eustream, a.s.

CONDENSED INTERIM FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH THE INTERNATIONAL ACCOUNTING STANDARD 34, AS ADOPTED BY EU

For the six-months period ended 31 January 2024

Deloitte.

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eustream, a.s.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Shareholder, Supervisory Board, Board of Directors and Audit Commitee of eustream, a.s.:

Introduction

We have reviewed the accompanying condensed balance sheet of eustream, a.s. (the "Company") as at 31 January 2024 and the related condensed statement of comprehensive income and condensed statement of changes in equity and condensed cash flows for the six month period then ended, and explanatory notes ("Condensed interim financial information"). Management is responsible for the preparation and fair presentation of this condensed interim financial information in accordance with the International Financial Reporting Standards as adopted by the EU (the "IFRS"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with recognition and measurement criteria of IFRS. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as at 31 January 2024 is not prepared, in all material respects, in accordance with the International Financial Reporting Standards as adopted by the EU.

Emphasis of Matters

We draw attention to Note 4 part Assessment of Impairment of Non-current Assets in this financial information, which describes effect of the economic sanctions imposed on the Russian Federation as a result of military conflict on the operation of the Company. As stated in Note 4 the Company's management has prepared several scenarios regarding possible future developments as regards transmission network use, which were analysed in connection with the potential impairment of non-current assets. Management of the Company has assessed potential impairment of non-curent assets on the basis of an analysis of discounted future cash flows, the planned future revenues and estimated development on EU gas market.

Our conclusion is not modified in respect of this matter.

Bratislava, 24 April 2024

Ing. Patrik Ferko, FCCA
Responsible Auditor
Licence UDVA No. 1045

On behalf of
Deloitte Audit s.r.o.
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eustream, a.s.
CONDENSED STATEMENT OF FINANCIAL POSITION
As at 31 January 2024 and 31 July 2023
(EUR '000)

ASSETS:	**Note**	**31 January 2024**	**31 July 2023**
NON-CURRENT ASSETS			
Property, plant and equipment	7,4	4 118 434	4 191 847
Non-current intangible assets		5 930	5 384
Non-current financial investments	8	6 607	6 607
Total non-current assets		**4 130 971**	**4 203 838**
CURRENT ASSETS			
Inventories	9	38 040	51 171
Receivables and prepayments	10	49 449	42 418
Income tax		-	19 154
Other short-term loans		108	106
Cash and cash equivalents		351 959	241 930
Total current assets		**439 556**	**354 779**
TOTAL ASSETS		**4 570 527**	**4 558 617**
EQUITY AND LIABILITIES:			
EQUITY			
Share capital	14	282 929	282 929
Legal and other reserves	15	34 561	(54 450)
Revaluation reserve	4	1 632 216	1 641 216
Retained earnings	15	539 624	488 033
Total equity		**2 489 330**	**2 357 728**
NON-CURRENT LIABILITIES			
Bonds issued	11	990 395	990 081
Loans received	11	29 000	35 000
Deferred income		53 175	53 705
Provisions for liabilities		5 723	5 773
Retirement and other long-term employee benefits		3 036	2 933
Deferred income tax liability		865 071	876 936
Other non-current financial liabilities	13	951	10 710
Total non-current liabilities		**1 947 351**	**1 975 138**
CURRENT LIABILITIES			
Current portion of bonds	11	18 839	7 554
Current portion of loans	11	12 212	12 189
Trade and other payables	12	93 651	204 921
Income tax		8 091	-
Provisions for liabilities and other current liabilities		1 053	1 087
Total current liabilities		**133 846**	**225 751**
TOTAL LIABILITIES		**2 081 197**	**2 200 889**
TOTAL EQUITY & LIABILITIES		**4 570 527**	**4 558 617**

CONDENSED STATEMENT OF COMPREHENSIVE INCOME
For the six-months period ended 31 January 2024 and 31 January 2023
(EUR '000)

	Note	6-month period ending 31 January 2024	6-month period ending 31 January 2023
REVENUES FROM SALE OF SERVICES			
Natural gas transmission and other services	16	157 927	132 082
Total revenues		**157 927**	**132 082**
OPERATING EXPENSES			
Own work capitalised		719	936
Consumption of natural gas, consumables and energy		(10 411)	(17 466)
Depreciation, amortisation and impairment losses, net		(71 183)	(90 588)
Other services		(6 687)	(6 701)
Personnel expenses		(15 967)	(14 642)
Provisions for bad and doubtful debts, obsolete and slow-moving inventories, net		(7 286)	(260)
Provisions and impairment losses, net		1 804	467
Other operating income		639	949
Other operating expenses		(912)	172
Total operating costs		**(109 284)**	**(127 133)**
OPERATING PROFIT		**48 643**	**4 949**
Finance income	17	**5 149**	**32 702**
Finance costs	18	**(19 583)**	**(15 405)**
PROFIT BEFORE TAX		**34 209**	**22 246**
INCOME TAX	19	(8 286)	(5 236)
PROFIT FOR THE PERIOD		**25 923**	**17 010**
Other comprehensive income (items that may be reclassified subsequently to profit or loss)			
Hedging derivatives (cash flow hedging)		112 672	687 137
Deferred tax related to items of other comprehensive income for the period		(23 661)	(144 299)
Other comprehensive income (items that will not be reclassified subsequently to profit or loss)	**7**		
Increase/decrease in properties revaluation reserve		(4 445)	(16 215)
Deferred tax related to items of other comprehensive income for the period		21 113	4 112
OTHER NET COMPREHENSIVE INCOME FOR THE PERIOD		105 679	530 735
TOTAL NET COMPREHENSIVE INCOME FOR THE PERIOD		**131 602**	**547 745**
Basic and diluted earnings per ordinary share (nominal value 3 319,39 EUR)	20	**0.30**	**0.20**
Basic and diluted earnings per ordinary share (nominal value 82 895 533,19 EUR)	20	**7 595**	**4 894**
Basic and diluted earnings per ordinary share (nominal value 200 000 000 EUR)	20	**18 325**	**12 024**

eustream, a.s.
CONDENSED STATEMENT OF CHANGES IN EQUITY
For the six-months period ended 31 January 2024 and 31 January 2023
(EUR '000)

	Registered capital	Legal reserve fund	Hedge reserve	Revaluation reserve	Retained earnings	Total
Balance at 31 July 2022	**282 929**	**56 586**	**(777 516)**	**1 704 848**	**449 687**	**1 716 534**
Net profit for the period	-	-	-	-	17 010	17 010
Other comprehensive income/(loss) for the period	-	-	542 838	(12 103)	-	530 735
Transfer to retained earnings	-	-	-	(25 932)	25 932	-
Total net comprehensive income for the period	**-**	**-**	**542 838**	**(38 035)**	**42 942**	**547 745**
Transactions with shareholders:	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-
Balance at 31 January 2023	**292 929**	**56 586**	**(234 678)**	**1 666 813**	**492 629**	**2 264 279**
Balance at 31 July 2023	**282 929**	**56 586**	**(111 036)**	**1 641 216**	**488 033**	**2 357 728**
Net profit for the period	-	-	-	-	25 923	25 923
Other comprehensive income/(loss) for the period	-	-	89 011	16 668	-	105 679
Transfer to retained earnings	-	-	-	(25 668)	25 668	-
Total net comprehensive income for the period	**-**	**-**	**89 011**	**(9 000)**	**51 591**	**131 602**
Transactions with shareholders:	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-
Balance at 31 January 2024	**282 929**	**56 586**	**(22 025)**	**1 632 216**	**539 624**	**2 489 330**

(EUR '000)

	Note	6-months period ended 31 January 2024	6-months period ended 31 January 2023
PROFIT BEFORE TAX		**34 209**	**22 246**
Adjustments:			
Depreciation, amortization and impairment losses, net		71 183	90 588
Interests, net		12 492	15 877
Derivatives		(115)	(58 359)
Provisions, allowances and other non-cash items		6 452	(6 850)
(Gain)/loss from sale of non-current assets		18	(4)
(Increase)/decrease in receivables and prepayments		(14 223)	11 228
(Increase)/decrease in inventories		5 968	(69 284)
Increase/(decrease) in trade and other liabilities		(5 056)	16 148
Cash flows from operating activities		**110 928**	**21 590**
OPERATING ACTIVITIES			
Cash flows from operating activities		110 928	21 590
Interest paid		(1 932)	(614)
Interest received		5 005	1 579
Income tax paid		4 593	(43 298)
Net cash flows from operating activities		**118 594**	**(20 743)**
INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		(2 556)	(13 554)
Subsidies received		-	5 171
Provision of borrowings		(6)	(15)
Proceeds from sale of property, plant and equipment and intangible assets		-	5
Net cash used in investing activities		**(2 562)**	**(8 393)**
FINANCING ACTIVITIES			
Dividends paid		-	-
Borrowing repayments		(6 003)	(12 583)
Net cash flow from financing activities		**(6 003)**	**(12 583)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**110 029**	**(41 719)**
EFFECT OF FOREIGN EXCHANGE DIFFERENCES		-	-
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		241 930	232 733
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**351 959**	**191 014**

(EUR '000)

1. DESCRIPTION OF THE COMPANY

1.1. General Information

In accordance with Act No. 431/2002 Coll, on Accounting and later amendments, eustream, a.s., (“eustream“ or “the Company“) has prepared these condensed interim financial statements in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (EU).

