance audit services	26	25
Other material items of operating expenses, of which:	1 143	1 154
Personnel expenses	1 087	1 097
Taxes and fees	41	44
Consumption of material	15	13

5. Proposal for the Profit Distribution

The profit for the year ended 30 September 2021 amounting to EUR 268 474 148.62 EUR and part of retained earnings amounting to 162 898 400.39 EUR, approved by the Company's General Meeting on 17 December 2021, was allocated for payment of dividends to the shareholders. Dividends were settled via an offset with the receivable from the shareholders arising from provided deposits.

The Company's General Meeting will decide on the distribution of the profit for the reporting period ended 30 September 2022.

6. Significant Events That Occurred After the Reporting Date

As at 1 October 2022, Ing. Roman Achimský was appointed as Vice-Chairman of the Board of Directors, who replaced Ing. Marianna Ondrová in the function.

As at 17 October 2022 mutual receivables were offset with the subsidiary, SPP - distribúcia, a.s. (totalling EUR 284 million) based on the Agreement on the Offsetting of Mutual Receivables.

Except for the above event, no significant events occurred after the reporting date that would have a significant impact on the fair presentation of the information stated in these financial statements.

7. Expected Future Development of the Company's Activities

The Company will continue to receive dividends from its subsidiaries, provide loans/deposits to the Company's shareholders, optimise its portfolio of financial investments and analyse potential energy sector investments, which would meet the internal ROI criteria.

For the year ended 30 September 2022, the Company's average headcount was 4 employees, of which 1 executive manager (the year ended 30 September 2021: 4 employees, of which 1 executive manager).

The Company's activities have no environmental impact.

8. Contact Details

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Registered in the Business
Register of the District Court Bratislava I
Section Sro, File 4444/B
Company ID: 31 343 414
VAT ID: SK2020325516

SPP Infrastructure, a. s.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders, Supervisory Board and Board of Directors of SPP Infrastructure, a. s.:

REPORT ON THE AUDIT OF THE SEPARATE FINANCIAL STATEMENTS

Opinion

We have audited the separate financial statements of SPP Infrastructure, a. s. (the "Company"), which comprise the statement of financial position as at 30 September 2022, and the statement of profit and loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying separate financial statements give a true and fair view of the financial position of the Company as at 30 September 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted in the European Union (EU).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Separate Financial Statements* section of our report. We are independent of the Company in accordance with the provisions of Act No. 423/2015 Coll. on Statutory Audit and on Amendment to and Supplementation of Act No. 431/2002 Coll. on Accounting, as amended (hereinafter the "Act on Statutory Audit") related to ethical requirements, including the Code of Ethics for Auditors that are relevant to our audit of the separate financial statements, 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.

Emphasis of Matter

We draw attention to Note 3 to the financial statements describing the main sources of uncertainty related to the situation concerning the future of the energy sector in Europe, its potential impact on the Company and the significant assumptions and estimates used in the financial statements. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for Separate the Financial Statements

Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with IFRS as adopted in the EU, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, management 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the separate 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 International Standards on Auditing 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 separate financial statements.

This is a translation of the original auditor's report issued in the Slovak language to the accompanying financial statements translated into the English language.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate 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 management.
- Conclude on the appropriateness of management's 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 separate 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 separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance about, inter alia, the planned scope and time schedule of the audit and significant audit findings, including all material deficiencies of internal control identified during our audit.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on Information Disclosed in the Annual Report

The statutory body is responsible for information disclosed in the annual report prepared under the requirements of the Act on Accounting No. 431/2002 Coll. as amended (the "Act on Accounting"). Our opinion on the separate financial statements stated above does not apply to other information in the annual report.

In connection with the audit of separate financial statements, our responsibility is to gain an understanding of the information disclosed in the annual report and consider whether such information is materially inconsistent with the separate financial statements or our knowledge obtained in the audit of the separate financial statements, or otherwise appears to be materially misstated.

We assessed whether the Company's annual report includes information whose disclosure is required by the Act on Accounting.

Based on procedures performed during the audit of the separate financial statements, in our opinion:

- Information disclosed in the annual report prepared as at 30 September 2022 is consistent with the separate financial statements for the relevant year; and
- The annual report includes information pursuant to the Act on Accounting.

Furthermore, based on our understanding of the Company and its position, obtained in the audit of the separate financial statements, we are required to disclose whether material misstatements were identified in the annual report, which we received prior to the date of issuance of this auditor's report. There are no findings that should be reported in this regard.

Bratislava, 28 February 2023

Ing. Wolda K. Grant, FCCA
Responsible Auditor
Licence SKAu No. 921

On behalf of
Deloitte Audit s.r.o.
Licence SKAu No. 014

CONTENTS

	Note	30 September 2022	30 September 2021
ASSETS:			
NON-CURRENT ASSETS			
Investments in subsidiaries	6	5 076	5 076
Investments in joint ventures	6	-	-
Loan receivable	7	23	36
Other non-current assets		1	1
Total non-current assets		**5 100**	**5 113**
CURRENT ASSETS			
Other current assets	8	291	460
Receivable from short-term loans	7	13	13
Cash and cash equivalents	9	40	6
Total current assets		**344**	**479**
TOTAL ASSETS		**5 444**	**5 592**
EQUITY AND LIABILITIES:			
EQUITY L AND RESERVES			
Registered capital		3 663	3 663
Legal and other reserves		733	733
Retained earnings		635	604
Total equity	11	**5 031**	**5 000**
NON-CURRENT LIABILITIES			
Long-term loans	12	272	104
Total non-current liabilities		**272**	**104**
CURRENT LIABILITIES			
Trade and other payables	10	141	488
Short-term loans	12	-	-
Total current liabilities		**141**	**488**
Total liabilities		**413**	**592**
TOTAL EQUITY AND LIABILITIES		**5 444**	**5 592**

The financial statements on pages 5 to 25 were signed on 28 February 2023 on behalf of the Board of Directors by:

Ing. František Čupr
Chairman of the Board of Directors

Ing. Roman Achimský
Vice-Chairman of the Board of Directors

	Note	*Year Ended 30 September 2022*	*Year Ended 30 September 2021*
Income on financial investments	13	466	270
Interest expense on loans	12	(3)	(1)
Finance costs		-	-
Personnel costs		(1)	(1)
Profit before tax		**462**	**268**
Income tax	14	-	-
NET PROFIT FOR THE PERIOD		**462**	**268**

	Note	*Year Ended 30 September 2022*	*Year Ended 30 September 2021*
Net profit for the period		462	268
Other comprehensive income:			
Other net comprehensive income/(loss) for the period		-	-
Total net comprehensive income for the period		**462**	**268**

SPP Infrastructure, a.s.
Statement of Changes in Equity
for the reporting periods ended 30 September 2022 and 30 September 2021
(in mil. EUR)

