Face to Face Business

INDEPENDENT AUDITOR'S REPORT

on verification of annual financial statements
prepared in accordance with International Financial Reporting Standards
as adopted by the EU

as of 31 December 2022

Slovenská elektrizačná prenosová sústava, a.s.

Company seat:

Slovenská elektrizačná prenosová sústava, a.s.
Mlynské nivy 59/A
824 84 Bratislava
IČO: 35 829 141

This is a translation of the original Slovak Auditor´s Report to the accompanying financial statements translated into English language.

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Face to Face Business

INDEPENDENT AUDITOR´S REPORT

To the owners and statutory representatives of Slovenská elektrizačná prenosová sústava, a.s.:

Report from the audit of financial statements

Opinion

1. We have audited the accompanying financial statements of Slovenská elektrizačná prenosová sústava, a.s. ("the Company"), which comprise the statement of financial position as of 31 December 2022, the statement of profit or loss and other comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes.

2. In our opinion, the financial statements present fairly in all material respects the financial position of the Company as of 31 December 2022 and its financial performance for the year then ended in accordance with International Financial Reporting Standards.

Basis for opinion

3. We conducted our audit in accordance with International Standards on Auditing ("ISAs")). Our responsibility under those standards is further described in the Auditor's Responsibilities for the Audit of the Financial Statements section, below. We are independent of the Company in accordance with the ethical requirements relevant for the audit of financial statements of Act 423/2015 on statutory audit and in accordance with the changes and amendment to and supplement of Act 431/2002 on accounting, as amended ("the Act on Statutory Audit"), including the Code of Ethics for Auditor, and we have fulfilled our other responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Statutory Representatives' and those charged with Governance responsibility for the Financial Statements

4. The Statutory Representatives are responsible for the preparation and fair presentation of the financial statements in accordance with the Act on Accounting and for such internal controls as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
   In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and the use of the going concern basis of accounting: unless management intends to, either, liquidate the Company or to cease its operations, or has no realistic alternative but to do so.

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

Auditor's Responsibility for the Audit of the Financial Statements

5. Our responsibility is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

6. As part of an audit conducted 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 in the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than that for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, and / or the override of internal controls.
   - Obtain an understanding of the internal controls 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 controls.
   - Evaluate the appropriateness of accounting principles and policies used, the reasonableness of accounting estimates and the 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 audit report, to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a fair presentation

7. 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.

Report on other requirements of Slovak Acts and other legal regulations

Report on information presented in the annual report

8. The Statutory Representatives are responsible for the information presented in the Company's annual report, prepared in accordance with the Act on Accounting. Our above presented opinion on the financial statements does not relate to other information presented in the annual report.

In connection with the audit of the financial statements it is our responsibility to gain an understanding of the information presented in the annual report and assess whether such information is materially inconsistent with the audited financial statements or the knowledge gained during the audit of the financial statements, or otherwise appears to be materially misstated.

As of the date of this audit report to the financial statements the annual report has not been made available to us.

When we obtain annual report, we will assess if the annual report includes information required by the Act on Accounting. Based on the work performed during the audit of the financial statements we will express an opinion, on whether:

- The information presented in the annual report for 2022 is consistent with the financial statements for that year,
- The annual report includes information required by the Act on Accounting.

In addition, we will state, if we have identified significant misstatements in the annual report based on our knowledge of and situation in the Company, which we obtained during the audit of the financial statements.

Bratislava, 16. March 2023

TPA AUDIT s.r.o.
Licence SKAu No. 304

Ing. Ivan Paule, CA, FCCA
Responsible auditor
Licence SKAu No. 847

This is a translation of the original Slovak Auditor´s Report to the accompanying financial statements translated into English language.

Slovenská elektrizačná prenosová sústava, a. s.

Individual Financial Statements prepared as of December 31, 2022

in accordance with International Financial Reporting Standards as adopted by the European Union

Individual Financial Statements as at 31 December 2022 prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union

Statement of Financial Position as at 31 December 2022 prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union

(All amounts are in Euros unless stated otherwise)

	Note	As at 31 December 2022	2021
ASSETS			
Non-current assets			
Property, plant and equipment	5	876 726 033	893 885 693
Intangible assets	6	21 743 696	18 502 530
Assets representing right of use	8	511 374	780 515
Other investment	7	44 332 117	44 332 117
Receivables	11	44 802 898	40 944 128
		988 116 118	**998 444 983**
Current assets			
Inventories	10	1 469 171	1 634 693
Trade and other receivables	11	68 616 364	93 407 588
Short - term financial assets	12	255 000 000	0
Cash and cash equivalents	12	160 701 457	164 638 607
Current income tax receivable		10 215 361	0
		496 002 353	**259 680 888**
Total assets		**1 484 118 471**	**1 258 125 871**
EQUITY			
Share Capital and reserves			
Share Capital	13	235 000 000	235 000 000
Legal reserve fund	13	28 764 514	26 930 570
Capital fund from shareholder contributions	13	58 254 724	0
Other reserves	13	196 184 498	175 405 425
Revaluation of financial investment		109 020	109 020
Actuarial gains/loss		2 823 082	2 527 465
Gains or losses from revaluation of derivatives		-1 710 138	0
Revaluation reserve	13	83 845 735	96 382 309
Retained earnings		371 242 530	334 328 205
Total equity		**974 513 965**	**870 682 994**
LIABILITIES			
Non-current liabilities			
Non-current finance lease liabilities	16	372 413	624 842
Non-current portion of grants and other deferred revenues	17	175 755 734	171 889 042
Deferred tax liability	18	68 370 731	70 959 358
Other long - term liabilities	14	0	6 000
Non-current provisions for liabilities and charges	19	3 694 205	4 523 840
		248 193 083	**248 003 082**
Current liabilities			
Current bank loans	15	5 341	5 475 461
Current finance lease liabilities	16	176 414	200 134
Trade and other payables	14	84 047 630	80 378 439
Current portion of grants and other deferred revenue	17	177 141 873	38 312 620
Provisions for current liabilities and charges	19	40 165	40 165
Current income tax payable		0	15 032 976
		261 411 423	**139 439 795**
Total liabilities		**509 604 506**	**387 442 877**
Total equity and liabilities		**1 484 118 471**	**1 258 125 871**