These condensed interim financial statements for the six months period ended 31 January 2024 have been prepared in accordance with IAS 34, ‘Interim financial reporting’. The condensed interim financial statements should be read in conjunction with the annual individual financial statements for the year ended 31 July 2023, which have been prepared in accordance with IFRS as adopted by the EU.

These condensed interim financial statements have been reviewed, not audited.

The Company was established by a Memorandum of Association on 26 November 2004 and incorporated in the Commercial Register on 10 December 2004 under the business name SPP - preprava, a.s. Based on a change to the Commercial Register as at 3 January 2008, the Company SPP – preprava a.s. changed its legal name to eustream, a.s. Slovenský plynárenský priemysel, a.s. (SPP) was the 100% owner of the Company until 12 June 2014.

On 19 December 2013, the National Property Fund of the Slovak Republic (Fond národného majetku SR, “FNM”), the Ministry of Economy of the Slovak Republic and Energetický a Průmyslový Holding, a.s. (“EPH”) signed a framework contract for the sale and purchase of shares, which regulated the reorganisation of the SPP Group, which took place in the first half of 2014. It comprised a contribution of SPP’s shares in SPP – distribúcia, a.s., eustream, a.s., NAFTA a.s., SPP Infrastructure Financing B.V., SPP Bohemia, a.s., SPP Storage, s.r.o., Pozagas, a.s., GEOTERM Košice, a.s., Probugas, a.s., SLOVGEOTERM, a.s. and GALANTATERM, spol. s r.o. into a newly-established 100% subsidiary, SPP Infrastructure, a.s. (“SPP Infrastructure”). After the completion of the reorganisation, the Slovak Republic represented by the Ministry of Economy became the ultimate 100% owner of SPP, and SPP retained a non-controlling 51% share in SPP Infrastructure.

Since 13 June 2014, the 100% owner of the Company is SPP Infrastructure.

On 1 July 2006, Slovenský plynárenský priemysel, a.s., (hereinafter “SPP”) made a contribution to the Company of a part of the business including the assets (excluding the core assets for natural gas transmission) and the liabilities of the former transmission division. It also leased the core assets for natural gas transmission (gas transmission pipelines, compressor stations) to the Company under an operating lease contract. As of 1 July 2006, the Company took over the international natural gas transmission operations.

On 28 February 2013, SPP made a contribution to the Company of a part of the business including the assets (core assets for natural gas transmission – gas transmission pipelines, compressor stations) and related liabilities. The lease of the core natural gas transmission assets terminated as at that date.

The financial statements of eustream, a.s. for the year ended 31 July 2023 were approved by the Annual General Meeting held on 16 October 2023.

Identification Number (IČO)	35 910 712
Tax Identification Number (DIČ)	2021931175

1.2. Principal activities

With effect from 1 July 2006, the Company as the holder of a gas transmission permit in the defined territory of the Slovak Republic began to fulfil the obligations of an independent transmission system operator in accordance with the legislative requirements concerning the establishment of an independent transmission system operator (“legal unbundling”).

Liberalisation of the Slovak Energy Sector

Regulatory framework of the Slovak natural gas market

Under current energy legislation, the natural gas market in the Slovak Republic is fully liberalised, allowing all customers to freely select a natural gas supplier. As a transmission system operator, the basic mission of eustream is to provide reliable, safe and efficient transmission of natural gas in the defined territory of the Slovak Republic on the basis of non-discriminatory rules in accordance with national and EU legislation and contractual obligations. Eustream is obliged to provide non-discriminatory access to the transmission system on the defined territory to any gas market player who meets the commercial and technical conditions for gas transmission. The activities of eustream are subject to substantive and price regulation by the Regulatory Office of Network Industries (RONI). RONI which, inter alia, defines the regulatory policy for the individual regulatory periods, monitors compliance of the Company's activities with applicable energy legislation, and issues decisions in the defined areas of activities.

Tariffs for regulated operations

RONI approves tariffs for access to the transmission system and gas transmission and the conditions for their application for the relevant regulatory period in compliance with the respective legislation. The price decision for the first year of the regulatory period applies to the entire regulatory period, unless RONI approves a change to the price decision. For the fifth regulatory period, which was originally set from 1 January 2017 to 31 December 2021, tariffs for access to the transmission system and for natural gas transmission were set at a fixed price, which was also the maximum price, based on a benchmark analysis of tariffs for access to the transmission system and for gas transmission in EU Member States. In 2020, RONI extended the 2017 – 2021 regulatory period by one year to 31 December 2022 by Amendment 1 to the Regulatory Policy. Tariffs for access to the transmission system and for natural gas transmission for the fifth regulatory period were set by RONI Decision No. 0021/2017/P of 31 October 2016, which was amended by RONI Decision No. 0100/2017/P of 17 August 2017, RONI Decision No. 0078/2021/P of 6 April 2021, RONI Decision No. 0079/2021/P of 2 July 2021 and RONI Decision No. 0068/2022/P of 28 December 2021. On 29 May 2019, RONI also issued Decision No. 0040/2019/P in line with Commission Regulation (EU) 2017/460 of 16 March 2017 establishing a network code on harmonised transmission tariff structures for gas (TAR NC), in which it set the methodology for determining reference prices, the amount of reference prices, the level of multipliers, discounts and other factors pursuant to Article 26 and Article 28 of the TAR NC for the period beginning on 1 January 2022. For the sixth regulatory period (2023 – 2027), RONI determined the method of price regulation by determining the method of calculating the fixed price for access to the transmission system and gas transmission in compliance with the TAR NC based on the new Decree on Price Regulation. Subsequently, RONI issued Decision No. 0031/2023/P of 13 February 2023 adopting transmission tariffs and conditions of their application for the period from 1 January 2023 to 31 December 2023 valid until the end of the sixth regulatory period. RONI also confirmed that, in relation to the period beginning on 1 January 2023, Decision No. 0040/2019/P of 29 May 2019 will continue to apply until a new final consultation on the reference pricing methodology is conducted and a new decision is issued in line with the TAR NC.

Changes to regulatory laws and policy

The core laws and regulations applying to the transmission system operator, i.e. eustream, primarily include:

- Commission Regulation (EU) No 312/2014 of 26 March 2014 establishing a network code on gas balancing of transmission networks;
- Commission Regulation (EU) 2015/703 of 30 April 2015 establishing a network code on interoperability and data exchange rules;
- Commission Regulation (EU) 2017/459 of 16 March 2017 establishing a network code on capacity allocation mechanisms in gas transmission systems and repealing Regulation (EU) No 984/2013;
- Commission Regulation (EU) 2017/460 of 16 March 2017 establishing a network code on harmonised transmission tariff structures for gas;
- Regulation (EC) No 715/2009 of the European Parliament and of the Council of 13 July 2009 on conditions for access to the natural gas transmission networks and repealing Regulation (EC) 1775/2005, as amended;
- Regulation (EU) No 1227/2011 of the European Parliament and of the Council of 25 October 2011 on wholesale energy market integrity and transparency;
- Act No. 250/2012 Coll. of 31 July 2012 on Regulation in Network Industries, as amended;
- Act No. 251/2012 Coll. of 31 July 2012 on Energy and on Amendment to and Supplementation of Certain Acts, as amended (hereinafter the "Energy Act");
- RONI Decree No. 223/2016 Coll. of 19 July 2016, which establishes price regulation in the gas industry, as amended (effective for the 2017-2022 regulatory period);
- RONI Decree No. 451/2022 Coll. of 12 December 2022, establishing price regulation of selected regulated activities in the gas industry and certain conditions for the performance of selected regulated activities in the gas industry (valid for the regulatory period beginning on 1 January 2023);

- RONI Decree No. 24/2013 Coll. of 14 January 2013, establishing rules for internal electricity market functioning and rules for internal gas market functioning, as amended, which was replaced during the reference period for the gas industry by RONI Decree No. 208/2023 Coll. of 17 April 2023, establishing rules for internal gas market functioning, requirements as regards the operating rules of the network operator and the facility operator, and the scope of terms and conditions included in the operating rules of the network operator.