	Registered Capital	*Legal Reserve Fund and Other Funds*	*Retained Earnings*	*Total*
At 30 September 2020	**3 663**	**733**	**862**	**5 258**
Net profit for the period	-	-	268	268
Dividends paid/declared	-	-	(526)	(526)
At 30 September 2021	**3 663**	**733**	**604**	**5 000**
Net profit for the period	-	-	462	462
Dividends paid/declared	-	-	(431)	(431)
At 30 September 2022	**3 663**	**733**	**635**	**5 031**

	Note	*Year Ended 30 September 2022*	*Year Ended 30 September 2021*
Cash flows from operating activities	15	**(1)**	**(1)**
Income tax paid		-	-
Dividends paid *	11	-	-
Dividends received *	13	204	237
Interest paid		-	-
Net cash flows from operating activities		**203**	**236**
Cash flows from investing activities			
Loans provided	7	13	2
Deposits provided to shareholders	8	(189)	(430)
Net cash flows from investing activities		**(176)**	**(428)**
Cash flows from financing activities			
Income from/(repayment of) loans	12	-	-
Change in cashpooling *		7	195
Net cash flows from financing activities		**7**	**195**
(Decrease)/increase in cash and cash equivalents		34	3
Cash and cash equivalents at the beginning of the period		6	3
Cash and cash equivalents at the end of the period		**40**	**6**

* These items comprise offsets related to dividends received and paid.

1. GENERAL INFORMATION

1.1. Establishment of the Company

SPP Infrastructure, a.s. (hereinafter the "Company" or "SPPI") was established by a Memorandum of Association on the establishment of a private joint-stock company without a call for the subscription of shares on 22 May 2013 by the founder, Slovenský plynárenský priemysel, a.s. The Company was recorded in the Business Register on 3 July 2013 (the Business Register of the Bratislava I District Court in Bratislava, Section: Sa, Insert No.: 5791/B. The Company is seated at Plátennícka 2, 821 09 Bratislava.

Pursuant to the Framework Agreement on the Sale and Purchase of Shares dated 19 December 2013 signed by the National Property Fund of the Slovak Republic, the Ministry of Economy of the Slovak Republic and Energetický a průmyslový holding, a.s. (hereinafter "EPH"), and pursuant to the Agreement on the Sale and Purchase of Shares dated 3 June 2014 signed by Slovenský plynárenský priemysel, a.s. (hereinafter "SPP"), Slovak Gas Holding B.V. (hereinafter "SGH"), the Ministry of Economy of the Slovak Republic and SPP Infrastructure, a. s. the reorganisation of the SPP Group was carried out and completed on 3 June 2014. Under the agreement, SPP made an in-kind contribution of ownership interests in SPP – distribúcia, a.s., eustream, a.s., NAFTA a.s., SPP Infrastructure Financing B.V., SPP Bohemia, a.s., SPP Storage, a.s., Pozagas, a.s., GEOTERM Košice, a.s., Probugas, a.s., SLOVGEOTERM, a.s. and GALANTATERM, spol. s r.o. upon the conditions precedent were met. Upon the reorganisation completion, SGH, which also exercised control over SPP as at 4 June 2014, became a 49% owner of SPP Infrastructure, a.s. A 51% non-controlling interest in SPP Infrastructure, a.s. was retained by SPP, whose sole 100% shareholder became the National Property Fund of the Slovak Republic on 4 June 2014.

On 12 November 2015, the National Property Fund of the Slovak Republic (hereainafter "FNM SR") was dissolved under Act No. 375/2015 Coll. with effect from 15 December 2015. On 22 December 2015, the Ministry of Economy of the Slovak Republic (hereinafter the "MH SR"), under the provisions of Article 2 (2) and (3) of Act No. 375/2015 Coll. issued resolution No. 49/2015 on the appointment of a legal successor of the FNM SR, ie MH Manažment, a. s. as at 1 January 2016.

During 2016, the EPH Group of companies was reorganised when the EP Infrastructure, a. s. Group (hereinafter "EPIF") was established; EPIF groups infrastructure assets which are mostly subject to regulation and/or long-term contracts. On 23 March 2016, EPIF, a subsidiary of EPH, acquired a 100% share in EPH Gas Holding B. V., which is a 100% owner of Slovak Gas Holding B. V (through its 100% share in Seattle Holding B. V).

On 30 March 2016, EPIF acquired a 100% share in Czech Gas Holding Investment B.V.

On 24 February 2017, an agreement on the sale of a 31% share in EPIF previously concluded between EPH and the consortium of global institutional investors led and represented by Macquarie Infrastructure and Real Assets (MIRA) was settled. The remaining 69% share is owned by EPH, which retains management control over EPIF.

As at the reporting date, SPP Infrastructure, a.s. is owned by SPP (51%) and by Slovak Gas Holding B.V. (49%), which also exercises management control over the Company. Consolidated financial statements of the largest group of entities, of which the Company is a member as a consolidated company, are prepared by EP Investment S.à r.l., with its registered office at 39, Avenue John F. Kennedy, L-1855 Luxembourg.

Identification number (IČO)	47 228 709
Tax identification number (DIČ)	2023820183

The financial statements of SPP Infrastructure, a.s. for the year ended 30 September 2021 were approved by the Annual General Meeting held on 17 December 2021.

1.2. Core Business Activities of the Company According to the Business Register of the Bratislava I District Court

- Purchase of goods for resale to end customers (retail) or to other traders (wholesale);
- Mediation activities in trade;
- Mediation activities in services;
- Mediation activities in production; and
- Activities of business, organisational and economic advisors.

The Company is a holding company owning financial interests in subsidiaries and a joint venture operating in the gas transmission, distribution and storage segment and providing financing activities to its shareholders.

1.3. Employees

The average number of the Company's employees for the year ended 30 September 2022 was 4, of which 1 was an executive manager (for the year ended 30 September 2021 there were 4 employees, of which 1 was an executive manager).

