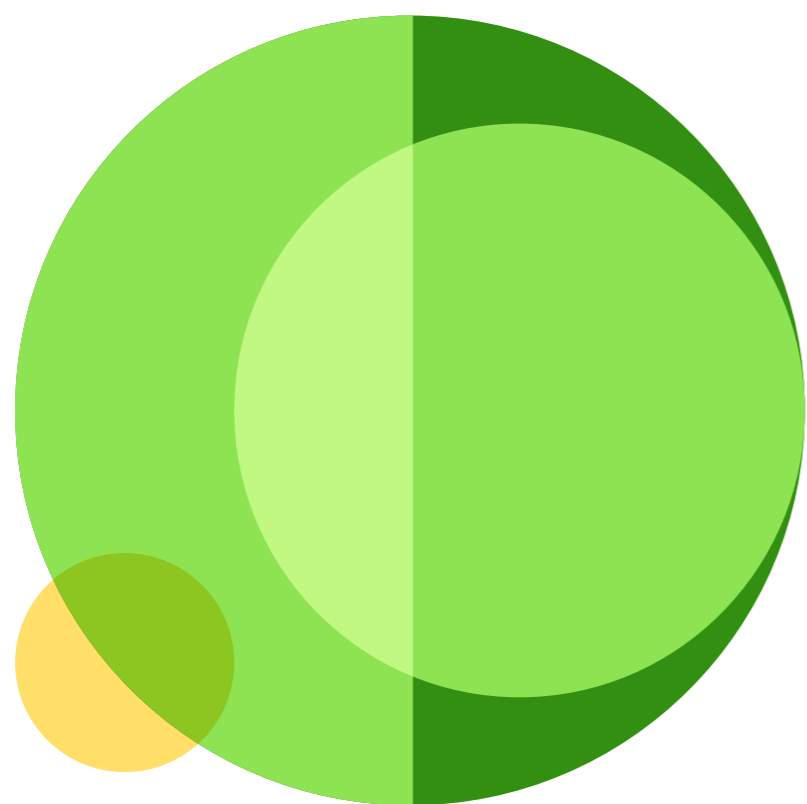


2022



2022

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Letter to Shareholders

Dear Shareholders,

While 2022 brought the end of the COVID-19 state of emergency after two years, it presented us at almost the same time with new challenges unleashed by the military conflict just beyond Slovakia's borders no one could have previously imagined, which has since impacted energy markets and almost all aspects of our lives. It has likewise tested the readiness of energy companies to respond to the current market environment and the gradual, clearly inevitable phasing out of Russian fossil fuels.

Last year, the NAFTA Group once again confirmed its capability to assure reliable, stable and safe operations even in the face of exceptional events and unpredictable developments in the energy market, thanks to its technological maturity and the training its employees receive.

In 2022, NAFTA-operated storage tanks were filled to 99.6% of their maximum capacity, considered by us to be a very good outcome. Despite unfavorable market conditions experienced in the first half of the year, almost seven terawatt-hours of storage capacity was successfully allocated for the 2022-23 gas year. In addition, NAFTA set a record last year for short-term storage capacity sales. Gas from NAFTA's own production, totaling in volume almost 200 gigawatt-hours, was successfully sold for delivery in 2023 as the Group's client portfolio

expanded to include five major European market players.

The NAFTA Group has been stocking gas in Austria since March 2022 in order to use our transport capacities more efficiently and significantly lower transport costs for us and our clients.

During 2022, NAFTA continued active exploration and production in Slovakia of hydrocarbons at our three key exploration areas both in cooperation with foreign partners and by ourselves. There are a total six drilling projects in the pipeline for Vienna Basin-North, with one well already drilled in Kostolište last year. In the Trnava exploration area, we continued working in 2022 with a foreign partner from Vermilion Energy and one result was the anticipated EIA decision for Malženice 1, 2 and 3. In southeastern Slovakia's lowland region,

NAFTA is preparing to obtain permission to exploit three prospects at exploration areas in Beša and Pavlovce nad Uhom.

Our many years experience and know-how in hydrocarbon exploration and production has been put to use in Ukraine, where the Uzhhorod 104 well was drilled last year. But any further investment has been temporarily suspended due to the ongoing military conflict in the country.

A major activity undertaken by NAFTA is the leveraging of our proven expertise and expansion of our well repairing and shut-down capabilities for clients both inside and outside of Slovakia. We saw success here in 2022 particularly in the Czech Republic and Germany.

During the past year, NAFTA gave an incredible amount of attention to the innovations that are growing our competence in renewable energy sources and bringing new ideas to the storage of renewable energy. The Group is either developing or partnering in a number of projects looking into storing renewable resources in underground gas storage facilities.

Particularly exceptional in this respect is Hydrogen Infrastructure - Storage and Distribution (H2I-S&D), a pilot project where NAFTA joined the Important Projects of Common European Interest (IPCEI) call back in August 2021. After it was approved by the European Commission, NAFTA in July 2022 became the first ever company in Slovakia to obtain IPCEI status for a hydrogen project, which was successfully launched with the first assignment of the research and development (R&D) phase in November of the same year.

It has long been an integral part of our corporate culture to take a responsible approach to both people and the environment where our activities are conducted, and it was no different in 2022. Environmental protection and concern for the climate are priorities in everything the NAFTA Group does, which drove in the past year our continued focus on responsibly shutting down facilities no longer used and reducing methane emissions. NAFTA also supports communities and continued last year to actively build and cultivate relationships with the public,

particularly around our facilities, while funding a number of exciting projects aimed at developing the locations where we operate.

In 2022, NAFTA continued striving to create a stable and stimulating work environment for its employees as it promotes their professional and personal development. A significant milestone in the past year was the signing of a new collective agreement covering 2022-24 and the start of an impressive benefits program. Because the specific nature of our industry is placing greater demands on the training of staff for their roles in it, NAFTA sought through its education program during 2022 to improve specific skills while maintaining and expanding required qualifications. Coaching was also utilized in management training.

Despite the energy crisis and difficult geopolitical situation the NAFTA Group faced last year, it still affirmed its role as a major European player and strategic partner in the energy sector. This was achieved mainly through our experienced team of people employed at NAFTA and the efficient use of our long-standing know-how and advanced technologies, trends which the Group intends to continue in the years to come.