The gas market has developed and changed dynamically in recent years, and there were related amendments to the applicable legislation and changes to market requirements for the provided services and products. In relation to EU decarbonisation efforts, in particular achieving the set climate targets and the related energy transformation of the EU economy, the Fit for 55 package, and the EU REPower plan, a number of legislative proposals underwent the legislative process during the reference period, including the preparation of the fourth gas energy package. In the Q1 2023, eustream submitted a proposal to RONI to change the operating rules due to the needs arising from implementation and legislative amendments. The proposal to change the operating rules was approved by RONI Decision No. 0003/2023/P-PP of 1 March 2023. On 7 September 2023, eustream submitted another proposal to RONI to change the operating rules due to the needs arising from implementation and legislative amendments. The proposal to change the operating rules was approved by RONI´s Decision No. 0005/2023/P-PP of 3 October 2023. At the same time, the Decision No. 0005/2023/P-PP cancelled the RONI´s previous decisions, which approved the operating rules valid until then.

EU's third energy package and certification of the transmission system operator

After the transposition of the EU's third energy package into Slovak law, the Government of the Slovak Republic was entitled to determine, based on a proposal of the Ministry of Economy of the Slovak Republic, whether the ownership unbundling model of the transmission system operator which is part of a vertically-integrated gas company, or the independent transmission system operator model would be applied. At a meeting on 28 November 2012, the Government of the Slovak Republic decided by Resolution No. 656/2012 that the ownership unbundling model of the transmission system operator would not be applied. Based on the above, eustream complied with the conditions of the independence of the transmission system operator, which is part of the vertically-integrated gas company.

On 28 October 2013, RONI issued Decision No. 0002/2013/P-CE on granting certification to eustream as the transmission system operator. Subsequently, on 22 November 2013, the Ministry of Economy of the Slovak Republic issued Decision No. 36/2013 (File No. 1795/2013-1000), which confirmed eustream as the transmission system operator that meets the conditions for the unbundling of an independent transmission system operator pursuant to Articles 51 to 60 of the Energy Act. During its business activities, eustream is obliged to consistently comply with all conditions based on which the certification decision was issued to it and the conditions stipulated in the relevant legislation. RONI oversees eustream by continuously monitoring eustream's compliance with the conditions and obligations of an independent transmission system operator.

1.3. Employees

The average full-time equivalent of the Company's employees for the six-month period ended 31 January 2024 was 603, the number of employees as at 31 January 2024 was 587 and the number of key management personnel was 12 (for the six-month period ended 31 January 2023, the FTE was 625, and the number of employees as at 31 January 2023 was 620 and 12 representatives of key management personnel). Key management personnel comprises members of the Board of Directors, members of the Supervisory Board and managers directly reporting to the statutory body or a member of the statutory body.

1.4. Registered office

Votrubova 11/A
821 09 Bratislava
Slovak Republic

1.5. Information on the consolidated group

The Company is a subsidiary of SPP Infrastructure, which has its registered office at Plátennícka 19013/2, Bratislava and which holds a 100% share in the Company's share capital.

The Company is included in the consolidated financial statements of a higher-level group company in the EU. The consolidated financial statements are prepared by SPP Infrastructure, in accordance with International Financial Reporting Standards (IAS/IFRS) as adopted by the EU.

The financial statements of the Company and the consolidated financial statements of SPP Infrastructure are filed with the Business Register of the City Court Bratislava III, Námestie Biely kríž 7, 836 07 Bratislava. The Company's financial statements are published in the Register of Financial Statements and at www.eustream.sk.

The ultimate consolidating entity of eustream is EP Investment S.á r.l., whit its registered office at 2 Place de Paris, 2314 Luxembourg.

The Company reports an investment in a subsidiary, Eastring B.V., in which it directly owns more than 50% of the voting rights and has the right to exercise control over the operations of the subsidiary. The subsidiary is not consolidated using the full consolidation method, as it has an insignificant impact on the financial statements. The investment in the subsidiary is reported at cost less provisions.

2. NEW INTERNATIONAL FINANCIAL REPORTING STANDARDS

New and amended IFRS Accounting Standards that are effective for the current year

In the current year, the Company has applied a number of amendments to the IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) and adopted by the EU that are mandatory for the reporting period beginning on or after 1 January 2023. Their adoption has not had any material impact on the disclosures or the amounts reported in these financial statements.

- **IFRS 17 "Insurance Contracts"** issued by the IASB on 18 May 2017. The new standard requires insurance liabilities to be measured at current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 "Insurance Contracts" and related interpretations while 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. The amendments issued on 25 June 2020 also introduce simplifications and clarifications of requirements in the standard and provide additional reliefs when applying IFRS 17 for the first time.

- **Amendments to IFRS 17 "Insurance Contracts" – Initial Application of IFRS 17 and IFRS 9 – Comparative Information** issued by the IASB on 9 December 2021. This is a narrow-scope amendment 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" – Disclosure of Accounting Policies** issued by the IASB on 12 February 2021. Amendments require entities to disclose their material accounting policy information rather than their significant accounting policies and provide guidance and examples to help preparers in 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. These 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. Under these amendments, the initial recognition exemption does not apply to transactions in which both deductible and taxable temporary differences arise on the initial recognition that result in the recognition of equal deferred tax assets and liabilities.

- **Amendments to IAS 12 "Income Taxes" – International Tax Reform – Pillar Two Model Rules** issued by the IASB on 23 May 2023. The amendments introduced a temporary exception to accounting for deferred taxes arising from jurisdictions implementing global tax rules and disclosure requirements regarding company exposure to income taxes arising from the reform, particularly before legislation implementing the rules comes into effect.

New and revised IFRS Accounting Standards in issue and adopted by the EU but not yet effective

At the date of authorisation of these financial statements, the Company has not applied the following revised IFRS Accounting Standards that have been issued by the IASB and adopted by the EU but are not yet effective:

- **Amendments to IFRS 16 "Leases" – Lease Liability in a Sale and Leaseback** issued by the IASB on 22 September 2022. Amendments to IFRS 16 require a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease.

Amendments to IAS 1 "Presentation of Financial Statements" – Classification of Liabilities as Current or Non-Current issued by the IASB on 23 January 2020 and **Amendments to IAS 1 "Presentation of Financial Statements" – Non-current Liabilities with Covenants** issued by the IASB on 31 October 2022. Amendments issued in January 2020 provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place as at the reporting date. Amendments issued in October 2022 clarify how conditions with which an entity must comply within twelve months of the reporting period affect the classification of a liability and set the effective date for both amendments to annual periods beginning on or after 1 January 2024.

New and revised IFRS Accounting Standards in issue but not adopted by the EU

At present, IFRS Accounting Standards as adopted by the EU do not significantly differ from IFRS adopted by the International Accounting Standards Board (IASB), except for the following new standards and amendments to the existing standards, which were not adopted by the EU as at the date of authorisation of these financial statements:

- **Amendments to IAS 7 "Statement of Cash Flows" and IFRS 7 "Financial Instruments: Disclosures" – Supplier Finance Arrangements** issued by the IASB on 25 May 2023. Amendments add disclosure requirements, and 'signposts' within existing disclosure requirements to provide qualitative and quantitative information about supplier finance arrangements.

- **Amendments to IAS 21 "The Effects of Changes in Foreign Exchange Rates" – Lack of Exchangeability** issued by the IASB on 15 August 2023. Amendments contain guidance specifying when a currency is exchangeable and how to determine the exchange rate when it is not.

- **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 currently recognise regulatory deferral accounts in accordance with their previous GAAP to continue to do so upon transition to IFRS.

- **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 gain or loss recognition depends on whether the assets sold or contributed constitute a business.

The Company does not expect that the adoption of the above standards will have a material impact on the financial statements of the Company in future periods.

