



**Annual Report**

# 1. Foreword by the Chairman of the Board of Directors



Milan Urban

## Dear Ladies and Gentlemen,

Our company confirmed in 2021 its position as an important pillar of the Slovak energy sector and continued in its established trend of stable economic performance. With more than 1.4 million points of supply, SPP is an energy market leader in Slovakia. In 2021, our total market share in gas supplies rose to 60%. We supplied 36 TWh of gas to customers. With 1.6 TWh of electricity, we also confirmed our position among the four largest electricity suppliers, with a market share of 8%.

In the spring of 2021, SPP successfully completed the purchase of the customer portfolio from ČEZ Slovensko, s.r.o., a company focused on supplying electricity and gas mainly to businesses, municipalities, and organisations. The acquisition is in line with our strategy, creates new added value for our company and allows us to further expand our services, particularly in the field of electricity supply. SPP's customer portfolio was expanded by more than 7 000 new points of supply. In 2021, our joint venture with ČEZ ESCO, a.s. – ESCO Slovensko, a.s. – aimed at developing energy-related services, began operation.

The strength of a true leader becomes evident in difficult times. SPP's standing as a responsible and reliable energy supplier was demonstrated particularly in the autumn of last year when we, as the supplier of last resort, took over, without any limitations or interruptions of supply, more than 100 000 gas customers whose supplier had ended business. Moreover, we allowed the affected gas customers, as well as electricity customers in the household category, to conclude standard contracts with SPP as their new energy supplier, i.e., under the same conditions as those of our existing customers.

In 2021, the company reported the best financial operating result in its history, exceeding €23 million, while its net profit totalled €234 million.

In 2021, SPP again successfully operated as a purchaser of electricity produced from renewable energy sources (RES) and high-efficiency combined heat and power (CHP) sources. We provide our reliable services to more than 2 000 manufacturers operating throughout Slovakia. We supply electricity produced from renewable energy sources in Slovakia directly to our customers.

It is the development of new opportunities that, alongside reliable energy supply, will enable us to lay the foundations of our future success. Therefore, in addition to the already mentioned production of energy from renewable sources, including photovoltaics, we will in the coming period continue to focus our efforts on developing mobility, energy efficiency and exploring the potential of hydrogen.

Not only our customers but also the public at large will increasingly expect us to apply the principles of responsible business and sustainability. We already offer our customers the *SPP Carbon Footprint* service, by which they can get advice on how to save. At the same time, SPP undertakes to plant trees in the protected forests of Slovakia for each customer and to supply electricity produced from renewable sources – *Clean Electricity From SPP*.

In 2021, we likewise paid attention to projects aimed at supporting the development of alternative mobility. Along with electromobility, liquefied natural gas (LNG) currently represents a suitable alternative to conventional fuels, particularly in the case of freight transport. In Europe, we are seeing a marked increase in the number of trucks using LNG. We, therefore, continued in preparations for constructing 3 LNG filling stations, namely at Brodské (D2), Trnava (D1) and Prešov (D1). Their gradual opening is planned for the end of 2022. To achieve the goals of reducing emissions of greenhouse gases by 2030, we plan to provide our customers in future with a 100% de-carbonised bioLNG option, using a biomethane source.

We also launched internal projects for creating local photovoltaic power plants (PVPP) at our facilities in Bratislava and Košice, and we began preparing other PVPP projects at small commercial customers and selected schools, to be put into operation in 2022. We see great potential in the development of local production of electricity from solar energy, which will enable Slovakia to increase the share of electricity produced from renewable sources and enable customers to save on energy costs.

Protecting the environment and biodiversity is one of the key activities pursued by SPP in the field of social responsibility, and which will serve as a foundation for development of the ESG concept in 2022. By the end of 2021, we had helped plant more than 115 000 saplings in the protected forest of the Tatra Mountains and arranged the protection of 107 unique century-old firs in Kežmarské Žľaby, which form part of the original forest gene pool of the Tatra Mountains.

I would like to thank our customers and business partners for their trust and cooperation, and at the same time express my gratitude to our employees, through whose efforts and commitment we rose to meet the difficult challenges last year together, convincing me that we shall cope with challenges yet ahead.



**Milan Urban**  
Chairman of the Board of Directors

## 2. Company Profile

Slovenský plynárenský priemysel, a.s. (SPP) builds on a more than 165-year tradition of doing business in the energy sector, and today is the largest energy supplier in Slovakia. The company guarantees reliable, secure, and competitive supplies of gas and electricity, including associated services, to more than 1.4 million points of supply across all market segments and regions of Slovakia. In addition to supplying energy, SPP focuses on providing energy services and other complementary services. SPP has been a purchaser of electricity produced from renewable energy sources and high-efficiency co-generation since 2020.

SPP is a joint stock company. The sole shareholder of SPP is the Slovak Republic represented by the Ministry of Economy of the Slovak Republic, which elects members of the Board of Directors and the Supervisory Board (except for members of the Supervisory Board elected by employees). The Board of Directors is a statutory body of SPP. It manages the company's activities and makes decisions on all matters, unless reserved by legal regulations or the Articles of Association for decision-making to the General Meeting or the Supervisory Board.

The Supervisory Board is the supreme control body of SPP. It supervises the exercise of powers by the



We've been protecting the environment and biodiversity in the long term. Through Ekofond SPP, we contributed to the rescue of the unique, century-old firs in Kežmarské Žlaby. Together with our customers, we supported in 2021 the planting of more than 115 000 saplings in the protected forests of Slovakia, as part of the SPP Carbon Footprint service. Photo: the Prosiecka Valley in the Choč Mountains.



Board of Directors and the conduct of business activities by the Company. One third of the Supervisory Board, i.e. three members, is elected by SPP employees.

SPP is the sole shareholder of SPP CZ, a.s., which operates as a gas and electricity supplier in the Czech Republic, and the sole shareholder of SPP CNG s.r.o., which focuses on selling and developing the use of CNG and LNG.

SPP also owns 51% of the shares in SPP Infrastructure, a.s. while the owner of the remaining 49% is Energetický a průmyslový holding, a.s., through Slovak Gas Holding, B.V., which also exercises managerial control over SPP Infrastructure, a.s.

SPP implements its activities in the field of corporate responsibility and philanthropy through SPP Foundation and EkoFond SPP. In 2021, ESCO Slovensko, a.s. began business as a joint venture between SPP and ČEZ ESCO, a.s.

### **Compliance Programme and SPP Code of Conduct**

In 2021, SPP continued in intensively improving corporate governance and completed implementation of its compliance programme, an integral part and basic pillar of which is the new SPP Code of Conduct reflecting the rules of best practice, including the Organisation for Economic Cooperation and Development (OECD) Guidelines on Corporate Governance

of State-Owned Enterprises. The SPP Code of Conduct regulates the rules of conduct expected of the company's management, supervisory bodies, employees, and contractual partners of SPP, as well as the principles of responsible business. As part of corporate culture, it helps create an atmosphere of trust, mutual respect, decency, and belonging. At the same time, SPP has committed itself to complying with the individual principles of the Code of Corporate Governance for State-Owned Companies in Slovakia and annually publishes on its website a statement on compliance with the Code and on progress made in this area.