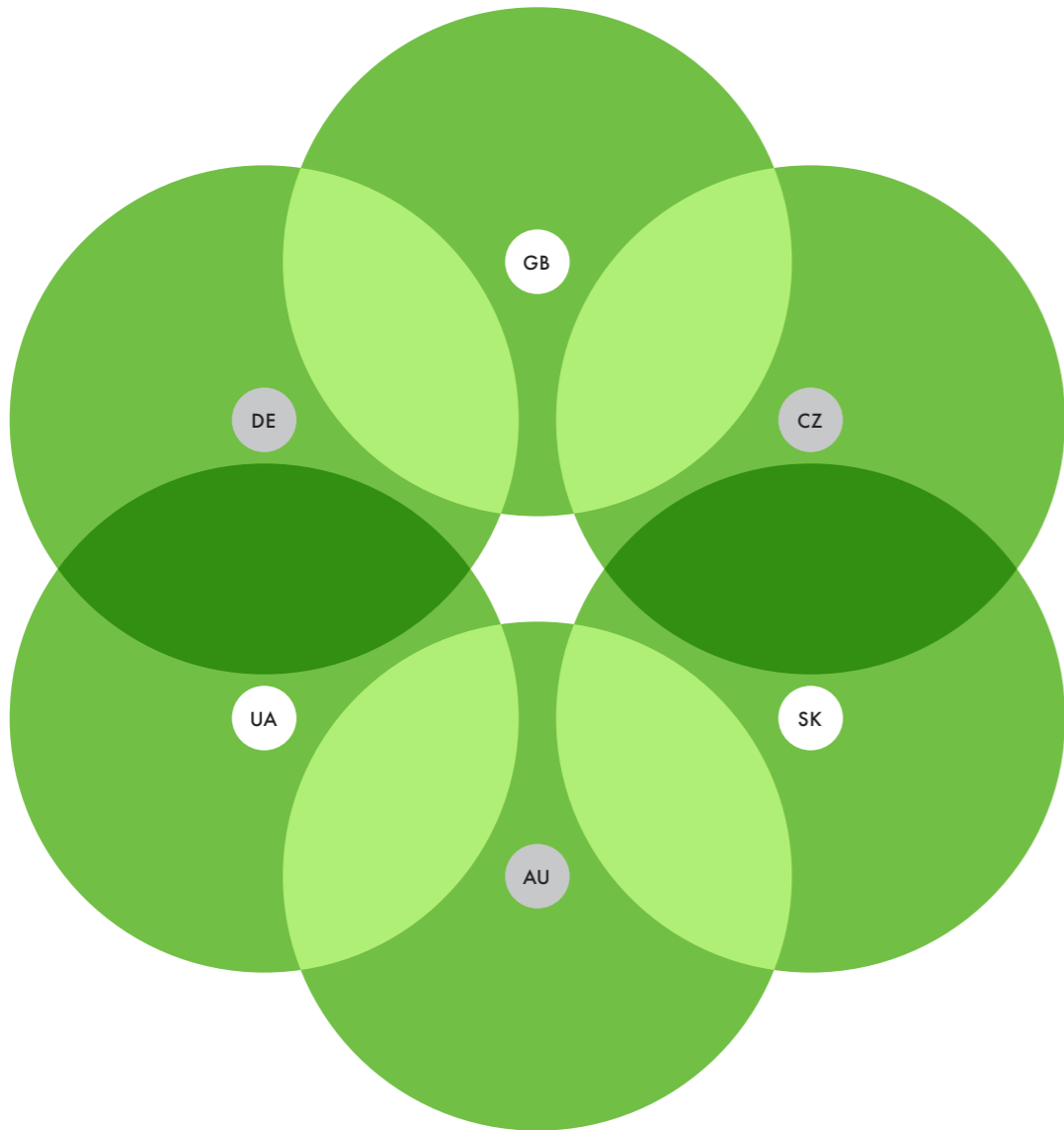
Ing. Jan Špringl
Chairman of the Board of Directors



Ing. Robert Bundil
Director



Ing. Martin Bartošovič
Chief Executive Officer



Company Profile

NAFTA is an international energy group that has long been involved in the underground storage of natural gas and a leader in hydrocarbon exploration and production within Slovakia. Across Europe, its main activities include running underground storage facilities, exploration and production as it