	Note	Year ended 31 December 2022	2021
Revenues	20	408 216 313	441 208 416
Capitalized costs		1 004 165	944 889
Consumables and Services	21	-253 567 731	-199 027 210
Personnel costs	22	-31 605 964	-32 309 173
Depreciation and amortization	5,6	-66 326 892	-68 907 645
Negative revaluation difference	5	0	-5 067 808
Other operating income	24	9 590 411	7 001 420
Other operating expense	23	-3 289 747	-3 188 369
Operating profit		**64 020 555**	**140 654 520**
Interest income	25	1 439 849	32 542
Interest expense	25	-329 252	-215 339
Financial investment write-off	7	0	-90 946 198
Other finance income/(expense)	25	58 566 078	-109 010
Finance cost, net		**59 676 675**	**-91 238 005**
Profit before tax		**123 697 230**	**49 416 515**
Income tax expense	26	-18 555 015	-31 077 072
Profit for the year		**105 142 215**	**18 339 443**
Other comprehensive income			
Retirement benefit-actuarial gains		295 617	3 496 357
Revaluation of property, plant and equipment as at 1 January 2021		0	49 799 593
Gains or losses from revaluation of derivatives		-1 710 138	0
Deferred tax from revaluation of property, plant and equipment		103 277	-10 527 257
Total comprehensive income		**103 830 971**	**61 108 136**
Profit/ loss attributable to:			
Owners of the parent		105 142 215	18 339 443
Profit for the year		**105 142 215**	**18 339 443**
Total comprehensive income attributable to:			
Owners of the parent		103 830 971	61 108 136
Total comprehensive income for the period		**103 830 971**	**61 108 136**

	Share capital	Legal reserve fund	Capital fund from shareholder contributions	Other funds	Congestion income fund	Revaluation of financial investment	Actuarial gains/loss	Gains or losses from revaluation of derivatives	Revaluation of property, plant and equipment fund	Retained earnings	Equity in total
Balance as at 1. January 2021	**105 000 000**	**21 000 000**	**130 000 000**	**175 405 425**	**0**	**109 020**	**-968 892**	**0**	**72 135 907**	**336 228 466**	**838 909 926**
Net profit for the year 2021	0	0	0	0	0	0	0	0	0	18 339 443	18 339 443
Other comprehensive income	0	0	0	0	0	0	3 496 357	0	24 246 402	15 025 934	42 768 693
Total comprehensive income for the year 2021	**0**	**0**	**0**	**0**	**0**		**3 496 357**	**0**	**24 246 402**	**33 365 377**	**61 108 136**
Dividends paid (Note 13)	0	0	0	0	0	0	0	0	0	-29 335 068	-29 335 068
Allocation to Capital Fund from shareholder contribution (Note 13)	130 000 000	0	-130 000 000	0	0	0	0	0	0	0	0
Profit appropriation to Legal Fund (Note 13)	0	5 930 570	0	0	0	0	0	0	0	-5 930 570	0
Balance as at 31 December 2021	**235 000 000**	**26 930 570**	**0**	**175 405 425**	**0**	**109 020**	**2 527 465**	**0**	**96 382 309**	**334 328 205**	**870 682 994**
Balance as at 1. January 2022	**235 000 000**	**26 930 570**	**0**	**175 405 425**	**0**	**109 020**	**2 527 465**	**0**	**96 382 309**	**334 328 205**	**870 682 994**
Net profit for the year 2022	0	0	0	0	0	0	0	0	0	105 142 215	105 142 215
Other comprehensive income	0	0	0	0	0	0	295 617	-1 710 138	-12 536 574	12 639 851	-1 311 244
Total comprehensive income for the year 2022	**0**	**0**	**0**	**0**	**0**	**0**	**295 617**	**-1 710 138**	**-12 536 574**	**117 782 066**	**103 830 971**
Dividends paid (Note 13)	0	0	0	0	0	0	0	0	0	0	0
Increase of the Share capital from the Capital fund from shareholder contribution (Note 13)	0	0	0	0	0	0	0	0	0	0	0
Allocation to Capital Fund from shareholder contribution (Note 13)	0	0	0	0	79 033 797	0	0	0	0	-79 033 797	0
Profit appropriation to Legal Fund (Note 13)	0	1 833 944	0	0	0	0	0	0	0	-1 833 944	0
Profit appropriation to Statutory (Note 13)	0	0	0	20 779 073	-20 779 073	0	0	0	0	0	0
Balance as at 31 December 2022	**235 000 000**	**28 764 514**	**0**	**196 184 498**	**58 254 724**	**109 020**	**2 823 082**	**-1 710 138**	**83 845 735**	**371 242 530**	**974 513 965**

	Note	Year ended 31 December 2022	2021
Cash flows from operating activities			
Cash generated from operations	29	31 331 989	225 248 989
Income tax paid		-45 912 692	-17 298 338
Interest received		199 733	33 584
Net cash generated from operating activities		**-14 380 970**	**207 983 735**
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		-42 887 828	-67 453 248
Proceeds from the sale of property, plant, equipment and intangible assets	29	626 132	459 748
Expenditures on acquisition of long - term financial assets	7	0	0
Net cash used in investing activities		**-42 261 696**	**-66 993 500**
Cash flows from financing activities			
Proceeds / (repayment) of loans		-5 746 269	-24 494 287
Interest paid		-338 465	-253 551
Dividends income		58 790 250	0
Other income from loans		0	29 250
Short - term loan granted to a subsidiary		0	50 000 000
Dividends paid	13	0	-29 335 068
Net cash used in financing activities		**52 705 516**	**-4 053 656**
Net increase (+) / (decrease) (-) in cash and cash equivalents		**-3 937 150**	**136 936 579**
Cash and cash equivalents at the beginning of the year	12	**164 638 607**	**27 702 028**
Cash and cash equivalents at the end of the year	12	**160 701 457**	**164 638 607**

1 General Information

Slovenská elektrizačná prenosová sústava, a.s. ("the Company", "SEPS") is one of the three joint stock companies established (pursuant to the Commercial Register) in the Slovak Republic on 21 January 2002 (date of establishment: 13 December 2001) from the process of the division of its predecessor Slovenské elektrárne, a.s.

