# SPP – distribúcia, a.s. annual financial results for financial year 2024

The winter of 2023/2024 was the 1st warmest and the 93rd coldest, in temperature terms, since at least 1931. Statistically significant (seasonal) variations occurred over most of the territory, and we therefore characterise it as extremely above-normally warm. The winter was extremely above-normally warm only in the High Tatras and locally in the Low Tatras. Deviations of seasonal (winter) air temperatures from the 1991-2020 long-term average ranged from +1.9°C to +4.3°C. Compared with the individual normals (defined as the average value of a meteorological element or characteristic over a period of 30 years), the winter of 2023/2024 was +3.6°C warmer than the 1991-2020 value, +4.2°C warmer than the 1981- 2010 value, and +4.7°C warmer than the 1961-1990 value. (Source: SHMI)

In fiscal year 2024, SPP - distribúcia, a.s. continued to streamline its internal processes. Although the level of operating costs is stable, the company continues to analyse and evaluate its operating activities in an effort to optimise them.

Between 1 August 2023 and 31 July 2024, the company had to pay close attention and respond to regularly changing regulatory legislation.

On 1 January 2024, Regulation of the Government of the Slovak Republic No. 472/2023 Coll. came into force, laying down crisis regulation for, among other things, the tariff for access to the gas distribution network, the tariff for gas distribution and the tariff for covering losses in gas distribution. Under the crisis regulation, price decisions do not apply; the prices are replaced by those set by the Government in the Regulation. The difference between these prices is compensated by the Ministry of Economy.

Act No. 251/2012 Coll. on energy (hereinafter referred to as “ZoE”) as well as Act No. 250/2012 Coll. on regulation in network industries (hereinafter referred to as “ZoR”) were amended with effect from 8 June 2024 by Act No. 128/2024 Coll., which requires the Company to update the data in its business permit more frequently and makes certain sanctions for breaches of regulatory rules more restrictive. These regulations were amended by Act No. 109/2024 Coll. with effect from 1 July 2024 which, among other things, loosens the rules for carrying out meter readings for household gas customers. Act No. 143/2024 Coll., amending the ZoE and the ZoR with effect from 1 August 2024, was also published in the Collection of Laws. This amendment will bring changes in technical matters concerning price proposals as well as in the delivery of official documents by the Regulatory Office for Network Industries (hereinafter referred to as “RONI”).

Within the framework of sub-legislative regulations, the company’s activities are directly affected by the new Decree of RONI No. 451/2022 Coll. establishing price regulation of selected regulated activities in the gas industry and certain conditions for the performance of selected regulated activities in the gas industry. This regulation has been replaced by the new Decree of RONI No. 147/2024 Coll. establishing price regulation of selected regulated activities in the gas industry and certain conditions for the performance of regulated activities in the gas industry. This decree was extensively commented on by the company. With effect from 1 July 2023, the new Decree of RONI No. 208/2023 Coll. laying down the rules for the functioning of the internal gas market, the content of the operating rules of the network operator and the storage facility operator, and the scope of the business terms and conditions that form part of the operating rules of the network operator (hereinafter referred to as the "Market Rules"), is also in force. The Market Rules have been amended by Decree of RONI No. 491/2023 Coll. with effect from 30 December 2023 and by Decree of RONI No. 132/2024 Coll. The amendments to the Market Rules entailed, among other things, an obligation for the company to submit new data on the consumption of individual delivery points.

At the European level, the Gas Package was adopted. It consists, inter alia, of (i) the Directive of the European Parliament and of the Council on common rules for the internal market in renewable gases, natural gas and hydrogen, to be transposed by 5 August 2026, and (ii) the Regulation of the European Parliament and of the Council on the internal market in renewable gases, natural gas and hydrogen, to apply from 5 February 2025. These are intended to create the conditions for the decarbonisation of the gas industry, inter alia through greater use of hydrogen in the gas industry.

Among non-legislative acts, the Regulatory Policy for the 6th regulatory period, in the drafting of which the company was actively involved, came into force on 1st January 2023.

Last but not least, SPP – distribúcia, a.s. is closely monitoring the presented intentions of the government and actively participates in various initiatives of the Ministry of Economy of the Slovak Republic or the Regulatory Office for Network Industries in order to defend the important and strategic position of natural gas in the energy mix of the Slovak Republic.

During the 12 consecutive months ended of 31st July 2024 compared with 12 months ended 31st July 2023, natural gas consumption decreased by 138.5 million m3 (-3.30%).

Total revenues increased to €477.0 million compared to 31st July 2023 a change of 1.7% and EBITDA increased by 6.6% and reached level of €362.5 million. The financial results for the fiscal year 2024 again confirm SPP – distribúcia, a.s. as a profitable and financially stable company.

Operating profit in 2024 amounted to €177.0 million, which was €4.9 million higher than in the 12 consecutive months ended 31st July 2023. The increase in the operating profit was caused mainly by depreciation and amortization expense and by purchases of natural gas and consumables and services.

SPP – distribúcia, a.s. continued its efforts to optimise its operating activities during fiscal year 2024 by monitoring work productivity in maintenance activities, with the goal of keeping the increase in operating costs below inflation.

The company's profit before income tax and net profit were €188.8 million and €146.7 million, respectively.