actively cooperates in international renewable resource projects. NAFTA currently operates, develops and provides technical consulting services for storage facilities that have a capacity of approximately 64 TWh. Besides Slovakia, it is active in the Czech Republic, Germany, the United Kingdom, Austria and Ukraine.

Business Name:
NAFTA a.s.

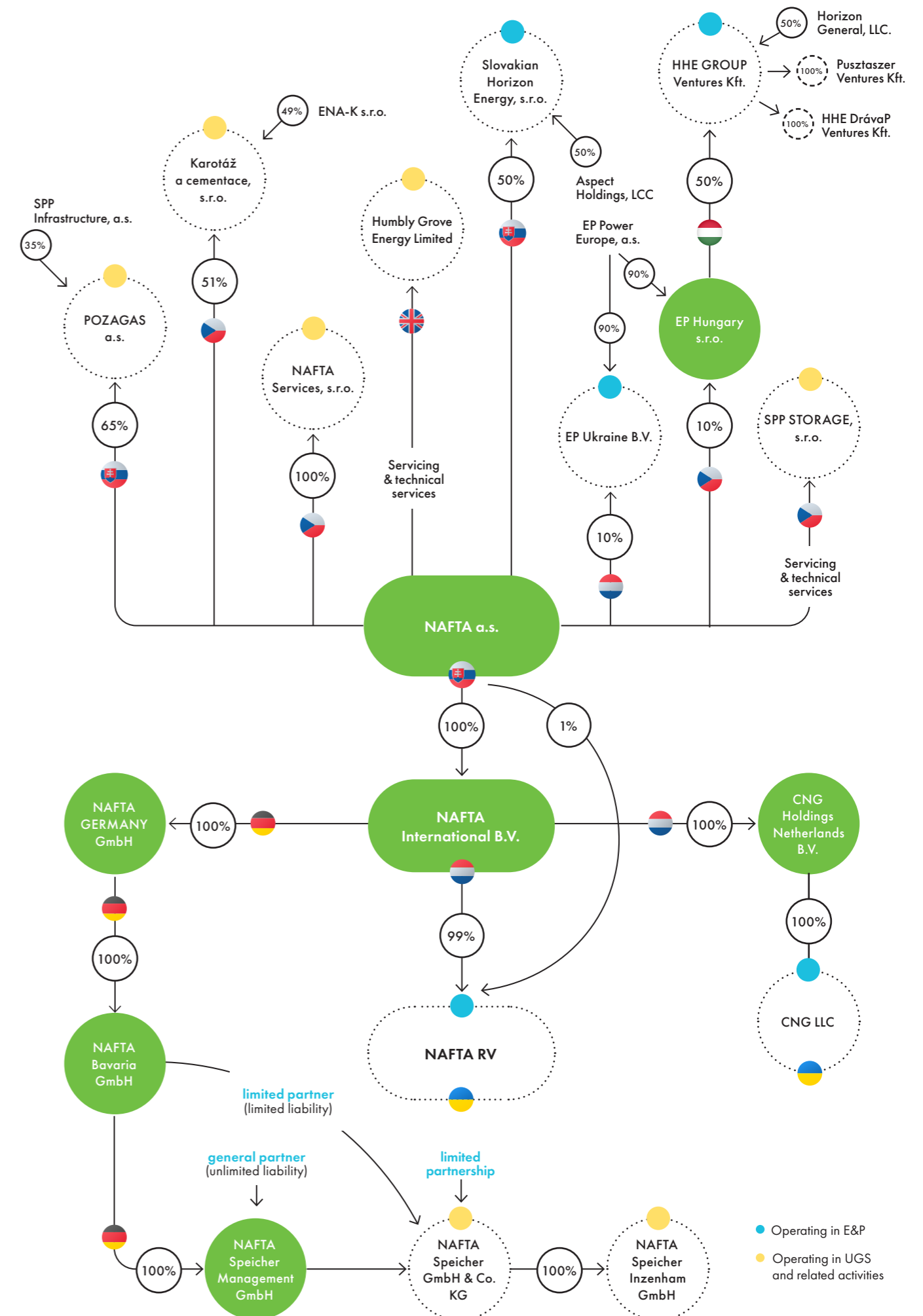
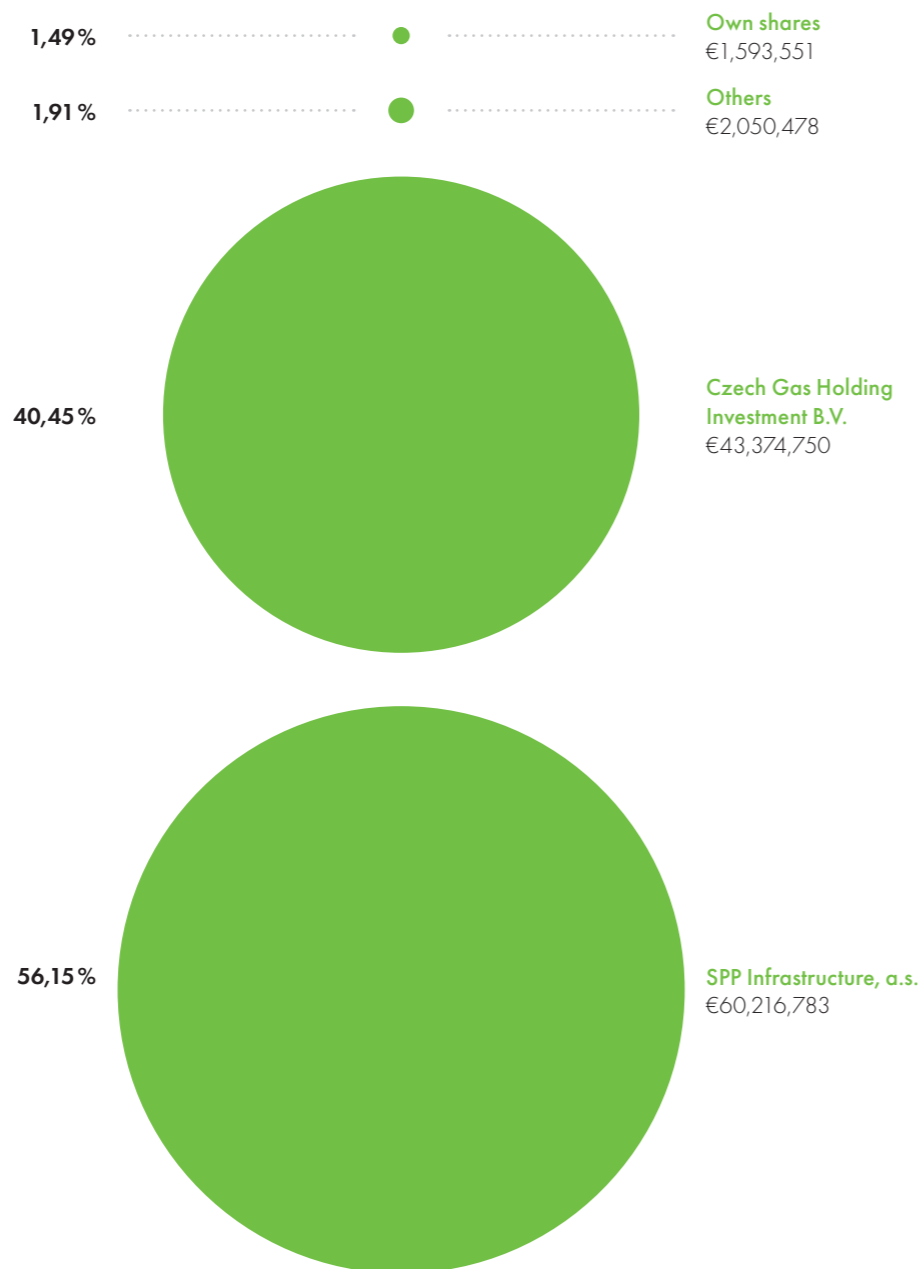
Registered Office:
Votrubova 1
821 09 Bratislava
Slovak Republic