### **Compliance Manager**

The company has a designated Compliance Manager who acts independently in performing his/her duties and reports directly to the Board of Directors and the CEO. The company has in place a system for receiving and dealing with complaints relating to violations of the rules and principles of responsible conduct. Anyone encountering conduct or a situation that they genuinely believe does not comply with the SPP Code of Conduct or our values, or that it involves any antisocial activity, can send their complaints electronically or in writing to the Compliance Manager. In 2021, SPP did not identify any complaint pursuant to the Whistleblowers Protection Act. Complaints relating to SPP Code of Conduct were dealt with on an ongoing basis with the aim of enforcing SPP's values, standards of conduct and corporate culture.

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## **3. Board of Directors**

<b>Chairman of the Board of Directors</b> .....	Ing. Milan Urban
<b>Vice-chairman of the Board of Directors</b> .....	Ing. Richard Prokypčák
<b>Members</b> .....	Ing. Ivan Gránsky
.....	Mgr. Henrich Krejčí
.....	Ing. Daniel Šulík, CSc.

## 4. Top Management

Chief Executive Officer ..... Ing. Richard Prokypčák

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## 5. Supervisory Board

Chairman of the Supervisory Board ..... Dr.h.c. Ing. Tibor Mikuš, PhD.  
Members ..... Mgr. Iveta Barancová  
..... Ing. Miloš Dančo  
..... Ing. Michal Ďurkovič  
..... JUDr. Martin Javorček, MBA  
..... Norbert Lojko, MBA  
..... Ing. Katarína Marton, since 1 November 2021  
..... PhDr. Zuzana Ružeková  
..... Mgr. Peter Rakovský, until 21 June 2021  
..... Viera Uhrová

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## 6. Company Vision and Goals

SPP is aware of the challenges facing the energy sector as regards climate change, environmental protection, and biodiversity. SPP seeks to be a part of the new energy industry that, on the one hand, creates the preconditions for reliable and affordable energy for all customer categories, while placing much greater emphasis on sustainability and their efficient use. SPP sees these challenges as opportunities for future business development and has reflected them in the SPP Vision and Strategy 2030, which the company adopted in 2020.

SPP's choice of strategy proved right with the announcement of the Fit for 55 legislative package, presented by the European Commission in July 2021. This package aims to pave the way for meeting the 2030 targets of reducing greenhouse gas emissions by 55% against 1990 levels, and to make it possible to achieve carbon neutrality by 2050.

The taxonomy of sustainable investments, which was presented by the European Commission in 2021, also confirms that energy efficiency improvements and the development of renewables will be key areas for future investment. SPP likewise considers these areas to be key tools for achieving carbon neutrality. The company sees the taxonomy of sustainable investment as an important tool motivating society as a whole towards the development of energy efficiency services and renewable energy sources (RES) not just in the electricity industry, but also in the development of renewable gases. SPP is therefore investing in developing its own energy services, products aimed at reducing energy consumption and greenhouse gas emissions, and developing internal energy production and renewable gases, such as biomethane or hydrogen.



In this, the company is relying mainly on its own strengths and capabilities but is also developing strategic partnerships with companies possessing specific know-how.

### Information Reporting in Accordance With the EU Taxonomy

In July 2020, Regulation (EU) 2020/852 of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (the “Taxonomy Regulation” or the “EU Taxonomy”) entered into force. In accordance with Article 10 of this Taxonomy Regulation, starting 1 January 2022 the companies meeting certain criteria are required to report selected non-financial information (the criteria for undertakings are set out in Directive 2014/95/EU amending Directive 2013/34/EU, as regards disclosure of non-financial and diversity information by certain large undertakings and groups, and transposed into the Slovak legislation as obligations under Section 20 (9) of Act No. 431/2002 Coll. on accounting).

The economic activities eligible for reporting under the EU Taxonomy are defined in the list published as part of the Climate Delegated Act (Annex I – Climate Change Mitigation and Annex II – Climate Change Adaptation) as published in the Official Journal of the European Union on 9 December 2021. This list, though, does not yet include any activities related to the supply of electricity and gas. Given the above, SPP in 2021 did not directly carry out activities featured in the list published under the EU Taxonomy.

Over the course of 2021, SPP continued preparing projects for the company’s own production of electricity and gas from renewable sources in accordance with the SPP 2030 Vision. These projects will gradually be put into operation in the coming years. At the same time, SPP continued its activities as an electricity purchaser, providing services to producers of electricity from renewable sources. In 2021, SPP established the joint venture ESCO Slovakia, a.s., which operates in the energy services market.

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## 7. Economic and Financial Performance

In 2021, SPP’s **revenues from the sale of products and services** totalled €1 924 million, up €717 million against a year earlier. Revenues were positively influenced primarily by higher gas sales and by higher electricity sales. The positive impact on the financial result can be attributed to the gas market’s sensitivity to the course of climatic conditions. Lower average temperatures during winter months and the completion of the purchase of the customer portfolio of ČEZ Slovensko, s.r.o. increased revenues from the sale of gas on the domestic market. Revenues were also positively influenced by gas sales on foreign markets. SPP confirmed its reliability in late 2021 when one of the energy suppliers ended business and SPP, as the supplier of last resort, ensured gas supplies for

more than 100 000 affected customers without any interruptions or limitations. In 2021, SPP increased its revenues from the sale of electricity and became the largest new electricity supplier in Slovakia in terms of the number of customers. The company’s aim in the coming period is to maintain this trend of sales growth in the electricity market in the coming period, by means of further broadening its portfolio of products and services.

**Key items in operating expenses** comprised gas purchase costs, gas storage costs and electricity purchase costs. SPP’s higher costs in 2021 related to higher prices of energy resources.

**Profit from financial operations** before tax reached €220 million in 2021. It essentially consisted of dividends. For the financial year 2021, SPP posted an operating financial result of €24 million. Profit before tax was €244 million. Total income tax liability

reached €10 million. Almost the entire volume of income tax consisted of a special levy that was €5 million lower than the previous year. Profit after tax amounted to €234 million.

### Comparison of financial results (in EUR million)

	2021	2020
Revenues from customer contracts	1 924	1 207
Profit before tax	244	273
Income tax	(10)	(14)
<b>Profit after tax</b>	<b>234</b>	<b>259</b>

## 8. Capital Structure

**Total assets** of SPP rose to €5 479 million as at the balance sheet date. They were up €2 714 million against the previous period (index of 1.98). Non-current assets amounted to €2 275 million. Among the key items in non-current assets were long-term financial investments and real-estate investments, followed by buildings and plants (including unfinished capital construction).

**Non-current assets** comprised 41.5% of total assets. The item 'Buildings, plants, machinery and equipment and intangible non-current assets' stayed at a level comparable to that as at 31 December

2020. Other non-current assets rose by €106 million against the previous period and non-current financial investments rose by €31 million.

**Capital expenditures** represented €6 million in 2021. The company invested particularly in technical, commercial and IT communication systems, as well as in the reconstruction of SPP's operating facilities.

As at the balance sheet date, **current assets** consisted of receivables, inventories, and cash. Their total volume reached €3 204 million, representing a share of 58.5% in total assets.

### Assets Structure Comparison (in € million)





**Shareholders' equity** amounted to €2 799 million in 2021, representing 51.1% of the company's total capital. In addition to share capital, the equity included the statutory reserve fund, other funds, retained earnings, the provision from hedging derivatives, and income of the current period. Shareholders' equity of SPP rose by €297 million against a year earlier.