The principal activities of the Company comprise the transmission of electricity in the country of the Slovak Republic through 220 kV, 400 kV and, in a small part, through 110 kV lines and electric stations of the transmission grid, including electricity import, export and transit. The company is also responsible for maintaining a balanced electricity grid in the Slovak Republic and balancing the production and usage of electricity during the time which is performed using the system services.

The Bohunice International Decommissioning Support Fund ("BIDSF") was established in relation to the shutdown of a power plant in Jaslovské Bohunice. The main purpose of this Fund is to finance or to co-finance the preparation and implementation of selected projects ("authorized projects") related to providing the technical assistance and/or goods, work and Services with respect to support the shut-down of the power plant in Jaslovské Bohunice as a result of a decision of the Slovak Republic to do so. The Fund supports the reconstruction, improvement and modernization of the energy production, transmission and distribution sectors and increases their efficiency.

The Company's operations are governed by the terms of its licence granted under the Energy Law ("the Energy Licence") and other relevant legislation. The Regulatory Office of Network Industries of the Slovak republic (hereinafter the "URSO") regulates certain aspects of the Company's relationships with its customers, including the pricing of electricity and Services.

By the end of 2010, the Company performed deviation settlement and organized short-term electricity market. Since 1 January 2011 these activities has been transferred to OKTE, a. s., which has been created for this purpose in accordance with law and is 100% subsidiary of SEPS.

The structure of the Company's shareholders as at 31 December 2022 was as follows:

	Absolute amount in EUR	Ownership interest and voting rights %
Slovak Republic represented by Ministry of Finance SR	235 000 000	100%
Total	**235 000 000**	**100%**

According to the Decree of Slovak government No. 481 dated 19 September 2012, The National Property Fund of the Slovak Republic, transferred the shares of the Company without compensation to the Slovak Republic, on behalf of which acts the Ministry of finance of the Slovak Republic. As a result of this, effective 2 October 2012, the Slovak Republic, on behalf of which acts the Ministry of finance of the Slovak Republic, became the sole shareholder, who owns 100% of shares of the Company as well as 100% of voting rights.

The Company is not a shareholder with an unlimited liability in other entities.

The members of the Company's statutory bodies during the year ended 31 December 2022 were as follows:

Body	**Function**	**Name**
Board of Directors	Chairman	Ing. Peter Dovhun
	Vice Chairman	Širanec Marián, MBA
	Member	Mgr. Martin Riegel
	Member	Ing. Jaroslav Vach, MBA
	Member	Ing. Miroslav Janega
Supervisory Board	Chairman	Ing. Peter Habšuda
	Vice-Chairman	Ing. Marcel Klimek
	Vice-Chairman	Michal Sokoli till 20 August 2022
	Vice-Chairman	Ing. Marek Šimlaštík from 8 September 2022
	Member	Ing. Róbert Király
	Member	Ing. Milan Jarás, PhD.
	Member	Ing. Vladimír Beňo
	Member	JUDr. Eva Murínová
	Member	Ing. Marek Šimlaštík till 7 September 2022
	Member	Juraj Mach, MSc.
	Member	Ing. Peter Dragúň
	Member	PhDr. Ivan Pešout, PhD.
	Member	Ing. Michal Janíček
	Member	Ľuboš Obžut from 21 August 2022
Executive management	General Director	Ing. Peter Dovhun
	Managing Director of Operating	Ing. Miroslav Janega
	Managing Director of SED and Commerce	Ing. Silvia Čuntalová
	Managing Director of Economics	Ing. Jaroslav Vach, MBA
	Managing Director of Development Capital Investment and Procurement	Mgr. Martin Riegel
	Managing Director of Information and Communication Technologies	Juraj Saktor

The Company employed 558 personnel on average during 2022 (2021: 546), 6 of which were management (2021: 6).

Registered address and Identification number

Mlynské nivy 59/A
824 84 Bratislava
Slovak Republic

Identification number (IČO) of the Company is: 358 291 41
Tax Identification number (IČ DPH) of the Company is: SK 2020261342

2 Summary of significant accounting policy

The principal accounting policies applied in the preparation of these Financial Statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

2.1. Basis for preparation

Legal reasons for preparing the Financial Statements:
The Company's Financial Statements at 31 December 2022 have been prepared as ordinary Financial Statements under § 17 (6) of Slovak Act No 431/2002 Coll. ("Accounting Act") for the accounting period from 1 January 2022 to 31 December 2022.

The Accounting Act requires the Company to prepare Financial Statements for the year ended 31 December 2022 in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU").

These financial statements have been prepared in accordance with IFRS as adopted by the European Union. The Company applies all IFRS and interpretations issued by International Accounting Standards Board (hereinafter "IASB"), as amended by the European Union, which were effective as of 31 December 2022.

These financial statements have been prepared in under the historical cost convention, except for the valuation of property, plant, equipment, and derivate financial instruments, which are valued at fair value as at the reporting date.

The financial statements were prepared on accrual basis and under the going concern principle.