Total assets decreased by €16.6 million compared with 31st July 2023. The change was driven mainly by:

- Decrease in loans provided of €127.4 million;
- Decrease in property, plant and equipment in amount of €131.8 million;
- Increase in receivables and prepayments in amount of €155.4 million due to increase in cash pooling;
- Decrease in inventories in amount of €10.7 million due to a decrease in purchase prices;

- Decrease in contract assets in amount of €2.4 million;
- Decrease in right of use assets in amount of €2.0 million;
- Increase of cash and cash equivalents of €102.5 million compared with the end of financial year 2023.

Total equity increased by €30.8 million. The movement was within the revaluation fund in the amount of €50.7 million. Retained earnings increased by €81.5 million.

Total liabilities decreased by €47.5 million compared with 31st July 2023. The change was driven mainly by:

- Decrease in the deferred tax liability of €52.2 million;
- Increase in contract liabilities of €1.8 million;
- Decrease in obligations under finance leases of €2.1 million;
- Increase in current income tax of €5.3 million.

| **ASSETS (in € million)** | ***31.07.2024*** | ***31.07.2023*** |
|---|---|---|
| Property, plant and equipment | 4 012.1 | 4 143.9 |
| Non-current intangible assets and other assets | 10.6 | 10.4 |
| Investments in subsidiaries | 1.0 | 1.0 |
| Right of use assets | 25.8 | 27.8 |
| Loans provided | 0.1 | 127.5 |
| **Total non-current assets** | **4 049.6** | **4 310.6** |
| Inventories | 194.9 | 205.6 |
| Receivables and prepayments | 166.6 | 11.2 |
| Contract assets | 30.5 | 32.9 |
| Income tax assets | 0.0 | 0.5 |
| Investments in securities current | 0.1 | 0.1 |
| Cash and cash equivalents | 439.4 | 336.9 |
| **Total current assets** | **831.5** | **587.2** |
| **TOTAL ASSETS** | **4 881.1** | **4 897.8** |

| **EQUITY AND LIABILITIES (in € million)** | ***31.07.2024*** | ***31.7.2023*** |
|---|---|---|
| Registered capital | 1 200.0 | 1 200.0 |
| Legal reserve fund and other funds | 1 895.1 | 1 945.8 |
| Retained earnings | 263.8 | 182.3 |
| **Total equity** | **3 358.9** | **3 328.1** |
| Loans and bonds | 557.4 | 583.7 |
| Contract liability | 38.6 | 36.8 |
| Deferred income | 0.1 | 0.1 |
| Retirement and other long-term employee benefits | 4.0 | 4.1 |
| Obligation under finance lease | 22.0 | 24.1 |
| Deferred tax liability | 814.8 | 867.0 |
| **Total non-current liabilities** | **1 436.9** | **1 515.8** |
| Trade and other payables | 46.3 | 46.8 |
| Contract liability short-term | 0.0 | 0.0 |
| Current income tax | 5.3 | 0.0 |
| Loans and bonds | 27.7 | 1.1 |
| Obligation under finance lease | 5.6 | 5.6 |
| Provisions and other current liabilities | 0.4 | 0.4 |
| **Total current liabilities** | **85.3** | **53.9** |
| **TOTAL EQUITY AND LIABILITIES** | **4 881.1** | **4 897.8** |

**SPP – distribúcia, a.s.**
**FINANCIAL OVERVIEW**
**Period ended 31 July 2024**

| INCOME STATEMENT (in € million) | *(12M) 31.07.2024* | *(12M) 31.07.2023* |
|---|---|---|
| Natural gas distribution | 435.4 | 397.1 |
| Other revenues | 41.6 | 72.0 |
| **Total revenues** | **477.0** | **469.1** |
| Own work capitalised | 12.7 | 10.9 |
| Change in gas inventories | 0.5 | -4.2 |
| Purchases of natural gas and consumables | -13.2 | -30.5 |
| Storage of natural gas and other services | -56.4 | -53.2 |
| Depreciation and amortisation | -185.3 | -167.6 |
| Staff costs | -60.5 | -54.6 |
| Provision for bad and doubtful debts, net | 0.2 | 0.0 |
| Provisions and impairment losses, net | -0.4 | -0.2 |
| Other, net | 2.4 | 2.4 |
| **Total operating costs** | **-300.0** | **-297.0** |
| **OPERATING PROFIT** | **177.0** | **172.1** |
| Financial revenues | 21.9 | 10.1 |
| Financial costs | -10.1 | -8.3 |
| **PROFIT BEFORE INCOME TAXES** | **188.8** | **173.9** |
| Income tax | -42.1 | -40.5 |
| **NET PROFIT FOR THE PERIOD** | **146.7** | **133.4** |

| INVESTOR RATIOS | | *(12M) 31.07.2024* | *(12M) 31.07.2023* |
|---|---|---|---|
| EBITDA | € million | 362.5 | 339.8 |
| CAPEX | € million | -46.8 | -38.3 |
| FCF | € million | 252.1 | 90.6 |
| FCF / EBITDA | multiple | 0.7 | 0.3 |
| EBITDA / Interest | multiple | 35.9 | 41.0 |

**Useful link:**

**SPP – distribúcia, a.s. - Annual reports & Audited financial statements:**
https://www.spp-distribucia.sk/annual-reports/