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 balance sheet date.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Accounting

These condensed interim financial statements for the six months ended 31 January 2024 have been prepared in accordance with IAS 34, 'Interim financial reporting'. The condensed interim financial statements should be read in conjunction with the annual individual financial statements for the year ended 31 July 2023, which have been prepared in accordance with IFRS as adopted by the EU

Except as described below, the same accounting policies and methods of computation were followed in the preparation of these condensed interim financial statements as compared with the annual individual financial statements for the year ended 31 July 2023.

Certain new standards, interpretations and amendments to the existing standards, as disclosed in the individual financial statements for the year ended 31 July 2023, became effective for the Company from 1 January 2024. These new or amended standards, as listed above, had no impact on presentation and disclosures.

Interim period income tax expense is accrued using the effective tax rate that would be applicable to expected total annual earnings, that is, the estimated weighted average annual effective income tax rate applied to the pre-tax income of the interim period.

b) Earnings per share calculation

The Company recognize earnings per share based on the types of ordinary shares described in note 20. The company calculates earnings per share by dividing the profit after tax by the weighted average of each ordinary share type based on their nominal value

c) Changes of presentation

The company reviewed the application of the IAS 12 standard in connection with the special levy in regulated industries in 2023. The result of the revaluation is the clearing of the deferred special levy by the tax effect because the special levy represents a deductible expense. For this reason, the company adjusted the amount of the deferred special levy. The company´s management does not consider the calculation of the deferred special levy in previous periods to be significantly incorrect and for this reason did not adjust the comparable period.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the Company took the following decisions concerning uncertainties and estimates that have a significant impact on the amounts recognized in the financial statements,

Remeasurement of property, plant and equipment

As at 1 January 2016, the Company applied a revaluation model under IAS 16 "Property, plant and equipment" for the property, plant, and equipment used for natural gas transmission. The assets include gas pipelines, compressor stations and border entry/exit points and domestic points. The first remeasurement was carried out at 1 January 2016, and subsequent remeasurement was carried out at 1 August 2019.

The Company opted for this model as it believes it will result in the financial statements providing more reliable and relevant information on buildings, structures, land, machinery and equipment used for natural gas transmission.

The subsequent remeasurement was recorded with no impact on prior periods. The result of the remeasurement as at 1 August 2019 was an increase in the amount of property, plant and equipment by EUR 510 153 thousand, an increase in a deferred tax liability by EUR 129 354 thousand and creation of the revaluation reserve in equity, and an impairment of property, plant and equipment by EUR 357 thousand recognised in the income statement in the line Depreciation, amortisation and impairment losses, net.

The remeasurement of Company assets was conducted by an independent expert who primarily applied the cost approach, supported by the market approach for some types of assets. In general, the replacement cost method was used and the indexed historical cost method was used for assets where replacement costs were not available. Replacement costs are based on the cost of an equivalent asset (EA) and are an estimate of the net book value of the asset based on the cost of an EA, the useful life and the age of existing assets (replacement cost less depreciation methodology). When determining the fair value of individual items of assets using the cost approach, physical, technological and economic obsolescence of assets was taken into consideration.

The result of the remeasurement of assets used for natural gas transmission was an increase in the amount of assets and a related increase in equity. The assumptions used in the revaluation model are based on reports of independent appraisers. The resulting reported amounts of these assets and the related revaluation surplus of assets do not necessarily represent amounts for which these assets could or will be sold. Based on an independent expert opinion, the Company also reconsidered the economic useful lives of gas plants, machinery and equipment. The assessment of economic useful lives requires an expert opinion of technical experts.

There are uncertainties about future economic conditions, changes in technology and business environment in the industry, which could result in future adjustments to estimated remeasured amounts and useful lives of assets, which could have an impact on the financial position, equity and profit.

Estimated useful lives

The estimation of the useful life of an item of fixed assets is a matter of management judgment based upon experience with similar assets. In determining the useful life of an asset, management considers the expected usage based on usage estimates, estimated technical obsolescence, amortization and the environment in which the asset is operated. Changes in any of these conditions or estimates may result in adjustments to future depreciation rates.

(EUR '000)

During the year, the Company reconsidered the useful life of property, plant and equipment used for the natural gas transmission based on independent expert opinion. Changes in estimates of the useful life are reflected prospectively.

The economic useful lives of non-current assets are based on the accounting estimates as listed below. The carrying amounts of these assets as at 31 January 2024 and 31 July 2023 are presented in Condensed Statement of Financial Position. If the estimated useful lives of the pipeline and compressor stations had been five years shorter than the management's estimate for the six-month period ended 31 January 2024, the Company would recognise increased depreciation charges for assets constituting pipelines and compressor stations by EUR 17 871 thousand (for the six-month period ended 31 January 2023 increased by EUR 18 087 thousand).

The total useful lives of fixed assets are as follows:

Border entry/exit points, domestic points	7 – 49
Compressor stations	4 - 60
Gas pipelines	29 - 75
Buildings	18 – 40
Machinery and equipment, other tangible assets	3 - 20
Non-current intangible assets	3 – 5

Land is not depreciated as it is deemed to have an indefinite useful life.

Assessment of Impairment of Non-current Assets

In relation to the ongoing military conflict in Ukraine and the imposed sanctions targeted 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's core business activity is the provision of access to the transmission system and transmission of natural gas via the Slovak Republic, which currently primarily comprises transmission of Russian natural gas. As this situation may have a significant impact on the Company's business activities in the future, Company management has prepared several scenarios regarding possible future developments as regards transmission system use and gas supply via its transmission system, and analysed the impacts of these scenarios on its future operations, results of operations and possible impairment of the Company's non-current assets. The analysed scenarios were based on market assumptions at the time of their preparation, including assumptions regarding the development of forward gas prices.

Possible future development scenarios include the continuation of flows of Russian gas to Europe as well as the termination of Russian gas supply to Europe, in which case the Company would switch to gas transmission in the CEE region.

In the event of the continuation of Russian gas supply to Europe, the Company expects lower volumes of such supplies compared to historical volumes, taking into account Russian gas flows at the time of preparing such scenarios, given the EU's plans to diversify gas sources and efforts to reduce dependence on Russian gas. Actual flows of Russian gas in the future may differ from Company estimates and such differences may be significant.

Flow volumes via the Company's transmission system under scenarios where Russian gas supplies to Europe are ended are based on assumptions regarding the development of demand for gas and the resulting gas supply requirements in the CEE region and the existence of the available gas infrastructure. After the launch of a gas interconnection between Poland and Slovakia, the Company's transmission system connects the gas systems of all neighbouring countries and is positioned to facilitate gas supply from alternative sources (eg LNG, Norwegian gas, etc). As regards these scenarios, the Company expects that such alternatives for gas flows from other sources will create continued demand for the Company's services.

Cash flows analysed under different scenarios were discounted to the present value using the weighted average cost of capital (WACC), whose calculation took into account the Company's capital structure at the reporting date, the Company's average costs of external funding, and the costs of the Company's equity. When calculating the costs of equity, the Company took into consideration revenues yield to maturity of Slovak government bonds, a market risk mark-up calculated as the sum of a US equity risk premium and the country's risk profile, the beta coefficient calculated based on reference groups representing publicly traded energy companies, and a specific mark-up. The data was collected from reliable sources, eg. Bloomberg or Prof. Aswath Damodaran.

Based on the assessment of the above scenarios and their estimated likelihood and taking into account information available at the time of their preparation, the Company did not identify any impairment of non-current tangible assets as at 31 January 2024, which would require adjustment of their measurement in the financial statements in line with the applicable accounting regulations. However, future developments cannot be reliably estimated; thus, it is not possible to rule out the need for future adjustments to the amounts of non-current tangible assets.

(EUR '000)

5. RISK MANAGEMENT

a) Financial risk

The condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Company's annual financial statements as at 31 July 2023.

The Company is exposed to various financial risks. The Company's overall risk management policy addresses the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial position of the Company. To manage specific risks, the Company enters into trading with financial derivative instruments, e.g., forward or swap interest and commodity contracts. The goal of such trades is to manage risks related to movements in interest rates and commodity prices arising from the Company's operations.

The main risks arising from financial instruments of the Company are commodity risk, interest rate risk, credit risk, and liquidity risk.

There have been no changes in the risk management department or in any risk management policies since the financial year end. The following is the summary of key developments in the risk management only in those areas which had significant developments since 31 July 2023.

(1) Commodity price risk

Commodity price risk is the risk or uncertainty arising from possible movements in prices for natural gas and their impact on the Company's future performance and results of operations. A decline in prices could result in a decrease in the Company's net profit and cash flows.

