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 2021

Deloitte.

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eustream, a.s.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

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

Introduction

We have reviewed the accompanying balance sheet of eustream, a.s. (the “Company”) as at 31 January 2021 and the related statement of comprehensive income and statement of changes in equity and cash flows for the six month period then ended, and explanatory notes. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with the International Financial Reporting Standards. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

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

Other Matter

The financial statements of eustream, a.s. for the six month period ended 31 January 2020 were reviewed by another auditor who expressed an unqualified opinion on the financial statements on 10 June 2020.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with the International Financial Reporting Standards.

Bratislava, 28 April 2021

Stanislav Kubala

Ing. Stanislav Kubala, FCCA
Responsible Auditor
Licence UDVA No. 1062

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

This is an English language translation of the original Slovak language document.

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eustream, a.s.
CONDENSED STATEMENT OF FINANCIAL POSITION
As at 31 January 2021 and 31 July 2020
(EUR '000)

ASSETS:	**Note**	**31 January 2021**	**31 July 2020**
NON-CURRENT ASSETS			
Property, plant and equipment	4, 7	4 515 760	4 575 460
Non-current intangible assets		4 423	3 780
Non-current financial investments	8	6 607	6 689
Other non-current assets		23 520	29 941
Total non-current assets		**4 550 310**	**4 615 870**
CURRENT ASSETS			
Inventories	9	11 058	9 910
Receivables and prepayments	10	56 643	279 778
Cash and cash equivalents		87 483	113 843
Total current assets		**155 184**	**403 531**
TOTAL ASSETS		**4 705 494**	**5 019 401**
EQUITY AND LIABILITIES:			
EQUITY			
Share capital	14	282 929	282 929
Legal and other reserves	15	6 394	50 825
Revaluation reserve	4	1 788 410	1 820 486
Retained earnings	15	214 417	418 873
Total equity		**2 292 150**	**2 573 113**
NON-CURRENT LIABILITIES			
Bonds issued	11	988 609	988 326
Loans received	11	65 000	65 000
Deferred income		58 382	58 677
Provisions for liabilities		6 597	6 596
Retirement and other long-term employee benefits		4 047	4 116
Deferred income tax liability		972 205	999 224
Other non-current financial liabilities	13	81 530	77 523
Total non-current liabilities		**2 176 370**	**2 199 462**
CURRENT LIABILITIES			
Current portion of bonds	11	18 855	7 577
Current portion of loans	11	75 032	75 070
Trade and other payables	12	118 511	97 115
Income tax		22 587	66 926
Provisions for liabilities and other current liabilities		1 989	138
Total current liabilities		**236 974**	**246 826**
TOTAL LIABILITIES		**2 413 344**	**2 446 288**
TOTAL EQUITY & LIABILITIES		**4 705 494**	**5 019 401**

The condensed interim financial statements on pages 1 to 25 were approved for issue on 28 April 2021 and signed on behalf of the Board of Directors:

Ing. Tomáš Mareček
Chairman of the Board of Directors

Ing. Miroslav Bodnár
Member of the Board of Directors

CONDENSED STATEMENT OF COMPREHENSIVE INCOME
For the six-months period ended 31 January 2021 and 31 January 2020
(EUR '000)

	Note	6-month period ending 31 January 2021	6-month period ending 31 January 2020
REVENUES FROM SALE OF SERVICES			
Natural gas transmission and other services	16	376 803	390 327
Total revenues		**376 803**	**390 327**
OPERATING EXPENSES			
Own work capitalised		1 401	1 942
Consumption of natural gas, consumables and energy		(10 535)	(17 576)
Depreciation, amortisation and impairment losses, net		(72 073)	(72 587)
Other services		(8 807)	(11 696)
Personnel expenses		(14 775)	(14 896)
Provisions for bad and doubtful debts, obsolete and slow-moving inventory, net		(1 479)	(114)
Provisions and impairment losses, net		(1 852)	-
Other operating income		629	2 508
Other operating expenses		(3 355)	(749)
Total operating costs		**(110 846)**	**(113 168)**
OPERATING PROFIT		**265 957**	**277 159**
Finance income		65	288
Finance costs	17	(16 452)	(22 435)
PROFIT BEFORE TAX		**249 570**	**255 012**
INCOME TAX	18	(64 709)	(66 268)
PROFIT FOR THE PERIOD		**184 861**	**188 744**
Other comprehensive income (items that may be reclassified subsequently to profit or loss)	15		
Hedging derivatives (cash flow hedging)		(56 242)	32 264
Deferred tax related to items of other comprehensive income for the period		11 811	(6 775)
Other comprehensive income (items that will not be reclassified subsequently to profit or loss)	7		
Increase/(decrease) in properties revaluation reserve		(3 882)	510 118
Deferred tax related to items of other comprehensive income for the period		989	(129 347)
OTHER NET COMPREHENSIVE INCOME FOR THE PERIOD		**(47 324)**	**406 260**
TOTAL NET COMPREHENSIVE INCOME FOR THE PERIOD		**137 537**	**595 004**
Basic and diluted earnings per ordinary share (nominal value 3 319,39 EUR)	19	**2**	**2**
Basic and diluted earnings per ordinary share (nominal value 82 895 533,19 EUR)	19	**54 163**	**55 300**
Basic and diluted earnings per ordinary share (nominal value 200 000 000 EUR)	19	**130 677**	**133 421**

eustream, a.s.
CONDENSED STATEMENT OF CHANGES IN EQUITY
For the six-months period ended 31 January 2021 and 31 January 2020
(EUR '000)