1.4. Company's Bodies

Body	*Function*	*Name*
Board of Directors	Chairman	Ing. František Čupr, MBA – since 30 Sep 2020
	Vice-Chairman	Ing. Marianna Ondrová – since 1 May 2022
	Vice-Chairman	Ing. Ľuboš Lopatka, PhD. – from 30 Sep 2020 until 30 Apr 2022
	Member	Ing. Anton Matulčík – since 22 Jul 2022
	Member	Ing. Milan Urban – from 30 Sep 2020 until 21 Jul 2022
	Member	Ing. Miroslav Haško – since 8 Oct 2013
	Member	Mgr. Jan Stříteský – since 29 Mar 2018
	Chairman	Ing. Ingrid Šabíková, PhD. – since 27 Mar 2021
Supervisory Board	Vice-Chairman	Mgr. Pavel Horský – since 3 Jul 2013
	Member	Ing. Michal Sklienka – since 30 Sep 2020
	Member	Norbert Lojka MBA – since 1 May 2022
	Member	Ing. Dušan Halgaš – from 30 Sep 2020 until 30 Apr 2022
	Member	Martin Gebauer – since 26 Jan 2022
	Member	Jiří Zrůst – from 21 Apr 2017 until 25 Jan 2022
	Member	MUDr. Dalibor Gergeľ, PhD. – since 30 Sep 2020

1.5. Company's Shareholder Structure

	30 September 2022		***30 September 2021***	
Shareholder	***Share in Registered Capital***	***%***	***Share in Registered Capital***	***%***
Slovenský plynárenský priemysel, a.s.	1 868	51%	1 868	51%
Slovak Gas Holding, B.V.	1 795	49%	1 795	49%
Total	3 663	100%	3 663	100%

1.6. Company Consolidation

The Company is included in the consolidated financial statements of EP Investment S.à r. l., with its registered office at 39, Avenue John F. Kennedy, L-1855 Luxembourg. The consolidated financial statements of EP Investment S.à r. l. are available at its registered office.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation for the Financial Statements

These financial statements have been prepared in accordance with Article 17a), paragraph 1 of Act No. 431/2002 Coll. on Accounting, as amended (the "Act on Accounting") and in accordance with International Financial Reporting Standards as adopted for use by the European Union ("IFRS") for the twelve-month period ended 30 September 2022. The comparative financial disclosures are presented for the twelve-month period ended 30 September 2021.

The financial statements were prepared under the going-concern assumption.

At the end of 2019, information on the coronavirus in China was published for the first time. In early 2020, the virus spread to almost the entire world and also affects the Slovak economy. Company management considers this event to be an event that requires disclosure in the notes to the 2022 financial statements. Despite the constantly-changing situation, as at the date of publication of the financial statements, Company management did not notice a significant impact on the Company's operations. Company management continues to closely monitor the situation and, if necessary, it will take all possible steps to eliminate negative impacts of this situation on the Company.

In relation to the ongoing war in Ukraine and the related sanctions against the Russian Federation, the Company has identified risks and adopted appropriate measures to mitigate impacts on its business activities. Based on the information available and current developments, the Company continuously analyses the situation and assesses its direct impact on the Company. Company management assessed the potential impacts of this situation on its operations and business, and concluded they do not currently have a material impact on the financial statements for the year ended 30 September 2022, or on the going concern assumption in 2023. However, further negative developments as regards this situation cannot be ruled out, which could subsequently have a material negative impact on the Company, its business, financial condition, results, cash flows and overall outlook.

b) Subsidiaries

Subsidiaries are business undertakings in which the Company, directly or indirectly, has an interest of usually more than one half of the voting rights, or otherwise has the power to exercise control over operations. Investments in subsidiaries are measured initially at cost which is (1) a consideration paid when a subsidiary is acquired for cash or (2) fair value when a subsidiary is acquired through an in-kind contribution. Subsequently, investments in subsidiaries are measured at cost less impairment. According to IAS 36, at each reporting date the Company assesses whether there is any evidence that such investments may be impaired (Note 2 d).

c) Investments in Joint Ventures

Joint ventures are entities in which the Company exercises joint control with other owners. Investments in joint ventures are measured initially at cost which is (1) a consideration paid when a joint venture is acquired for cash or (2) fair value when a joint venture is acquired through an in-kind contribution. Subsequently, investments in joint ventures are measured at cost less impairment. At each reporting date, the Company assesses whether there is any evidence that such investments may be impaired (Note 2 d).

d) Impairment of Non-monetary Assets

Assets that have an indefinite useful life are not amortised; they are, however, tested for impairment every year. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. In respect of the impairment of financial investments in subsidiaries or joint ventures, the Company evaluates whether the carrying amount of the investment in its separate financial statements exceeds the carrying amounts in the consolidated financial statements of the investee's net assets, including associated goodwill; or whether the dividend received exceeds the total comprehensive income of the subsidiary, joint venture or associate in the period the dividend is declared. An impairment loss is recognised at the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which separately identifiable cash flows (cash-generating units) exist. Impaired non-monetary assets, other than goodwill, are reviewed at each reporting date to assess whether or not the impairment can be reversed.

e) Financial Assets

Financial assets are classified in the following categories: Financial assets subsequently measured at amortised cost, financial assets subsequently measured at fair value through other comprehensive income (FVOCI) and financial assets subsequently measured at fair value through profit or loss (FVTPL).

The Company only recognises financial assets subsequently measured at amortised cost. Financial assets are subsequently measured at amortised cost using the effective interest rate method less any impairment, and include trade receivables and borrowings with fixed or variable payments.

Interest income is recognised by applying the effective interest rate, except for current receivables when the recognition of interest would be immaterial.

Impairment of financial assets

The Company applies a simplified model for the assessment and recognition of impairment losses on financial assets under which a provision is recognised in the amount of expected credit losses over the entire useful life of trade receivables at the moment of their initial recognition. Such estimates are revised as at the reporting date.

The carrying amount of a financial asset is reduced by the impairment loss directly for all financial assets except for trade receivables, where the carrying amount is reduced through a provision account. When a trade receivable is considered uncollectible, it is written off against the provision account. Subsequent recoveries of written-off receivables are credited against the provision account. Changes in the carrying amount of the provision account are recognised in profit or loss.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

f) Financial Liabilities

Financial liabilities are classified as either financial liabilities measured at amortised cost and financial liabilities at "fair value through profit or loss" (FVTPL).

The Company only recognises financial liabilities classified in the category "Financial liabilities at amortised cost". Financial liabilities measured at amortised cost (including borrowings) are subsequently measured at amortised cost using the effective interest rate method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Company derecognises financial liabilities only when the Company's obligations are met, cancelled or expired. The difference between the carrying amount of the financial liability and the consideration paid and the amount payable is recognised in the income statement.

g) Cash and Cash Equivalents

Cash and cash equivalents consist of cash in hand and cash in bank accounts, and highly-liquid securities with insignificant risk of changes in value and original maturities of three months or less from the date of issue.

h) Taxation

Income tax is calculated from the profit/loss before tax recognised under International Financial Reporting Standards and adjusted to profit/loss recognised under accounting procedures valid in the Slovak Republic after reflecting individual items increasing and decreasing the tax base pursuant to Act No. 595/2003 Coll. on Income Tax, as amended, using the valid income tax rate. The income tax rate valid as at 30 September 2022 is 21%.

Current tax is recognised through profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the current tax is also recognised in other comprehensive income or directly in equity.