Company Reg. No:
36 286 192

Legal form:
Stock corporation

Business Register:
Business Register maintained
by the Bratislava I District Court,
Section: File No.: 4837/B

Shareholders, Their Holdings and NAFTA Group Structure on 31 December 2022



Top Management NAFTA a.s.

31 December 2022



Ing. Martin Bartošovič
Chief Executive Officer



Ing. Szilárd Kása
Chief Financial Officer



Ing. Mgr. Ladislav Barkoci
Chief Sales and Marketing Officer



Ing. Ladislav Goryl
Director, Underground Gas Storage Division



Ing. Jozef Levoča, MBA
Director, Exploration and Production Division

Supervisory Board NAFTA a.s.

31 December 2022

- **Ing. Lucia Ondrušová, PhD.** Chairwoman
- **Gary Wheatley Mazzotti** Deputy Chairman
- **doc. JUDr. Boris Balog, PhD.** Member
- **Ing. Daniel Kujan** Member
- **Bc. Jozef Tittel** Member
- **Ing. Peter Šefara** Member

Board of Directors NAFTA a.s.

31 December 2022



Ing. Jan Špringl
Chairman



Ing. Jozef Pagáč
Deputy Chairman



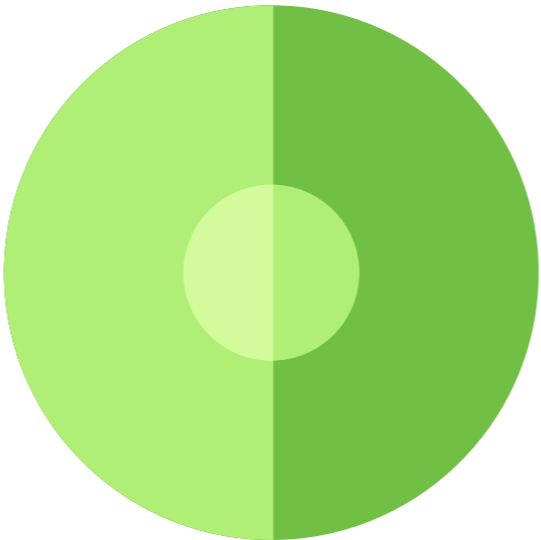
Ing. Robert Bundil
Director



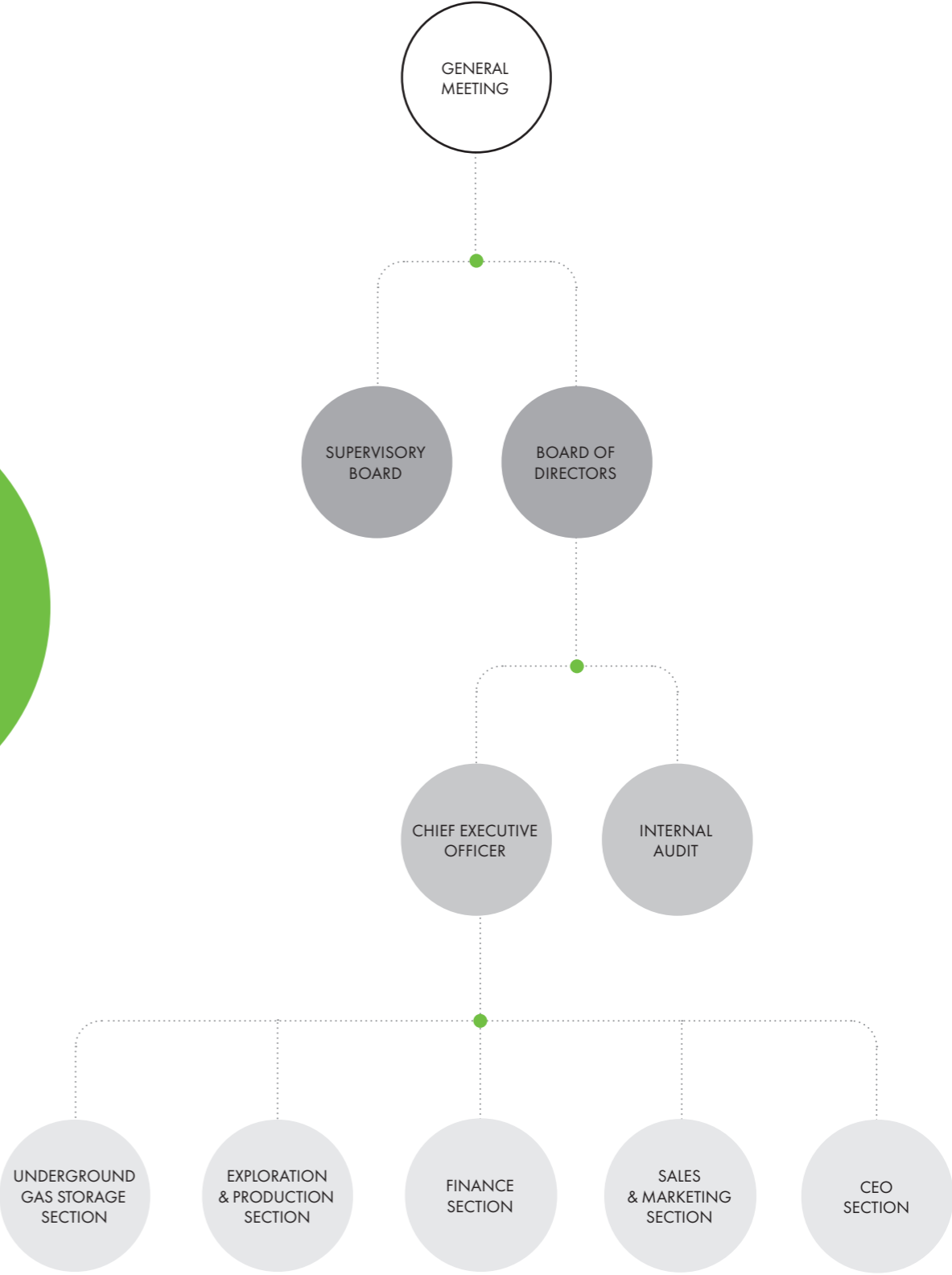
Ing. Bohumil Kratochvíl
Director



Ing. Dušan Halgaš
Director



Organizational Structure



Business Activity Report

UNDERGROUND GAS STORAGE

NAFTA has operated in Slovakia’s underground natural gas storage industry for 49 years, taking advantage of the country’s rock formations, which are a prerequisite for developing underground gas storage. Slovakia’s earliest storage of natural gas dates back to 1973, when the first cubic meters of natural gas started to be injected into the initial productive storage facilities. They play an important role every season of the year. Gas is stored during times of lower consumption and can be withdrawn when there is not enough gas in the network or the market is experiencing increased demand.

NAFTA’s principal activity is the storage of natural gas for its clients, who either supply the gas to end users or trade in it. At first glance, storing natural gas seems an invisible and yet essential element in the life of households in Slovakia, as well as a number of businesses and industrial enterprises.

In 2022, NAFTA continued its assurance of safe, reliable and effective operation of both its storage facilities and all interconnected networks. It operates a complex of storage facilities in Slovakia, whose advantage is good interconnection with other gas distribution and transmission networks, alongside a virtual trading point in Austria. Another favorable factor is the complex’s location near the borders of three countries, which enables the system through interconnections to provide natural gas to all of Central Europe.

Last year, storage facility operations concentrated to a greater degree on better predicting their performance. These

forecasts underlie short-term sales of storage capacity and contributed significantly to the higher revenues NAFTA reported in 2022. Shutdown periods and repairs were scheduled to maximize the availability of storage capacity intended for sale. In addition, NAFTA continued development of its dispatching software, which has become an essential tool for managing customers’ requirements throughout the Group.

The integrity of key assets such as wells and gas pipelines received considerable attention. They are managed through customized processes and methodologies such as the Well Integrity Management System (WIMS) and Pipeline Integrity Management System (PIMS). The procedures included in these methodologies are also utilized to detect the origin of gas, which is done through NAFTA’s own isotopic analyzer.

Major investments were also made during 2022 aimed at renovating and rebuilding company-owned properties. Most funding was appropriated to reconstruct the



compressors that lie at the heart of every storage facility, a trend NAFTA will be continuing this year and into the future. It likewise pays equal attention to maintenance and repair of its equipment, which a specially tailored maintenance management system plans and carries out.

In Germany, where the NAFTA Group operates underground gas storage facilities Inzenham-West, Wolfersberg and Breitbrunn/Eggstätt, the first phase of gathering station roof reconstruction for SP1 and SP4 at Inzenham-West UGS was completed last year. Work also continued on the introduction of new software to manage M-files and an EEC module for emissions reduction was installed on the YT-0100 compressor unit at Inzenham-West UGS.

At the Humbly Grove storage facility, NAFTA particularly provided technical services during 2022 for forecasting its deliverability. Besides offering them, we acted as consultants in the facility’s engineering, land management and scheduled underground repair of wells.

Today, the companies in the NAFTA Group operate and develop technology and services for facilities in several European countries that provide storage capacity of over 64 TWh, contributing significantly to secure gas supplies. We are additionally striving to export our know-how developed over many years and looking at other options for expanding our storage services abroad.

Sales, Storage Products and Services

NAFTA's greater flexibility has enabled the Group in 2022 to reliably meet the requirements of its customers while responding to new market demands. In the past year, the company's portfolio has included innovative storage products alongside traditional seasonal products and flexible storage services.

Despite unfavorable market conditions experienced in the first half of the 2022, NAFTA successfully allocated almost seven terawatt-hours of storage capacity for the 2022-23 gas year. In addition, it also set a record this past year for selling short-term storage capacity when the number of contracts concluded over the year rose to above 150. It also successfully sold gas totaling in volume almost 200 gigawatt-hours from its own production for delivery in 2023 and expanded its client portfolio with the addition of five major European market players.