	Note	Registered capital	Legal reserve fund	Hedge reserve	Revaluation reserve	Retained earnings	Total
Balance at 31 July 2019		**282 929**	**56 586**	**(16 192)**	**1 497 745**	**430 382**	**2 251 450**
Net profit for the period		-	-	-	-	188 744	188 744
Other comprehensive income/(loss) for the period		-	-	25 489	380 771	-	406 260
Transfer to retained earnings		-	-	-	(29 002)	29 002	-
Total net comprehensive income for the period		**-**	**-**	**25 489**	**351 769**	**217 746**	**595 004**
Transactions with shareholders							
Dividends paid		-	-	-	-	(430 000)	(430 000)
Balance at 31 January 2020		**282 929**	**56 586**	**9 297**	**1 849 514**	**218 128**	**2 416 454**
Balance at 31 July 2020		**282 929**	**56 586**	**(5 761)**	**1 820 486**	**418 873**	**2 573 113**
Net profit for the period		-	-	-	-	184 861	184 861
Other comprehensive income/(loss) for the period		-	-	(44 431)	(2 893)	-	(47 324)
Transfer to retained earnings		-	-	-	(29 183)	29 183	-
Total net comprehensive income for the period		**-**	**-**	**(44 431)**	**(32 076)**	**214 044**	**137 537**
Transactions with shareholders		-	-	-	-	-	-
Dividends paid		-	-	-	-	(418 500)	(418 500)
Balance at 31 January 2021		**282 929**	**56 586**	**(50 192)**	**1 788 410**	**214 417**	**2 292 150**

(EUR '000)

	Note	6-months period ended 31 January 2021	6-months period ended 31 January 2020
PROFIT BEFORE TAX		**249 570**	**255 012**
Adjustments:			
Depreciation, amortization and impairment losses, net		72 073	72 587
Interests, net		15 295	21 937
FX differences		12	2
Derivatives		8 397	(142)
Provisions, allowances and other non-cash items		3 199	(237)
(Gain)/loss from sale of non-current assets		(169)	(4)
(Increase)/decrease in receivables and prepayments		11 568	(21 039)
(Increase)/decrease in inventories		(1 339)	1 910
Increase/(decrease) in trade and other liabilities		5 838	(2 505)
Cash flows from operating activities		**364 444**	**327 521**
OPERATING ACTIVITIES			
Cash flows from operating activities		364 444	327 521
Interest paid		(147)	(132)
Interest received		67	117
Income tax paid		(123 268)	(71 760)
Net cash flows from operating activities		**241 096**	**255 746**
INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		(13 758)	(37 950)
Subsidies received		9 320	113
Provision of borrowings		-	(25)
Proceeds from sale of property, plant and equipment and intangible assets		824	4
Net cash used in investing activities		**(3 614)**	**(37 858)**
FINANCING ACTIVITIES			
Dividends paid		(263 000)	(118 000)
Other income/(expense) from financial activities		(830)	5
Net cash flow from financing activities		**(263 830)**	**(117 995)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(26 348)**	**99 893**
EFFECT OF FOREIGN EXCHANGE DIFFERENCES		(12)	1
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		113 843	172 894
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**87 483**	**272 788**

(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 2021 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 2020, 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 2020 were approved by the Annual General Meeting held on 30 September 2020.

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 a.s. 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 Company's activities are subject to 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 including price decisions, by which it approves tariffs for access to the transmission system and natural gas transmission, and the conditions for their application.

Tariffs for regulated operations

For the relevant regulatory period, RONI approves tariffs for access to the transmission system and for natural gas transmission, and the conditions for their application in accordance with applicable legislation. For the current regulatory period (2017 to 2021), tariffs for access to the transmission system and for natural gas transmission are set as a fixed price, which is also the maximum price, based on an benchmark analysis of tariffs for access to the transmission system and for gas transmission in other EU Member States. Tariffs for access to the transmission system and for natural gas transmission were approved on 31 October 2016 by RONI Decision No. 0021/2017/P, which was amended by RONI Decision No. 0100/2017/P on 17 August 2017. In accordance with Article 14(12) of Act No. 250/2012 Coll. on Regulation in Network Industries as amended, eustream will act in line with the decision on the application of tariffs until the end of the current regulatory period, ie 31 December 2021, unless RONI approves an amendment thereto. On 29 May 2019, RONI issued Decision No. 0040/2019/P for the regulatory period beginning on 1 January 2022, in which it decided on the methodology for determining the reference price, the amount of applicable reference prices, the level of multipliers, discounts and other factors pursuant to Art. 26 and Art. 28 of Commission Regulation (EU) 2017/460 of 16 March 2017 establishing a network code on harmonised transmission tariff structures for gas.