Deferred tax is calculated, using the liability method, from all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. The Company has not identified any temporary differences relevant to deferred tax recognition.

i) Transactions in a Foreign Currency

Transactions in foreign currencies are initially recorded at the exchange rates of the European Central Bank (ECB) valid on the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated using the ECB exchange rates valid on the reporting date. Foreign exchange gains and losses are included in the income statement.

j) Non-current Assets Held for Sale

Non-current assets are classified as held for sale if their carrying amount can be recovered through a sale transaction rather than through continuing use. This condition is considered fulfilled only when a sale is highly probable and the non-current asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and the fair value less costs to sell.

k) Dividend and Interest Income

Dividend income from investments is recognised when the shareholder’s right to receive a payment has been established (provided that it is probable that economic benefits will flow to the Group and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts during the expected economic life of the financial asset to the asset’s net carrying amount on initial recognition.

l) Presentation of Statement of Cash Flows

As the Company is a holding company and its principal activities include financing activities, dividends received, interest received on a loan receivable and interest expense on borrowings obtained are presented as part of operating cash flows.

3. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

When applying the Company’s accounting policies, as described in Note 2, the Company has made the following decisions concerning uncertainties and estimates that have a significant impact on the amounts recognised in the financial statements. There is a significant risk of material adjustments in future periods relating to the following matters:

<u>Impairment of investments in subsidiaries and joint ventures</u>

The cost of financial investments in subsidiaries and joint ventures has been initially recognised at their estimated fair value (in-kind contributions) determined by an independent appraiser upon the reorganisation of the SPP Group (see Note 1). The recoverable value of eustream, a.s., NAFTA a.s., SPP Storage, s.r.o. and POZAGAS a.s. depends on the overall demand for gas transmission and gas storage services, and on the fulfilment of long-term contracts which make up a significant part of revenues in these companies. The recoverable value of SPP – distribúcia, a.s. depends on the development of the regulatory environment and gas consumption in Slovakia as virtually all revenues are regulated by a distribution tariff, which consists of a fixed part and a variable part depending on the actual volume of gas distributed.

In relation to the ongoing military conflict in Ukraine and the related sanctions against the Russian Federation, as at the preparation date of these financial statements the Company analysed the impacts of this situation on its business.

The Company monitors financial results of its subsidiaries on a regular basis. The Company evaluated development scenarios of gas distribution via the distribution network of its subsidiary, SPP – distribúcia, a. s. The Company also assessed scenarios of potential future developments as regards the transmission system use and gas supply via the transmission system of its subsidiary, eustream, a.s.

The Company estimated a return on the investment using various scenarios and assumptions of future development, which included the continued flows of Russian gas to Europe and pessimistic alternatives under which Russian gas supplies to Europe are terminated. However, future developments cannot be reliably predicted; thus, it is not possible to rule out the need for future adjustments to the values of the Company's investments in the subsidiaries in the future.

EP Infrastructure, a.s. Group companies adopted measures to support their liquidity given uncertain further developments of the situation. These measures also include deferred payments of dividends. Also as a result of these measures, the Company did not identify any impairment of its investments in the subsidiaries as at 30 September 2022, which would require correction of their measurement in the financial statements in line with the applicable accounting regulations.

4. NEW INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

- **Amendments to IFRS 9 "Financial Instruments", IAS 39 "Financial Instruments: Recognition and Measurement", IFRS 7 "Financial Instruments: Disclosures", IFRS 4 "Insurance Contracts" and IFRS 16 "Leases"** – Interest Rate Benchmark Reform – Phase 2 adopted by the EU on 13 January 2021 (effective for annual periods beginning on or after 1 January 2021),

- **Amendments to IFRS 16 "Leases"** – Covid-19-Related Rent Concessions beyond 30 June 2021 adopted by the EU on 30 August 2021 (effective from 1 April 2021 for annual periods starting, at the latest, on or after 1 January 2021),

- **Amendments to IFRS 4 "Insurance Contracts"** – Extension of the Temporary Exemption from Applying IFRS 9 adopted by the EU on 16 December 2020 (expiry date for the temporary exemption from IFRS 9 was extended from 1 January 2021 to annual periods beginning on or after 1 January 2023).

The adoption of other standards and amendments stated above had no material impact on the Company's financial statements.

New and amended IFRS standards issued by the IASB and adopted by the EU but not yet effective

At the date of authorisation of these financial statements, the following amendments to the existing standards were issued by the IASB and adopted by the EU and are not yet effective:

- **Amendments to IAS 16 "Property, Plant and Equipment"** – Proceeds before Intended Use adopted by the EU on 28 June 2021 (effective for annual periods beginning on or after 1 January 2022),

- **Amendments to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets"** – Onerous Contracts – Cost of Fulfilling a Contract adopted by the EU on 28 June 2021 (effective for annual periods beginning on or after 1 January 2022),

- **Amendments to IFRS 3 "Business Combinations"** – Reference to the Conceptual Framework with amendments to IFRS 3 adopted by the EU on 28 June 2021 (effective for annual periods beginning on or after 1 January 2022),

- **IFRS 17 "Insurance Contracts"** including amendments to IFRS 17 adopted by the EU on 19 November 2021 (effective for annual periods beginning on or after 1 January 2023),

- **Amendments to various standards due to "Annual Improvements to IFRS Standards (2018 – 2020 Cycle)"** resulting from the annual improvement project of IFRS (IFRS 1, IFRS 9, IFRS 16 and IAS 41) primarily with a view to removing inconsistencies and clarifying wording – adopted by the EU on 28 June 2021 (The amendments to IFRS 1, IFRS 9 and IAS 41 are effective for annual periods beginning on or after 1 January 2022. The amendments to IFRS 16 only relate to an illustrative example, so no effective date is stated.).

The Company does not expect a material impact on the separate financial statements as regards these amendments to the standards.

New and amended IFRS standards issued by the IASB but not yet adopted by the EU

At present, IFRS as adopted by the EU do not significantly differ from regulations adopted by the IASB, except for the following new standards and amendments to the existing standards, which were not endorsed for use in the EU (the effective dates stated below are for IFRS as issued by the IASB):

- **IFRS 14 "Regulatory Deferral Accounts"** (effective for annual periods beginning on or after 1 January 2016) – the European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard,

- **Amendments to IAS 1 "Presentation of Financial Statements"** – Classification of Liabilities as Current or Non-current (effective for annual periods beginning on or after 1 January 2023),

- **Amendments to IAS 1 "Presentation of Financial Statements"** – Disclosure of Accounting Policies (effective for annual periods beginning on or after 1 January 2023),

- **Amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors"** – Definition of Accounting Estimates (effective for annual periods beginning on or after 1 January 2023),

- **Amendments to IAS 12 "Income Taxes"** – Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective for annual periods beginning on or after 1 January 2023),

- **Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures"** – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and other amendments (the effective date deferred indefinitely until the research project on the equity method has been concluded),

- **Amendments to IFRS 17 "Insurance Contracts"** – Initial Application of IFRS 17 and IFRS 9 – Comparative Information (effective for annual periods beginning on or after 1 January 2023).