In early 2002, Austrian regulator E-control granted NAFTA a license to become a balance responsible party (BRP). NAFTA received approval for trading on the European Energy Exchange (EEX) on 1 March 2022 and on that date started actively balancing capacity for Austria's market. Becoming a balance responsible party enables NAFTA in future to use its transport capacities more effectively and

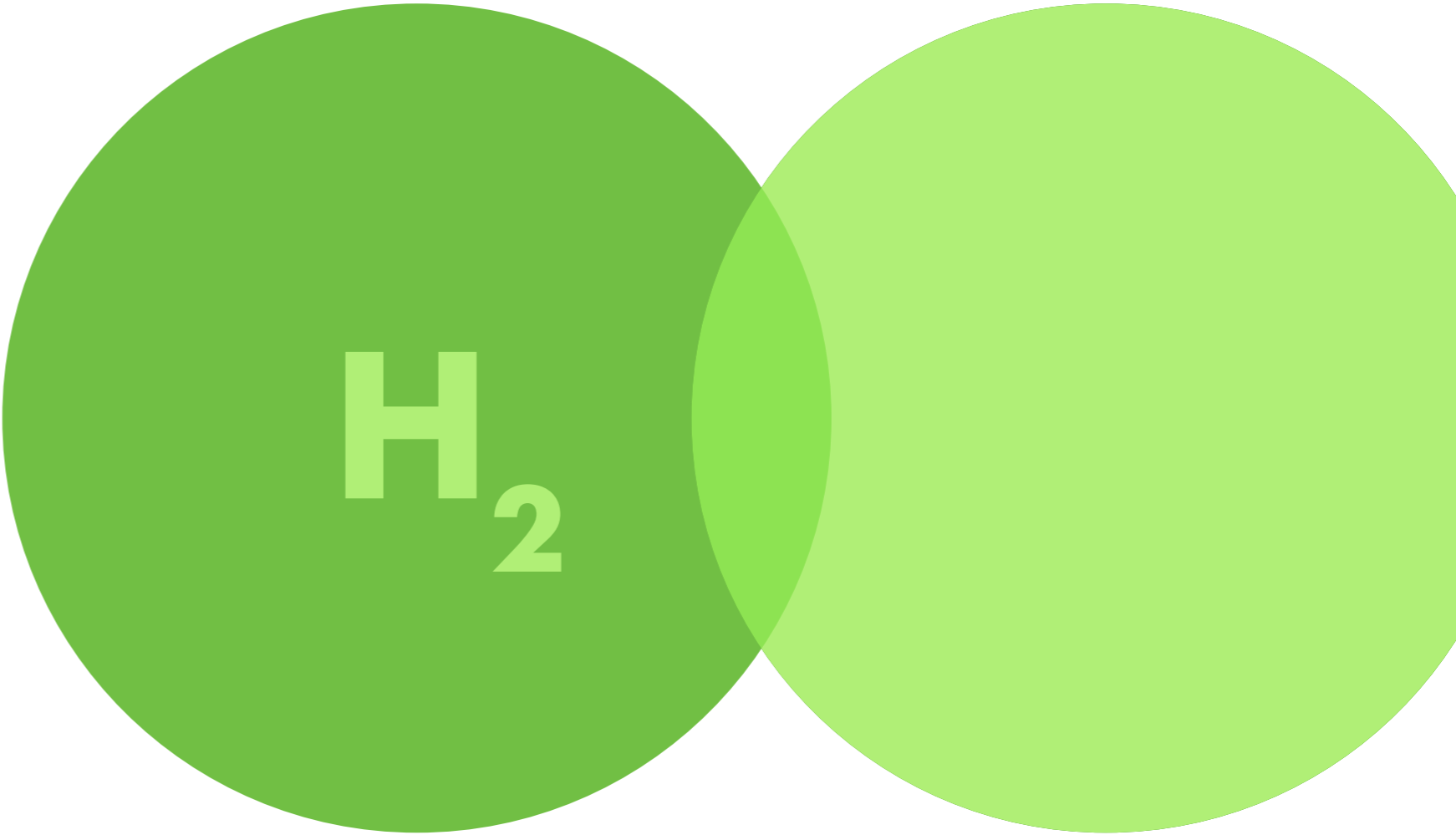
create space to significantly lower transport costs for NAFTA and its clients.

In 2022, our customers filled storage facilities the NAFTA Group operates to 99.6% of their maximum capacity. This is a very good outcome considering that Slovakia is one of the few European countries yet to introduce a mandatory percentage of trading capacity for gas storage facilities and suppliers.

NAFTA also won a tender in 2022 to provide storage capacity for Austria's strategic gas stocks. The tender had been organized by Austrian Strategic Gas Storage Management GmbH (ASGM), a natural gas management company. The contract calls for Austria's strategic natural gas reserves to be kept at NAFTA Group's storage facilities over the next three years. Simultaneously, additional gas supply stability will be provided for Austria by our other clients, whose own storage capacity, contracted from the NAFTA Group, were successful in the ASGM tender.

We also worked intensively in 2022 to ensure our clients outside Slovakia will receive the same high standard of services and products that are available to our local customers. In doing so, we strove to take advantage of all business opportunities both in the markets where NAFTA is gradually establishing itself and also between them, and this endeavor is ongoing.

NAFTA worked intensively in 2022 to ensure its clients outside Slovakia will receive the same high standard of services and products that are available to its local customers.



Innovation in green energy

NAFTA's approach to underground storage facilities is creating opportunities for it to develop competence even in the innovative storage of renewable energy sources. Current technology limits the amount of green energy that can be stored, which prevents its wider use. NAFTA is taking an innovative approach in several of its activities, exploring and testing the option of storing renewable resources in underground gas storage facilities.

Its innovation department was involved in a number of innovative development projects during 2022 to leverage our unique know-how and synergies within the existing gas infrastructure. These include the operation for more than a year of photovoltaic panels installed at the central stations in Gajary and Plavecký Štvrtok.

During this time, NAFTA joined a call from the Ministry of Economy for three more projects to install solar panels at company-owned buildings and open areas. One of these projects has already reached the implementation stage, with actual installation to take place in 2023.

However, most of the NAFTA Group's innovative projects concentrate on the storage of either renewable resources or the storage and use of hydrogen. Toward this end, an internal project was set up to assess the impact of hydrogen mixed with 5% natural gas on gas storage facilities. From prior experience, four key areas have been identified where the potential impact of hydrogen needs to be evaluated, namely on underground formations, wells, surface technology and both the commercial and regulatory landscape.

Current technology limits the amount of green energy that can be stored, which prevents its wider use. NAFTA is taking an innovative approach in this area.

One of NAFTA's key projects is Hydrogen Infrastructure - Storage and Distribution (H2I-S&D), a pilot study where NAFTA joined the Important Projects of Common European Interest (IPCEI) call back in August 2021. After it was approved by the European Commission, NAFTA in July 2022 became the first ever company in Slovakia to obtain IPCEI status for a hydrogen project.

In November of the same year, H2I-S&D's first assignment of the research and development (R&D) phase was successfully launched. It will last until approximately the second quarter of 2025 and be composed of a number of tasks to be carried out in collaboration with universities and research institutions from many EU countries. Once the R&D phase has been completed and the results from it are analyzed, the so-called first industrial deployment (FID) stage should have pilot technology in place for producing

hydrogen and storing it in a selected geological structure in Slovakia, either in pure form or mixed with natural gas.

NAFTA is also partnering in other European projects financed from the Fuel Cells and Hydrogen Joint Undertaking, specifically Hydrogen Underground Storage in Porous Reservoirs (HyUsPre) and Hydrogen Storage in European Subsurface (HYSTORIES), whose outcome will be known sometime during 2023.

H2EU+Store is another project, this time focusing on the utilization of hydrogen as an energy source, where NAFTA is a partner. In 2022, a project consortium was formed and a feasibility study is planned over the next two years (2023/2024) to discuss renewable energy and hydrogen production in Ukraine. The project is also looking at transport system interconnection and consequently storage options within the EU.