Changes to regulatory laws and policy

The core laws and regulations applying to eustream's operations are:

- Commission Regulation (EU) 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)) 459/2017 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) 460/2017 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 as amended (primarily Annex I)
- Regulation (EU) No 1227/2011 of the European Parliament and of the Council of 25 October 2011 on wholesale energy market integrity and transparency
- Commission Implementing Regulation (EU) No 1348/2014 of 17 December 2014 on data reporting implementing Article 8(2) and Article 8(6) of Regulation (EU) No 1227/2011 of the European Parliament and of the Council on wholesale energy market integrity and transparency
- Act No. 250/2012 Coll. on Regulation in Network Industries, as amended (hereinafter the "Act on Regulation")
- Act No. 251/2012 Coll. on Energy and on Amendment to and Supplementation of Certain Acts, as amended (hereinafter the "Energy Act"), together with RONI Decree No. 223/2016 Coll. of 19 July 2016, which establishes price regulation in the gas industry, as amended, and RONI Decree No. 24/2013 Coll. of 14 January 2013 laying down the rules for the functioning of the internal electricity market and the rules for the functioning of the internal gas market, as amended

The gas market has developed dynamically in recent years resulting in amendments to the relevant legislation, and changes to market requirements for provided services and products. In 2020, the Company submitted two proposals to change the operating rules in connection with the implementation of a new supplementary service (Bi-directional SK-UA capacity) and the Short-haul product. The proposals were approved by RONI Decision No. 0002/2020/P-PP of 14 April 2020 and RONI Decision No. 0003/2020/P-PP of 3 July 2020.

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, the Company 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. 002/2013/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. 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. The Company is obliged to consistently comply with the conditions stipulated in the relevant legislation for an independent transmission system operator.

1.3. Employees

The full-time equivalent of the Company's employees for the six-month period ended 31 January 2021 was 631, the number of employees as at 31 January 2021 was 630 and the number of key management personnel was 12 (for the six-month period ended 31 January 2020, the FTE was 638, and the number of employees as at 31 January 2020 was 637 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 Mlynské nivy 44/a, 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 Bratislava I District Court, Záhradnícka 10, 811 07 Bratislava. The Company's financial statements are published in the Register of Financial Statements and at www.eustream.sk.

Energetický a Průmyslový Holding, a.s. is the ultimate reporting entity that has consolidated eustream since 24 January 2013. EPH is also the ultimate controlling entity.

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 AND CHANGES IN ESTIMATES

2.1. Adoption of New and Revised International Financial Reporting Standards

The Company has adopted all of the new and revised standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that have been endorsed for use in the European Union (hereinafter the "EU") which are relevant to its operations and are effective for annual periods beginning after 1 January 2019. The following standards, amendments and interpretations issued by the International Accounting Standards Board (IASB) and adopted by the EU are effective for the current reporting period:

- **Amendments to IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors"** – Definition of Material – adopted by the EU on 29 November 2019 (effective for annual periods beginning on or after 1 January 2020),

- **Amendments to IFRS 3 "Business Combinations"** – Definition of a Business – adopted by the EU on 21 April 2020 (effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period),

- **Amendments to IFRS 9 "Financial Instruments", IAS 39 "Financial Instruments: Recognition and Measurement" and IFRS 7 "Financial Instruments: Disclosures"** – Interest Rate Benchmark Reform – adopted by the EU on 15 January 2020 (effective for annual periods beginning on or after 1 January 2020),

- **Amendments to IFRS 16 "Leases"** – Covid-19-Related Rent Concessions – adopted by the EU on 9 October 2020 (effective for annual periods beginning on or after 1 January 2020, at the latest as from 1 June 2020),

- **Amendments to References to the Conceptual Framework in IFRS Standards** – adopted by the EU on 29 November 2019 (effective for annual periods beginning on or after 1 January 2020).

The Company reassessed in detail the impact of IFRS 16 "Leases", which introduces a single common model for the reporting of leases by the lessee, under which all leased assets and liabilities resulting from a lease are recognised on the balance sheet, regardless of whether it is an operating or finance lease. Lessees recognise operating leases in the same way as finance leases are currently recognised. Recognition by lessors will remain almost unchanged. When conducting its business activities, the Company leases its vehicle fleet under an operating lease. The Company has analysed the impact of this standard and concluded that its adoption has no material impact on the separate financial statements.

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 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 IASB and adopted by the EU and are not yet effective:

- **Amendments to IFRS 4 "Insurance Contracts"** – Extension of the Temporary Exemption from Applying IFRS 9 – adopted by the EU on 15 December 2020 (effective for annual periods beginning on or after 1 January 2021),

- **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).

