POZAGAS a.s.

INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) AS ENDORSED BY THE EU

As at 31 December 2022

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

POZAGAS a.s.

Table of Contents

Independent Auditor's Report	3
Income Statement	5
Statement of Comprehensive Income	6
Balance Sheet	7
Statement of Changes in Equity	8
Statement of Cash Flows	9
Notes to the Financial Statements	10 – 31

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POZAGAS a.s.

INDEPENDENT AUDITOR'S REPORT

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of POZAGAS a.s. (the "Company"), which comprise the balance sheet as at 31 December 2022, and the income statement, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted in the European Union (EU).

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note 2.2 to the financial statements stating that the Company changed its accounting policy regarding the measurement of the items of property, plant and equipment to the revaluation model. As stated in Note 2.2 to the financial statements, the initial remeasurement was performed as at 31 December 2022. The financial information disclosed in these financial statements for previous reporting periods has not been adjusted to reflect this change to the accounting policy and to be comparable with the carrying amounts presented for 2022, and is in compliance with the requirements of International Financial Reporting Standards. Our opinion is not modified in respect of this matter.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on Information Disclosed in the Annual Report

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

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

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

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

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

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

Bratislava, 27 February 2023

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

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

POZAGAS a.s.

Income Statement
For the Year Ended 31 December 2022 and 31 December 2021

In thousands of euro	Note	2022	2021
Revenues	4	81 725	31 006
Depreciation	11, 12	(2 471)	(1 594)
Services		(7 523)	(7 294)
Materials and energies consumed		(1 688)	(594)
Personnel expenses	5	(1 313)	(1 145)
Provision for impairment losses	11, 12	(6 012)	9 133
Other operating expenses, net	6	(15 305)	(8 388)
Profit from operations		**47 413**	**21 124**
Finance income		151	65
Finance cost		(700)	(156)
Finance costs, net	7	**(549)**	**(91)**
Profit before tax		**46 864**	**21 033**
Income tax	8	(12 055)	(4 871)
Net profit for the year		**34 809**	**16 162**
Earnings per share (in EUR)	9	1 798	835

POZAGAS a.s.

Statement of Comprehensive Income
For the Year Ended 31 December 2022 and 31 December 2021

In thousands of euro	**Note**	**2022**	**2021**
Net profit for the year		**34 809**	**16 162**
Other comprehensive income/(loss)			
Change in asset revaluation reserves	11	144 174	-
Tax effect of revaluation	8	(35 284)	-
Other comprehensive income/(loss) for the year after tax		**108 891**	-
Total comprehensive income/(loss) for the year		**143 700**	**16 162**

POZAGAS a.s.

Balance Sheet
As at 31 December 2022 and 31 December 2021

In thousands of euro	Note	31 December 2022	31 December 2021
Assets			
Property, plant and equipment	11	175 110	43 975
Intangible assets	12	475	155
Trade and other receivables		2 607	2 664
Total non-current assets		**178 192**	**46 794**
Materials and spare parts		267	200
Income tax asset		-	929
Trade and other receivables	13	14 549	2 692
Receivables from the controlling entity	13	20 041	55 253
Cash and cash equivalents	14	84 257	17 794
Total current assets		**119 114**	**76 868**
Total assets		**297 306**	**123 662**
Equity and liabilities			
Equity			
Share capital	15.1	43 008	43 008
Revaluation reserves	15.3	108 891	-
Legal reserve fund	15.2	8 602	8 602
Retained earnings		64 408	45 755
Total equity		**224 909**	**97 365**
Liabilities			
Deferred tax liabilities	8	37 115	4 510
Provision for liquidation and site restoration	16	11 614	16 475
Trade and other payables		272	275
Deferred income		293	317
Total non-current liabilities		**49 294**	**21 577**
Income tax liability		11 645	-
Trade and other payables	17	11 436	4 698
Deferred income		22	22
Total current liabilities		**23 103**	**4 720**
Total liabilities		**72 397**	**26 297**
Total equity and liabilities		**297 306**	**123 662**

POZAGAS a.s.

Statement of Changes in Equity
For the Year Ended 31 December 2022 and 31 December 2021

In thousands of euro	Share capital	Share premium	Legal reserve fund	Retained earnings	Revaluation reserve	Total
Balance as at 1 Jan 2021	43 008	-	8 602	48 870	-	100 480
Net profit for the year	-	-	-	16 162	-	16 162
Dividends paid	-	-	-	(19 277)	-	(19 277)
Other comprehensive income/(loss)	-	-	-	-	-	-
Balance as at 31 Dec 2021	**43 008**	**-**	**8 602**	**45 755**	**-**	**97 365**
Balance as at 1 Jan 2022	43 008	-	8 602	45 755	-	97 365
Net profit for the year	-		-	34 809	-	34 809
Dividends paid	-	-	-	(16 156)	-	(16 156)
Other comprehensive income/(loss)	-	-	-	-	108 891	108 891
Balance as at 31 Dec 2022	**43 008**	**-**	**8 602**	**64 408**	**108 891**	**224 909**

POZAGAS a.s.

Statement of Cash Flows
For the Year Ended 31 December 2022 and 31 December 2021

In thousands of euro	**2022**	**2021**
Operating activities		
Income before tax	46 864	21 033
Adjustments for:		
Depreciation and amortisation	2 471	1 594
Impairment losses	6 012	(9 133)
Net foreign exchange losses/(gains)	1	1
Interest from unwinding discount	190	117
Net interest expense/(income)	(151)	(65)
Provisions for receivables under IFRS 9	430	21
Other	(18)	(31)
Operating profit before changes in working capital	**55 799**	**13 537**
Decrease/(increase) in inventories	62	393
Decrease/(increase) in receivables	(12 271)	711
Increase/(decrease) in payables	6 736	2 968
Cash from operating activities	**50 326**	**17 609**
Interest received	151	65
Foreign exchange losses	(1)	(1)
Income taxes paid	(2 158)	(7 422)
Cash flows from operating activities	**48 318**	**10 251**
Investing activities		
Acquisition of property, plant and equipment and intangible assets	(933)	(1 340)
Proceeds from the sale of property, plant and equipment and intangible assets	2	3
Loans and borrowings provided*	35 253	8 000
Cash flows from investing activities	**34 322**	**6 663**
Financing activities		
Dividends paid*	(16 156)	(12 531)
Lease payments – IFRS 16	(21)	(23)
Cash flows from financing activities	**(16 177)**	**(12 554)**
Net increase/(decrease) in cash and cash equivalents	**66 463**	**4 360**
Cash and cash equivalents as at 1 Jan	17 794	13 434
Cash and cash equivalents as at 31 Dec	**84 257**	**17 794**

* These items comprise offsets related to a receivable from the controlling entity and a payable from dividends to the controlling entity.