Besides the projects already mentioned, we continued development during 2022 on six projects staked out, which in 2021 were

incorporated into the Ten-Year Network Development Plan (TYNDP) for natural gas infrastructure. These involve the following:

- **Veľké Kapušany Underground Gas Storage (UGS)** – conceptual construction of a natural gas storage facility located in Veľké Kapušany/Ptrukša, supplemented by the storage of renewable gases or hydrogen;
- **P2G Veľké Kapušany Power to Gas (P2G)** – examining the feasibility of using open space in Ptrukša to build a photovoltaic plant combined with power to gas technology;
- **Underground Gas Storage Láb (UGS Láb H2)** – addressing options for adapting existing technology to allow natural gas to be mixed with nitrogen starting in 2025;
- **Gas to Future (G2F)** – reviewing the feasibility of installing a photovoltaic plant at the Gajary Central Station and subsequently generating hydrogen through electrolysis;
- **Biomethane production** for fueling compressor turbines, whose operation would reduce CO₂ emissions and lead to overall greening of natural gas storage;
- **Reducing methane emissions** at underground gas storage facilities.

A project is currently underway in Germany to study the concept of installing power-to-gas (PtG) technology and a photovoltaic plant at one of our German storage facilities. It seeks to design the optimal size for the technology for constructing a combined electrolysis plant. BIO-UGS looks into the possibility of using underground formations in Germany

for methanation - producing methane from hydrogen reacting with CO₂.

While the operation of underground gas storage facilities provides extensive capacity, it also contributes toward building an advanced technological and knowledge base that creates several new perspectives for storing renewable resources.

HYDROCARBON EXPLORATION AND PRODUCTION

NAFTA is the leader in Slovakia for exploration and production of hydrocarbons, whose history dates back more than one hundred years. A major activity NAFTA conducts is to extend the service life of Slovakia’s production wells, making use of know-how obtained over many years alongside state-of-the-art methods and innovations.

Its exploration activities cover two main areas. The first is geophysical seismic measurements whose results are used to survey geological structures and are also useful, for example, in searching for sources of geothermal energy or drinking water.

After interpreting the outcome of seismic measurements, the drilling of exploration wells is the next step. Once a hydrocarbon reservoir is confirmed, permits are then obtained to prepare it for production. The NAFTA Group prioritizes in all of its activities operational safety and minimizing the impact of its activities on the environment and local communities.

The NAFTA Group prioritizes in all of its activities operational safety and minimizing the impact of its activities on the environment and local communities.

Slovakia
NAFTA Group’s exploration and production are concentrated at three locations: the Vienna Basin, the Danube Lowland and the East Slovak Lowland. A total of six drilling projects are underway in the Vienna Basin

North exploration area, with one well already having been drilled in Kostolište at the end of last year. In 2022, NAFTA also conducted surface geochemical exploration for the presence of hydrocarbons in the soil air around Kuklov a Čáry.

At the Trnava exploration area located in the Danube Lowlands, it continued last year working with a foreign partner from Vermilion Energy, where one result was the anticipated environmental impact assessment (EIA) for Malženice 1, 2 and 3 together with associated interconnections and central station.

In southeastern Slovakia’s lowland region, NAFTA is readying to obtain permission to exploit three prospects at exploration areas in Beša and Pavlovce nad Uhom. These areas were reduced in size during 2022.

NAFTA is also paying close attention to the reclamation of areas where exploration and production have ceased in order to minimize the environmental impact. Final work to remediate the environmental burden from the Cunín oil treatment centre was completed in 2022 and fully approved by the Ministry of Environment.

Ukraine
The NAFTA Group is also taking advantage of its many years of experience and know-how in hydrocarbon exploration and production in the development of this sector in Ukraine, where it has operated since 2016. The end of last year saw the Uzhhorod 104 well drilled and the outcome from drilling should be known in the first months of 2023. Due to the ongoing military conflict, any further investment in eastern Ukraine’s Vatazhkivska, Grunivska and Okhtyrska areas has been temporarily suspended and for the time being only license-related administrative and reporting commitments are taking place there.

Underground repairs to wells and drilling
Since NAFTA Group operates a wide range of wells, it is in our interest to expand our internal know-how to be capable of flexibly maintaining, repairing and eventually disposing of them.

During 2022, NAFTA conducted a total of 36 underground repairs of natural gas production and storage wells along with the disposal of four wells.

We continued in the same year to provide these services to external customers both inside and outside Slovakia, handling a total of 14 underground repairs specifically for the following companies:

- POZAGAS a.s.
- LAMA GAS & OIL s.r.o.
- SPP Storage, s.r.o.
- RWE GS CZ, s.r.o.

Our equipment and know-how was also used in four disposals of wells for Germany-based VNG Gasspeicher GmbH and two redisposal projects for MND Drilling & Services a.s.



EMPLOYMENT, EDUCATION AND DEVELOPMENT OF CORPORATE CULTURE

Behind NAFTA's successful operations in 2022 stand the professionalism, knowledge and years of experience of its staff. As of 31 December 2022, NAFTA employed 578 people and it has strived to create for them a stable and stimulating work environment as it promotes their professional and personal development.

Employment

A significant milestone in the past year was the signing of a new collective agreement covering 2022-24, which included the introduction of an impressive benefits program.

NAFTA placed great emphasis on providing its staff with safe working conditions, and this was particularly the case in the first half of 2022 as the COVID-19 pandemic persisted. Conditions were created for frequent remote working and additionally regular testing of employees. Finally, we sought also to boost immunity and promote

good health among the people NAFTA employs by providing them with vitamin packages.

NAFTA has started using the social network LinkedIn to recruit new hires and launched an internal pilot project for a reward system for staff recommending suitable candidates. In the search for new talent, more intensive cooperation has been established with secondary and higher education institutions in Slovakia. NAFTA has long been working with schools when it fills vacancies and letting students consult with the company on preparation of their final theses.

Education

The specific nature of the industry in which the NAFTA Group operates places greater demands on how the company educates and trains staff. In 2022, it continued developing and improving specific skills as it maintained and expanded required qualifications for staff positions.

Besides providing engineering courses, NAFTA also implemented last year a coaching program to promote the development of managerial skills. The company also raised awareness of cybersecurity through e-learning courses and delivered several webinars on the development of soft skills and healthy lifestyles.

The high level of expertise among our staff and the significance of the NAFTA brand were evident when company representatives actively participated in the World Gas Conference, a specialist event held the past year in South Korea. Several colleagues from the underground gas storage (UGS) and exploration and production (E&P) sections received support for raising their qualifications through undergraduate study at the Technical University of Košice's Faculty of Mining, Ecology, Process Control and Geotechnologies. After successfully obtaining their bachelor's degrees, they continued studying for a master's degree in science.

Development of Corporate Culture

In the past year, popular employee events and activities, an integral and traditional element in corporate life, could be once again experienced in person after pandemic

measures were lifted. The fostering of innovation plays a major role in NAFTA's corporate culture and in 2022 the company recognized 23 of its staff members for their innovative ideas and solutions.

Meetings among former employees in person at Gbely again became possible as the pandemic situation improved as well as a company-funded retiree gathering in Malacky. For the eleventh time, our long-term Oilmen for Oilmen and Not Just Them... were organized by us. They aim to help people around us who have found themselves in unfavorable life situations and to contribute toward improving their quality of life. NAFTA expressed solidarity with people who had fled the war in Ukraine by organizing a fundraiser for them Helping People from Ukraine. NAFTA and the EPH Foundation have also sent tens of tonnes of food, medical supplies, drugs, generators and other electrical equipment as material aid to Ukraine.

Internal communication was supported by us through the regular publication of news about happenings within the company, information memoranda from management meetings, publication of notices and videos on the corporate intranet and on screens placed throughout the company at locations where we operate.