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

Hedge accounting for a portfolio of financial assets and liabilities whose principles have not been adopted by the EU remains unregulated.

According to the Company's estimates, the application of hedge accounting to a portfolio of financial assets or liabilities pursuant to **IAS 39: "Financial Instruments: Recognition and Measurement"** would not significantly impact the financial statements if applied as at the reporting date.

- **IFRS 14 "Regulatory Deferral Accounts"** issued by the IASB on 30 January 2014. This standard is intended to allow entities that are first-time adopters of IFRS, and that currently recognise regulatory deferral accounts is accordance with their previous GAAP, to continue to do so upon transition to IFRS.

- **IFRS 17 "Insurance Contracts"** issued by the IASB on 18 May 2017. The new standard requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 "Insurance Contracts" and related interpretations while it is applied. Amendments to IFRS 17 "Insurance Contracts" issued by the IASB on 25 June 2020 defer the date of initial application of IFRS 17 by two years to annual periods beginning on or after 1 January 2023. Additionally, the amendments introduce simplifications and clarifications of some requirements in the standard and provide additional reliefs when applying IFRS 17 for the first time.

- **Amendments to IFRS 3 "Business Combinations"** – Reference to the Conceptual Framework with amendments to IFRS 3 issued by the IASB on 14 May 2020. The amendments: (a) update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework; (b) add to IFRS 3 a requirement that, for transactions and other events within the scope of IAS 37 or IFRIC 21, an acquirer applies IAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination; and (c) add to IFRS 3 an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

- **Amendments to IFRS 4 "Insurance Contracts"** – Extension of the Temporary Exemption from Applying IFRS 9 issued by the IASB on 25 June 2020. The amendments change the fixed expiry date for the temporary exemption from applying IFRS 9 "Financial Instruments" stated in IFRS 4 "Insurance Contracts" so that entities will be required to apply IFRS 9 for annual periods beginning on or after 1 January 2023.

- **Amendments to IFRS 9 "Financial Instruments", IAS 39 "Financial Instruments: Recognition and Measurement", IFRS 7 "Financial Instruments: Disclosures", IFRS 4 "Insurance Contracts" and IFRS 16 "Leases"** – Interest Rate Benchmark Reform – Phase 2 issued by the IASB on 27 August 2020.
  The changes relate to the modification of financial assets, financial liabilities and lease liabilities, specific hedge accounting requirements, and disclosure requirements applying IFRS 7 to accompany the amendments regarding modifications and hedge accounting.

  a) **Modification of financial assets, financial liabilities and lease liabilities –** the IASB has introduced a practical expedient for modifications required by the reform (modifications required as a direct consequence of the IBOR reform and made on an economically equivalent basis). These modifications are accounted for by updating the effective interest rate. All other modifications are accounted for using current IFRS requirements. A similar practical expedient is proposed for lessee accounting applying IFRS 16.
  b) **Hedge accounting requirements –** under the amendments, hedge accounting is not discontinued solely due to the IBOR reform. Hedging relationships (and related documentation) must be amended to reflect modifications to the hedged item, hedging instrument and hedged risk. Amended hedging relationships should meet all qualifying criteria to apply hedge accounting, including effectiveness requirements.

  c) **Disclosures –** in order to allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages these risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition, the amendments require that an entity disclose information about:
     - How the transition from interest rate benchmarks to alternative benchmark rates is managed, the progress made at the reporting date, and the risks arising from the transition;
     - Quantitative information on non-derivative financial assets, non-derivative financial liabilities and derivatives that continue to reference interest rate benchmarks subject to the reform, disaggregated by significant interest rate benchmark;
     - If the IBOR reform results in changes to an entity's risk management strategy, a description of these changes and how the entity is managing these risks.

  d) The IASB also amended IFRS 4 to require insurers that apply the temporary exemption from IFRS 9 to apply the amendments when accounting for modifications directly required by the IBOR reform.

- **Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures"** – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture issued by the IASB on 11 September 2014. The amendments address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that, in a transaction involving an associate or joint venture, the extent of the gain or loss recognition depends on whether the assets sold or contributed constitute a business.

- **Amendments to IFRS 16 "Leases"** – Covid-19-Related Rent Concessions issued by the IASB on 28 May 2020. The amendments exempt lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the Covid-19 pandemic are lease modifications and allow lessees to account for such rent concessions as if they were not lease modifications. This applies to Covid-19-related rent concessions that reduce lease payments due on or before 30 June 2021.

- **Amendments to IFRS 16 "Leases"** – Covid-19-Related Rent Concessions beyond 30 June 2021 issued by the IASB on 31 March 2021. The amendments extend by one year the application period of the practical expedient in IFRS 16. The relief was extended by one year to cover rent concessions that only reduce lease payments due on or before 30 June 2022.

- **Amendments to IFRS 17 "Insurance Contracts"** – Initial Application of IFRS 17 and IFRS 9 – Comparative Information issued by the IASB on 9 December 2021. These are narrow-scope amendments to the transition requirements of IFRS 17 for entities that first apply IFRS 17 and IFRS 9 at the same time.

- **Amendments to IAS 1 "Presentation of Financial Statements"** – Classification of Liabilities as Current or Non-current issued by the IASB on 23 January 2020. The amendments provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. Amendments to IAS 1 issued by the IASB on 15 July 2020 defer the effective date by one year to annual periods beginning on or after 1 January 2023.

- **Amendments to IAS 1 "Presentation of Financial Statements"** – Disclosure of Accounting Policies issued by the IASB on 12 February 2021. The amendments require entities to disclose their material accounting policies rather than their significant accounting policies and provide guidance and examples to help preparers when deciding which accounting policies to disclose in their financial statements.

- **Amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors"** – Definition of Accounting Estimates issued by the IASB on 12 February 2021. The amendments focus on accounting estimates and provide guidance on how to distinguish between accounting policies and accounting estimates.

- **Amendments to IAS 12 "Income Taxes"** – Deferred Tax related to Assets and Liabilities arising from a Single Transaction issued by the IASB on 6 May 2021. According to the amendments, the initial recognition exemption does not apply to transactions in which both deductible and taxable temporary differences arise on initial recognition that result in the recognition of equal deferred tax assets and liabilities.

- **Amendments to IAS 16 "Property, Plant and Equipment"** – Proceeds before Intended Use issued by the IASB on 14 May 2020. The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing these items, in profit or loss.

- **Amendments to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets"** – Onerous Contracts – Cost of Fulfilling a Contract issued by the IASB on 14 May 2020. The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract are either the incremental costs of fulfilling that contract, or an allocation of other costs that relate directly to fulfilling contracts.