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

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

At present, IFRS as adopted by the EU do not significantly differ from regulations adopted by 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 IASB):

- **IFRS 17 "Insurance Contracts" and Amendments to IFRS 17** (effective for annual periods beginning on or after 1 January 2023),

- **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 2022),

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

- **Amendments to IFRS 16 "Leases"** – Covid-19-Related Rent Concessions (effective for annual periods beginning on or after 1 June 2020. Earlier application is permitted, including in financial statements not yet authorised for issue at 28 May 2020. The amendment is also available for interim reports.),

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

- **Amendments to IFRS 4 "Insurance Contracts"** – Extension of the Temporary Exemption from Applying IFRS 9 (effective for annual periods beginning on or after 1 January 2023),

- **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 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 further amendments (effective date deferred indefinitely until the research project on the equity method has been concluded).

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Accounting

These condensed interim financial statements for the six months ended 31 January 2021 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 2020, 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 2020.

Certain new standards, interpretations and amendments to the existing standards, as disclosed in the individual financial statements for the year ended 31 July 2020, became effective for the Company from 1 January 2021. 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 14. 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.

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.

(EUR '000)

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.

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 2021 and 31 July 2020 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 2021, the Company would recognise increased depreciation charges for assets constituting pipelines and compressor stations by EUR 18 050 thousand (for the six-month period ended 31 January 2020 increased by EUR 17 011 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 – 8

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

(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 2020.

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 2020.

(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 2021, the Company entered into commodity swaps to hedge cash flow from sales of surplus of gas in-kind.

The following table details commodity swap contracts outstanding at the 31 January 2021 and 31 July 2020:

Open commodity swaps	**As at 31 January 2021**		**As at 31 January 2021**	
	Fair value		**Nominal value**	
	Cash flow hedging	**Held for trading**	**Cash flow hedging**	**Held for trading**
Sales of natural gas				
Less than 3 months	(2 535)	-	37 387	-
3 to 12 months	(6 197)	-	87 737	-
Over 12 months	(3 733)	-	55 766	-

Open commodity swaps	**As at 31 July 2020**		**As at 31 July 2020**	
	Fair value		**Nominal value**	
	Cash flow hedging	**Held for trading**	**Cash flow hedging**	**Held for trading**
Sales of natural gas				
Less than 3 months	22 207	-	34 869	-
3 to 12 months	21 926	-	59 781	-
Over 12 months	5 950	-	23 936	-

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 29 003 thousand.

Movement in hedging reserve is disclosed in Note 15.

(2) Interest rate risk

Interest rate risk is the risk that market interest rates will fluctuate. As at 31 January 2021, the Company had issued bonds with a fixed interest rate and long-term investment loans with floating interest rate (see Note 11).

(EUR '000)

In 2018, the Company entered into a series of interest rate swaps with a forward start with a nominal value of EUR 500 million to hedge the Company's cash flows from interest from the planned future issue of bonds for the refinancing of the Company's bonds due in July 2020. Following the new issue of the Company's bonds in June 2020 (see Note 11), the Company terminated the hedge and reclassified interest rate swaps to non-hedging derivative financial instruments, the subsequent measurement of which at fair value is recognised through profit or loss. The effective portion of changes to the fair value of interest rate swaps qualifying for effective cash flow hedging until the termination of the hedge is accumulated in equity in the hedging reserve and dissolved in the income statement using the effective interest rate.

The Company is exposed to interest rate risk as regards interest rate movements in long-term investment loans and open interest rate swaps.

The following table shows swap interest rate contracts open at the reporting date:

Open interest rate swaps	**As at 31 January 2021**		**As at 31 January 2021**	
	Fair value		**Nominal value**	
	Cash flow hedging	**Held for trading**	**Cash flow hedging**	**Held for trading**
Less than 3 months	-	-	-	-
3 to 12 months	(8 689)	(685)	-	-
Over 12 months	(47 402)	(2 831)	500 000	500 000

Open interest rate swaps	**As at 31 July 2020**		**As at 31 July 2020**	
	Fair value		**Nominal value**	
	Cash flow hedging	**Held for trading**	**Cash flow hedging**	**Held for trading**
Less than 3 months	-	-	-	-
3 to 12 months	(7 715)	(983)	-	-
Over 12 months	(48 344)	(2 718)	500 000	500 000

(3) 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 2021**	**As at 31 July 2020**
Provided borrowings		-	82
Receivables and prepayments		**56 707**	**285 727**
- Receivables from transmission activities	10	31 951	52 798
- Receivables from financial derivatives		3 537	50 083
- Other receivables	10	21 219	182 846
Other assets		**23 455**	**23 992**
Cash and cash equivalents		**87 483**	**113 843**
Total credit risk		**167 645**	**423 644**

The credit quality of cash in banks as at 31 January 2021 was as follows: EUR 39 869 thousand in banks with Moody's A1 rating, EUR 40 985 thousand in banks with Moody's A2 rating, EUR 318 thousand in banks with Moody's A3 rating, EUR 5 012 thousand in banks with Moody's Aa3 rating and EUR 1 299 thousand in banks with Moody's Baa1 rating.