In connection with the war conflict in Ukraine, the Company's management has analysed the possible effects and consequences on the Company and concluded that currently they do not have significant adverse impact on the Company (apart from rising input prices, especially fuels, energy, materials, goods and services). The Company's management does not anticipate a significant threat to the going concern assumption in the near future (during the next 12 months from the date of preparation of the financial statements).

The Board of Directors may propose to the Company's shareholders to amend the Financial Statements after their approval by the General Shareholders Meeting. According to § 16 (9 to 11) of the Accounting Act the reopening the entity's accounting records after the Financial Statements are prepared and approved is prohibited; if after the Financial Statements are approved, management identifies that comparative information would not be consistent with the current period Information, the Accounting Act allows entitles to restate comparative information in the accounting period in which relevant facts are identified.

The preparation of the Financial Statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Statements are disclosed in Note 4.

The Financial Statements of the Company for the previous period were approved by the ordinary Annual General Meeting of the Company held on 22 June 2022.

These Financial Statements are prepared in Euros ("EUR").

The Company issues Consolidated financial statements in accordance with Article 22 of Slovak Act No. 431/2002 Coll. on Accounting, as the Company has a subsidiary OKTE, a. s. based in Mlynské nivy 48, 821 09 Bratislava.

2.2. Changes in IFRS standards adopted by the company during the accounting period

During the year ended 31 December 2022, the Company applied the following new and revised IFRS and IFRIC interpretations:

Amendments to IAS 16 Property, Plants and Equipment – Proceeds before Intended Use
The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.

Amendments must be applied retrospectively, but only to those items of property and plant and equipment that have been placed in their designated location and are in a condition ensuring the possibility of operation as intended by management at the beginning of the earliest accounting period or in a subsequent period in which the Company applies given amendments for the first time. The cumulative impact of the first application of these amendments shall be reported as an adjustment to the opening balance of retained earnings (or other items of equity, as the case may be) at the beginning of that earliest period presented (if applicable).

The amendments did not have a significant impact on the financial statements upon their initial application.

Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract
The amendments specify that the cost of fulfilling a contract comprises the costs that relate directly to the contract. Paragraph 68A clarifies that costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

The company should apply these amendments to contracts for which it has not yet fulfilled all of its obligations at the beginning of the accounting period in which it applies the amendments for the first time (date of first application). The company will not adjust the comparable information. Instead, as of the date of first application, it shall report the cumulative impact of the first application of amendments as an adjustment to the opening balance of retained earnings or other equity item, as the case may be.

The amendments did not have a significant impact on the financial statements upon their initial application.

Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle

Amendments to IFRS 9 Financial Instruments
The improvements clarify that, in assessing whether the exchange of debt instruments between an existing borrower and a lender is on substantially different terms, the fees to be included along with the discounted present value of the cash flows under the new terms include only the fees paid or received between the borrower and by the Lender, including fees paid or received by either the Borrower or the Lender on behalf of the other party.

Amendments to IFRS 16 Leases
The amendments remove from Illustrative Example 13 of IFRS 16 Leases the reference to reimbursement that the lessor will provide to the lessee for the leasehold improvements of the object of the lease, as well as explanations for the accounting of these reimbursements by the lessee.

Amendments to IAS 41 Agriculture
The improvements remove the requirement to use pre-tax cash flows when valuing agricultural assets at fair value. Originally, IAS 41 required a company to use pre-tax cash flows in fair value measurement, but did not require the use of a pre-tax discount rate to discount those cash flows.

The amendments did not have a significant impact on the financial statements upon their initial application.

2.3. Investments

Investments are carried at historical cost in these Financial Statements. The historical cost comprise the amount of cash or cash equivalents paid or fair value of the consideration given to acquire the investment at the time of their acquisition.

2.4. Foreign currency transactions and translation

(i) Functional and presentation currency

Items included in these Financial Statements are presented in Euros, which is the currency of the primary economic environment in which the entity operates ("the financial currency"). The Financial Statements are presented in whole Euros.

(ii) Transactions and balances

Transactions in foreign currency are translated into the functional currency using the reference exchange rates determined and declared by the European Central Bank or National Bank of Slovakia as at the date preceding the date of accounting transaction or at any other day if required by special regulation. At the reporting date, the assets and liabilities are translated into the functional currency using the reference exchange rates determined and declared by the European Central Bank or National Bank of Slovakia as at the reporting date. The transaction in the foreign currency is retranslated into the functional currency using the exchange rate valid at the date of the accounting transaction. Foreign exchange gains and losses resulting from the settlement of such transaction at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognizes in the Income Statement.

2.5. Property, plant and equipment

The property, plant and equipment is carries at cost less accumulated depreciation out accumulated impairment losses, with exception to the revaluation model adopted for certain classes of property, plant and equipment.

(i) Costs

Cost includes expenditure that is directly attributable to the acquisition of the items. Borrowing costs related to the loans received, which are directly attributable to the acquisition or production of an asset, are included in the cost of the asset.

Subsequent costs are included in the assets carrying amount or recognized as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the Income Statement during the financial period in which they are incurred.

Property, plant and equipment as the date of establishment of the Company comprise assets that were acquired as a result of the separation of Slovenské elektrárne, a.s., into three legal entities. These assets were transferred at their original cost with related accumulated depreciation.

The most significant part of property, plant and equipment is represented by the network. The network mainly includes power lines, pylons and switching stations. Useful life of networks assets varies between 5 and 60 years (2021: between 5 and 60 years).

(ii) Revaluation of assets

Property, plant and equipment - initially, property, plant and equipment are evaluated at acquisition costs. Acquisition cost includes all costs directly incurred in putting the respective fixed asset to its intended use.