The company's **share capital** consisted of the capital registered in the Commercial Register, comprising €885 million. It consists of 26 666 536 ordinary shares with a par value of €33.19.

### SPP Shareholder Structure as at 31 December 2021

Ministry of Economy of the Slovak Republic . . . . .  
 . . . . . 26 666 536 shares . . . . . 100%

The **balance** of the company's **statutory reserve fund** reached €1 198 million as at 31 December 2021.

In 2021, **liabilities** totalled €2 680 million, up €2 417 million against the initial balance. Total liabilities comprised long-term liabilities of €254 million and short-term liabilities of €2 426 million.

### Comparison of Total Capital Structure (in € million)



## 9. Equity Holdings

### Subsidiaries, joint ventures, and affiliated companies

1. SPP Infrastructure, a.s., Bratislava . . . . . (SPP share 51%)
2. SPP CZ, a.s., Brno, Czech Republic . . . . . (SPP share 100%)
3. SPP CNG s.r.o., Bratislava . . . . . (SPP share 100%)
4. ESCO Slovensko, a.s., Bratislava . . . . . (SPP share 50%)

### Other subsidiaries

1. Nadácia SPP, Bratislava . . . . . (SPP share 100%)
2. EkoFond, n.f., Bratislava . . . . . (SPP share 100%)
3. Ekofond SPP, n.o., Bratislava . . . . . (SPP share 100%)

The company operates an organisational unit in the Czech Republic.

## 10. Risk Management

The year 2021 brought major challenges for SPP and other energy suppliers and commodity traders in the form of record gas and electricity prices associated with enormous market volatility, growing liquidity requirements, and other changes that tested the resilience and readiness of suppliers to manage these risks and stand their ground in crisis-stricken market conditions. Thanks to a conservative strategy aimed at minimising market and other risks, SPP weathered this situation without significant impacts on its bottom line or set goals. The chosen risk management strategy, centred on ensuring financial and operating stability, thus remains one of the pillars for achieving the company's business and development goals, and this also with respect to challenges of 2022.

The risk management system in SPP includes a respective organisational structure with clearly defined lines of responsibility, as well as effective procedures in risk identification, analysis, evaluation, handling, monitoring, review, recording and reporting. These procedures make it possible to minimise financial losses or other negative consequences of a potential materialisation of risks so that they do not affect in any significant way SPP's capacity to conduct its business activities and provide services to customers. The risk management system addresses all known risks, to which the company is or may be exposed.

In managing its financial risks, SPP focused primarily on:

- a) market risks arising from uncertainty in relation to changes in risk factor values that are determined on markets and that affect SPP's financial results. This concerns in particular the prices of commodities and volumes of them consumed by end customers. In 2021, SPP continued in its strategy

- of minimising these risks by implementing a conservative hedging policy and by managing limited open positions in the portfolio within set limits;
- b) credit risks relating to a potential inability or unwillingness of business partners to timely meet their contractual obligations towards SPP. SPP manages the risk by using an internal credit risk assessment process that involves, in particular, the assignment of a credit rating, credit limit and subsequent monitoring of credit exposure and payment discipline for defined counterparties and segments. Where necessary for hedging against above-limit credit risk, the company uses third-party guarantees, bank guarantees and the mutual set-off of receivables.

In the field of managing non-financial risks, SPP put emphasis on:

- a) operating risks arising from deficiencies in the setting of internal processes, in information systems, from possible human failure or from the occurrence of undesired phenomena in the external environment affecting internal processes;
- b) legal risks arising from the possible unexpected introduction or application of a legal regulation, from the potential inability of SPP to prove contractual claims or to fulfil liabilities, or possibly the obligation to provide enforced disadvantageous contractual performance or resulting from an unexpected outcome of any court, administrative or arbitration proceedings;
- c) regulatory risks arising, in particular, from possible unexpected requirements, procedures or decisions by the regulator.

Throughout 2021, SPP did not record any materialisation of risks that would have an unacceptable negative impact on the company or its financial results.

As the largest energy supplier in Slovakia, we have been a strong, responsible and reliable partner for more than 1.4 million of our customers in 2021.



# 11. Energy Trading

## SPP – a Leader in Energy Supply

In 2021, SPP once again confirmed its position as a responsible and reliable energy market leader in Slovakia with more than 1.4 million points of supply. This fact was proven particularly in the autumn of last year when several energy suppliers suddenly ceased operation. Acting as a supplier of last resort, SPP consequently ensured the supply of gas to more than 100 000 gas customers without any limitations or interruptions. SPP offered the affected gas and electricity customers in the household segment the opportunity to conclude standard contracts, under identical conditions as other customers of the company.

Last year, SPP increased total gas sales to end consumers in Slovakia to 35.5 TWh (3.3 billion m<sup>3</sup>). Electricity sales to end customers also rose to 1.6 TWh. SPP's share in the retail electricity supply segment reached approximately 8% in 2021. With this result, the company confirmed its stable position among the four largest electricity suppliers. Since the opening of energy market, most customers have chosen SPP as their new electricity supplier from among all suppliers. At the end of past year, the company supplied electricity to nearly 280 000 points of supply.

## Developments in the Gas and Electricity Market

In 2021, total gas consumption in Slovakia again rose compared to the preceding year, as a result of the lingering impacts of the ongoing COVID-19 pandemic, the subsequent economic recovery, and the impact of weather with temperatures slightly below the average of the last decade. On the other hand, however, we can see a structural decline in gas consumption, which is mainly due to improving energy efficiency. SPP's total share in the gas market rose to 60%, and this mainly in the corporate customer segment.

In general, the Slovak energy market was affected particularly by high global demand for energy caused by the recovery of national economies, exerting

pressure on the supply side, prices of other energy commodities, such as coal or oil, higher demand for gas as a source of electricity generation, electricity production from renewable sources, growing importance of liquefied natural gas (LNG), gas volumes remaining in underground storage facilities, the European Union's energy and climate policy, emissions trading, as well as the weather.

## Gas Purchasing and Storage

SPP has long been actively trading gas on international commodity markets, where it performs short-term and long-term optimisation of resources available to the company. The primary purpose of purchasing gas in 2021 was to cover needs and create reserves for the domestic market. The long-term contract with Gazprom export LLC remains the main tool for securing gas supplies to end customers. To balance temperature differences between the summer and winter season, SPP uses storage capacities at its disposal in Slovakia. However, the company also has other storage capacities abroad. In the event of restricted supplies, in addition to the transit gas pipeline from Ukraine, SPP is able to use, as part of technical measures, optional supply routes through the Czech Republic, Austria and Hungary. SPP's priority remains the reliability of supplies to our customers.

## Activities in the Czech Republic

SPP has been operating in the Czech Republic through its subsidiary since late 2008. The volume of gas supplied in 2021 by SPP CZ, a.s. totalled approximately 1.55 TWh. By this result, the company confirmed its position among respected and stable energy suppliers. SPP supplies gas to customers in Czechia in all segments, including gas traders, large industrial companies, customers in small businesses and organisations segment, as well as households. The company has been successfully offering electricity to customers in the households and small

customers segment for two years, with almost 4 000 points of supply.

### Putting the Customer First

In 2021, SPP confirmed its position as a leader in reliability, availability, and above-standard customer service. Last year, the company opened its new, interactive, and green SPP Customer Centre in the Nivy Shopping Centre in Bratislava. It brings visitors a combination of services with modern technologies. SPP thus provides services to its customers via a total of 20 SPP Customer Centres. In 2021, SPP likewise focused on improving its capacity to provide services to customers in the online environment via the company's My SPP portal.