1. General Information

1.1. Description of Business

POZAGAS a.s. (hereinafter "POZAGAS" or the "Company") is a joint-stock company with its registered office at Malé námestie 1, Malacky, Slovak Republic. The Company was established on 7 April 1993 and registered in the Business Register of the Slovak Republic on 13 May 1993. The Company provides underground gas storage services and services related to underground gas storage.

1.2. Basis for Preparation of the Financial Statements

These financial statements represent the annual separate financial statements of POZAGAS a.s. for the reporting period from 1 January to 31 December 2022.

The financial statements are intended for general use and information; they are not intended for the purposes of any specific user or consideration of any specific transactions. Accordingly, users should not rely exclusively on these financial statements when making decisions.

1.3. Approval of the 2021 Financial Statements

On 24 June 2022, the General Meeting approved the 2021 financial statements of POZAGAS a.s.

1.4. Employees

Number of employees as at 31 December 2022	19
Of which: Managers	3

2. New International Financial Reporting Standards and Changes in Estimates

2.1 Adoption of New and Revised International Financial Reporting Standards (IFRS)

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

- **Amendments to IFRS 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 beyond 30 June 2021 (effective for annual periods beginning on or after 1 April 2021. Earlier application permitted, including in financial statements not yet authorised for issue at the date the amendment is issued.),*
- **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 various standards due to "Improvements to IFRSs (2018 – 2020 Cycle)"** resulting from the annual improvement project of IFRS (IFRS 1, IFRS 9, IFRS 16 and IAS 41) primarily with a view to removing inconsistencies and clarifying wording (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, so no effective date is stated.).

The adoption of these amendments to the existing standards has not led to any material changes in the financial statements of POZAGAS a.s.

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

- **IFRS 17 "Insurance Contracts"** including amendments to IFRS 17 issued by the IASB on 25 June 2020 adopted by the EU on 19 November 2021 (effective for annual periods beginning on or after 1 January 2023),
- **Amendments to IFRS 17 "Insurance contracts"** – Initial Application of IFRS 17 and IFRS 9 – Comparative Information adopted by the EU on 8 September 2022 (effective for annual periods beginning on or after 1 January 2023),
- **Amendments to IAS 1 "Presentation of Financial Statements"** – Disclosure of Accounting Policies adopted by the EU on 2 March 2022 (effective for annual periods beginning on or after 1 January 2023),
- **Amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors"** – Definition of Accounting Estimates adopted by the EU on 2 March 2022 (effective for annual periods beginning on or after 1 January 2023),
- **Amendments to IAS 12 "Income Taxes"** – Deferred Tax related to Assets and Liabilities arising from a Single Transaction adopted by the EU on 11 August 2022 (effective for annual periods beginning on or after 1 January 2023).

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

At present, IFRS as adopted by the EU do not significantly differ from regulations adopted by the IASB, except for the following new standards and amendments to the existing standards, which were not endorsed for use in the EU as at 31 December 2022 (the effective dates stated below are for IFRS as issued by the IASB):

- **Amendments to IAS 1 "Presentation of Financial Statements"** – Classification of Liabilities as Current or Non-current (effective for annual periods beginning on or after 1 January 2023),
- **Amendments to IAS 1 "Presentation of Financial Statements"** – Non-current Liabilities with Covenants (effective for annual periods beginning on or after 1 January 2024),
- **Amendments to IFRS 16 "Leases"** – Lease Liability in a Sale and Leaseback (effective for annual periods beginning on or after 1 January 2024),
- **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 other 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.

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 as at reporting date.

- **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 the goal of consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 "Insurance Contracts" and related interpretations while applied. The amendments to IFRS 17 "Insurance Contracts" issued by the IASB on 25 June 2020 defer the date of initial application of IFRS 17 by two years to annual periods beginning on or after 1 January 2023. Additionally, the amendments issued on 25 June 2020 introduce simplifications and clarifications of some requirements in the standard and provide additional reliefs when applying IFRS 17 for the first time.

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

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

- **Amendments to IFRS 16 "Leases"** – Lease Liability in a Sale and Leaseback issued by the IASB on 22 September 2022. The amendments to IFRS 16 require a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that no part of the gain or loss that relates to the right of use it retains is recognised. 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 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"** – Classification of Liabilities as Current or Non-current issued by the IASB on 23 January 2020. The amendments provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments to IAS 1 issued by the IASB on 15 July 2020 defer the effective date by one year to annual periods beginning on or after 1 January 2023.

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

- **Amendments to IAS 1 "Presentation of Financial Statements"** – Non-current Liabilities with Covenants issued by the IASB on 31 October 2022. The amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

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

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

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

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

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

- **IFRS 14 "Regulatory Deferral Accounts"** issued by the IASB on 30 January 2014. This standard is intended to allow entities that are first-time adopters of IFRS, and that currently recognise regulatory deferral accounts 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.

Amendments to References to the Conceptual Framework in IFRS Standards issued by the IASB on 29 March 2018. As the Conceptual Framework was revised, the IASB updated references to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32. This was done to support transition to the revised Conceptual Framework for companies that develop accounting policies using the Conceptual Framework when no IFRS Standard applies to a particular transaction.