(EUR '000)

(4) 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 2021 and 31 July 2020 based on contractual undiscounted payments:

As at 31 January 2021	**Up to 1 month**	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**	**> 5 years**	**Total**
Bonds issued/ guarantees provided	14 287	-	8 125	582 309	516 250	**1 120 971**
Loans received	75 039	-	-	-	65 000	**140 039**
Other liabilities	-	26 810	52 632	27 500	-	**106 942**
Trade and other payables	4 494	8 207	182	91	-	**12 974**
Commodity swaps	1 091	2 346	8 767	3 798	-	**16 002**
Interest rate swaps	-	-	9 373	50 233		**59 606**

As at 31 July 2020	**Up to 1 month**	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**	**> 5 years**	**Total**
Bonds issued/guarantees provided	-	-	22 412	582 309	516 250	**1 120 971**
Loans received	86	11	75 203	169	65 106	**140 575**
Other liabilities	-	38 077	32 883	26 460	-	**97 420**
Trade and other payables	-	12 237	-	-	-	**12 237**
Commodity swaps	-	-	-	-	-	**-**
Interest rate swaps	-	-	8 698	51 062	-	**59 760**

As at the reporting date, the Company has binding revolving lines available from banks for operational needs in the total amount of EUR 275 million, with an average maturity of 3.1 years. These credit lines were not drawn down as at 31 January 2021.

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 2021 was 46 % and as at 31 July 2020 was 40%.

The gearing ratio at the period-end:

	As at 31 January 2021	**As at 31 July 2020**
Debt (i)	(1 147 496)	(1 135 973)
Cash and cash equivalents (restricted and unrestricted)	87 483	113 843
Net debt (ii)	(1 060 013)	(1 022 130)
Equity (iii)	2 292 150	2 573 113
Net debt to equity ratio	**46%**	**40%**

(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

(EUR '000)

	As at 31 January 2021	As at 31 July 2020
Financial assets		
Derivative financial instruments recognised as hedging	3 537	50 083
Derivative financial instruments not recognised as hedging	-	-
Receivables and prepayments (including cash and cash equivalents)	164 026	373 479
Borrowings provided	83	82
Investments in subsidiaries and associates	6 607	6 607
Financial liabilities		
Derivative financial instruments recognised as hedging	72 093	56 059
Derivative financial instruments not recognised as hedging	3 516	3 701
Financial liabilities carried at amortised costs	1 267 549	1 245 630

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.

Recurring fair value measurements are categorised are as follows:

As at 31 January 2021:	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value	**-**	**3 537**	**-**	**3 537**
Financial derivatives recognised as hedging	-	3 537	-	3 537
Financial derivatives not recognised as hedging	-	-	-	-
Financial liabilities and contingent liabilities at fair value	**-**	**75 609**	**-**	**75 609**
Financial derivatives recognised as hedging	-	72 093	-	72 093
Financial derivatives not recognised as hedging	-	3 516	-	3 516

As at 31 July 2020:	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value	**-**	**50 083**	**-**	**50 083**
Financial derivatives recognised as hedging	-	50 083	-	50 083
Financial derivatives not recognised as hedging	-	-	-	-
Financial liabilities and contingent liabilities at fair value	**-**	**59 760**	**-**	**59 760**
Financial derivatives recognised as hedging	-	56 059	-	56 059
Financial derivatives not recognised as hedging	-	3 701	-	3 701

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.

The fair value of a financial guarantee described in Note 19, Commitments and Contingencies, was determined at EUR 0, as it was provided under arm's length conditions and it is not probable that the Company will have to pay.

There were no movements between Levels 1 to 3 in the six-month period ended 31 January 2021, or in the year ended 31 July 2020.

(EUR '000)

(2) Non-recurring fair value measurements

There were no non-recurring fair value measurements in the six-month period ended 31 January 2021.

(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 2021:	**Level 1**	**Level 2**	**Level 3**	**Fair value total**	**Carrying amount**
Financial assets	**-**	**-**	**6 690**	**6 690**	**6 690**
Borrowings provided with fixed interest rate	-	-	83	83	83
Investments in subsidiaries and associates	-	-	6 607	6 607	6 607
Financial liabilities	**532 238**	**543 557**	**140 032**	**1 215 827**	**1 147 497**
Bonds issued	532 238	543 557	-	1 075 795	1 007 465
Loans received	-	-	140 032	140 032	140 032

As at 31 July 2020:	**Level 1**	**Level 2**	**Level 3**	**Fair value total**	**Carrying amount**
Financial assets	**-**	**-**	**6 689**	**6 689**	**6 689**
Borrowings provided with fixed interest rate	-	-	82	82	82
Investments in subsidiaries and associates	-	-	6 607	6 607	6 607
Financial liabilities	**512 483**	**530 028**	**140 070**	**1 182 581**	**1 135 973**
Bonds issued	512 483	530 028	-	1 042 511	995 903
Loans received	-	-	140 070	140 070	140 070

In the six-month period ended 31 January 2021, 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.