For gas customers in the household category, SPP used price-locking for securing the necessary commodity volumes at the agreed guaranteed price. As regards price fluctuations on the energy market, the adopted measures had a stabilising effect. SPP customers are presented with an "under one roof" option for the supply of two types of energy, i.e., electricity and gas. In the first half of 2021, SPP supplied electricity on preferential terms up to 13% cheaper compared to other suppliers. In the spring of 2021, the company prepared the continuation of the successful *Clean Energy From SPP* campaign. The *Clean Energy From SPP* product is used by the company to offer customers electricity produced by renewable energy sources (RES) and covered by RES electricity origin guarantees.

In the **Small Businesses and Organisations** (Small Customers) segment, SPP in 2021 continued providing its customers with one of the best offers on the market. Based on their own preferences, customers were able to choose from products offered by SPP based on discounts on the standard price list or based on fixed prices during the contractually agreed period. Customers remained interested in the preferential electricity offer from SPP. Last year, the company served more than 14 000 points of supply in the Small Businesses and Organisations segment.

Some customers in this segment became part of our initiative to restore the protected forests of Slovakia.

The products and services offered by SPP to **corporate customers** were built on the company's expertise, individualised service, long-term good relations and trust, and on the guaranteed secure and uninterrupted supply of energy. SPP received positive feedback within this segment thanks to its progressive and flexible approach to creating business offers and contractual terms and conditions for customers, reflecting the latest market prices.

### Prices and Regulation

The supply of gas to vulnerable customers, i.e., customers in the household segment with the agreed tariff types of D1 to D6 and customers who are small businesses, continued in 2021 to be subject to price regulation by the Regulatory Office for Network Industries (RONI). Prices for gas supplies, as set by the regulator, were decreased from January 2021.

In 2021, the supply of electricity to households and small businesses also remained subject to price regulation by RONI and the prices in this customer category likewise were decreased from 1 January 2021.

A small business in 2021 was defined as an end gas customer of the Small Businesses and Organisations (Small Customers) category with 2019 gas consumption not greater than 100 000 kWh, or an end electricity customer with electricity consumption not greater than 30 000 kWh.

In 2021, SPP acted as a supplier of last resort in the field of gas supplies, in accordance with RONI's decision. The supply of gas in this regime is subject to price regulation by RONI. In the last quarter of 2021, SPP provided gas supplies in the last resort regime without any interruptions or restrictions to the more than 100 000 affected gas customers whose supplier had ceased operation. At the same time, SPP provided all affected customers with the opportunity to conclude standard gas and electricity



We've been supporting art and culture through the SPP Gallery since 2000. The SPP Gallery has hosted almost 160 exhibitions in various fields of the fine arts since its opening.





supply contracts, i.e., under the same conditions as the company's other customers.

### **Development of Products and Services With an Emphasis on Sustainability**

In 2021, SPP again successfully operated as a purchaser of electricity produced by renewable energy sources (RES) and high-efficiency combined heat and power (CHP) sources. The company provides its reliable services to more than 2 000 manufacturers operating throughout Slovakia. The company supplied electricity produced from RES in Slovakia and covered by RES electricity origin guarantees directly to its customers by means of the *Clean Energy From SPP* product. The purchaser's activities enabled SPP to become a major player in the field of trading electricity produced from renewable sources.

As part of the *Clean Electricity From SPP* product, the company sends personalised video advice to its

customers, through which they receive tips on how to behave more environmentally friendly. Customers thus obtain information on possible savings calculated on the basis of data relating to their consumption. SPP supported this product by the successful online campaign "*Origin Of Electricity Also Matters*", which emphasised its important environmental aspect.

In 2021, the key product linking the SPP product portfolio to the company's activities in the field of sustainability, environmental protection and corporate responsibility was the *SPP Carbon Footprint+ (Uhlíková stopka+ od SPP)* product. The essence of this product was not just to provide customers with advice on how to save energy, but with each concluded contract SPP committed itself to plant trees in the protected forests of Slovakia. Along with its customers, SPP has so far planted more than 115 000 saplings.

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## **12. Business Development**

The development of renewable energy sources, improvements in energy efficiency, energy services and other innovative products, which will also incorporate greater sustainability, shall over the coming years be a key tool for meeting the SPP's objectives on the company's path to carbon neutrality by 2050.

In 2021, we actively pursued our interest in being the Slovak leader in handling comprehensive utility needs for the industry, public sector, and households. The global trends in the energy sector that dominated last year, and the ambitious targets in the field of reducing greenhouse gas emissions and protecting the environment, confirmed the correct nature of the SPP Vision and Strategy 2030. In this respect, SPP perceives these challenges as opportunities for further developing its business.

### **Energy and Biological Waste Recovery Centres**

In 2021, SPP worked intensively on entering the market for energy generation from renewable energy sources through projects involving production of biomethane from waste. At the end of the year, in cooperation with our partner – the Austrian company Brantner – we presented our plan for more environmentally sustainable and innovative treatment of municipal waste. Under this plan, Energy and Biological Waste Recovery Centres (EBWRC) are to be established by 2023 in the towns of Nové Zámky and Martin, and will serve as model projects for supporting the circular economy in Slovakia. The unique technology will convert waste that presently ends up in landfills into biomethane and biocompost, among others. In terms of innovation and utilisation of state-of-the-art technology solutions, an EBRWC stands at

the top of the notional ranking of options available in waste processing.

## Renewable Energy Sources

SPP considers improving energy efficiency and developing renewable energy sources (RES) to be key tools for achieving carbon neutrality.

As part of activities supporting RES development, SPP successfully operated in 2021 as a purchaser of electricity produced from renewable sources (RES) and high-efficiency combined heat and power (CHP) sources. The company provided its reliable services to more than 2 000 manufacturers throughout Slovakia. In Slovakia, SPP supplies electricity produced from RES directly to its customers. Based on the decision of the Ministry of Economy of the Slovak Republic, SPP will continue to act as a purchaser of RES electricity in 2022.

Moreover, in 2021 SPP initiated internal projects for creating local photovoltaic power plant (PVPP) sources at our facilities in Bratislava and Košice. Once commissioned in 2022, SPP will join the club of businesses that cover a portion of their electricity consumption by their own renewable sources. We likewise initiated the preparation of other PVPP projects with outputs ranging between several kW to a few MW at small commercial customers and at selected schools, to be put into operation in 2022.

Also promising are more comprehensive RES projects combined with equipment such as battery storage facilities or hydrogen electrolyzers, which will enable the use of hydrogen in various sectors, improving the flexibility of the power grid and storing electricity coming from renewable sources.

Moreover, SPP had the opportunity to assess several acquisition opportunities in the field of renewable sources – biogas stations and photovoltaic power plants.

## Energy Services

In addition to its own RES production, SPP has been investing primarily in the development of services improving energy efficiency through energy services (ESCO). In 2021, ESCO Slovensko, a.s., company launched its activities as a joint venture between SPP and ČEZ ESCO, a.s.