Subsequently, the land, buildings, halls, lines and structures, machinery and equipment and other revalued assets reported in the balance sheet at revalued amount, which represents the fair value at the date of revaluation after deducting any subsequent accumulated depreciation and subsequent accumulated impairment losses. Other classes of property, plant and equipment are subsequently evaluated at historical acquisition costs less accumulated depreciation and accumulated impairment losses.
Revaluation is carried out by an independent expert. Revaluations are performed regularly in sufficient intervals (at least every five years), so that the carrying amount does not differ materially from the value, which would have been reported as at the balance sheet date using fair values.

Any increase in value on the revaluation of such property, plant and equipment shall be credited to other comprehensive income and shall be accumulated in assets in equity revaluation surplus, taking into account the amount that will possibly cancel the impairment of the same asset item reported previously in the income statement. In such a case, the increase in value shall be credited to the income statement in the amount of the impairment previously reported in the income statement. Any impairment on the revaluation of such property, plant and equipment shall be debited to the income statement in the amount that exceeds the balance on the account of the surplus from the revaluation of assets in relation to the previous revaluation of that asset item. Depreciation of revalued property items are reported as an expense in the income statement. The revaluation surplus shall be gradually transferred to retained earnings over the period when the asset is used. In such a case, the amount of the transferred surplus equals to the difference between the depreciation calculated from the revalued carrying amount of the asset and the depreciation calculated from the assets original acquisition cost. In the event of a sale or removal of the asset from accounting, the balance of the related revaluation surplus shall be transferred to retained earnings.

(iii) Depreciation

The depreciation of buildings, plant and equipment is depreciated using the straight-line method, starting in the month when the property, plant and equipment is available for use, during the estimated useful lives of non-current assets. The estimated useful lives of buildings, constructions, plant and equipment and Intangible assets according to individual groups are as follows:

	2022	2021
Buildings, halls, networks and constructions	10 – 60 years	10 – 60 years
Machines, equipment and vehicles	4- 50 years	4 - 50 years
Other property, plant and equipment	4 years	4 years

Buildings, halls and constructions include mainly switching stations, administrative buildings, transmission lines, halls, transformers and control rooms, pylons, towers, tanks, communications, elevated power lines.

Machines, equipment and vehicles include mainly hardware machines, tools and equipment, vehicles, radio relay point and cables.

Gains and losses on disposals land, buildings and equipment are fully recognized in the income statement.

Land and assets under construction are not depreciated.

The residual value of an asset is the estimated amount that the Company would currently obtain from disposal of the asset less the estimated costs of disposal, if the assets were already of the age and in the conditions expected at the end of their useful life. The residual value of an asset is nil or its scrap value if the Company expects to use the assets until the end of its useful life. The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Expenditures to acquire the property, plant and equipment subsequent to initial recognition are recognized as an item of property, plant and equipment only if it is probable that they will enhance the future economic benefits beyond its original performance. All other expenses are recognized as repair and maintenance costs in the period to which it is incurred.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. The Company allocates the amount initially recognizes in respect of an item of property, plant and equipment proportionally to its significant parts and depreciates separately each such part.
An asset carrying amount is written down to its recoverable amount if the asset carrying amount is greater than its estimated recoverable amount (Note 2.7).

Items that are retired or otherwise disposed of are eliminated from the Statement of Financial Position, along with the corresponding accumulated depreciation. Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognized in operating profit.

In accordance with IAS 36, as at the date of preparation of financial statements, an assessment of impairment indicators is made that would indicate the recoverable amount of property, plant and equipment would be less than its carrying value. In case any indicator exists at the balance sheet date, the recoverable amount of property, plant and equipment is estimated which is a higher of the fair value less cost to sell and value in use (i.e. the present value of future cash flows). Any impairment loss on property, plant and equipment is recognized in the income statements in the period in which the impairment occurs. The discount rates used in calculating the present value of future cash flows comes from the position of the Company as well as from economic environment of the Slovak Republic as at the balance sheet date. In case the Company decides to stop the investment project or significantly delay its scheduled termination, it considers any reduction of its value and, where appropriate, record the impairment loss.

2.6. Intangible assets

Intangible assets are initially measured at cost. Intangible assets are recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the Company, and the cost of the asset can be measured reliably. After initial recognition, the intangible assets are measured at cost less accumulated amortization and any accumulated impairment losses. Borrowing costs are capitalized and included in the costs of an asset. The Company does not have intangible assets with indefinite useful lives. Intangible assets are amortized on the straight-line basis over their useful lives.

The amortization of an intangible asset starts in the month when the intangible asset is put in use. Intangible assets are depreciated in line with the approved depreciation plan using the straight-line method. Monthly depreciation charge is determined as the difference between acquisition costs and residual value, divided by estimated useful life of the intangible assets.
Residual value of intangible assets is assumed to be zero unless (a) there is a commitment by a third party to purchase the asset at the end of its useful life, or (b) there is an active market for the asset and residual value can be determined by the reference to that market and it is probable that such a market will exist at the end of the asset's useful life.

Costs associated with maintaining Computer Software programs are recognized as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique Software products controlled by the Company are recognized as intangible assets when the following criteria are met:

- it is technically feasible to complete the Software product so that it will be available for use;
- management intends to complete the Software product and use or sell it;

- there is an ability to use or sell the Software product;
- it can be demonstrated how the Software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the Software product are available; and
- the expenditure attributable to the Software product during its development can be reliably measured.

Directly attributable costs that are capitalized as part of the Software product include the Software development employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

Computer Software development costs recognized as assets are amortized over their estimated useful lives, which does not exceed 4 years. Intangible assets are depreciated over 4 years, easement of access according to the conditions stated in the Contract on easement of access.

2.7. Impairment of non-financial assets

Assets that have an indefinite useful life and intangible assets not yet in use are not subject to amortization and are tested for impairment annually. Land, construction in progress and assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be higher as a recoverable amount. An impairment loss is recognized for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an assets fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are individually identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that were impaired are reviewed for possible reversal of the impairment at each reporting date.