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.

(EUR '000)

7. PROPRETY, PLANT AND EQUIPMENT

6-month period ended 31 January 2021

Opening net book value as at 1 August 2020	**4 575 460**
Additions	16 632
Revaluation of assets through revaluation reserve	(3 992)
Revaluation of assets through profit or loss	-
Reclassifications from intangible assets	431
Disposals	(1 056)
Depreciation charge	(71 814)
Change in provisions - Revaluation reserve	110
Change in provisions - P&L	(11)
Closing net book value as at 31 January 2021	**4 515 760**

6-month period ended 31 January 2020

Opening net book value as at 1 August 2019	**4 150 389**
Additions	34 462
Revaluation of assets through revaluation reserve	510 153
Revaluation of assets through profit or loss	(356)
Disposals	-
Depreciation charge	(71 236)
Change in provisions - Revaluation reserve	(35)
Change in provisions - P&L	(440)
Closing net book value as at 31 January 2020	**4 622 937**

The most significant addition to assets in the reporting period ended 31 January 2021 was construction of the Poland – Slovakia interconnection pipeline.

The cost of fully depreciated non-current assets (including non-current intangible assets) that were still in use as at 31 January 2021 amounted to EUR 10 670 thousand (31 July 2020: EUR 9 836 thousand).

As at 31 January 2021, the Company records assets that are in use, but not yet registered in the Real Estate Register, in the amount of EUR 0 thousand (31 July 2020: EUR 2 840 thousand).

8. NON-CURRENT FINANCIAL INVESTMENTS

Non-current financial investments include:

	Borrowings	**Shares**	**31 January 2021**	**31 July 2020**
Cost	-	6 607	6 607	6 689
Impairment	-	-	-	-
Closing balance, net	**-**	**6 607**	**6 607**	**6 689**

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

(EUR '000)

9. INVENTORIES

	As at 31 January 2021	As at 31 July 2020
Natural gas used for balancing	3 907	2 672
Raw material and other inventories	13 746	13 642
Provision	(6 595)	(6 404)
Total	**11 058**	**9 910**

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

As at 31 January 2021 and 31 July 2020, a provision for inventories was created for unusable or damaged raw material in stock.

10. RECEIVABLES AND PREPAYMENTS

	As at 31 January 2021	As at 31 July 2020
Receivables from transmission activities	31 951	52 798
Receivables from financial derivatives	3 473	44 133
Other receivables	21 219	182 847
Total	**56 643**	**279 778**

As at 31 January 2021, the Company recorded receivables within maturity in the amount of EUR 53 688 thousand and overdue receivables in the amount of EUR 2 872 thousand, excluding provisions. In the comparable period, ie as at 31 July 2020, the Company recorded receivables within maturity in the amount of EUR 279 539 thousand and overdue receivables in the amount of EUR 239 thousand, excluding provisions.

Receivables and prepayments are recognised net of provisions for bad and doubtful debts in the amount of EUR 1 335 thousand (31 July 2020: EUR 180 thousand).

Receivables from transmission activities mainly represent receivables from renowned international gas transmission companies and were fully paid at the reporting date.

Other receivables are mainly receivables from cash-pooling with SPP Infrastructure in the amount of EUR 0 thousand (31 July 2020: EUR 155 500 thousand), whose conditions are comparable to those of current bank accounts. In the six months period ending 31 January 2021, a portion of receivables from cash-pooling in the amount of EUR 185 500 thousand (of which EUR 30 000 thousand was granted in the six months period ending 31 January 2021) was offset with a payable from approved dividends. In the previous reporting period ended 31 July 2020, a portion of receivables from cash-pooling in the amount of EUR 369 000 thousand (of which EUR 57 000 thousand was granted in the year ended 31 July 2020) was offset with a payable from approved dividends.

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.

Collateralisation of receivables

Several bank guarantees totaling EUR 67 703 thousand (31 July 2020: EUR 75 290 thousand) were established to secure the Company's receivables.

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.

(EUR '000)

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 is due in December 2027. The loan has a floating interest rate based on 3M EURIBOR with a 3-month update. At 31 January 2021, the effective interest rate is 0.013% p.a.

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.

On 28 June 2014, the Company drew a long-term investment loan from the EIB in the amount of EUR 75 000 thousand. The loan is due in 2021. The loan has a floating interest rate based on 3M EURIBOR subject to a 3-month update. As at 31 January 2021, the effective interest rate is 0.221% p.a.