In 2021, SPP also provided energy services via the company's own ESCO department. It offers customers products and services related to the design of energy solutions, assessment of energy sources, energy audits, or advice on energy savings. SPP is also involved in projects aimed at cogeneration and trigeneration, i.e., sources that simultaneously produce electricity, heat and cold (CHP). Last year, the company successfully launched projects aimed at more efficient use of its own CHP source in the SPP's grounds in Bratislava, as well as at supplying energy produced from this source to new external customers.

The most significant external stimulus for developing the ESCO services segment in 2021 was the approval of the Recovery and Resilience Plan with allocations of funds for the renovation of family houses and public buildings. Along with the Long-Term Strategy for Renovation of the Building Stock approved by the Slovak Government, it is a significant accelerator of demand for energy services.

## Mobility

In 2021, SPP continued to support the use of CNG as a more environmentally friendly alternative to traditional fuels. Through its subsidiary SPP CNG s.r.o. (SPP CNG), the company ensured the continuous and reliable operation of the network of CNG filling stations. CNG sales totalled 3.038 million kg in 2021, up 7.5% against 2020, and this despite pandemic restrictions reducing mobility.

Therefore, the development of the existing network of SPP CNG filling stations is one of SPP's priorities in the field of mobility and is confirmed by the fact that

the construction of filling stations on the R1 express highway at Pohranice North and South is nearing completion. The opening of these filling stations is scheduled for April 2022.

In 2021, SPP realised the construction of a CNG filling station for the Public Transport Company of the City of Martin, which will be put into operation during 2022. We included the SPP CNG filling station in Liptovský Mikuláš in the network of stations in 2021. The future development of the SPP CNG filling stations network will focus on bus transport and collection of municipal waste. As regards the public, the development will focus on cooperation with existing filling stations networks.

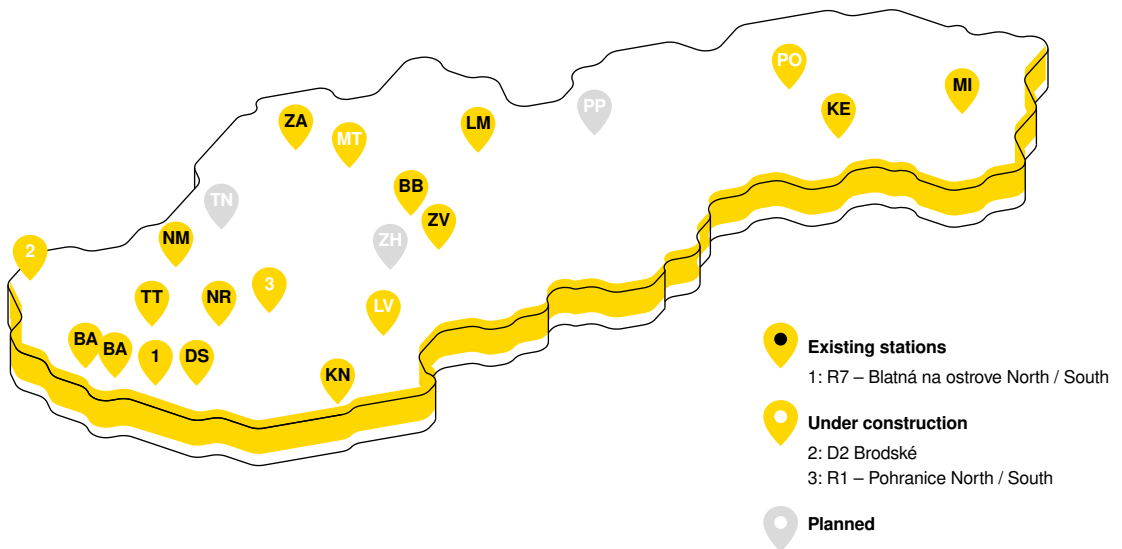
There has been a marked increase in the number of truck fleets using liquefied natural gas (LNG) as fuel within the EU. To align with this trend, SPP continued in 2021 in preparing the construction of 3 LNG filling stations, namely at Brodské (D2), Trnava (D1) and Prešov (D1). Their gradual opening is planned for the end of 2022. These filling stations form part of the fuelCNG project with grant support from the European Climate Infrastructure and Environment

Executive Agency (CINEA). The filling stations will focus on servicing transit freight traffic, both domestic and international, within the European TEN-T corridor. The stations are designed to function both as an off-take and a reservoir facility. Combined with the technology for dispensing CNG from LNG, they will thus serve as the backbone network of LNG filling stations in Slovakia. To achieve the goals of reducing greenhouse gas emissions by 2030, the company is planning in future to provide its customers with a 100% de-carbonised bioLNG option, using a biomethane source.

SPP is also investing in the development of a network of electric charging stations. In 2021, the company implemented a project for the construction of multi-stand electric charging stations in the cities of Bratislava, Zvolen and Michalovce, to be commissioned in the first half of 2022.

Given the potential of hydrogen-based technologies, SPP began to strategically position itself in this field and initiated the preparation of several hydrogen projects in 2021.

### Infrastructure of CNG Filling Stations



## 13. Our Employees Are Key to our Success

### Employee Relations

A key challenge of 2021 was to provide reliable services to SPP customers, along with protecting the health of our employees. While complying with measures for protecting the health of our employees and customers, the company succeeded in providing energy and services without any restrictions or significant impact on the quality of communication with customers, thanks in large part to the commitment shown by our employees and flexible response to the situation as it developed. Internally, the company took measures beyond its legal obligations and provided support for its employees, including a smooth transition to home-working for a maximum number of employees whose nature of work allowed this. As a result, the infection rate among the employees was minimised.

SPP repeatedly carried out COVID-19 antigen testing for employees and their family members directly at the workplace. The company regularly provided employees with verified and up-to-date information, for instance through traditional *SPP Health Days*, online advice provided by renowned doctors on vaccination and the safety and efficacy of registered vaccines, or by partnering with the *#I'llGetVaccinated* initiative. SPP provided one day off for recuperation to employees who got vaccinated.

SPP also became a member of the *Coalition of Companies for Mental Health*. In cooperation with the *League for Mental Health*, the company provided online discussions for employees on various interesting topics from the field of mental health.

As part of the corporate culture management and development project, SPP organised a new round of the annual competition – *Best Team of 2021* and *Best Employee of 2021*. The aim of the competition is not just to award and highlight the work of the company's best employees, but also to support personal initiative shown by individual employees and teamwork in fulfilling set goals.

SPP employees enjoyed benefits in accordance with the valid Collective Agreement. This agreement

includes benefits aimed at workforce regeneration, employee health care, culture, and sporting activities, as well as a financial contribution for summer holidays. SPP awards bonuses to its long-term employees on the occasion of work jubilees. Employee benefits also include contributions to supplementary pension savings. Neither does SPP overlook employees who find themselves in a difficult life situation. To help them cope, the company provides them with support in the form of financial contributions. Based on past experience, the company has introduced more flexible working hours and the option to work from home as a standard, in line with market practice.

### Development and Education

In the field of employee development and education, SPP implemented training activities in 2021 in line with the needs of the company and employees. Due to the ongoing pandemic situation, SPP provided selected activities in the online environment. Priority was given to activities aimed at supporting the development of managerial skills and strengthening digital skills when working in the online environment. In 2021, SPP launched yet another round of the 2-year development programme for employees with promising skills – *SPP High Potentials*. Based on the selection process, 14 employees were included in it. In 2021, SPP allowed three university students to perform their internships in the framework of the *SPP Graduate Programme*.