2.8. Non-current assets held for sale and discontinued operations

Non-current assets are classified as assets held for sale, when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less cost to sell.

A discontinued operation is a component of an entity that either has been disposed of or is classified as held for sale, and

a) represents either a separate major line of business or a geographical area of operations;
b) is a part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
c) is a subsidiary acquired exclusively with a view to resale and the disposal involves loss of control.

2.9. Financial assets

The Company classifies financial assets into three valuation categories: assets subsequently measured at amortized cost, assets subsequently measured at fair value through other comprehensive income (FVOCI) and assets subsequently measured at fair value through profit or loss (FVPL).

A financial asset is valued at amortized cost when the following two conditions are met:
a) financial asset is held in a business model where there is intention to hold the financial asset in order to collect contractual cash flows; and
b) financial assets contractual terms and conditions result, on specified dates, in cash flows that represent payments of principal and interest on the outstanding principal only

A financial asset is valued at fair value through other comprehensive income when the following two conditions are met:

a) financial asset is held in a business model, where there is intention both to collect contractual cash flows and to sell the financial asset; and
b) financial assets contractual terms and conditions result, on specified dates, in cash flows that represent payments of principal and interest on the outstanding principal only.
A financial asset is valued at fair value through profit or loss, unless it is valued at amortized cost or fair value through other comprehensive income. For certain investments in equity Instruments that would otherwise be valued at fair value through profit or loss, an entity may, however, when initially recognizing them, irrevocably decide to present any subsequent changes in fair value through other comprehensive income.

Initial valuation:
Apart from trade receivables that do not include a significant financing component, a financial asset or financial liability is initially recognized by a company at its fair value plus or minus (if the financial asset or financial liability is not valued at fair value through profit or loss) transaction costs attributable to acquisition of the financial asset or issuance of the financial liability.
If, however, the fair value of the financial asset or financial liability at initial recognition differs from the transaction price, an accounting entity applies the fair-value method and recognizes the difference between the fair value and the transaction price as a profit or loss.
If an accounting entity uses trade date accounting in relation to the asset that is subsequently valued at amortized cost, such an asset shall be initially recognized at its fair value at the date of the transaction.

Subsequent valuation:
After its initial recognition, an accounting entity recognizes a financial asset at: (a) amortized cost; (b) fair value through other comprehensive income; or (c) fair value through profit or loss.
An accounting entity applies impairment requirements to financial assets that are valued at amortized cost and to financial assets that are valued at fair value through other comprehensive income.

Regular purchases and sales of financial assets are recognized on trade-date - the date on which the Company commits to purchase or sell the asset.

The Company derecognizes financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expired or (b) the Company has transferred the rights to the cash flows from the financial assets or entered into a qualifying pass-through arrangement while (i) also transferring substantially all the risks and rewards of ownership of the assets or (ii) neither transferring nor retaining substantially all risks and rewards of ownership but not retaining control. Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose additional restrictions on the sale.

Management determines the classification of its investments at initial recognition.

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through income statement. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term or to mitigate risks. This category includes derivative financial Instruments entered into by the Company that are not designated as hedging Instruments in hedge relationships. Financial assets in this category are classified as current.

Realized and unrealized gains or losses arising from changes in the fair value of the „financial assets at fair value through profit or loss“ are recognized in income statement in which the fair value changed.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the reporting date. These are classified as non-current assets.

Loans and receivables are disclosed as part of non-current and current financial assets, trade receivables and cash and cash equivalents on the Statement of Financial Position.

Loans and receivables represent trade receivables, cash and cash equivalents.

2.10. Leases

a) Leases – IFRS 16

When concluding a contract, the Company assesses whether or not the contract includes a lease. A contract is a lease contract or contains lease if it transfers the right to control the use of an identified asset for a certain period for consideration. A contract is considered as a lease by the Company if it meets all the following requirements:

- There is certain identified asset, either explicitly or implicitly; and
- The lessee basically gets all the economic benefits resulting from the use of the identified asset; and
- The lessee is entitled to control the use of the identified asset.

When concluding a contract, the Company assesses whether or not the contract includes a lease. A contract is a lease contract or contains lease if it transfers the right to control the use of an identified asset for a certain period for consideration. A contract is considered as a lease by the Company if it meets all the following requirements:

The Company applied the new IFRS 16 standard to all contracts concluded before 1 January 2019.

For the initial reporting and subsequent revaluation of a leasing contract containing a leasing component, the Company shall assign the agreed consideration to each leasing component proportionally on the basis of its value, if agreed separately.

i. Leased asset (Company as a lessee)

The Company shall report the right to use the asset and the liability from the lease in the beg nning of the lease. The initial value of the right of use of the asset shall be set out as the sum of the initial value of the liability from the lease, lease payments carried out before or on the day of commencement of the lease, initial direct costs of the lessee minus any leasing incentives received.

When determining the period of lease, the duration of the agreed lease and the option of early termination and/or prolongation is primarily evaluated. When assessing the probability of application of the option of prolongation and/or early termination of the lease period, the Company shall consider all relevant facts and circumstances providing economic incentives for the application (non-application) of these options. The period, for which the contract can be prolonged (or the period following the option to early terminate the contract), shall be included in the lease period only if the Company is sufficiently certain that the prolongation shall be applied.

The right of use of the asset shall be amortized on a straight-line basis over the lease period, from the commencement of the lease until its termination. If the lease includes a transfer of title or purchase option, the right of use of the asset shall be amortized on a straight-line basis over the period of use of the asset amortization commences on the day of commencement of the lease. Assessment of any potential impairment of the right of use of the asset shall be carried out in a manner similar to the assessment of an impairment of a property, plant and equipment.