- **Amendments to various standards due to "Annual Improvements to IFRS Standards (2018 – 2020 Cycle)"** issued by the IASB on 14 May 2020. Amendments to various standards resulting from the annual improvement project of IFRS (IFRS 1, IFRS 9, IFRS 16 and IAS 41) primarily with a view to removing inconsistencies and clarifying wording. The amendments: (a) clarify that a subsidiary which applies paragraph D16(a) of IFRS 1 is permitted to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs (IFRS 1); (b) clarify which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 when assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf (IFRS 9); (c) remove from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve a potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in this example (Illustrative Example 13 accompanying IFRS 16); and (d) remove the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique (IAS 41).

5. FINANCIAL INSTRUMENTS

a) Financial Risk Factors

The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company.
The Company is not exposed to significant foreign currency risk as all material assets, liabilities and transactions are denominated in EUR. The main risks arising from the Company's financial instruments are interest rate risk, credit risk, and liquidity risk.

(1) Interest rate risk

The interest rate risk is managed by the Company by maintaining appropriate fixed and floating interest rates on provided and received loans. The Company's exposures to interest rate risk of financial assets and financial liabilities are detailed in Note 7 and 12.

The Company is exposed to the risk of changes to floating interest rates regarding a loan provided to GEOTERM KOŠICE, a.s. in the total amount of EUR 3.7 million as at 30 September 2022 (30 September 2021: EUR 3.7 million) with a floating interest rate of 3M EURIBOR + 1.5% and a loan received from SPP – distribúcia, a.s. in the total amount of EUR 272 million as at 30 September 2022 (30 September 2021: EUR 97.1 million) with a floating interest rate of 3M EURIBOR + 0.8%.

(2) Credit risk related to receivables

The Company records a receivable from the loan granted to SPP Storage, s.r.o. and GEOTERM KOŠICE, a.s.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet, net of provisions.

(3) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash with reasonable maturity and marketable securities, the availability of funding through an adequate amount of committed credit lines, and the ability to close open market positions.
The Company's loans are drawn in EUR with a fixed or floating interest rate. The loans are provided without collateral, using a common market rate.

The table below summarises the maturity of financial liabilities at 30 September 2022 and 30 September 2021 based on contractual undiscounted payments:

At 30 September 2022	***On Demand***	***Less than 3 Months***	***3 to 12 Months***	***1 to 5 Years***	***> 5 Years***	***Total***
Long-term loans	-	-	-	92	180	272
Trade and other payables	-	-	141	-	-	141
Short-term loans	-	-	-	-	-	-

At 30 September 2021	***On Demand***	***Less than 3 Months***	***3 to 12 Months***	***1 to 5 Years***	***> 5 Years***	***Total***
Long-term loans	-	-	-	6	98	104
Trade and other payables	-	-	488	-	-	488
Short-term loans	-	-	-	-	-	-

b) Capital Risk Management

The Company manages its capital to ensure that it is able to continue as a going concern, while maximising the return to shareholders through optimising the debt and equity ratio, and by ensuring a high credit rating and sound capital ratios.

The capital structure of the Company consists of debt, ie loans disclosed in Note 12, cash and cash equivalents and equity attributable to the owners of the parent company, which comprises the registered capital, legal and other reserves and retained earnings as disclosed in Note 11.

The gearing ratio at the end of the reporting period was as follows:

	At 30 September 2022	*At 30 September 2021*
Debt (i)	272	104
Cash and cash equivalents	40	6
Net debt	232	98
Equity	5 031	5 000
Net debt to equity ratio	**4.6%**	**2.0%**

(i) Debt is defined as long-term and short-term loans.

c) Categories of Financial Instruments

	At 30 September 2022	*At 30 September 2021*
Financial assets	**367**	**515**
Loans and receivables:		
Loan receivables	*23*	*36*
Other current assets	*291*	*460*
Current loan receivables	*13*	*13*
Cash and cash equivalents	*40*	*6*
Financial liabilities	**413**	**592**
Financial liabilities at amortised cost:		
Long-term loans	*272*	*104*
Trade and other payables	*141*	*488*
Short-term loans	-	-

6. INVESTMENTS IN SUBSIDIARIES AND JOINT VENTURES

		30 September 2022				
Business Name and Seat of the Company in which Non-current Financial Assets are Placed	***Share in Registered Capital and in Voting Rights (%)***	***Assets***	***Liabilities***	***Revenue***	***Profit/(Loss)***	***Carrying Amount***
	of the Company in which Non-current Financial Assets are Placed					
Subsidiaries						
eustream, a.s., Votrubova 11/A, 821 09 Bratislava	100%	4 765	3 006	586	320	2 793
SPP - distribúcia, a.s., Mlynské nivy 44/b 825 11 Bratislava *(1)*	100%	4 511	1 744	476	139	1 878
NAFTA a.s., Votrubova 1, 821 09 Bratislava	56.15%	366	172	168	81	217
GEOTERM KOŠICE, a.s., Moldavská č. 12 040 11 Košice	95.82%	18	6	-	-	-
SPP Storage, s.r.o., Dolní Bojanovice 891, 69617 Dolní Bojanovice, Czech Republic *(3)*	100%	244	79	32	21	170
SPP Infrastructure Financing B.V., Schiphol Boulevard 477, C4, 111 8BK Schiphol, Netherlands	100%	508	507	14	-	-
Pozagas a.s., Malé námestie 1, 901 01 Malacky (2)	35%	109	24	32	11	18
Plynárenská metrológia, s. r. o., Mlynské Nivy 44/b, 825 11 Bratislava *(4)*	100%	1	-	1	-	-
Other non-current assets						
SLOVGEOTERM a.s., Palisády 39, 811 06 Bratislava (associate)	50%	X	X	X	X	-
GALANTATERM, spol. s r.o., Vodárenská 1608/1, 924 01 Galanta (shares)	17.50%	X	X	X	X	1
Total non-current financial assets	**x**	**x**	**x**	**x**	**x**	**5 077**