In an effort to continue consciously and actively creating and promoting a high-quality, friendly and inspiring working environment, NAFTA organized along with outside partners a long-term project to develop our corporate culture.

SOCIAL RESPONSIBILITY

NAFTA greatly emphasizes safety and health among its employees and everybody living around its operations in all of its activities as it endeavors to eliminate the impact of them on the environment and climate. Therefore, taking a responsible approach is an integral part of the corporate culture among all companies in the NAFTA Group.

The company does not disclose in its annual report matters that relate to the environment, social responsibility and employment, including the EU taxonomy as this information is provided in the consolidated sustainability report issued by EP Infrastructure, a.s.

Corporate Responsibility

In 2022, the business of many companies was still affected by reverberations from the COVID-19 pandemic, which likewise tested the readiness of the companies in the NAFTA Group to cope with exceptional incidents. Despite increased demands on safety, especially in the early months of last year, NAFTA managed to provide a safe working environment for the people it employs as it responsibly fulfills its operating activities and business commitments.

This past year our established integrated management system (IMS), which focuses on maintaining and raising standards and levels for underground repairs to wells, drilling and well exploration, was successfully re-audited. Simultaneously, we defended our international certifications under ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018, which acknowledge the professionalism of our experts

in quality management, environmental protection, safety and health. NAFTA also successfully met requirements to receive a Safety Certificate for Contractors (SCC), similar to the ISO 45001 system in that it concerns occupational safety and health, although it focuses on suppliers. All of the certifications audit recommendations we have received are further driving us to continuously raise the level of our core activities.

Environmental Protection

Emphasis on responsible use of natural resources and doing business with a concern toward future generations are concepts firmly embedded in both our activities and decision-making on new investments and projects within the NAFTA Group. A major component of our operations is therefore continuous improvement in process safety and the prevention of serious industrial accidents that can have an environmental impact.

In 2022, NAFTA continued working toward reducing emissions of methane and developed a program for cutting both fugitive and process emissions. NAFTA Group companies are using their own equipment and methods to measure, document and eliminate fugitive emissions.

Occupational Safety and Health (OSH)

Prevention was NAFTA's top occupational safety priority in 2022. Therefore, a lot of attention was paid to training employees and contractors in occupational safety and health and in fire prevention along with both regular and spot inspections of workplaces and joint inspections carried out every quarter. Startup conferences were also organized for underground repairs to wells and drilling with NAFTA also involved in coordinating and directing contractors in OSH.

As a precautionary measure, the NAFTA Group's safety report was updated in 2022 to include a quantitative reassessment of each operation's risk. Concurrently, a program for prevention serious industrial accidents was prepared together with ISO certification of underground repair, drilling and exploration of wells in the areas of safety, environmental protection and quality under the standards set in the Safety Certificate for Contractors (SCC).

In addition to prevention, NAFTA also worked over the past year on emergency preparedness. Regular annual updates of

both its emergency and blowout contingency plans were carried out. It called for two-day training sessions for members of the tactical response and incident management teams, which included emergency response exercises and „dry run“ drills. The outcome was a draft action plan to enhance preparedness and improve procedures.

NAFTA owns Polygon Lozorno, a distinctive training center where its Main Mining Rescue Station is located. Here NAFTA has invested in the technical equipment necessary for disaster recovery, which it provides along with related services to other storage companies within the Group. It also works with specialized US companies in providing this type of training.

Joint drills were scheduled with the Malacky Fire and Rescue Service and the Main Mining Rescue Station additionally received further special emergency preparedness equipment. NAFTA also organized in 2022 a full set of drills to test its employees' theoretical and practical knowledge of emergency procedures and processes.

The NAFTA Group prioritizes operational safety and minimizing the impact of its activities on the environment and local communities.

Community Activities

NAFTA has operated for many years in several regions across Slovakia and is active in communities, supporting educational, cultural and sports programs. Every year NAFTA provides funding to a number of wonderful initiatives that seek to develop the locations where it operates.

In 2022, NAFTA provided grants to 68 projects contributing toward improving quality of life and regional sustainable development. The projects were mainly based around Green Regions and Interactive Learning, two new initiatives from us that form a large part of the general interest projects NAFTA promotes.

In environmental protection, NAFTA has financed projects to revitalize villages and modernize public spaces.

Landscaping by us has contributed toward increasing comfort for people in new and existing revitalized relaxation areas.

NAFTA sees quality education as one of the fundamental pillars of the future. As part of its interactive education initiative,

educational institutions received support, such as a village school where NAFTA helped created suitable conditions for educating children. Because the building was inadequate, a suitable place for teaching had to be provided.

NAFTA also sought to intensify interest in sports through the construction or reconstruction of playgrounds, sports fields, cycle routes and village community centers. Every year, our employees are motivated and encouraged to participate in sporting events and volunteer work. Traditional Earth Day events took place in Plavecký Štvrtok last year that NAFTA funded and we were glad after a two-year hiatus to be able to participate in the event and help beautify and clean the area around Plavecký Štvrtok.

NAFTA sees its support for community projects as a critical, essential part of our business and it is striving to make the most of the benefits the Group provides to the community while simultaneously delivering more lasting rewards for both residents and the environment.



Report on Company's Business Results and Assets for Preceding Year

This Report on the Results of Business Activities and the Balance of Company Assets for the Previous Year is based on the separate and consolidated financial statements of NAFTA a.s. prepared as at 31 December 2022 in accordance with International Financial Reporting Standards (IFRS).

According to the separate financial statements of NAFTA a.s. prepared in accordance with IFRS, as at 31 December 2022, NAFTA recognised total assets in the net amount of **EUR 963 696 thousand**, of which non-current assets were in the net amount of **EUR 708 856 thousand** and current assets were in the net amount of **EUR 254 840 thousand**. The most significant item of non-current assets comprises property, plant and equipment in the amount of **EUR 622 066 thousand** and the most significant item of current assets comprises cash and cash equivalents in the amount of **EUR 212 023 thousand**. Property, plant and equipment are presented at a remeasured value representing their fair value in accordance with revaluation model under IAS 16. The revaluation was recognised for the first time as at 31 December 2022.

According to the separate financial statements, as at 31 December 2022, NAFTA recognised equity in the total amount of **EUR 660 202 thousand**, which primarily consists of registered capital, profit for the current year and revaluation reserve in accordance with IAS 16.

As at 31 December 2022, the Company's registered capital consists of registered certificated shares. As at 31 December 2022, the number of issued and fully paid shares totals **3 230 960 shares** with nominal value of **EUR 33.19** per share.

As at the balance sheet date, the Company recognised liabilities totalling **EUR 303 494 thousand**, of which non-current liabilities amount to **EUR 234 616 thousand** and current liabilities amount to **EUR 68 878 thousand**. The most significant items of liabilities comprise tax liabilities in the amount of **EUR 136 299 thousand**, provisions for liabilities in the amount of **EUR 89 596 thousand**, primarily created for future costs of liquidation and restoration, and received bank loans in the amount of **EUR 43 500 thousand**, to be drawn from the total credit limit in the amount of **EUR 133 500 thousand**.

According to the separate financial statements prepared for the year ended 31 December 2022, the Company posted a profit

after tax in the amount of **EUR 200 178 thousand**. The Company has successfully continued to implement its long-planned strategy to focus more on the provision of short-term storage services, thereby having a favourable impact on Company's profit. Due to increased volatility, the demand for these short-term services has increased and Nafta a.s. reflected this situation in the storage market, while at the same time contributing to the stabilisation of the European gas market.