Liability from the lease shall be first valued on the day when the leased asset is made accessible to the lessee (day of commencement of the lease). Liabilities from the lease are initially valued in the current value of the lease payments over the lease period not paid as at the date of the initial valuation, using the discount rate, which is the incremental borrowing rate of the lessee. The incremental borrowing rate of the lessee has been determined on the basis of available financial information related to the Company. If contract conditions change (e.g. the lease period is modified on the bas s of the prolongation or early termination of the contract, lease payment amount changes due to a change in index or rate used to determine the payment amount, assessment of probability of application of purchase option changes), a revaluation of the lease liability shall be subsequently carried out Any subsequent revaluation of a liability from lease shall affect, among other things, the valuation of the right of use of the asset. If it results in a negative value of the right of use of the asset, the residual impact shall be reported in relation to profit/loss (the value of the resulting right of use of the asset shall be reported as zero).

The Company has applied an optional exemption and reports neither the right of use of asset nor the liability from lease for all types of lease contracts with the lease period up to 12 months. Costs related to these leases are reported in financial accounts as operating costs evenly over lease periods.

The Company has also applied an optional exemption and reports neither the right of use of asset nor the liability from lease in relation to lease contracts where the value of the leased asset is clearly lower than EUR 5,000. When determining the estimated value of an asset, the Company assumes that it is a new asset. If the asset value cannot be determined reliably, the optional exemption shall not be applied.

In its statement of financial position, the right of use of asset is reported by the Company in relation to fixed assets and liabilities from lease are reported by the Company in relation to short-term and long-term liabilities. Furthermore, the Company has reported transactions related to lease in its cash flow statement as follows:

- Principal payments related to liability from lease are reported as part of the cash flow related to financial activities;
- Interest payments related to liability from lease are reported as part of the cash flow related to operating activities;
- Payments of short-term lease, lease of minor assets and payments of variable parts of lease not included in the valuation of liabilities from lease are reported as part of the cash flow related to operating activities.

b) Leases – IAS 17 (comparable period)

i. Leased asset (Company as a lessee)

Any lease, where the Company assumes all significant risks and benefits characteristic for the ownership of the asset in question, is classified as financial lease. For the initial recognition, leased assets are valued using the amount equal to their fair value or the current value of the minimum lease payments, whichever is the lower. After the initial recognition, assets are accounted for in accordance with accounting procedures applicable to the given asset type.

Other lease type is classified as operating lease and the leased assets are not reported by the Company in the statement of financial position.

ii. Lease payments

Payment on the basis of the operating lease are reported in the profit and loss statement on the straight-line basis over the agreed lease period. Incentives related to the lease are accounted for as a non-separable part of the total costs of the lease throughout the lease period.

For the financial lease, minimum lease payments are divided between financial costs and decrease in the outstanding liability. Financial costs are allocated to each period over the duration of the lease, so that a constant interest rate is ensured for the residual amount of the liability.

2.11. Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using weighted average cost method. The acquisition costs include all costs associated with the acquisition of the inventories such as customs duties or transportation costs. Net realizable value is the estimated selling price in the ordinary course of business, less applicable selling costs.

2.12. Trade and other receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, net of provision for impairment. Revenue recognition policy is described in the Note 2.22.

The risk of customer insolvency is managed by financial guarantees received from customers which can be used in case the customer debts are not settled when became due.

A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all the amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy or financial reorganization, default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the assets carrying amount and the present value of the estimated future cash flow discounted by the original effective interest rate.

IFRS 9 sets out a three-level model of impairment of financial assets, based on credit quality changes since their initial recognition. This model requires that a financial instrument that was not initially recognized with credit-based impairment is classified at level 1 and that its credit risk is continually monitored. If any significant increase in credit risk is detected after the initial recognition, the financial instrument is moved to level 2 but no credit-based impairment is introduced yet. If a financial instrument is affected by credit-based impairment, it is moved to level 3.

In case of level 1 receivables, an allowance is created in the amount equal to the portion of expected credit losses over the lifetime of the receivable resulting from possible defaults in the following 12 months. In case of level 2 or 3 receivables, an allowance is created on the basis of expected credit losses over the lifetime of the receivable. According to IFRS 9, future-oriented Information have to be taken into account when creating an allowance. Purchased or incurred financial assets affected by a credit-based impairment are those financial assets that are impaired already at their initial recognition. In those cases, allowance is always created based on their lifetime (level 3).

Impairment of trade receivables is recognized through an allowance account. Impairment losses and their reversals, if any, are recognized in the Income Statement within Other operating expenses or income. Trade receivables that cannot be collected are written off. Trade receivables that were written off and are subsequently repaid by the debtors are recognized in the Income Statement within Other operating income.

2.13. Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are carried at amortized cost using the effective interest method.

2.14. Share Capital

Registered shares are classified as Share Capital.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.15. Current and deferred income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements. However, the deferred income tax is not accounted for, if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred tax is provided on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Dividend income is not subject to income taxes in the Slovak Republic.

The Company offsets deferred tax assets and deferred tax liabilities where the Company has a legally enforceable right to set off tax assets against tax liabilities and these relate to income taxes levied by the same taxation authority.

According to act No. 235/2012 Coll. the Company is payer the special levy from business activities in regulated sectors that is calculated from the profit realized according to the Slovak Act on Accounting. Total amount of this levy is included in the item „Income tax expense".