Business Name and Seat of the Company in which Non-current Financial Assets are Placed	***Share in Registered Capital and in Voting Rights (%)***	***30 September 2021*** Assets	Liabilities	Revenue	Profit/(Loss)	Carrying Amount
	of the Company in which Non-current Financial Assets are Placed					
Subsidiaries						
eustream, a.s., Votrubova 11/A 821 09 Bratislava	100%	4 649	2 745	505	195	2 793
SPP - distribúcia, a.s., Mlynské nivy 44/b 825 11 Bratislava *(1)*	100%	4 582	1 553	445	124	1 878
NAFTA a.s., Votrubova 1 821 09 Bratislava	56.15%	373	175	184	99	217
GEOTERM KOŠICE, a.s., Moldavská č. 12 040 11 Košice	95.82%	18	6	-	-	-
SPP Storage, s.r.o., Dolní Bojanovice 891, 69617 Dolní Bojanovice, Czech Republic *(3)*	100%	241	95	33	18	170
SPP Infrastructure Financing B.V., Schiphol Boulevard 477, C4, 111 8BK Schiphol, Netherlands	100%	507	506	14	-	-
Pozagas a.s., Malé námestie 1, 901 01 Malacky (2)	35%	108	18	34	15	18
Plynárenská metrológia, s. r. o., Mlynské Nivy 44/b, 825 11 Bratislava *(4)*	100%	1	-	1	-	-
Other non-current assets						
SLOVGEOTERM a.s., Palisády 39, 811 06 Bratislava (associate)	50%	X	X	X	X	-
GALANTATERM, spol. s r.o., Vodárenská 1608/1, 924 01 Galanta (shares)	17.50%	X	X	X	X	1
Total non-current financial assets	**x**	**x**	**x**	**x**	**x**	**5 077**

(1) SPP – distribúcia, a.s. decreased its reserve fund by EUR 100 million in July 2015.
(2) Shareholding held by SPP Infrastructure, a. s. (35%) and NAFTA a.s. (65%). NAFTA, a.s. increased its existing share (35%) in POZAGAS a.s. to 65% in December 2017. POZAGAS a.s. is controlled by SPP Infrastructure, a.s.; therefore, SPP Infrastructure, a.s. recognises its share in POZAGAS a.s. as investments in subsidiaries as of 1 January 2018.
(3) Disclosures in the financial statements of SPP Storage, s.r.o. prepared under Czech GAAP were converted into EUR using the ECB exchange rate as at the reporting date.
(4) The Company acquired a 100% share in Plynárenská metrológia, s.r.o. from SPP – distribúcia, a.s., (subsidiary) on 1 March 2017.

NOTE: Reporting periods for investments (a 12-month period ended 31 July for eustream, a.s. and SPP – distribúcia, a.s. and a 12-month period ended 31 December for other companies) are different from those applied by the Company. Therefore, balance sheet disclosures on investments are recognised as at the Company's reporting date (as at 30 September 2022 and 30 September 2021). Information on investments stated in the income statement is for the year ended 30 September 2022 and for the year ended 30 September 2021. A portion of non-current tangible assets of eustream, a.s. and SPP – distribúcia, a.s. is recognised at a remeasured value comprising their fair values, which is in compliance with accounting policies of the subsidiaries.

7. LOANS PROVIDED

In December 2014, SPPI provided a loan amounting to EUR 125 million to its subsidiary, SPP Storage, s.r.o., which is payable in instalments of EUR 6.25 million every six months until 15 December 2024. The loan bears interest at a fixed rate of 2.665%.

Loan instalments totalling EUR 31 million (two instalments in June 2015, two instalments in June 2016 and one instalment in June 2020) were offset against an increase of equity in SPP Storage, s.r.o. Other instalments were paid in accordance with the loan agreement. The remaining instalments are recognised as receivables from long-term and short-term loans based on their maturity (as at 30 September 2022: EUR 19 million including interest as long-term, EUR 13 million including interest as short-term; as at 30 September 2021: EUR 32 million including interest as long-term, EUR 13 million including interest as short-term).

Receivables from long-term loans also include a loan to GEOTERM KOŠICE, a.s. (subsidiary) totalling EUR 4 million as at 30 September 2022 (30 September 2021: EUR 4 million) with a floating interest rate of 3M EURIBOR + 1.5%.

Loans provided:

Loans	***30 September 2021***	***Increase in Value***	***Impair-ment***	***Transfer of the Loan in the Reporting Period***	***30 September 2022***
Due in more than 3 years	32	-	-	(32)	-
Due from 1 to 3 years inclusive	4	1	(14)	32	23
Due in up to 1 year inclusive	13	-	-	-	13
Total loans	**49**	**1**	**(14)**	**-**	**36**

Loans	***30 September 2020***	***Increase in Value***	***Impair-ment***	***Transfer of the Loan in the Reporting Period***	***30 September 2021***
Due in more than 3 years	45	1	(14)	-	32
Due from 1 to 3 years inclusive	3	1	-	-	4
Due in up to 1 year inclusive	13	-	-	-	13
Total loans	**61**	**2**	**(14)**	**-**	**49**

There are no non-current financial assets under lien or with a restricted handling by the Company.

8. OTHER CURRENT ASSETS

Deposits provided to the shareholders are recognised by the Company as other current assets. As at 30 September 2022, the Company provided no deposits to its shareholders. As at 30 September 2021, the Company had provided deposits in the amount of EUR 243 million: SPP – EUR 124 million and SGH – EUR 119 million.

The Company also recognises a receivable of EUR 291 million from unpaid dividends from subsidiaries as other current assets. The Company recognised a receivable of EUR 218 million from unpaid dividends from subsidiaries as at 30 September 2021.

9. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in bank accounts which the Company can handle freely. The bank account balance is EUR 40 million as at 30 September 2022. The balance recognised as at 30 September 2021 amounted to EUR 6 million.

10. TRADE AND OTHER PAYABLES

As payables with a remaining maturity period of up to 1 year, payables from cashpooling to the subsidiaries and other payables are recognised by the Company. As at 30 September 2022, the balance of payables from cashpooling amounted to EUR 141 million. As at 30 September 2021, the balance of payables from cashpooling amounted to EUR 488 million.

The Company has no significant liabilities secured by a pledge or any other form of collateral.

11. EQUITY

In May 2014, SPP, the former parent company, increased the registered capital by an in-kind contribution of financial investments (see Note 1), with a face value of EUR 4 922 783 042 (one share with a face value of EUR 25 000 and 4 922 758 042 ordinary registered shares with a face value of EUR 1). The shares have a certificate form and are not listed on the stock exchange market. The transferability of the shares is not limited. The shares have been duly paid. The registered capital has been fully paid.

The registered capital was decreased on 30 December 2014 by EUR 1 259 416 105 based on the shareholders' decision. As at 30 June 2016, the registered capital consisted of three fully paid shares: two shares owned by SPP (one with a face value of EUR 1 868 292 263 and one with a face value of EUR 25 000), and one share owned by SGH with a face value of EUR 1 795 049 674.

Each year, the reserve fund will be supplemented by 10% of the net profit stated in the ordinary financial statements until it reaches 20% of the registered capital. The reserve fund was supplemented from the 2013 profit and an in-kind contribution in May 2014. The reserve fund reached the maximum amount.

In connection with the previous decrease in the registered capital, the Company decreased the legal reserve fund by EUR 251 883 000 to EUR 732 676 748 in the year ended 30 June 2016. The decision on the decrease of the legal reserve fund was made by the general meeting of shareholders held on 30 November 2015. The decrease of the legal reserve fund was settled by offset against the receivable from deposits provided to shareholders.