The Company regularly estimates the natural gas surplus and enters into short and mid-term commodity swaps in order to hedge gas prices.

In the six-month period ended 31 January 2024, the Company entered into commodity swaps to hedge cash flow from sales of surplus of gas in-kind.

In the six-month period ended 31 January 2024 the Company discontinued some of its hedging by entering into opposite contracts with the same conditions as the originally concluded contracts. Changes in the fair value of an original derivative and a counter transaction are recognised in the statement of comprehensive income from the moment of discontinuation of a hedging relationship. Such changes have no cumulative impact on profit/loss. Remeasurement of such derivatives was offset in the six-month period ended 31 January 2024 in the statement of financial position.

The following table details commodity swap contracts outstanding at the 31 January 2024 and 31 July 2023:

Open commodity swaps	**As at 31 January 2024**		**As at 31 January 2024**	
	Fair value		**Nominal value**	
	Cash flow hedging	**Held for trading**	**Cash flow hedging**	**Held for trading**
Sales of natural gas				
Less than 3 month	2 294	-	9 678	-
3 to 12 month	(456)	-	20 970	-
over 12 month	-	-	-	-

Open commodity swaps	**As at 31 July 2023**		**As at 31 July 2023**	
	Fair value		**Nominal value**	
	Cash flow hedging	**Held for trading**	**Cash flow hedging**	**Held for trading**
Sales of natural gas				
Less than 3 months	(42 164)	-	8 778	-
3 to 12 months	(40 692)	-	27 224	-
Over 12 months	(8 570)	-	13 132	-

A 15% change in the market prices of natural gas would have an impact on the fair value of these derivatives in the amount of EUR 4 321 thousand.

Movement in hedging reserve is disclosed in Note 15.

(EUR '000)

(2) Credit risk

The Company is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Exposure to credit risk arises as a result of the Company's sales of services with a deferred maturity period and other transactions with counterparties that give rise to financial assets, which comprises cash and cash equivalents, provided borrowings and trade receivables. As for cash and cash equivalents in banks, the Company only enters into relationships with banks that have a high independent rating.

The Company sells its services to various customers, none of which, individually or collectively, in terms of volume and solvency, pose a significant risk of failure as regards the settling of their liabilities. Operational procedures are in place at the Company to ensure that services are sold to customers with a good credit history and only up to an acceptable credit limit.

The maximum exposure to a default risk is represented by the carrying amount of each financial asset, including derivative financial instruments, recognised on the balance sheet, net of a provision. The default risk is partially eliminated through collateral as disclosed in Note 10.

The total exposure to credit risk is summarised in the table below.

	Note	As at 31 January 2024	As at 31 July 2023
Provided borrowings		**108**	**106**
Receivables and prepayments		**48 805**	**42 418**
- Receivables from transmission activities	10	30 347	26 235
- Receivables from financial derivatives		3 179	1 752
- Other receivables	10	15 279	14 431
Other assets		**-**	**-**
Cash and cash equivalents		**351 959**	**241 930**
Total credit risk		**400 872**	**284 454**

The credit quality of cash in banks as at 31 January 2024 was as follows: EUR 509 thousand in banks with Moody's A1 rating, EUR 294 544 thousand in banks with Moody's A2 rating, EUR 38 thousand in banks with Moody's A3 rating, EUR 56 530 thousand in banks with Moody's Aa3 rating and EUR 337 thousand in banks with Moody's Baa1 rating.

(3) Liquidity risk

Prudent liquidity risk management implies maintaining a sufficient level of cash with adequate maturity, availability of funding through an adequate amount of committed credit lines and the ability to close open market positions. The Company, as a member of the SPP Infrastructure Group, is a party to a system of effective utilisation of resources and liquidity optimisation (SEUR). Under the system, flexibility is maintained by ensuring the continued availability of funds for all parties to SEUR to cover their financial needs (cash-pooling).

The table below summarises the maturity of the financial liabilities and contingent liabilities as at 31 January 2024 and 31 July 2023 based on contractual undiscounted payments:

As at 31 January 2024	Up to 1 month	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Bonds issued	14 287	-	8 125	1 031 322	-	**1 053 734**
Loans received	-	3 519	10 368	30 985	-	**44 872**
Other liabilities	2	32 978	46 200	951	-	**80 131**
Trade and other payables	3 818	4 276	25	659	-	**8 778**
Commodity swaps	-	-	1 341	-	-	**1 341**

As at 31 July 2023	Up to 1 month	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Bonds issued	-	-	22 412	1 031 322	-	**1 053 734**
Loans received	-	3 521	10 353	37 442	-	**51 316**
Other liabilities	2	46 820	45 538	2 500	-	**94 860**
Trade and other payables	17 689	4 129	25	683	-	**22 526**
Commodity swaps	-	27 551	53 652	10 223	-	**91 426**

(EUR '000)

As at the reporting date, the Company has binding revolving lines available from banks for operational needs in the total amount of EUR 50 million, with an average maturity of 0.9 years. These credit lines were not drawn down as at 31 January 2024.

b) Capital Management

The Company manages its capital to ensure its ability to support business activities on an ongoing basis, while maximising the return to shareholders by the optimisation of the debt to equity ratio and ensuring a strong credit rating and optimisation of key capital ratios.

The Company's capital structure comprises cash and cash equivalents and equity attributable to the Company's owners as disclosed in Notes 14 and 15, and loans received and bonds issued as disclosed in Note 11. Liabilities to capital (gearing) ratio as at 31 January 2024 was 28% and as at 31 July 2023 was 34%.

The gearing ratio at the period-end:

	As at 31 January 2024	**As at 31 July 2023**
Debt (i)	(1 050 446)	(1 044 824)
Cash and cash equivalents (restricted and unrestricted)	351 959	241 930
Net debt (ii)	(698 487)	(802 894)
Equity (iii)	2 489 330	2 357 728
Net debt to equity ratio	**28%**	**34%**

(i) Debt is defined as long-term and short-term bonds issued and loans received.
(ii) Net debt is defined as difference between debt and cash and cash equivalents.
(iii) Statement of financial position on Page 1

The Company's indebtedness did not exceed the threshold defined in the Company's Articles of Association.

c) Categories of Financial instruments

	As at 31 January 2024	**As at 31 July 2023**
Financial assets		
Derivative financial instruments recognised as hedging	3 179	1 752
Derivative financial instruments not recognised as hedging	-	-
Receivables and prepayments (including cash and cash equivalents)	397 585	282 596
Borrowings provided	108	106
Investments in subsidiaries and associates	6 607	6 607
Financial liabilities		
Derivative financial instruments recognised as hedging	1 341	93 178
Derivative financial instruments not recognised as hedging	-	-
Financial liabilities carried at amortised costs	1 140 408	1 162 210

d) Estimated Fair Value of Financial Instruments

Fair value measurements are categorised into levels in the fair value hierarchy as follows: (i) level 1 are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level 2 measurements are valuation techniques where all material inputs are observable for the asset or liability, either directly (prices) or indirectly (derived from prices), and (iii) level 3 measurements are valuations not based on observable market data (unobservable inputs). Management applies judgment in categorising financial instruments using the fair value hierarchy. If a fair value measurement uses observable inputs that require a significant adjustment, such a measurement is a level 3 measurement. The significance of a valuation input is assessed against the fair value measurement in its entirety.

(1) Recurring fair value measurements

Recurring fair value measurements are those that the accounting standards require or permit in the statement of financial position at the end of each reporting period.

(EUR '000)

Recurring fair value measurements are categorised are as follows:

As at 31 January 2024:	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value	**-**	**3 179**	**-**	**3 179**
Financial derivatives recognised as hedging	-	3 179	-	3 179
Financial derivatives not recognised as hedging	-	-	-	-
Financial liabilities and contingent liabilities at fair value	**-**	**1 341**	**-**	**1 341**
Financial derivatives recognised as hedging	-	1 341	-	1 341
Financial derivatives not recognised as hedging	-	-	-	-

As at 31 July 2023:	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value	**-**	**1 752**	**-**	**1 752**
Financial derivatives recognised as hedging	-	1 752	-	1 752
Financial derivatives not recognised as hedging	-	-	-	-
Financial liabilities and contingent liabilities at fair value	**-**	**93 178**	**-**	**93 178**
Financial derivatives recognised as hedging	-	93 178	-	93 178
Financial derivatives not recognised as hedging	-	-	-	-

The fair value of commodity swaps is determined using forward commodity prices as at the reporting date. The fair value of interest rate swaps is determined using forward interest rates as at the reporting date.