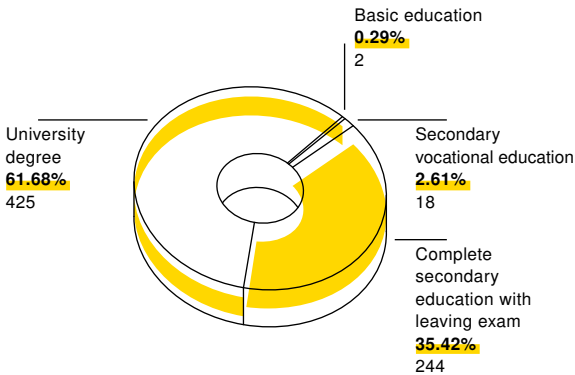
SPP also organised standard employee training in the field of occupational health & safety and cyber security. In the coming period, SPP will focus on improving the skills of its employees in areas important for maintaining the company's competitiveness and customer trust.

### Employee Structure

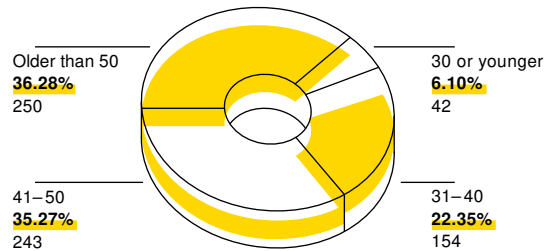
As at 31 December 2021, the company had a total of 689 employees (685 employees as at 31 December 2020). Of those, 459 were women – representing 66.62% of the total workforce.



## Employee Qualification Structure as at 31 December 2021



## Employee Age Structure as at 31 December 2021



The average employee age as at 31 December 2021 was 45.97 years of age.

## 14. Corporate Responsibility

As an energy market leader, SPP is aware of the fact that responsible and sustainable business includes a relationship with people, communities, and the landscape, in which it operates, which is why the company perceives its corporate responsibility and activities within the development of the ESG concept as its long-term commitment.

SPP pursues activities in the field of social responsibility, philanthropy, and sponsorship mostly on the basis of long-term partnerships, either directly or via non-profit organisations, of which it is a founder, i.e., the SPP Foundation and Ekofond SPP, as well as the SPP Gallery and SPP Museum, and this particularly in the field of protecting the natural and cultural heritage of Slovakia and the environment, supporting culture and art, education, communities and disadvantaged groups and sports.

### Protecting Natural Heritage and Environment

*Together with our customers, we have planted more than 115 000 saplings in the protected forests of Slovakia*

In 2021, in connection with the *SPP Carbon Footprint* product, we supported, together with our customers, the planting of more than 115 000 saplings. We planted saplings in the protected forests of Slovakia for every customer who chose this product in 2021. When planting new trees, SPP makes sure that these are forests, in which mature trees have the opportunity to make real contribution to reducing greenhouse gas emissions and protecting the atmosphere and biodiversity. Those were always areas of European importance – NATURA 2000 – or protected bird nesting areas with species such as golden eagle, wood grouse and other protected bird species.

*Ekofond SPP saved 107 century-old firs in the High Tatras*

Ekofond SPP is also active in environmental protection. In cooperation with the Tatra National Park

The protection of Slovakia's cultural heritage is one of the key activities of SPP Foundation that has been a partner of the Cultural Monument Of The Year – Fénix competition since 2006. Photo: the Kubínyi Manor House in Vyšný Kubín, winner of the special prize for exceptional achievement in the preservation of a national cultural monument.





Administration (TANAP) and Forests Administration of the City of Kežmarok, this fund contributed to the protection of 107 century-old fir trees in Kežmarské Žľaby in 2021. The average age of these firs measuring up to 26 metres in height ranges between 115 and 140 years. The saved trees, which are rare not only by their age but also by their reproductive ability, thus ensure natural renewal of the forest cover in TANAP. In this manner, Ekofond SPP is raising awareness of the importance of preserving the original Tatra Mountains natural gene pool and draws attention to the irreplaceable importance of forests not only as part of our natural heritage, but also as an irreplaceable tool for mitigating impacts of climate change, air protection and biodiversity.

SPP considers it beneficial to link the activities in the field of sustainability and environmental protection to education. Therefore, in 2021 Ekofond SPP continued with its project focusing on ecological beekeeping and, in cooperation with the Slovak University of Agriculture in Nitra, it initiated preparations for the gradual transformation of SPP company grounds into maintenance-free "bee meadows." Ekofond SPP likewise educated children and young people about bees and their importance for protecting biodiversity. The *Smart Energy* exhibition, which is on display not only in the SPP Museum but also at four secondary schools where the Energy Equipment of Buildings Technician study course is taught, was designed to arouse interest in innovations in the areas such as energy efficiency, smart technologies, and smart solutions in energy utilisation.

### **Protection of the Cultural Heritage of Slovakia and Promotion of Culture and Art**

*The SPP foundation has been a partner of the Cultural Monument of the Year – Fenix competition for 16 years*

SPP Foundation has long supported the protection of Slovakia's cultural heritage. In 2021, the SPP Foundation became for the 14th time the general partner of the *Cultural Monument of the Year – Fénix* competition, announced by the Ministry of Culture of

the Slovak Republic. The aim of the competition is to award the efforts of the owners of national cultural monuments, volunteers and local governments who invest not only considerable funds into rescuing them, but also their energy and time, thus helping to preserve the country's cultural heritage for future generations. As is now traditional, the public were given the opportunity to vote on the special prize awarded by SPP Foundation. For more information about the Cultural Monument of the Year – Fénix competition and about the restored national cultural monuments, please visit [www.kpr-fenix.sk](http://www.kpr-fenix.sk).

The *SPP Gallery* has played an integral part in supporting art and culture since 2000. Since its founding, the SPP Gallery has hosted almost 160 exhibitions in various fields of the fine arts. Paintings, photographs, illustrations, and sculptures have all found their place in the gallery. Despite complicated conditions, several exhibitions were held in the SPP Gallery in 2021. The summer months saw the *Façades* exhibition by the photographer Jakub Gulyás. On the occasion of the 80th anniversary of the adoption of the so-called Jewish Codex in 1941, the autumn in the gallery was devoted to the *Unforgetting Land 1941–2021* exhibition of works by the photographer Maňo Štrauch and the fine artist Milan Lukáč. At the end of the year, it was the *Retrospective* exhibition by the fine artist Robert Polanský.

In 2021, SPP was a general partner of the prestigious international *Bratislava Music Festival*, as well as the main partner of the Architecture and Design Days *DAAD 2021* and the *CE ZA AR 2021* Architecture Awards. For supporting the filming of the *Message (Správa)* movie by the director Peter Bebjak via the Audiovisual Fund of the Slovak Republic, the company was also a partner at its ceremonial premiere.

The *SPP Museum* has mapped the history and present of the gas industry in our country for over 25 years. With more than 400 exhibits, this museum is one of a kind in Slovakia. Presently, it also focuses on educating children and young people in the field of energy efficiency, environmental protection, and sustainability.