2.2 Changes to Accounting Procedures and Policies and Changes in Estimates

As at 31 December 2022, the Company applied the revaluation model under IAS 16 for property, plant and equipment representing their fair value as at the revaluation date, less potential subsequent accumulated depreciation and subsequent accumulated losses from permanent impairment. The Company decided to use this model as it believes it will help ensure the financial statements provide more relevant information about the Company's property, plant and equipment. The remeasurement of assets was performed by an independent expert. The remeasurement of such assets was recognised without an impact on the previous reporting periods as a result of which financial information disclosed in these financial statements for the previous reporting periods has not been adjusted to reflect this change to the accounting policy and be comparable with the carrying amounts presented for 2022. This remeasurement resulted, inter alia, in an increase in the amount of property, plant and equipment by EUR 144 174 thousand and of deferred tax liability by EUR 35 284 thousand. More information is disclosed in Note 3.d) and about asset amounts prior to the remeasurement in Note 11.

As at 1 January 2022, the Company reassessed its depreciation plan for non-current assets based on a detailed independent technical study and applies a straight-line depreciation method for all depreciated assets from 1 January 2022. As a result, an annual depreciation charge increased by EUR 241 thousand in 2022. More information is disclosed in Note 3.d).

3. Significant Accounting Policies

a) Statement of Compliance

The separate financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("EU"). IFRS as adopted by the EU do not currently differ from IFRS as issued by the International Accounting Standards Board (IASB), except for portfolio hedge accounting under IAS 39, which has not been approved by the EU. The Company has determined that portfolio hedge accounting under IAS 39 would not impact the separate financial statements had it been approved by the EU at the balance sheet date.

b) Basis of Preparation

The financial statements have been prepared under the going-concern assumption.

The financial statements have been prepared on a historical cost basis, except for the remeasurement of property, plant and equipment as at 31 December 2022.

The accounting policies were applied consistently by the Company and are consistent with the policies applied in the previous reporting period except for the remeasurement of property, plant and equipment as at 31 December 2022. Comparable data for these items as at 31 December 2021 are stated at historical cost.

c) Significant Accounting Estimates and Key Sources of Estimate Uncertainty

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed from time to time. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future affected periods.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant impact on the amounts disclosed in the financial statements is provided in the following notes.

(i) Revaluation of Property, Plant and Equipment

Property, plant and equipment is stated at remeasured values in accordance with the revaluation model under IAS 16 that was first applied as at 31 December 2022.

The remeasurement of the Company's assets was performed by an independent expert using the cost method. When determining the fair value of individual items of assets using the cost method, the physical wear and tear of the assets and their technological and economic obsolescence were taken into account. In accordance with international valuation standards, the Company subsequently performed an economic performance test of assets, which found that these values did not require any adjustments. The remeasurement of assets resulted in a surplus in the value of assets and a related increase in equity, a loss from the remeasurement recognised in profit or loss, and changes to the estimated residual useful life of such assets. The assumptions used in the revaluation model are based on the independent expert's report. The resulting reported amounts of such assets do not necessarily represent amounts for which these assets could be or will be sold, and the resulting differences may be significant. The fair value of property, plant and equipment may be affected by a change to natural gas prices and market conditions. Remeasurements will be made with sufficient regularity (at least every five years) to ensure the net book value does not significantly differ from the value that would be recognised as at the balance sheet date using fair values.

There are uncertainties related to future economic conditions, changes to technologies and the business environment in the industry, which may lead to future adjustments of the estimated remeasured values and useful lives of assets, which may significantly change the reported financial position, equity and profit. Refer to Note 11 for additional details.

(ii) Provision for Liquidation and Restoration

The financial statements include significant amounts as a provision for liquidation and restoration of gas storage wells and centres. The provision is based on estimates of the future costs and is also significantly impacted by the estimated timing of cash flows and the Company's estimate of the discount rate used. The provision takes into account costs estimated for liquidating the gas storage wells and centres and for restoring the sites to their original condition based on previous experience and cost estimates. Refer to Note 16 for further details.

(iii) Estimated Useful Lives

The estimated useful lives of non-current asset items is subject to Company management's judgment, based on its experience with similar assets. When determining the useful lives of assets, Company management takes into account their expected use based on estimates of use, estimated technical obsolescence, physical wear and tear and physical environment where the assets are operated. Changes to any of such conditions or estimates may result in the adjustments of future depreciation rates.

As at 1 January 2022, the Company reassessed the useful lives of property, plant and equipment based on an independent expert's opinion. Changes to the estimates of the remaining useful lives are reflected on a prospective basis.

Refer to Note 3 d) for additional details. The useful lives of non-current assets are based on accounting estimates described in Note 3 (d) (iii).

d) Property, Plant and Equipment and Intangible Assets

(i) Owned Property, Plant and Equipment

As at 31 December 2022, the Company applied the revaluation model under IAS 16 for property, plant and equipment. Property, plant and equipment is presented in the balance sheet as at 31 December 2022 at a remeasured value representing their fair value as at the revaluation date, less potential subsequent accumulated depreciation and subsequent accumulated losses from permanent impairment in accordance with the revaluation model under IAS 16. The remeasurement was recognised for the first time as at 31 December 2022.

An increase in the revaluation reserve arising from the remeasurement of property, plant and equipment, if any, is credited to the assets revaluation reserve, reflecting an amount that cancels any decrease in the revaluation reserve with respect to the same asset item previously recognised and reported in the income statement in the previous period. In such a case, the increase is credited to the income statement in the amount of the previously-recognised decrease. A decrease in the net book value arising due to the revaluation of such property, plant and equipment is debited to the income statement in an amount in excess of the potential balance on the account of asset revaluation reserve in connection with the previous remeasurement of such item of assets. Depreciation of remeasured property, plant and equipment is recognised as an expense in the income statement. Upon the subsequent sale or disposal of remeasured assets, the attributable revaluation surplus remaining in the account of revaluation reserves is transferred directly to retained earnings.

(ii) Intangible Assets

Items of intangible assets are carried at cost less accumulated amortisation (see below).