Pursuant to the Act on Accounting, NAFTA a.s. also prepares consolidated financial statements in accordance with IFRS, as adopted by the EU.

According to the consolidated financial statements, as at 31 December 2022, the NAFTA Group recognised total assets in the net amount of **EUR 1 378 957 thousand**, of which non-current assets were in the net amount of **EUR 1 076 729 thousand** and current assets were in the net amount of **EUR 302 228 thousand**.

As at 31 December 2022, the NAFTA Group recognised equity totalling **EUR 926 996 thousand**.

According to the consolidated financial statements prepared for the year ended 31 December 2022, the NAFTA Group posted a consolidated profit after tax attributable to shareholders in the amount of **EUR 217 621 thousand**. The consolidated profit includes the results of NAFTA a.s. and profits of other group companies, primarily companies operating in Germany, as well as Pozagas.

The Company has an organisational unit in the Czech Republic, which performs geological exploration work. Expenses and revenues of the organisational unit are included in the Company's profit/loss.

Additional information on the Company's assets, equity and liabilities, significant risks and uncertainty to which the Company is exposed, is included in the notes to the separate financial statements or the consolidated financial statements prepared in accordance with International Financial Reporting Standards. Notes to the financial statements form an integral part of this annual report.

Condensed Separate Balance Sheets

as at 31 December 2022 and 31 December 2021 (Thousands of EUR):

	2022	2021
Total Assets	963 696	381 042
Non-current assets	708 856	289 534
Property, plant and equipment	622 066	189 059
Right-of-use assets	3 021	940
Intangible and other assets	9 120	8 891
Investments in subsidiaries and a joint venture and other financial investments	42 070	39 928
Deferred tax asset	-	8 515
Long-term loans provided	32 579	42 201
Current assets	254 840	91 508
Inventories	5 780	4 643
Trade and other receivables	12 226	10 749
Tax receivables	-	1 779
Financial receivables	24 811	64 458
Cash and cash equivalents	212 023	9 879
Equity and Liabilities	963 696	381 042
Equity	660 202	205 459
Registered capital and treasury shares	102 490	102 490
Other capital funds	21 447	21 447
Hedging derivatives reserve and other reserves	(415)	(1 267)
Revaluation reserve	335 064	-
Profit from previous years	1 438	1 493
Profit for the current year	200 178	81 296
Liabilities	303 494	175 583
Non-current liabilities	234 616	144 741
Current liabilities	68 878	30 842

Development of Assets and Results of Operations of NAFTA a.s. for the Year ended 31 December 2022 and 2021 under Separate Financial Statements presented in accordance with International Financial Reporting Standards as adopted by the EU.

Condensed Separate Statements of Profit and Loss

for the year ended 31 December 2022 and 2021 (Thousands of EUR):

	2022	2021
Revenues	332 510	170 764
Operating expenses	(80 088)	(77 878)
Profit before interest and taxes	252 422	92 886
Financial income/(expenses)	9 500	11 046
Profit before income taxes	261 922	103 932
Income taxes	(61 744)	(22 636)
Net profit	200 178	81 296

Condensed Consolidated Balance Sheets

as of 31 December 2022 and 31 December 2021 (Thousands of EUR):

	2022	2021
Total Assets	1 378 957	567 420
Non-current assets	1 076 729	445 598
Property, plant and equipment	907 647	351 439
Right-of-use assets	7 621	5 724
Intangible and other assets	11 757	10 637
Investments in joint ventures	146 817	62 072
Other financial investments	2 887	745
Deferred tax asset	-	8 515
Long-term loans provided	-	6 466
Current assets	302 228	121 822
Inventories	6 887	5 806
Trade and other receivables	16 250	14 929
Tax receivables	31	1 779
Financial receivables	24 821	64 458
Cash and cash equivalents	254 239	34 850
Equity and Liabilities	1 378 957	567 420
Equity	926 996	276 249
Registered capital and treasury shares	102 490	102 490
Other capital funds	21 447	21 447
Translation reserve	(144)	(43)
Hedging derivatives reserve and other reserves	1 535	(2 828)
Revaluation reserve	510 215	-
Profit from previous years	73 832	67 863
Profit for the current year	217 621	87 320
Liabilities	451 961	291 171
Non-current liabilities	366 101	243 971
Current liabilities	85 860	47 200

Development of Assets and Results of Operations of NAFTA a.s. for the Year ended 31 December 2022 and 2021 under Consolidated Financial Statements presented in accordance with International Financial Reporting Standards as adopted by the EU.

Condensed Consolidated Statements of Profit and Loss

for the year ended 31 December 2022 and 2021 (Thousands of EUR):

	2022	2021
Revenues	379 430	211 857
Operating expenses	(112 133)	(104 228)
Profit before interest and taxes	267 297	107 629
Financial income/(expenses)	22 391	7 859
Profit before income taxes	289 688	115 488
Income taxes	(72 067)	(28 168)
Net profit	217 621	87 320
Attributable to:	-	-
Shareholders of NAFTA	217 621	87 320
Minority interests of other owners of subsidiaries	-	-

NAFTA

Group Prospects

Despite repercussions from the ongoing pandemic and especially the military conflict in Ukraine, NAFTA was nevertheless able to maintain its leading position in Europe’s energy market. Moving into the future, we want to remain a major international player in both underground natural gas storage and in hydrocarbon exploration and production, while increasingly pursuing and developing opportunities as European economies transition toward wider exploitation of renewable resources.

Underground natural gas storage has long been NAFTA’s core business, with the safe operation of our facilities in several European countries and the reliability of our services remaining priorities for us. As energy markets dynamically develop, we see room in coming years for making our traditional products and the flexibility of our storage services more attractive.

In NAFTA’s exploration and production within Slovakia, we intend to continue utilizing our many years of experience and cutting-edge methods and innovations to extend the life of our natural gas producing storage facilities and concurrently exploit the knowledge gained from developments in new areas and technologies. We also seek to continue leveraging our knowledge and expand our skills in repairing and shutting down underground wells to a number of prospective European markets. Although NAFTA is still expressing interest in the development of

exploration licenses in Ukraine, any further work here has been effectively ruled out because of the ongoing military conflict.

Innovative renewable energy projects are considered an exceptionally promising area where NAFTA can make full use of its competences and the natural formations at its storage facilities. We are especially excited about exploring the potential of storing in these underground formations either pure hydrogen or a mixture of it and natural gas for possible future use. Moving in this direction has pan-European relevance, confirmed when NAFTA became the first company in Slovakia to have a hydrogen project named an IPCEI (Important Project of Common European Interest) from H2I-S&D, our hydrogen infrastructure, storage and distribution pilot study, obtaining that status. Besides H2I-S&D, the NAFTA Group is a partner in other international projects aimed at expanding the use of hydrogen as an energy source.



We are also working intensively on six other projects that have been incorporated in the European Union’s ten-year network development plan. Among other things, they focus on the feasibility of installing photovoltaic power plants at our existing operations to produce hydrogen through electrolysis and to reduce methane emissions from our underground gas storage facilities.

Both NAFTA’s strong abilities and state-of-the-art technological facilities open up extraordinary opportunities for the Group’s companies to develop new competencies. They are also creating the conditions for the Group to play an important role in Europe’s transition to low-carbon energy.

2022