## Supporting Sports

*SPP has been a member of the paralympic family for 17 years*

SPP has been a key partner of the *Slovak Paralympic Committee* for 17 years. SPP was once again the general partner of the Slovak Paralympic Team at the XVI Summer Paralympic Games in Tokyo. It was also thanks to this support that the Slovak representatives managed to win 11 medals (5 gold, 2 silver and 4 bronze). SPP sees the provision of support to Paralympic athletes as an opportunity to draw attention to problems experienced by people with disabilities whom they meet in their daily lives.

In 2021, SPP also became the *main partner of the sprinter Ján Volko*, whom we supported during his Olympic sprinting debut at the Tokyo Olympics – the first ever Slovak starting in this discipline in the era of the independent Slovak Republic. Through this partnership, SPP is interested in supporting not only elite sportsmen, but also the development of talents and promoting physical activity among children and young people at the community level. In 2021, the SPP Foundation announced the *You Too Engage In Sports!* grant scheme aimed at supporting physical activities among children.

## Support to Communities and Disadvantaged Groups

In 2021, the SPP Foundation announced grant schemes such as *Together With SPP For Communities* (SPPoločne pre komunity) for supporting good neighbourly relations and connecting different generations in Slovak communities, *Helping Together With SPP* (Pomáhame SPPolu) for providers of social services, *One Step Ahead* (O krok vpred) for rehabilitation of children and adults suffering from cerebral palsy, *Let's Do It With SPP* (SP-PravmeTo) for educational facilities that implement formal and non-formal education programmes for children and youth, the *Employee Grant Programme* for SPP employees so that they are able to provide assistance where they deem it necessary, and the *Crutch* (Opora) grant scheme for social

service providers, organisations and institutions dedicated to assisting people with special needs. More info at [www.nadaciaspp.sk](http://www.nadaciaspp.sk).

In 2021, SPP also supported the *Way Out* (Cesta von) association that helps children from marginalised groups and improves their chance to break out of generational poverty through education.

## Occupational Health and Safety

The priority of the occupational health and safety in 2021 was to maintain a safe and healthy working environment in accordance with generally binding legal regulations in the field of occupational health and safety and in the protection, promotion, and development of public health.

In 2021, no extraordinary event was recorded at SPP workplaces or in facilities operated by SPP that could have negatively affected the life or health of persons.

SPP is a holder of certificates confirming the implementation of a quality management system as per the requirements of ISO 9001:2015 international standard, environmental management system as per the requirements of ISO 14001:2015 standard and the OHS management system as per the requirements of ISO 45001:2018 international standard within the framework of maintaining the company's integrated management system covering gas and electricity sales. In 2021, the successful recertification of all management systems took place, with a 3-year certification validity period.

## Environmental Protection

Environmental protection formed part of the company's top priorities for 2021 period. In 2021, the implemented environmental management system underwent a successful recertification audit as per the ISO 14001:2015 standard, by which the company confirmed compliance with the requirements of the applied standard. The system is an appropriate tool for achieving the environmental and economic objectives, managing significant environmental aspects

SPP has been a proud partner of the Slovak Paralympic Committee for 17 years. We are honoured to be able to stand by the side of the Slovak Paralympians and support not only their successes, but also the idea of inclusion and diversity. Photo: Jozef Metelka, gold medalist in Rio de Janeiro and Tokyo.





and risks, and achieving compliance with legislative requirements aimed at improving environmental behaviour.

Waste management at SPP is a targeted process aimed at complying with environmental protection principles with the maximum possible degree of waste recovery. The conditions for collection of separated waste have been created inside the company premises and the share of separated waste components over the long term is rising.

The company operates small and medium sources of air pollution. The high level of operating safety and rigorous inspections at the operated technical facilities have, along with investments, created the prerequisites over the course of 2021 for reducing emissions of all monitored pollutants released into the atmosphere.

Environmental protection, sustainable development and energy efficiency at all levels have become an integral part of SPP's long-term development strategy.

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## 15. Events After the Balance Sheet Date

SPP strongly condemns the military aggression against Ukraine. In connection with the ongoing military conflict and associated sanctions against the Russian Federation, the Company is closely monitoring the situation and assesses its potential direct impact on the Company's business. In connection with the above, the Company considers it of key importance to adopt measures in the coming period to strengthen energy security, the diversification of resources, to support measures for enhancing energy efficiency and the development of renewable energy sources. As at the present date, gas supplies from the Russian Federation have been continuing in accordance with the ordered daily quantities and without any restrictions. The Company therefore supplies gas to its customers under standard conditions. About 85% of the Company's total natural gas supplies to customers is sourced from the Russian Federation. The Company seeks to diversify its natural gas sources by purchasing on the European

commodity markets and by using flows from Western Europe, as well as by maintaining adequate natural gas reserves in storage facilities that are capable of covering short-term disruptions of gas supplies from Russia. The company is closely monitoring the development of the situation and analysing all available business opportunities and tools for ensuring the uninterrupted supply of gas to customers, both in the short and long term. To diversify its sources, the Company for the first time entered into a contract for the purchase of liquefied natural gas (LNG) in a volume of 80 million m<sup>3</sup>. This supply represents another measure taken by the Company to strengthen security of gas supply.

Working from available information and the latest developments, the Company is constantly monitoring and analysing the situation, identifying risks, and taking appropriate measures to mitigate the impact on its business.

## 16. Financial Statements

### Individual financial statements of SPP (selected data in € million)

	Year ended 31 December 2021	Year ended 31 December 2020
Revenues from customer contracts	1 924	1 207
Other gains and losses	72	10
Purchase of natural gas, purchase of electricity and consumption of material and energy, change in inventories, capitalisation	(1 843)	(1 098)
Storage of natural gas and other services	(70)	(83)
Depreciation and amortisation	(9)	(7)
Personnel costs	(32)	(28)
Adjustments to bad or doubtful receivables, net	(3)	4
Provisions and impairment losses, net	(15)	1
<b>Operating profit</b>	<b>24</b>	<b>6</b>
Profit/(loss) from investments	221	269
Cost of financing	(1)	(2)
<b>Profit/(loss) before tax</b>	<b>244</b>	<b>273</b>
Income tax	(10)	(14)
<b>Profit for the period</b>	<b>234</b>	<b>259</b>

### Consolidated financial statements of SPP group (selected data in € million)

	Year ended 31 December 2021	Year ended 31 December 2020
Revenues from customer contracts	1 969	1 239
Other gains and losses	72	11
Purchase of natural gas, purchase of electricity and consumption of material and energy, change in inventories, capitalisation	(1 882)	(1 126)
Depreciation and amortisation	(9)	(8)
Storage of natural gas and other services	(73)	(85)
Personnel costs	(34)	(29)
Adjustments to bad or doubtful receivables, net	(3)	4
Provisions and impairment losses, net	(16)	1
<b>Operating profit</b>	<b>24</b>	<b>7</b>
Share in profits of affiliated companies and joint ventures and profit/loss from investments	278	355
Cost of financing	(1)	(2)
<b>Profit/(loss) before tax</b>	<b>301</b>	<b>360</b>
Income tax	(9)	(14)
<b>Profit for the period</b>	<b>292</b>	<b>346</b>
Net profit belonging to:		
SPP shareholders	292	346
Minority holdings of other owners of subsidiaries	–	–
<b>Total</b>	<b>292</b>	<b>346</b>

Our success and the trust of our customers in the future depend on our employees and other partners, on our integrity and reputation, as well as on ethical principles and values we jointly represent. That is why we adopted the new SPP Code of Conduct in 2021.