(iii) Subsequent Expenditure

Subsequent expenditures related to the maintenance of the existing property, plant and equipment and intangible assets, except for the capitalised future liquidation and site restoration costs (refer to point (v) below), are capitalised only when they increase the future economic benefits of the specific item of assets. All other expenditures are recognised in the income statement when incurred.

(iv) Depreciation and Amortisation

Property, plant and equipment are depreciated and intangible assets are amortised over their estimated useful lives. Depreciation and amortisation charges are recognised in the income statement using the straight-line basis. Land is not depreciated. As at 1 January 2022, the Company changed its depreciation plan for non-current assets based on a detailed independent technical study. Estimated useful lives of individual items of assets are as follows:

	Year ended	
	31 December 2022	**31 December 2021**
Buildings and equipment used for gas storage	12 – 80 years	12 – 80 years
Cushion gas	100 – 1000 years	100 – 1000 years
Machinery and equipment	8 – 20 years	8 – 20 years
Other non-current assets	4 – 8 years	4 – 8 years

(v) Capitalised Future Liquidation and Site Restoration Costs

Capitalised future liquidation and site restoration costs represent future costs for dismantling and liquidation of buildings, underground wells, and equipment related to the underground gas storage facility as well as future costs related to the restoration of the related land.

(vi) Cushion Gas

Cushion gas represents gas needed to operate the underground gas storage facility. The extraction of cushion gas would affect the serviceability of the underground storage facility. Cushion gas is presented as part of the property, plant and equipment of the underground gas storage facility.

e) Non-derivative Financial Instruments

Non-derivative financial instruments comprise:
(i) Trade and other receivables
(ii) Cash and cash equivalents
(iii) Trade and other payables

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

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

Interest income is recognised using the effective interest rate, except for current receivables where the recognition of interest would be immaterial.

Impairment of financial assets

For the impairment of loan receivables, the Company applies a three-stage model of excepted credit losses (ECL). Under this model, an immediate impairment loss in an amount equal to a 12-month expected credit loss is recognised upon the initial recognition of the financial assets. If there is a significant increase in the credit risk, a provision is estimated based on expected credit losses for the full lifetime of financial assets, not only based on the 12-month expected loss.

As at 31 December 2022 and 31 December 2021, the Company assessed the impairment of loan receivables from borrowings provided to the Group (see Note 13) and concluded that the 12-month expected credit losses approximated zero given the low risk of default and expected loss given the method of settling the borrowing by offsetting against the payable from dividends paid.

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

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

(ii) Cash and cash equivalents comprise cash balances and demand deposits recognised in both the balance sheet and the statement of cash flows.

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

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

f) Inventories

Inventories, in particular spare parts and purchased gas, are measured at cost. The measurement of spare parts is based on the first-in, first-out (FIFO) principle. The measurement of purchased gas is based on the weighted arithmetic average principle.

g) Impairment of Assets

In accordance with the requirements of IAS 36 "Impairment of Assets", at each reporting date an assessment is made as to whether there is any indication that the recoverable amount of the property, plant, and equipment is less than the carrying amount. When there is such an indication, the recoverable amount of the asset is estimated as the higher of the asset's net selling price and the present value of its future cash flows. Any resulting estimated impairment loss on property, plant and equipment is recognised in full in the income statement in the year in which the impairment occurs. The discount rates used to calculate the present value of the future cash flows are based on the Company´s position and the economic environment in the Slovak Republic at the balance sheet date.

As at 31 December 2022, the Company undertook an economic performance test of assets which did not identify any impairment of non-current assets.

h) Share Capital and Dividends

Ordinary shares are classified as equity. Dividends are recognised as a liability in the period in which they are declared.

i) Employee Benefits

The Company does not manage any pension funds. Mandatory contributions to state-guaranteed pension plans are recognised as an expense in the income statement when incurred.

j) Provisions for Liabilities

A provision for liabilities is recognised in the balance sheet when the Company has a legal or constructive obligation as result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are calculated as discounted expected future cash flows before taxation, which reflects the present market value of money and, where appropriate, risks specific to the liability.

k) Revenues from Gas Storage Contracts

Revenues from the underground storage of natural gas are recognised over an agreed period for which the storage capacity was reserved for a customer. Variable fees for additional storage-related services are recognised during the provision of the service to a customer.

Revenues from other services primarily include the provision of gas transport from/to Austria, and are recognised during the provision of the service to a customer.

l) Expenses

(i) Net Finance Costs

Net finance costs comprise interest paid on loans and borrowings calculated using an effective interest rate method, interest from unwinding discount on long-term provisions and foreign exchange gains and losses that are recognised in the income statement.

Interest income is recognised in the income statement on an accrual basis, taking into account the effective yield on the asset.

m) Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement. Current tax is the estimated tax liability on the taxable income for the year, using the tax rate valid as at the reporting date, and any adjustment of the tax liability for previous years.

In addition to the income tax, the Company is required to pay a special corporate levy on business in the regulated industries on a monthly basis with effect from September 2012. The levy rate is 0.363% (2021: 0.363%) of the profit per month before taxation calculated pursuant to the Slovak Accounting Procedures. See also Note 8.

Deferred tax is calculated from temporary differences between the carrying amounts of assets and liabilities and their tax base. The amount of recognised deferred tax depends on the expected method of realisation or settlement of the carrying amounts of assets and liabilities, using the tax rate valid in the following reporting period (21%).

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reversed to the extent that it is no longer probable that the related tax benefit will be realised.

Possible additional income tax that arises from the distribution of dividends is recognised at the same time as the liability to pay the related dividends.

Special Levy on Business in Regulated Industries

As required by International Accounting Standards, the Company's income tax also includes a special levy pursuant to Act No. 235/2012 Coll. on the Special Levy on Business in Regulated Industries and on Amendments to and Supplementation of Certain Acts.
The levy period is a calendar month and the levy rate is 0.00363. The base for the levy is the profit/loss before tax recognised in accordance with International Accounting Standards and adjusted to the profit/loss recognised pursuant to the accounting procedures valid in the Slovak Republic, and further adjusted pursuant to the Act on Special Levy. The special levy is recognised as part of income taxes.