There were no movements between Levels 1 to 3 in the six-month period ended 31 January 2024, or in the year ended 31 July 2023.

(2) Non-recurring fair value measurements

There were no non-recurring fair value measurements in the six-month period ended 31 January 2023.

(3) Assets and liabilities not measured at fair value

The fair value of financial assets and financial liabilities by level and their carrying amounts:

As at 31 January 2024:	**Level 1**	**Level 2**	**Level 3**	**Fair value total**	**Carrying amount**
Financial assets	-	-	**6 715**	**6 715**	**6 715**
Borrowings provided with fixed interest rate	-	-	108	108	108
Investments in subsidiaries and associates	-	-	6 607	6 607	6 607
Financial liabilities	**422 837**	**476 077**	**41 212**	**940 126**	**1 050 446**
Bonds issued	422 837	476 077	-	898 914	1 009 234
Loans received	-	-	41 212	41 212	41 212

As at 31 July 2023:	**Level 1**	**Level 2**	**Level 3**	**Fair value total**	**Carrying amount**
Financial assets	-	-	**6 713**	**6 713**	**6 713**
Borrowings provided with fixed interest rate	-	-	106	106	106
Investments in subsidiaries and associates	-	-	6 607	6 607	6 607
Financial liabilities	**384 092**	**446 946**	**47 189**	**878 227**	**1 044 824**
Bonds issued	384 092	446 946	-	831 038	997 635
Loans received	-	-	47 189	47 189	47 189

In the six-month period ended 31 January 2024, the estimated fair value of borrowings with a fixed interest rate was determined based on the expected future cash flows discounted by the applicable interest rate at which a debtor would obtain new borrowings with the same maturity period and at the same credit risk.

The fair value of bonds issued was determined based on the quoted market price.

The fair value of other financial assets and financial liabilities approximates their carrying amounts as at the reporting date.

(EUR '000)

Non-current trade receivables and trade payables were discounted, except when the effect of discounting is insignificant.

6. SEGMENT REPORTING

The Company assesses segment information for the current and comparative reporting periods in accordance with IFRS 8 Operating Segments.

The Board of Directors has identified one operating segment which is used to manage the Company's business, allocate resources and make strategic decisions according to the nature of products and services. The Company's activities are concentrated in Slovakia, where all the non-current tangible assets are situated. The main indicators used by the Board of Directors in their decision making are earnings before interest, taxes, depreciation and amortisation (EBITDA) and capital expenditures. For their decision making, the Board of Directors uses financial information consistent with that disclosed in these financial statements.

7. PROPRETY, PLANT AND EQUIPMENT

6-month period ended 31 January 2024	
Opening net book value as at 1 August 2023	**4 191 847**
Additions	2 264
Revaluation of assets through revaluation reserve	(4 645)
Revaluation of assets through profit or loss	-
Reclassifications from intangible assets	-
Disposals	(15)
Depreciation charge	(71 630)
Change in provisions - Revaluation reserve	199
Change in provisions - P&L	414
Closing net book value as at 31 January 2024	**4 118 434**

6-month period ended 31 January 2023	
Opening net book value as at 1 August 2022	**4 348 611**
Additions	13 647
Revaluation of assets through revaluation reserve	(16 217)
Revaluation of assets through profit or loss	-
Reclassifications from intangible assets	-
Disposals	(1)
Depreciation charge	(90 579)
Change in provisions – Revaluation reserve	1
Change in provisions - P&L	58
Closing net book value as at 31 January 2023	**4 255 520**

The most significant capital additions in six-months period ending 31 January 2024 was reconstruction of the splitting junction Plavecký Peter.

The cost of fully depreciated non-current assets (including non-current intangible assets) that were still in use as at 31 January 2024 amounted to EUR 11 692 thousand (31 July 2023: EUR 11 498 thousand).

As at 31 January 2024, the Company does not record any assets that are in use, but not yet registered in the Real Estate Register (31 July 2023: EUR 1 294 thousand).

(EUR '000)

8. NON-CURRENT FINANCIAL INVESTMENTS

Non-current financial investments include:

	Borrowings	Shares	31 January 2024	31 July 2023
Cost	-	6 607	6 607	6 607
Impairment	-	-	-	-
Closing balance, net	**-**	**6 607**	**6 607**	**6 607**

Shares represent equity interests in the following company:

Name	Country of registration	Ownership interest in %	Principal activity
Other equity interests			
Central European Gas HUB AG (hereinafter "CEGH")	Austria	15	Intermediation of natural gas trading
Eastring B.V.	Netherlands	100	Holding activities

9. INVENTORIES

	As at 31 January 2024	As at 31 July 2023
Natural gas used for balancing	65 411	71 428
Raw material and other inventories	15 750	15 688
Provision	(43 121)	(35 945)
Total	**38 040**	**51 171**

Natural gas inventories represent natural gas used for balancing the transmission system and operating purposes.

As at 31 January 2024 and 31 July 2023, a provision for inventories was created for unusable or damaged raw material in stock and for accumulation of natural gas.

10. RECEIVABLES AND PREPAYMENTS

	As at 31 January 2024	As at 31 July 2023
Receivables from transmission activities	30 347	26 235
Receivables from financial derivatives	3 179	1 752
Other receivables	15 923	14 431
Total	**49 449**	**42 418**

Receivables and prepayments are recognised net of provisions for bad and doubtful debts in the amount 9 437 thousand (31 July 2023 9 440 thousand).

As at 31 January 2024, the Company recorded receivables within maturity in the amount of EUR 49 448 thousand and overdue receivables in the amount of EUR 9 438 thousand. In the comparable period, i.e. as at 31 July 2023, the Company recorded receivables within maturity in the amount of EUR 42 394 thousand and overdue receivables in the amount of EUR 9 464 thousand.

Other receivables are mainly receivables from subsidies (EUR 10 202 thousand), provided collateral (EUR 2 229 thousand), receivables from unbilled supplies (EUR 50 thousand) and tax assets (EUR 644 thousand).

Collateralisation of receivables

Several bank guarantees totalling EUR 151 008 thousand (31 July 2023: EUR 124 360 thousand) were established to secure the Company's receivables.

(EUR '000)

11. LOANS RECEIVED AND BONDS ISSUED

On 25 June 2020, the Company issued publicly-traded unsecured bonds with a face value of EUR 500 000 thousand, under which it received EUR 497 870 thousand with a fixed coupon of 1.625% p.a. The bonds were used to repay bonds issued in 2013.

The bonds are due as a bullet repayment at the final maturity date on 25 June 2027. The effective interest rate is 1.759% p.a., before impact of the interest rate hedge.

On 17 June 2019, the Company drew on a long-term investment loan from the European Investment Bank (“EIB”) of EUR 65 000 thousand. The loan has a floating interest rate based on 3M EURIBOR with a 3-month update. At 31 January 2024, the effective interest rate is 5.17% p.a. Under an amendment to the loan agreement, the loan is amortised in the amount of EUR 12 million per year with final maturity in June 2027.

In 2015, the Company issued private unsecured bonds under which it received EUR 492 660 thousand. The bonds were issued in EUR with a fixed interest rate of 2.90% p.a. (coupon).

The bonds have a fixed final maturity date, with a bullet repayment at the final maturity date on 10 February 2025. The effective interest rate is 2.90% p.a. The entire volume of the Company’s issued bonds was purchased by a fellow subsidiary – SPP Infrastructure Financing B.V. with its registered office in the Netherlands.