	As at 31 January 2021			**As at 31 July 2020**		
	Secured	**Unsecured**	**Total**	**Secured**	**Unsecured**	**Total**
Loans	-	140 032	140 032	-	140 070	140 070
Bonds	-	1 007 465	1 007 465	-	995 903	995 903
Total	**-**	**1 147 497**	**1 147 497**	**-**	**1 135 973**	**1 135 973**
Loans and bonds by interest rate						
- with a floating interest rate	-	140 032	140 032	-	140 070	140 070
- with a fixed interest rate	-	1 007 465	1 007 465	-	995 903	995 903
Total	**-**	**1 147 497**	**1 147 497**	**-**	**1 135 973**	**1 135 973**
Loans and bonds by maturity						
Up to 1 year	-	93 887	93 887	-	82 647	82 647
1 to 5 years	-	492 660	492 660	-	492 660	492 660
More than 5 years	-	560 950	560 950	-	560 666	560 666
Total	**-**	**1 147 497**	**1 147 497**	**-**	**1 135 973**	**1 135 973**

	Carrying amount		**Fair value (Note 5 (d) (3))**	
	As at 31 January 2021	**As at 31 July 2020**	**As at 31 January 2021**	**As at 31 July 2020**
Loans	140 032	140 070	140 032	140 070
Bonds	1 007 465	995 903	1 075 795	1 042 511
Total	**1 147 497**	**1 135 973**	**1 215 827**	**1 182 581**

12. TRADE AND OTHER PAYABLES

	As at 31 January 2021	**As at 31 July 2020**
Trade payables	12 974	12 237
Other payables	79 443	70 961
Payables from transmission activities	-	-
Payables from financial derivatives	21 578	8 698
Total financial liabilities	**113 995**	**91 896**
Payables to employees	2 912	3 206
Social security and other taxes	1 604	2 013
Total non-financial liabilities	**4 516**	**5 219**
Total	**118 511**	**97 115**

As at 31 January 2021, the Company recorded payables within maturity in the amount of EUR 118 511 thousand and overdue payables in the amount of EUR 0 thousand. In the comparable period, ie as at 31 July 2020, the Company recorded payables within maturity in the amount of EUR 96 994 thousand and overdue payables in the amount of EUR 82 thousand.

(EUR '000)

Payables secured by lien or other form of security

As at 31 January 2021, a bank guarantee totalling EUR 210 thousand (31 July 2020: EUR 210 thousand) was established with Tatra banka for liabilities to the Customs Office.

13. OTHER NON-CURRENT LIABILITES

	As at 31 January 2021	As at 31 July 2020
Non-current liabilities from financial derivatives	54 031	51 062
Other non-current liabilities	27 499	26 461
Total	**81 530**	**77 523**

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.

Legal reserve fund

The legal reserve fund in the amount of EUR 56 586 thousand (as at 31 July 2020: 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

Other funds and reserves in equity are not distributable to the Company's shareholders.

Based on the decision of the Company's sole shareholder, the Company declared dividends for the year ended 31 July 2020 totalling EUR 418 500 thousand. This amount was covered by the profit of EUR 360 461 thousand for the financial year ended 31 July 2020 and retained earnings from previous periods of EUR 58 039 thousand.

(EUR '000)

Type of allotment	Profit allotment for the year ended 31 July 2020	Profit allotment for the year ended 31 July 2019
Allotment to the legal reserve fund	-	-
To cover loss from previous years	-	-
Dividends	360 461	386 612
Total profit to be distributed	**360 461**	**386 612**

Hedging reserve

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

	Six-month period ended 31 January 2021	Six-month period ended 31 January 2020
Opening balance	**(5 761)**	**(16 192)**
Gain/(loss) on cash flow hedging		
Commodity swap contracts	(39 073)	71 595
Interest swap contracts	-	(2 973)
Deferred income tax applicable to gains/losses recognised through equity	8 206	(6 775)
Transfer to profit or loss		
Commodity swap contracts	(20 837)	(36 359)
Interest swap contracts	3 668	-
Deferred income tax applicable to gains/losses recognised through profit or loss	3 605	-
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	**(50 192)**	**9 297**

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.

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 2021	Six-month period ended 31 January 2020
Natural gas transmission and other services	20 837	36 359
Finance costs	(3 668)	-
Total	**17 169**	**36 359**

16. REVENUES FROM SALES OF SERVICES

	Six-month period ended 31 January 2021	Six-month period ended 31 January 2020
Natural gas transmission	376 715	390 095
Other	89	232
Total	**376 803**	**390 327**

In the six months period ended 31 January 2021, 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.

(EUR '000)

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 transmitting gas from Russian and Asian reservoirs to Europe. Part of the transmission capacity is booked on the basis of long-term contracts, which comprise more than 55% 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 COSTS

	Six-month period ended 31 January 2021	Six-month period ended 31 January 2020
Interest expense	15 354	22 033
Foreign exchange losses	-	2
Other financial expense	1 098	400
Total	**16 452**	**22 435**

18. INCOME TAX

Income tax comprises the following:

	Six-month period ended 31 January 2021	Six-month period ended 31 January 2020
Current tax	61 169	62 126
Special levy	17 759	18 115
Deferred income tax	(14 219)	(13 973)
Total	**64 709**	**66 268**

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 2021 is 0.00654 per month (0.00654 per month for the 6-months period ended 31 January 2020) 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 2021, 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.