As a result of an amendment to the Act on Special Levy on Businesses in Regulated Industries that abolished the time limit of the validity of the special levy payment, the Company is obliged also to account for a deferred special levy. The deferred special levy is recognised from all temporary differences between the carrying amount of assets and liabilities recognised under International Accounting Standards and the carrying amount of assets and liabilities recognised in accordance with the accounting procedures valid in the Slovak Republic. The deferred special levy is calculated using the special levy rate that is expected to apply to the period when the temporary difference, from which the deferred special levy arises, is expected to be settled.

4. Revenues

In thousands of euro	**2022**	**2021**
Storage of gas and services related to the storage of gas	81 725	31 006

Revenues are recognised based on contracts for gas storage and for the provision of services related to the storage of gas concluded with customers. Prices are denominated in euro and also depend on the development of certain statistical macroeconomic development indices.

In 2022, the Company provided underground gas storage services and services related to underground gas storage to a related company in its shareholders' group and to third parties. .

5. Personnel Expenses

In thousands of euro	**2022**	**2021**
Wages and salaries	812	672
Mandatory social security contributions and other social expenses	348	321
Remuneration of members of management bodies	153	152
Total	**1 313**	**1 145**

The average number of employees during the year ended 31 December 2022 was 18, of which 3 were managers, and 15 were administrative staff and technicians (2021: 19, of which 3 were managers, and 16 were administrative staff and technicians).

6. Other Operating Expenses, Net

In thousands of euro	2022	2021
Insurance expenses	125	102
Insurance benefits	-	-
Administrative and other charges	15 227	8 358
Other	(47)	(72)
Total	**15 305**	**8 388**

7. Finance Costs, Net

In thousands of euro	2022	2021
Interest income	(151)	(65)
Foreign exchange gains	-	-
Finance income	**(151)**	**(65)**
Foreign exchange losses	1	1
Interest from unwinding discount on provisions for liquidation and restoration (see Note 16)	189	116
Other	510	39
Finance costs	**700**	**156**
Finance costs, net	**549**	**91**

8. Income Tax

8.1. Income Tax Recognised in the Income Statement

In thousands of euro	2022	2021
Current income tax – current year	11 366	2 254
Special levy	3 368	828
Deferred special levy	(1 336)	-
Deferred income tax – current year	(1 343)	1 789
Effect of the change in the tax rate	-	
	12 055	**4 871**

8.2. Reconciliation of Statutory and Effective Tax Rates

In thousands of euro	2022		2021	
Profit (loss) before tax		46 864		21 033
Income tax at	21.0%	9 841	21.0%	4 417
Effect of permanent differences, net	-0.2%	(103)	-1.8%	(374)
Special levy	7.2%	3 368	3.9%	828
Effect of deferred special levy	-2.2%	(1 051)	-	-
Effect of the change in the tax rate	0.0%	-	0,0%	-
	25.72%	**12 055**	**23.16%**	**4 871**

The statutory income tax rate effective in 2022 and in 2021 was 21%.

As required by International Accounting Standards, income tax also includes a special levy on business in regulated industries under a special regulation. The special levy is set in the amount of 4.356% from profit before tax for the given year.

8.3. Deferred Income Tax

The following table shows the major deferred tax liabilities and assets recognised by the Company and their movements during the current and prior reporting periods. As required by International Accounting Standards, deferred tax also includes a deferred special levy on business in regulated industries under a special regulation. (Note 3 m)).

In thousands of euro	As at 1 Jan 2022	Credit (charge) to equity for the current period	Credit (charge) to profit for the current period	As at 31 Dec 2022
Depreciation of and provisions for non-current assets	(5 860)	-	1 545	(4 315)
Effect of remeasurement	-	(30 277)	-	(30 277)
Provision for liquidation and site restoration	1 342	-	42	1 384
Effect of deferred special levy	-	(5 007)	1 056	(3 951)
Other	8	-	36	44
Total	**(4 510)**	**(35 284)**	**2 679**	**(37 115)**

In thousands of euro	As at 1 Jan 2021	Credit (charge) to equity for the current period	Credit (charge) to profit for the current period	As at 31 Dec 2021
Depreciation of and provisions for non-current assets	(4 046)	-	(1 814)	(5 860)
Effect of remeasurement	-	-	-	-
Provision for liquidation and site restoration	1 318	-	24	1 342
Other	7	-	1	8
Total	**(2 721)**	**-**	**(1 789)**	**(4 510)**

9. Earnings per Share

Earnings per share are calculated as net profit after tax attributable to the shareholders of POZAGAS divided by the weighted average number of shares in circulation during the reporting period.

10. Costs of Auditor's Services

The costs of the services provided by the audit firm comprised the audit and reviews of the financial statements (EUR 28 thousand).

11. Property, Plant and Equipment

In thousands of euro	Land	Buildings and structures	Machines and equipment	Capitalised future costs for liquidation and site restoration (see Note 18)	Assets under construction	Total
Opening net book value	322	24 522	3 082	2 117	304	30 347
Additions	-	-	9	4 710	1 327	6 046
Placed into service	-	99	457	-	(556)	-
Disposals	-	-	20	-	-	20
Depreciation/amortisation	-	(693)	(699)	(87)	-	(1 479)
Change in provisions	132	8 540	2 040	(700)	(971)	9 041
Closing net book value as at 31 Dec 2021	**454**	**32 468**	**4 909**	**6 040**	**104**	**43 975**
Year ended 31 December 2022						
Opening net book value	454	32 468	4 909	6 040	104	43 975
Additions	-	-	-	-	606	606
Placed into service	-	60	1 230	-	(1 290)	-
Disposals	-	(128)	17	(1 683)	(8)	(1 802)
Depreciation/amortisation	-	(753)	(1 111)	(513)	-	(2 377)
Reversal of a provision	253	17 971	1 491	-	1 487	21 202
Balance as at 31 Dec 2022	**707**	**49 618**	**6 536**	**3 844**	**899**	**61 604**
Remeasurement debited to the profit for the current year	(169)	(30 335)	(164)	-	-	(30 668)
Remeasurement credited to equity	950	112 954	30 270	-	-	144 174
Balance as at 31 Dec 2022	**1 488**	**132 237**	**36 642**	**-**	**899**	**175 110**
Balance as at 31 Dec 2022						
Cost	1 488	132 237	36 642	5 029	899	176 295
Accumulated amortisation and provisions	-	-	-	(1 185)	-	(1 185)
Closing net book value as at 31 Dec 2022	**1 488**	**132 237**	**36 642**	**3 844**	**899**	**175 110**

In accordance with IAS 16, an independent expert revalued the Company's property, plant and equipment based on its observed condition and replacement costs as at 31 December 2022, taking into consideration the year-on-year development of macro-economic indicators. The replacement costs of the acquisition of assets are based on the acquisition costs, useful life, age and wear and tear of the existing assets (New Replacement Cost less Depreciation methodology).