	As at 31 January 2024			As at 31 July 2023		
	Secured	**Unsecured**	**Total**	**Secured**	**Unsecured**	**Total**
Loans	-	41 212	41 212	-	47 189	47 189
Bonds	-	1 009 234	1 009 234	-	997 635	997 635
Total	**-**	**1 050 446**	**1 050 446**	**-**	**1 044 824**	**1 044 824**
Loans and bonds by interest rate						
- with a floating interest rate	-	41 212	41 212	-	47 189	47 189
- with a fixed interest rate	-	1 009 234	1 009 324	-	997 635	997 635
Total	**-**	**1 050 446**	**1 050 446**	**-**	**1 044 824**	**1 044 824**
Loans and bonds by maturity						
Up to 1 year	-	31 051	31 051	-	19 743	19 743
1 to 5 years	-	1 019 395	1019 395	-	1 025 081	1 025 081
More than 5 years	-	-	-	-	-	-
Total	**-**	**1 050 446**	**1 050 446**	**-**	**1 044 824**	**1 044 824**

	Carrying amount		Fair value (Note 5 (d) (3))	
	As at 31 January 2024	**As at 31 July 2023**	**As at 31 January 2024**	**As at 31 July 2023**
Loans	41 212	47 189	41 212	47 189
Bonds	1 009 234	997 635	898 914	831 038
Total	**1 050 446**	**1 044 824**	**940 126**	**878 227**

(EUR '000)

12. TRADE AND OTHER PAYABLES

	As at 31 January 2024	As at 31 July 2023
Trade payables	8 778	22 526
Other payables	79 179	92 719
Payables from transmission activities	-	-
Payables from financial derivatives	1 341	84 608
Total financial liabilities	**89 298**	**199 853**
Payables to employees	2 791	3 189
Social security and other taxes	1 562	1 879
Total non-financial liabilities	**4 353**	**5 068**
Total	**93 651**	**204 921**

As at 31 January 2024, the Company recorded due liabilities of EUR 93 651 thousand. The Company does not have any overdue payables. In the comparable period as at 31 July 2023 the Company recorded due liabilities of EUR 204 921 thousand and overdue liabilities of EUR 0.

Other payables are mainly payables from cash-pooling with SPP Infrastructure is in the amount of EUR 40 000 thousand (31 July 2023: EUR 40 000 thousand), whose conditions are comparable to those of current bank loan.

SPP Infrastructure is the parent company of SPP – distribúcia, a.s., eustream, a.s., NAFTA a.s. and others (see Note 1.1). Based on a careful consideration of historical and future financial performance of the subsidiaries of SPP Infrastructure, Company management believes that receivables and other receivables from SPP Infrastructure are fully recoverable.

Payables secured by lien or other form of security

As at 31 January 2024, a bank guarantee totalling EUR 210 thousand (31 July 2023: EUR 210 thousand) was established with Tatra banka for liabilities to the Customs Office.

13. OTHER NON-CURRENT LIABILITES

	As at 31 January 2024	As at 31 July 2023
Non-current liabilities from financial derivatives	-	8 571
Other non-current liabilities	951	2 139
Total	**951**	**10 710**

14. SHARE CAPITAL

The share capital consists of 10 ordinary certificate-form shares with a face value of EUR 3 319.39 per share, 1 ordinary certificate-form share with a face value of EUR 82 895 533.19 and 1 ordinary certificate-form share with a face value of EUR 200 000 000.00. Since 13 June 2014, SPP Infrastructure has been the 100% holder of the above shares (until 12 June 2014: SPP). The share capital is fully recorded in the Business Register. All shares are associated with identical rights and each share represents an identical voting right.

15. LEGAL RESERVE FUND, OTHER FUNDS AND RETAINED EARNINGS

Since 1 January 2008, the Company has been required to prepare financial statements in accordance with IFRS as adopted by the EU. Retained earnings represent amounts based on these financial statements.

(EUR '000)

Legal reserve fund

The legal reserve fund in the amount of EUR 56 586 thousand (as at 31 July 2022: EUR 56 586 thousand) is created in accordance with Slovak law and is not distributable to shareholders. The reserve is created from retained earnings to cover possible future losses or increases of the share capital. The allotment to the legal reserve fund amounts to at least 10% of the profit for the current year until the reserve is equal to at least 20% of the shared capital. The legal reserve fund in the Company is already equivalent to 20% of the share capital.

Revaluation reserves

Asset revaluation reserves are not immediately available for distribution to the Company's shareholders. Portions of revaluation reserves are reclassified to retained earnings based on differences between the depreciation charges for remeasured amounts and original costs of assets. Revaluation reserves are also reclassified to retained earnings upon the sale, contribution of a part of a business, or upon the disposal of assets. Such transfers to retained earnings are distributable.

Other funds and retained earnings

Under a decision of the Company's sole shareholder, the Company did not declare any dividends for the year ended 31 July 2023. The loss for the financial year ended 31 July 2023 in the amount of EUR 12 562 903.57 was settled with Retained earnings from previous year.

Type of allotment	**Loss allotment for the year ended 31 July 2023**	**Profit allotment for the year ended 31 July 2022**
Allotment to the legal reserve fund	-	-
To cover loss from previous years	-	-
Dividends	-	-
Retained earnings	(12 563)	264 760
Total profit to be distributed	**(12 563)**	**264 760**

Hedging reserve

A hedging reserve represents gains and losses arising from the cash flow hedging.

	Six-month period ended 31 January 2024	**Six-month period ended 31 January 2023**
Opening balance	**(111 036)**	**(777 516)**
Gain/(loss) on cash flow hedging		
Commodity swap contracts	18 139	335 658
Interest swap contracts	-	-
Deferred income tax applicable to gains/losses recognised through equity	(3 809)	(70 488)
Transfer to profit or loss		
Commodity swap contracts	90 461	347 539
Interest swap contracts	4 072	3 940
Deferred income tax applicable to gains/losses recognised through profit or loss	(19 852)	(73 811)
Transfer to the initial carrying amount of the hedged item		
Commodity swap contracts	-	-
Interest swap contracts	-	-
Deferred income tax applicable to amounts transferred to the initial carrying amount of the hedged item	-	-
Closing balance	**(22 025)**	**(234 678)**

A hedging reserve represents the cumulative effective portion of gains or losses arising from changes to the fair value of hedging instruments entered into for cash flow hedges.

A cumulative gain or loss arising from a change in the fair value of hedging derivatives that are recognised and accrued in the reserve fund of cash flow hedging is reclassified to profit or loss provided that the hedging transaction has an effect on profit or loss, or is included as an adjustment of the base in the hedged non-financial item in accordance with the applicable accounting procedures.

(EUR '000)

Gains/(losses) arising from a change in the fair value of the hedging instruments transferred during the current period from equity to profit or loss are disclosed in the following lines of profit or loss:

	Six-month period ended 31 January 2024	Six-month period ended 31 January 2023
Natural gas transmission and other services	(90 461)	(347 539)
Finance costs	(4 072)	(3 940)
Total	**(94 533)**	**(351 479)**

16. REVENUES FROM SALES OF SERVICES

	Six-month period ended 31 January 2024	Six-month period ended 31 January 2023
Natural gas transmission	163 885	67 570
Other	239	204
Change in natural gas for operating purposes	(6 197)	64 308
Total	**157 927**	**132 082**

In the six months period ended 31 January 2024, the Company fully performed long-term contracts for natural gas transmission via the Slovak Republic with a significant Russian natural gas exporter. These contracts enable the use of gas pipelines in line with the transmission capacity required by this exporter to perform long-term export contracts signed with customers in Central and Western Europe.

The Company provides access to the transmission system and transmission services on the basis of ship-or-pay contracts. The major user of the network (shipper) is a significant Russian natural gas exporter, in addition to other customers, which are mainly leading European gas companies. Part of the transmission capacity is booked on the basis of long-term contracts, which comprise significant amount of the Company's revenues from natural gas transmission. In addition, eustream, within the entry-exit transmission system, also concludes short-term transmission contracts and provides supplementary gas transmission services.

The Company receives transmission fees to its accounts from shippers and recipients of supplementary services. Tariffs for transmission services have been fully regulated since 2005 and are governed by the price decision issued by RONI for the relevant regulatory period.

On the basis of the regulated business and pricing terms and conditions, shippers also provide the Company with a portion of tariffs in kind as gas for operating purposes, covering gas consumption during the operation of the transmission system. In accordance with the regulated trade and price terms and conditions, shippers may also provide this part of the tariff as a monetary payment.

Revenues from the natural gas transmission and the provision of supplementary services are generated in the Slovak Republic.

17. FINANCE INCOME

	Six-month period ended 31 January 2024	Six-month period ended 31 January 2023
Interest income	5 143	467
Others finance income, net	6	32 235
Total	**5 149**	**32 702**

18. FINANCE COSTS

	Six-month period ended 31 January 2023	Six-month period ended 31 January 2022
Interest expense	19 389	15 048
Other financial expense	194	357
Total	**19 583**	**15 405**

(EUR '000)

19. INCOME TAX

Income tax comprises the following:

	Six-month period ended 31 January 2024	Six-month period ended 31 January 2023
Current tax	19 820	19 265
Special levy	2 879	2 207
Deferred income tax	(14 413)	(16 236)
Total	**8 286**	**5 236**

Current income tax is calculated from the accounting profit, as determined under Slovak legislation, and adjusted for certain items in accordance with tax legislation, at the currently valid tax rate of 21%, effective from 1 January 2017. In line with Act No. 235/2012 Coll., on a Special Levy on Business in Regulated Industries and on the Amendment to and Supplementation of Certain Acts, the Company is obliged to pay a monthly special levy effective from September 2012. The levy rate for the 6-month period ended 31 January 2024 is 0.0436 per month (0.0436 per month for the 6-months period ended 31 January 2023) based on the profit before tax and is presented as a part of the current income tax pursuant to the IFRS requirements.