# 17. Independent Auditor's Reports

## Report 1: Separate Financial Statements



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Žitkova 9    www.ey.com/sk  
811 02 Bratislava  
Slovenská republika

### Independent Auditor's Report

To the Shareholder, Supervisory Board, Board of Directors and to the Audit Committee of Slovenský plynárenský priemysel, a.s.:

#### **Report on the Audit of the Separate Financial Statements**

##### *Opinion*

We have audited the separate financial statements of Slovenský plynárenský priemysel, a.s. ('the Company'), which comprise the balance sheet as at 31 December 2021, income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying separate financial statements of the Company give a true and fair view of the financial position of the Company as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by EU ('IFRS EU').

##### *Basis for Opinion*

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

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

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

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

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

THIS IS A TRANSLATION OF THE ORIGINAL SLOVAK REPORT

Spoločnosť zo skupiny Ernst & Young Global Limited  
Ernst & Young Slovakia, spol. s r.o., IČO: 35 840 463, zapísaná v Obchodnom registri Okresného súdu Bratislava I, oddiel: Sro, vložka číslo: 27004/B a v zozname audítorov vedenom Slovenskou komorou audítorov pod č. 257.



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

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

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

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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### **Report on Other Legal and Regulatory Requirements**

#### *Report on Information Disclosed in the Annual Report*

Management is responsible for the information disclosed in the annual report, prepared based on requirements of the Act on Accounting No 431/2002 Coll., as amended by later legislation ('the Act on Accounting'). Our opinion on the separate financial statements expressed above does not apply to other information contained in the annual report.

In connection with audit of the separate financial statements it is our responsibility to understand the information disclosed in the annual report and to consider whether such information is not materially inconsistent with audited separate financial statements or our knowledge obtained in the audit of the separate financial statements, or otherwise appears to be materially misstated.

We considered whether the Company's annual report contains information, disclosure of which is required by the Act on Accounting.

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

- Information disclosed in the annual report prepared for 2021 is consistent with the separate financial statements for the relevant year,
- The annual report contains information based on the Act on Accounting.

Additionally, based on our understanding of the Company and its situation, obtained in the audit of the separate financial statements, we are required to disclose whether material misstatements were identified in the annual report, which we received prior to the date of issue of this auditor's report. In this regard, there are no findings which we should disclose.

6 April 2022  
Bratislava, Slovak Republic

Ernst & Young Slovakia, spol. s r.o.  
SKAU Licence No. 257

Ing. Dalimil Draganovský, statutory auditor  
SKAU Licence No. 893

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## Report 2: Consolidated Financial Statements



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811 02 Bratislava  
Slovenská republika

### Independent Auditor's Report

To the Shareholder, Supervisory Board, Board of Directors and to the Audit Committee of Slovenský plynárenský priemysel, a.s.:

#### **Report on the Audit of the Consolidated Financial Statements**

##### *Opinion*

We have audited the consolidated financial statements of Slovenský plynárenský priemysel, a.s. and its subsidiaries ('the Group'), which comprise the consolidated balance sheet as at 31 December 2021, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by EU ('IFRS EU').

##### *Basis for Opinion*

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

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements including the presented information as well as whether the consolidated financial statements captures the underlying transactions and events in a manner that leads to their fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or the business within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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### **Report on Other Legal and Regulatory Requirements**

#### *Report on Information Disclosed in the Annual Report*

Management is responsible for the information disclosed in the annual report, prepared based on requirements of the Act on Accounting No 431/2002 Coll., as amended by later legislation ('the Act on Accounting'). Our opinion on the consolidated financial statements expressed above does not apply to other information contained in the annual report.

In connection with audit of the consolidated financial statements it is our responsibility to understand the information disclosed in the annual report and to consider whether such information is not materially inconsistent with audited consolidated financial statements or our knowledge obtained in the audit of the consolidated financial statements, or otherwise appears to be materially misstated.

We considered whether the Group's annual report contains information, disclosure of which is required by the Act on Accounting.

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

- Information disclosed in the annual report prepared for 2021 is consistent with the consolidated financial statements for the relevant year,
- The annual report contains information based on the Act on Accounting.

Additionally, based on our understanding of the Group and its situation, obtained in the audit of the consolidated financial statements, we are required to disclose whether material misstatements were identified in the annual report, which we received prior to the date of issue of this auditor's report. In this regard, there are no findings which we should disclose.

6 April 2022  
Bratislava, Slovak Republic

Ernst & Young Slovakia, spol. s r.o.  
SKAU Licence No. 257

Ing. Dalimil Draganovský, statutory auditor  
SKAU Licence No. 893

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## 18. **Contacts**

Slovenský plynárenský priemysel, a.s.  
Mlynské nivy 44/a  
825 11 Bratislava  
Slovak Republic

Phone: +421 2 62 62 11 11  
E-mail: spp@spp.sk  
Internet: www.spp.sk

### **Households**

#### *SPP Customer Care Line*

Phone: 0850 111 363 (from 1 June 2020, weekdays from 8 a.m. to 6 p.m.)  
Fax: +421 2 58 69 90 00  
E-mail: zakaznickalinka@spp.sk  
For calls from abroad or from networks of alternative operators: +421 2 58 69 90 90

### **Small Businesses & Organisations**

#### *SPP Business Line*

Phone: 0850 111 565 (from 1 June 2020, weekdays from 8 a.m. to 6 p.m.)  
E-mail: biznislinka@spp.sk  
Fax: +421 2 58 69 90 10  
For calls from abroad or from networks of alternative

operators: +421 2 58 69 90 92

#### *SPP Fair Hotline*

Phone: 0800 126 076 (from 1 June 2020, weekdays from 8 a.m. to 6 p.m.)

Please visit [www.spp.sk](http://www.spp.sk) website for the list of SPP Customer Centres

### **SPP Museum**

Mlynské nivy 44/c  
825 11 Bratislava  
Phone: +421 2 62 62 41 64, 0911 704 489  
(weekdays from 10 a.m. to 2 p.m.)  
E-mail: muzeum@spp.sk  
Entry to the museum is free of charge. Visits must be arranged at least three days in advance.

### **SPP Gallery**

Mlynské nivy 44/c  
825 11 Bratislava  
Phone: +421 2 62 62 42 42, 0911 704 489  
(weekdays from 10 a.m. to 6 p.m.)  
E-mail: galeria@spp.sk  
Entry to the gallery is free of charge.

## 19. **Table of Contents**

1. Foreword by the Chairman of the Board of Directors . . . . .	p. 2
2. Company Profile . . . . .	p. 3
3. Board of Directors . . . . .	p. 5
4. Executive Management . . . . .	p. 6
5. Supervisory Board . . . . .	p. 6
6. Company Vision and Goals . . . . .	p. 6
7. Economic and Financial Results . . . . .	p. 7
8. Capital Structure . . . . .	p. 8
9. Equity Holdings . . . . .	p. 9
10. Risk Management . . . . .	p. 10
11. Energy Trading . . . . .	p. 12
12. Business Development . . . . .	p. 15
13. Our Employees are Key to Our Success . . . . .	p. 18
14. Corporate Responsibility . . . . .	p. 19
15. Events after the Balance Sheet Date . . . . .	p. 24
16. Financial Statements . . . . .	p. 25
17. Independent Auditor's Reports . . . . .	p. 27
18. Contacts . . . . .	p. 33

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