In accordance with International Valuation Standards, the Company also performed an economic performance test of assets, which is based on the assumption that the demand for storage capacity will remain at the same level in the medium- and long-term in Slovakia, taking into account the existing and expected position of natural gas in the overall energy mix. For tests of the economic performance of assets, the Company assumes that gas storage facilities will have a significant role in ensuring the flexibility and safety of natural gas supplies in the Slovak Republic and in the EU. In light of the above, during the tests the Company expects to regularly allocate almost all of its available storage capacity via tenders and will thus ensure transparent and non-discriminatory access to storage capacity. For the tests of the economic performance of assets, the Company used the relevant market price levels expected to be achieved in transparent tenders. When calculating economic performance, the Company used discount rates that are comparable to discount rates applied in the industry and reflect long-term inflation expectations. Based on this assessment, as at 31 December 2022, no impairment of non-current tangible assets under IAS was identified by the Company.

12. Intangible Assets

In thousands of euro	Software	Other intangible assets	Assets under construction	Advance payments made	Total
Cost					
As at 1 Jan 2021	1 844	3 448	-	-	5 292
Acquisitions	-	-	13	-	13
Disposals	-	-	-	-	-
Put into service	-	-	-	-	-
As at 31 Dec 2021	**1 844**	**3 448**	**13**	**-**	**5 305**
As at 1 Jan 2022	1 844	3 448	13	-	5 305
Acquisitions	-	-	327	-	327
Disposals	-	-	-	-	-
Put into service	32	-	(32)	-	-
As at 31 Dec 2022	**1 876**	**3 448**	**308**	**-**	**5 632**
Amortisation and impairments					
As at 1 Jan 2021	(1 720)	(3 407)	-	-	(5 127)
Amortisation charge for the year	(71)	(44)	-	-	(115)
Disposals	-	-	-	-	-
Impairment of assets/provisions	67	30	(5)	-	92
As at 31 Dec 2021	**(1 724)**	**(3 421)**	**(5)**	**-**	**(5 150)**
As at 1 Jan 2022	(1 724)	(3 421)	(5)	-	(5 150)
Amortisation charge for the year	(61)	(33)	-	-	(94)
Disposals	-	-	-	-	-
Impairment of assets/provisions	66	16	5	-	87
As at 31 Dec 2022	**(1 719)**	**(3 438)**	**-**	**-**	**(5 157)**
Net book value					
As at 1 Jan 2021	**124**	**41**	**-**	**-**	**165**
As at 31 Dec 2021	120	27	8	-	155
As at 1 Jan 2022	**120**	**27**	**8**	**-**	**155**
As at 31 Dec 2022	**157**	**10**	**308**	**-**	**475**

13. Trade and Other Receivables

In thousands of euro	2022	2021
Trade receivables – non-current	2 607	2 664
Total	**2 607**	**2 664**

In thousands of euro	2022	2021
Trade receivables – current	14 317	2 580
Receivables from the controlling entity	20 041	55 253
Deferred expenses	1	1
Tax receivables	-	44
Other receivables	231	67
Total	**34 590**	**57 945**

In 2018, the Company concluded a contract for the efficient use of funds and liquidity optimisation with other Group companies (cash pooling). In accordance with the contract, the Company recorded a receivable of EUR 20 041 thousand as at 31 December 2022 (31 December 2021: EUR 55 253 thousand). Interest income of EUR 87 thousand on the cash pooling was recognised as at 31 December 2022 (31 December 2021: EUR 65 thousand).

14. Cash and Cash Equivalents

In thousands of euro	2022	2021
Bank accounts	83 867	17 775
Cash in hand and stamps and vouchers	390	19
Total	**84 257**	**17 794**

15. Equity and Reserves

15.1. Share Capital

As at 31 December 2022, the share capital amounts to EUR 43 007 906 (31 December 2021: EUR 43 007 906).

As at 31 December 2022 and 31 December 2021, the share capital was fully paid.

The face values and numbers of individual types of shares are as follows:

	31 December 2022			31 December 2021		
Type of shares	**Number of shares**	**Face value (EUR)**	**Total (EUR)**	**Number of shares**	**Face value (EUR)**	**Total (EUR)**
Book-entry, registered shares	19 285	2 230	43 005 550	19 285	2 230	43 005 550
Book-entry, registered shares	71	33.19	2 356	71	33.19	2 356
Total	**19 356**		**43 007 906**	**19 356**		**43 007 906**

All shares have voting rights that correspond to their share in the share capital.

The Company's shares as at 31 December 2022 were held by SPP Infrastructure, a.s. – 35% and NAFTA a.s. – 65% (31 December 2021: SPP Infrastructure, a.s. – 35%, NAFTA a.s. – 65%).

The holders of ordinary shares are entitled to receive dividends when the decision on the payment of dividends is made.

15.2. Legal Reserve Fund

The Company is required to create a legal reserve fund in a minimum amount of 10% of the net profit (annually) up to a minimum amount equalling 20% of the subscribed share capital (cumulative balance). Up to the mandatory amount of the legal reserve fund, the legal reserve fund may only be used to cover losses and may not be distributed to shareholders.

15.3 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 values and the initial cost 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.