Interim period income tax expense is accrued using the effective tax rate that would be applicable to expected total annual earnings, that is, the estimated weighted average annual effective income tax rate applied to the pre-tax income of the interim period.

The effective tax rate differs from the statutory tax rate of 21% in the six-month period ended 31 January 2024, mainly due to the special levy.

Deferred income tax is recognized, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred tax is calculated at the tax rates that are expected to apply for the period when the asset is realized or the liability is settled. Deferred tax is recognized in the income statement, except for when it relates to items directly credited or directly charged to equity, in which case the deferred tax is also recognized in equity. Major temporary differences arise from depreciation of fixed assets, various allowances, provisions and derivative financial instruments. A deferred tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the tax deductible temporary differences can be utilized probable that future taxable profit will be available against which the tax deductible temporary differences can be utilized.

Due to the prudent principle, the Company previously recognised a special levy which arose in connection with the contribution of part of the business on 28 February 2013. However, this matter of fact is not possible to interpret as a waiving of rights and claims, or as a confirmation of the applicability of Act No. 235/2012 on the Special Levy to the contribution of part of the business.

Administrative proceedings with the Slovak tax authorities are still ongoing regarding the calculation of the special levy for businesses operating in regulated industries for 2013, as in the Company's view the calculation of the special levy was not performed in accordance with valid legislation. As at the reporting date, these proceedings had not been completed and the Company has no information regarding the date when such proceedings will be completed.

20. BASIC AND DILUTED EARNINGS PER SHARE

As at 31 January 2024	Ordinary shares – face value EUR 3 319.39	Ordinary shares – face value EUR 82 895 533.19	Ordinary shares – face value EUR 200 000 000
Net earnings for the period attributable to	3	7 595	18 325
the number of ordinary shares	10	1	1
Basic and diluted earnings per ordinary share	**0.30**	**7 595**	**18 325**

(EUR '000)

As at 31 January 2023	Ordinary shares – face value EUR 3 319.39	Ordinary shares – face value EUR 82 895 533.19	Ordinary shares – face value EUR 200 000 000
Net earnings for the period attributable to	2	4 984	12 024
the number of ordinary shares	10	1	1
Basic and diluted earnings per ordinary share	**0.20**	**4 984**	**12 024**

The methodology and calculation is described in accounting policies paragraph b).

21. COMMITMENTS AND CONTINGENCIES

Obligations arising from capital construction

As at 31 January 2024, contracts for the acquisition of non-current assets in the amount of EUR 7 428 thousand (as at 31 July 2023: EUR 7 935 thousand) were concluded, which are not disclosed in these financial statements.

Guarantee issued

The Company is a guarantor for the liability arising from bonds issued by its fellow subsidiary – SPP Infrastructure Financing B.V. in the amount of EUR 512 729 thousand as at 31 January 2024 (as at 31 July 2023: EUR 506 113 thousand). As a result, the Company assumed all the risks related to the repayment of the bonds by SPP Infrastructure Financing B.V.

22. RELATED PARTY TRANSACTIONS

During the six-month period, the Company entered into the following transactions with related parties:

	Six-month period ended 31 January 2024				As at 31 January 2024	
	Revenues	**Expenses**	**Dividends**	**Other**	**Receivables**	**Payables**
SPP Infrastructure	41	832	-	-	-	40 136
Related parties under EPH's control	3 404	15 208	-	280	720	517 779
Other related parties	18	15	-	-	22	3

	Six-month period ended 31 January 2023				As at 31 July 2023	
	Revenues	**Expenses**	**Dividends**	**Other**	**Receivables**	**Payables**
SPP Infrastructure	15	240	-	-	-	40 122
Related parties under EPH's control	55 465	20 864	-	1 088	464	509 287
Other related parties	-	13	-	-	50	3

Company management considers transactions with related parties are made on an arm's length basis.

Transactions with SPP Infrastructure mainly represent transactions related to cash-pooling (see Note 12).

In the six-month period ended 31 January 2024, transactions with related parties under EPH's control mainly represent issued bonds (see also Note 11).

In the six-month period ended 31 January 2024 and 31 January 2023, the Company also provided financial guarantees to SPP Infrastructure Financing B.V. (see also Note 21).

Since 2019, the Company has applied an exemption from IAS 24 on the non-disclosure of information on related parties through the Ministry of Economy of the Slovak Republic.

(EUR '000)

Remuneration to members of the Company bodies and Company executive management:

	Six-month period ending 31 January 2024	**Six-month period ending 31 January 2023**
Remuneration to members of the Board of Directors, Supervisory Board and executive management and to former members of the Company's bodies – total	565	537
Of which:		
– Board of Directors and executive management	*378*	*359*
– Supervisory Board	*96*	*126*
– Supervisory Committee	*52*	*52*
– former members of the Board of Directors and executive management	-	-
– former members of the Supervisory Board	*39*	-
Other long-term benefits to the members of the Board of Directors, Supervisory Board, executive management and former members of the bodies – total	-	-
Post-employment benefits to the members of the Board of Directors, Supervisory Board, executive management and former members of the bodies – total	-	-
Benefits in kind to the members of the Board of Directors, Supervisory Board, executive management and former members of the bodies – total	7	8
Of which:		
– Board of Directors and executive management	*7*	*8*
– Supervisory Board	-	-
Other remuneration (including loans, guarantees or other securitization) to the members of the Board of Directors, Supervisory Board, executive management and former members of the bodies – total	-	-
Total amount of used financial or other remunerations for personal use by the Members of statutory body, supervisory body or other body of the accounting unit, which are accounted for	4	5
Of which:		
– Board of Directors and executive management	*4*	*5*
– Supervisory Board	-	-

(EUR '000)

23. MEMBERS OF THE COMPANY'S BODIES AS AT 31 JANUARY 2024

Body	Position	Name
Board of Directors	Chairman	Ing. Tomáš Mareček
	Vice-Chairman	Ing. Rastislav Jamrich
	Member	Ing. Miroslav Bodnár
	Member	Ing. Ondrej Studenec
	Member	Ing. Michal Kľučár
Supervisory Board	Member	JUDr. Svetlana Gavorová
	Vice Chairman	Ing. Martin Gebauer
	Member	Mgr. Andrej Lasz
	Member	Ing. Norbert Faith
	Member	Mgr. Andrej Lendvay
	Member	Ing. Mikuláš Maník

The following changes were made to the structure of the Company's Supervisory Board in the period under review: Mr. Roman Hudík left his position as Vice-chairman of the Supervisory Board as at 19 December 2023. With effect from 20 December 2023, Mrs. Svetlana Gavorová became a new Member of the Supervisory Board and has also held the position of Chairman of the Supervisory Board since 14 February 2024. With effect from 20 December 2023, Mr. Andrej Lasz and Mr. Norbert Faith became a new Members of the Supervisory Board replacing Mrs. Katarína Goldbergerová and Mrs. Petra Prepelicová.

Supervisory Committee	Chairman	JUDr. Daniel Křetínsky
	Vice-Chairman	Ing. Ružena Lovasová
	Member	Mgr. Hana Krejčí, PhD.
	Member	Ing. Roman Karlubík, MBA
	Member	Mgr. Jan Stříteský
Executive management	General Director	Ing. Rastislav Ňukovič

24. POST-BALANCE SHEET EVENTS

After 31 January 2024, there were changes in the structure of the Company's Supervisory Committee. With the effect from 27 February 2024, Mr Daniel Křetínsky a Mr Jan Stříteský again became a new members of Supervisory Committee for the new term of office. Mr Daniel Křetínsky again became chairman of the Supervisory Committee with effect from 14 March 2024.

Prepared on:	Signature of a member of the statutory body of the reporting entity
22 April 2024	

Ing. Tomáš Mareček
Chairman of the Board of Directors

Ing. Miroslav Bodnár
Member of the Board of Directors