(EUR '000)

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.

19. BASIC AND DILUTED EARNINGS PER SHARE

As at 31 January 2021	**Ordinary shares with nominal value 3 319,39 EUR**	**Ordinary shares with nominal value 82 895 533,19 EUR**	**Ordinary shares with nominal value 200 000 000 EUR**
Net profit for the period attributable to	22	54 163	130 677
number of ordinary shares	10	1	1
Basic and diluted earnings per share	**2**	**54 163**	**130 677**

As at 31 January 2020	**Ordinary shares with nominal value 3 319,39 EUR**	**Ordinary shares with nominal value 82 895 533,19 EUR**	**Ordinary shares with nominal value 200 000 000 EUR**
Net profit for the period attributable to	22	55 300	133 421
number of ordinary shares	10	1	1
Basic and diluted earnings per share	**2**	**55 300**	**133 421**

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

20. COMMITMENTS AND CONTINGENCIES

Obligations arising from capital construction

As at 31 January 2021, contracts for the acquisition of non-current assets in the amount of EUR 40 266 thousand (as at 31 July 2020: EUR 43 675 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 512 731 thousand as at 31 January 2021 (as at 31 July 2020: EUR 506 132 thousand). As a result, the Company assumed all the risks related to the repayment of the bonds by SPP Infrastructure Financing B.V..

(EUR '000)

21. RELATED PARTY TRANSACTIONS

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

	Six-month period ended 31 January 2021				As at 31 January 2021	
	Revenues	Expenses	Dividends	Other	Receivables	Payables
SPP Infrastructure	41	8	418 500	-	-	48 005
Related parties under EPH's control	41 667	8 082	-	283	11 267	510 534
Other related parties	1	50	-	1 927	53	1 572

	Six-month period ended 31 January 2020				As at 31 July 2020	
	Revenues	Expenses	Dividends	Other	Receivables	Payables
SPP Infrastructure	69	1	430 000	-	155 512	-
Related parties under EPH's control	7 646	23 665	-	366	4 658	518 073
Other related parties	1	58	-	2 490	56	9

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

Transactions with SPP Infrastructure mainly represent the payment of dividends to shareholders and transactions related to cash-pooling (see Note 10).

In the six-month period ended 31 January 2021, transactions with related parties under EPH's control mainly represent issued bonds (see also Note 11).

In the six-month period ended 31 January 2021 and 31 January 2020, the Company also provided financial guarantees to SPP Infrastructure Financing B.V. (se also Note 19).

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 2021	**Six-month period ending 31 January 2020**
Remuneration to members of the Board of Directors, Supervisory Board and executive management and to former members of the Company's bodies – total	550	557
Of which – Board of Directors and executive management	*355*	*363*
– Supervisory Board	*130*	*143*
– Supervisory Committee	*52*	*51*
– former members of the Board of Directors and executive management	*4*	-
– former members of the Supervisory Board	*9*	-
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	11	10
Of which – Board of Directors and executive management	*10*	*9*
– Supervisory Board	*1*	*1*
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	3	4
Of which – Board of Directors and executive management	*3*	*3*
– Supervisory Board	-	*1*

(EUR '000)

22. MEMBERS OF THE COMPANY'S BODIES AS AT 31 JANUARY 2020

Body	Position	Name
Board of Directors	Chairman	Ing. Tomáš Mareček
	Vice-Chairman	Ing. Robert Hančák
	Member	Ing. Eva Markovičová
	Member	Ing. Miroslav Bodnár
	Member	Ing. Mirek Topolánek until 11 August 2020
	Member	Ing. Michal Kľučár since 26 August 2020
Supervisory Board	Chairman	Ing. Peter Trgiňa, MBA until 20 October 2020
	Member	Ing. Peter Trgiňa, MBA since 21 October 2020
	Vice-Chairman	Jiří Zrůst
	Member	Mgr. Andrej Lendvay
	Member	Ing. Mikuláš Maník
	Member	Ing. Anton Matulčík since 21 October 2020
	Member	Ing. Roman Hudík since 21 October 2020 until 23 November 2020
	Chairman	Ing. Roman Hudík since 24 November 2020
	Member	JUDr. Peter Pandy until 20 October 2020
	Member	JUDr. Dominik Hriň until 20 October 2020
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

23. POST-BALANCE SHEET EVENTS

There was a change in the company´s Board of Directors after the balance sheet date. Mr. Rastislav Jamrich and Mr. Juraj Studenec replaced since 9 February 2021 the previous members Mr. Róbert Hančák and Mrs. Eva Markovičová

No events occurred subsequent to 31 January 2021, which would have a material impact on the financial statements of the Company as at 31 January 2021.

Prepared on: **5 April 2021**	**Signature of a member of the statutory body of the reporting entity**
Ing. Tomáš Mareček Chairman of the Board of Directors	Ing. Miroslav Bodnár Member of the Board of Directors