16. Provision for Liquidation and Site Restoration

The Company conducted a study to determine the necessity of restoring wells and other equipment related to the underground gas storage facility and to determine the technical, legal and financial aspects of such restoration commitments, which resulted in significant changes to previously-used estimates. The measurement of future costs of site restoration involves the following estimates:

- Technical estimates of current costs;
- Estimates and assumptions; and
- Payment dates of the expected restoration costs are based on economic assumptions of the useful economic lives of the facilities concerned.

In 2022, the Company reassessed assumptions and estimates used to create the provision for site restoration and liquidation (updated assumptions were used, eg discount rate of 2.79% to 3.13%, inflation of 1.16% to 2.65%). As a result, a decrease in the provision for liabilities by EUR 5 050 thousand was recognised.

Movements in the provision for liquidation and site restoration are summarised as follows:

In thousands of euro

As at 31 Dec 2020	11 648
Interest from unwinding discount	117
Decrease/increase in the provision for liabilities (recognised as a decrease/increase in interest expense)	-
Decrease/increase in the provision for liabilities (recognised in assets as a decrease in capitalised costs of restoration)	4 710
As at 31 Dec 2021	**16 475**
Interest from unwinding discount	189
Decrease in the provision for liabilities (recognised as a decrease in interest expense)	-
Decrease/increase in the provision for liabilities (recognised in assets as a decrease/increase in capitalised costs of restoration)	(5 050)
As at 31 Dec 2022	**11 614**

Most of storage wells are expected to be liquidated after the end of their useful lives (2071 – 2078). The Company is obliged to dismantle the storage wells, decontaminate any contaminated soil, restore the surrounding area, and restore the site to its original condition to the extent as stipulated by law.

Depreciation of the related capitalised future liquidation and site restoration costs in 2022 was recorded in the amount of EUR 513 thousand (2021: EUR 87 thousand) (see Note 11).

Interest from unwinding discount applied when recognising the provision for site restoration and liquidation is being unwound over the life of the provision and is included in the income statement as a financial item in finance costs. In 2022, the interest from unwinding discount was recorded in the amount of EUR 189 thousand (2021: EUR 117 thousand) (see Note 7).

17. Trade and Other Payables

In thousands of euro	**2022**	**2021**
Trade payables	2 421	1 689
Tax liabilities	76	11
Short-term provisions for liabilities	771	317
Other payables and accrued expenses	8 168	2 681
Total	**11 436**	**4 698**

As at 31 December 2022 and 31 December 2021, short-term provisions for liabilities mainly consisted of provisions for unbilled supplies. In 2022, "Other payables and accrued expenses" included received financial deposits to hedge storage contracts.

18. Financial Risk Management and Financial Instruments

Credit risk, liquidity risk and market risk arise in the normal course of the Company's business and from the use of financial instruments.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, set appropriate risk limits and controls, and monitor risks and adherence to limits. Using training and management standards and procedures, the Company aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

18.1. Credit Risk

Credit risk is the risk of a financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its obligations. Credit risk is primarily associated with the Company's receivables from customers.

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer and the gas industry in which all customers operate. Each new customer is analysed individually for creditworthiness. Subsequently, payment terms and conditions are offered in accordance with the Company's rules of operation. Trade and other receivables relate mainly to the storage of gas and the provision of gas storage-related services. The Company does not require collateral in respect of trade and other receivables; however, a bank guarantee in favour of the Company may be required from customers, or another form of collateral may be provided.

Maximum exposure to credit risk

The carrying amount of financial assets disclosed in the financial statements, net of impairment losses, represents the Company's maximum exposure to credit risk without taking into account the value of any collateral received. The credit risk is concentrated mainly in the European Union.

Impairment losses

The majority of customers have been conducting business with the Company for several years and no losses have occurred during this period. As at 31 December 2022, the Company recognised no overdue trade receivables. The Company did not record any provisions for trade receivables as at 31 December 2022, except for the adoption of IFRS 9 (see Note 3 e)).

Guarantees
The Company does not provide financial guarantees.

18.2. Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure that it has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to its reputation. The Company has sufficient cash to cover operating expenses during the year. The potential adverse impact of extraordinary circumstances that cannot reasonably be predicted, such as natural disasters, is covered by the Company's insurance policy.

The following table outlines the contracted maturities of financial liabilities, including interest payments and excluding the impact of netting agreements:

31 Dec 2022

In thousands of euro

Non-derivative financial liabilities	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Trade and other payables	11 436	11 436	11 436	-	-	-	272
Total	**11 436**	**11 436**	**11 436**	**-**	**-**	**-**	**272**

31 Dec 2021

In thousands of euro

Non-derivative financial liabilities	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Trade and other payables	4 698	4 698	4 698	-	-	-	275
Total	**4 698**	**4 698**	**4 698**	**-**	**-**	**-**	**275**

18.3. Market Risk

Market risk is the risk that the changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Company's income or the value of the financial instruments the Company holds. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return at the given risk. Demand for the Company's products and their price development is mainly affected by the conditions on the gas market in the European Union and in Slovakia. The Company seeks to protect itself against such risks by an appropriate mixture of long- and short-term gas storage contracts and by indexation of the prices of long-term contracts.

18.4. Exposure Risk

The bulk of the revenues is generated by providing services to one customer with whom the Company has concluded a long-term gas storage contract. Company management is not aware of reasons why this contractual relationship should be terminated.

18.5. Interest Rate Risk

The Company's operating revenues and cash flows from operating activities are independent of changes to market interest rates.

18.6. Foreign Exchange Risk

After the change in its functional currency from the Slovak crown to the euro on 1 January 2009, the Company has only been exposed to foreign exchange risk to a minimum extent. This risk is still inherent in purchases of goods and services made in currencies other than the euro. During 2022, such purchases amounted to EUR 40 thousand.

The Company does not hedge against foreign exchange risk.

18.7. Fair Value of Financial Assets and Liabilities

The fair value of cash and cash equivalents, trade and other receivables, and trade and other payables approximate their carrying amounts due to the short-term nature of such financial instruments. The Company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss or through equity; therefore, a change in interest rates at the reporting date would not affect the Company's profit and loss or equity.