Shareholders are entitled to a share in the Company's profit (dividend) based on the general meeting's decision and have voting rights, with each euro (EUR 1) of the face value of shares representing one vote.

Profit distribution:

Type of allotment	***Distribution of Profit for the Year Ended 30 September 2021***	***Distribution of Profit for the Year Ended 30 September 2020***
To cover loss from previous years	-	-
Dividends	268	526
Retained earnings	-	58
Total	**268**	**584**

Profit for the year ended 30 September 2021 in the amount of EUR 268 million and retained earnings in the amount of EUR 163 million, approved for the payment on 17 December 2021, were paid to the Company's shareholders as dividends by their offsetting against receivables from the shareholders resulting from the provided deposits (see Note 8).

The profit for the year ended 30 September 2020 was approved by the Company's general meeting on 21 December 2020 and allocated for the payment of dividends to the shareholders in the amount of EUR 526 million. The amount of EUR 58 million was reclassified to retained earnings.

12. RECEIVED LOANS

	Curr.	***Interest p. a. in %***	***Maturity***	***30 September 2022***	***30 September 2021***
Long-term loans					
Nafta, a.s.	EUR	3M EURIBOR + 1%	25 Nov 2023	-	6
SPP - distribúcia, a.s.	EUR	3M EURIBOR + 0.8%	2 Nov 2028	272	98
Total long-term loans				**272**	**104**

As at 30 September 2021, the Company recognised a long-term loan amounting to EUR 6.4 million received from the subsidiary, NAFTA, a.s. As at 31 August 2022, the loan balance was offset by the Company against received dividends.

As at 31 March 2020, the Company received the first tranche of a long-term loan amounting to EUR 91 million from its subsidiary, SPP - distribúcia, a.s., as offsetting of its payable under cashpooling. As at 31 October 2021, the Company received the second tranche of a long-term loan amounting to EUR 5 million from its subsidiary, SPP - distribúcia, a.s., as offsetting of its payable under cashpooling. The amount of the credit facility is EUR 350 million. Interest on the loan is capitalised annually on the anniversary of the loan drawdown and interest falls due on the loan maturity date.

On 2 November 2021, the Company received the third tranche of a long-term loan in the amount of EUR 172 million from its subsidiary, SPP - distribúcia, a.s., by offsetting its payable under cashpooling.

13. INCOME ON FINANCIAL INVESTMENTS

	Year Ended 30 September 2022	***Year Ended 30 September 2021***
Dividends	465	269
Interest on loans (Note 7)	1	1
Total	**466**	**270**

14. TAXES

The reconciliation of theoretical income tax to reported income tax is presented in the following table:

	Year Ended 30 September 2022			***Year Ended 30 September 2021***		
	Tax Base	***Tax***	***Tax in %***	***Tax Base***	***Tax***	***Tax in %***
Profit/loss before taxation, of which:	462			268		
Theoretical tax		97	21		56	21
Tax non-deductible expenses	-	-	-	-	-	-
Revenues exempt from taxation	(464)	(97)	-	(269)	(56)	-
Tax loss carried forward	-	-	-	-	-	-
Other	2			1		
Total	**-**	**-**	**-**	**-**	**-**	**-**
Current income tax	-	-	-	-	-	-
Deferred income tax	-	-	-	-	-	-
Total income tax	**-**	-	**-**	**-**	-	**-**

The Company has significant transactions with several subsidiaries, joint ventures, shareholders and other related parties. The tax environment in which the Company operates in Slovakia is dependent on the prevailing tax legislation and practice and has relatively little existing precedent. As the tax authorities are reluctant to provide official interpretations in respect of the tax legislation, there is an inherent risk that the tax authorities may require adjustments to the corporate income tax base with regard to transfer pricing or other reasons. Corporate income tax in Slovakia is levied on each individual legal entity and, as a consequence, there is no concept of Company taxation or relief. The tax authorities in Slovakia have broad powers as regards the interpretation of tax laws, which could result in unexpected results from tax inspections. It is not possible to estimate the potential tax liabilities related to these risks.

15. CASH FLOWS FROM OPERATING ACTIVITIES

	Note	***Year Ended 30 September 2022***	***Year Ended 30 September 2021***
Profit before taxation		**462**	**268**
Adjustments for non-cash transactions:			
Dividend income	13	(465)	(269)
Interest charged to expenses	12	3	1
Interest charged to income	13	(1)	(1)
Profit from operating activities prior to a change in working capital		-	-
Cash flows from operations		**(1)**	**(1)**

16. COMMITMENTS AND CONTINGENCIES

The Company records no contingent assets or liabilities as at 30 September 2022. (The Company recorded no contingent assets or liabilities as at 30 September 2021).

17. RELATED PARTY TRANSACTIONS

	Year Ended 30 September 2022			*30 September 2022*				
	Dividend Income (Note 13)	***Interest Income (Notes 7 and 13)***	***Interest Expense (Note 12)***	***Loan Receivable (Note 7) and Provided Deposits (Note 8)***	***Loan Payable (Note 12)***	***Receivable Owing to Unpaid Dividends (Note 8)***	***Cash-pooling Payable (Note 10)***	***Payable from Dividends (Note 10)***
Subsidiaries	465	1	3	35	272	291	141	-
SGH	-	-	-	-	-	-	-	-
SPP	-	-	-	-	-	-	-	-

	Year Ended 30 September 2021			*30 September 2021*				
	Dividend Income (Note 13)	***Interest Income (Notes 7 and 13)***	***Interest Expense (Note 12)***	***Loan Receivable (Note 7) and Provided Deposits (Note 8)***	***Loan Payable (Note 12)***	***Receivable Owing to Unpaid Dividends (Note 8)***	***Cash-pooling Payable (Note 10)***	***Payable from Dividends (Note 10)***
Subsidiaries	269	1	1	49	104	218	488	-
SGH	-	-	-	119	-	-	-	-
SPP	-	-	-	124	-	-	-	-

Company management considers related-party transactions to be transactions made on an arm's length basis.

18. POST-BALANCE SHEET EVENTS

On 1 October 2022, Ing. Roman Achimský was appointed Vice-Chairman of the Board of Directors replacing Ing. Marianna Ondrová.

Mutual receivables between the Company and its subsidiary, SPP - distribúcia, a.s. (total amount of EUR 284 million) were offset under the Agreement on Offsetting of Mutual Receivables on 17 October 2022.

Except for the events above, there were no such events after the reporting date that would have a significant impact on the fair presentation of the matters disclosed in these financial statements.

Prepared on:

28 February 2023

Signature of a member of the statutory body of the reporting entity or a natural person acting as a reporting entity:

Approved on:

Ing. František Čupr
Chairman of the Board of Directors

Ing. Roman Achimský
Vice-Chairman of the Board of Directors