18.8. Capital Management

The policy of the Company's Board of Directors is to maintain a strong capital base so as to ensure the sustainability of the future business development and to maintain investor, creditor and market confidence.

19. Contingent Liabilities

19.1. Taxation

The tax environment in which the Company operates in the Slovak Republic is dependent on the prevailing tax legislation and practice, which has relatively little existing precedent. As the tax authorities are reluctant to provide official interpretations with respect to the tax legislation, there is an inherent risk that the tax authorities may require adjustments to the corporate income tax base. Corporate income tax in the Slovak Republic is levied on each legal entity and, as a consequence, there is no concept of group taxation or relief. The tax authorities in the Slovak Republic have broad powers of interpretation of tax laws, which could result in unexpected results of tax reviews. The amount of any potential tax liabilities related to these risks cannot be estimated.

Tax returns remain open and may be subject to review over a period of five years. The fact that a certain period or tax return related to this period has been subject to review does not eliminate the possibility of this period being subject to an additional review during the five-year period. Accordingly, the Company's tax returns for 2016 to 2022 remain open and may be subject to review.

19.2. Capital Expenditures

As at 31 December 2022, the Company had concluded contracts for the acquisition of property, plant and equipment in the amount of EUR 39 thousand.

19.3. Energy Legislation Related to Gas Storage and Regulation

Slovak legislation in the gas sector mainly comprises Act No. 251/2012 Coll. on Energy and on the Amendment to and Supplementation of Certain Acts and Act No. 250/2012 Coll. on Regulation in Network Industries. At the EU level, the legislation mainly includes standards that form part of the 3rd Energy Package.

In connection with the implementation of the 3rd Energy Package in Austria, as of 1 January 2013 the Company has become a part of the Austrian gas market; therefore, it is also required to meet the legal requirements resulting therefrom.

Pursuant to applicable legislation, the Company is required to provide non-discriminatory access to underground gas storage facilities and to the use of gas storage services. Based on the amended legislation, tariffs for access to a storage facility and for gas storage are currently not subject to price regulation by the Regulatory Office for Network Industries (RONI).

20. Related Parties

Related parties of the Company are those entities which are able to control or exercise substantial influence over the Company when making financial and operational decisions, or members of the board of directors, supervisory board and management of the Company.

As at 31 December 2022, the Company's related parties mainly included the Company's shareholders (SPP Infrastructure, a.s. and NAFTA a.s.) and their Group companies, members of the Board of Directors, Supervisory Board and management of the Company.

NAFTA a.s. is customer to which the Company provided services related to the storage of natural gas in 2022 and 2021. NAFTA a.s. provided operating services to the Company.

Transactions between the Company and related parties are made on an arm's length basis and at market prices.

20.1. Related Party Transactions

Purchases of services, raw materials and investments from related parties amounted to EUR 10 128 thousand in 2022 (2021: EUR 9 180 thousand) and sales to related parties accounted for approximately 15% of the Company's total revenues.

Receivables from related parties amounted to EUR 21 550 thousand as at 31 December 2022, including a receivable from the controlling entity in the amount of EUR 20 041 thousand (31 December 2021: EUR 55 997 thousand, including a receivable from the controlling entity in the amount of EUR 55 253 thousand).

Payables to related parties amounted to EUR 1 339 thousand as at 31 December 2022 (31 December 2021: EUR 1 258 thousand).

20.2. Transactions with the Members of the Board of Directors, Supervisory Board and Management

The Company is not involved in any significant or unusual transactions with the members of its Board of Directors, Supervisory Board and management.

Total wages, bonuses and related social contributions included in "personnel expenses" are (refer to Note 5):

In thousands of euro	**2022**	**2021**
Board of Directors and Supervisory Board	204	204
Executive management	282	281
Total	**486**	**485**

21. Supplementary Information to the IFRS Separate Financial Statements Based on the Slovak Statutory Requirements

21.1. Members of the Company's Bodies as at 31 December 2022

Body	**Function**	**Name and Surname**
Board of Directors	Chairman	Ladislav Goryl
	Member	Martin Bartošovič
	Member	Szilárd Kása
	Member	Ľubomír Greif
Supervisory Board	Chairman	Dušan Randuška
	Member	Jana Kiššová
	Member	Juraj Markovič
Executive Management	Chief executive officer	Ivan Vaškor (from 1 January 2023: Martin Jarábek)
	Chief trade and marketing officer	Martin Beňa
	Chief operation and development officer	Tomáš Ferencz

21.2. Unlimited Guarantee

The Company is not a partner with an unlimited guarantee in any business entity.

21.3. Consolidated Financial Statements

The Company provides information for consolidation to the group companies (shareholders). Consolidated financial statements are available at the following addresses:

SPP Infrastructure, a.s., Mlynské Nivy 44/a, 825 11 Bratislava, Slovak Republic
NAFTA a.s., Votrubova 1, 821 09 Bratislava, Slovak Republic
EP Infrastructure a.s., Pařížská 130/26, 11000 Praha, Czech Republic
Energetický a průmyslový holding, a.s., Pařížská 130/26, 11000 Praha, Czech Republic

21.4. Type and Amount of Paid Insurance for Property, Plant and Equipment

Insured Item	Type of Insurance	Annual Premium 2022	Annual Premium 2021
Property, plant and equipment	Insurance against natural disaster and theft, operations interruption insurance	125	102

22. Post Balance Sheet Events

No significant events occurred after 31 December 2022 up to the date of approval of the financial statements that would have a material impact on the Company's assets and liabilities.

Prepared on: 27 February 2023	Signature of a Member of the Statutory Body of the Reporting Entity or an Individual Acting as a Reporting Entity:	Signature of the Person Responsible for the Preparation of the Financial Statements:	Signature of the Person Responsible for the Bookkeeping:
Approved on: 27 February 2023	Ladislav Goryl Szilárd Kása	Ján Smatana	Libuša Švecová

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