2.16. Grants and contributions related to acquisition of property and equipment

Grants and contributions are recognized at their nominal value where there is a reasonable certainty that the grant or contribution would be received and the Company would comply with all attached conditions. Grants and contributions relating to acquisition of property, plant and equipment were accounted for by setting up the grant as deferred income, which was recognized as other income over the life of related depreciable asset in connection with the grant approved by EBOR for the Reconstruction - Structure 2, Part 2 an Structure 3 in Križovany, with the grant approved by EBOR for Lemešany - Košice - Moldava- Structure 4, with the grant for financing a reconstruction of switching station 400/110 kV in Bystričany. The Company also has a grant approved by Danube InGrid for project, which is result of cooperation between the Company, Západoslovenská distribučná, a. s. and the Hungarian distribution system operator E.ON Észak-dunántúli Áramhálózati Zrt. PCI projects are key infrastructure projects aimed at interconnecting European energy systems and achieving the EU's energy and climate goals.

2.17. Borrowings

Borrowings are recognized initially at fair value, net of transaction cost incurred. Borrowings are subsequently stated at amortized cost. The difference between the proceeds (net of transaction cost) and the redemption value is recognized in the Income Statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

2.18. Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are not recognized for future operating losses. Where the Company expects provisions to be reimbursed, for example under an Insurance contract, the reimbursement is recognized as an asset but only when the reimbursement is virtually certain.

If there is an onerous contract presented at the Company, the present obligation according to this contract is recognized and valued as a provision.

Where there are number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be in a low value.

The amount recognized as a provision represents the best estimate of the expenditure required to settle the present obligation at the reporting date, i.e. the amount that the Company would rationally pay to settle the obligation. The estimate is determined by the judgement of the management and the Company's lawyers. The provision represents the individual most likely outcome as the best estimate of the liability.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax-rate that reflects current market assessment of the time value of money and the risks specific to the obligation. The increase of the provision due to passage of time is recognized as interest expense.

2.19. Contingent liabilities

Contingent liabilities are not recognized in the Financial Statements. They are disclosed in the notes, unless the possibility of an outflow of resources embodying the economic benefits is remote.

2.20. Trade payables

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using effective interest method. Trade payables include the financial guarantees (Note 2.12).

2.21. Employee benefits

The Company has both defined benefit and defined contribution plans.

Pension plans

A defined plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of Service and compensation. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity or to the Government and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee Service in the current and prior periods.

Unfunded defined benefit pension plan

The Company also has a long-term pension plan, which includes one-off payments at retirement in accordance with legal requirements and its Collective Agreement.

According to the Collective Agreement the Company is obliged since 2018, based on the number of years in Service for the employer SEPS (including the legal predecessors of the SEPS), to pay its employees on retirement or disability the following multiples of their average monthly salary:

Number of years in Service	
0 – 5 included	7
Over 5 to 10 included	9
Over 10 to 15 included	10
Over 15 to 20 included	11
Over 20	12

The minimum requirement of the Labour Code of one-moth average salary payment on retirement and disability is included in the above multiples.

Other benefits

The Company also pays the following life and work jubilee benefits:

- compensation of electricity costs in amount of EUR 150 yearly to retired employees who have worked continuously in the Company for at least three years, the Company paid the eligible employees for the last time in 2021. With the amendment to the collective agreement, effective January 1, 2022, this compensation contribution was cancelled.
- benefit in the amount of EUR 598 for an employee who reaches the age of 50 and 60 (2021: 577 EUR)

The employees of the Company expect that the Company will continue to provide such benefits and, based on opinion of management, it is not probable that the Company would cease to provide such benefits in the future.

The liability recognized in the Statement of Financial Position in respect of defined benefit pension plans is the present value of the defined obligation at the reporting date.

The defined obligation is calculated annually by independent actuaries using the Projected Unit Credit Method. The present value of the defined benefit obligation is determined (a) by discounting the estimated future cash outflows using interest rates of government bonds which have terms to maturity approximating the terms of the related pension liability and (b) the attributing the calculated present values to the periods of Service based on the plan's benefit formula.

Actuarial gains and losses are recognized in equity as incurred. Past-service costs are recognized immediately as an expense, unless the changes to the pension plan are conditional on the employees remaining in the Service for a specified period of time (the vesting period). Otherwise, the past-service costs are amortized on a straight-line basis over the vesting period.

In calculating the provision for retirement benefits as at 31 December 2020, the allocation of benefit costs to the period during which it provides the service was calculated from the date on which the employee began working for the company (prorata temporis). According to a decision published by the IFRS Committee during 2021, service costs are allocated from the date on which the employee is entitled to the benefit (criteria: length of service, condition of continuity, etc.). In calculating the provision as at 31 December 2021, this change was fully taken into account in the calculation of provisions. The change compared to 2020 also occurred in the compensation of costs for electricity consumption. It will not be paid from 1 January 2022 who have left the Company for an old age or invalidity pension.

Defined contribution pension plans

The Company contributes to the government and private defined contribution pension plans.

The Company makes contributions to the government health, retirement benefit, accidental and guarantee insurance and unemployment schemes at the statutory rates in force during the year, based on gross salary wages paid.

During the year, the Company made contributions amounting to 35.2% (2021: 35.2%) of gross salaries up to a monthly salary ceiling, which is defined by the relevant law for such schemes together with contributions by employees of a further 13.4% (2021: 13.4%). The cost of these payments is charged to the Income Statement in the same period as the related salary cost.

In addition, with respect to employees who have chosen to participate in a supplementary pension scheme, the Company makes contributions to the supplementary scheme of 6% of the total of monthly wages, excluding severance payment and payments at retirement.

Profit sharing and bonus plans

Liabilities for any employees benefits in the form of profit sharing and bonus plans are recognized as other payables when there is no realistic alternative but no settle the liability and at least one of the following conditions is met:

- there is a formal plan and the amounts to be paid are determinable before the Financial Statements are authorized for issue; or
- the past practice created a valid expectation of employees that they will receive a profit sharing or other bonus; and
- bonuses or profit sharing may be determined before the financial statements are authorized for issue.

Liabilities for profit sharing and bonus plans are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

2.22. Revenue recognition

The Company recognizes revenue when the amount of revenue can be reliably measured, it is probable that the future economic benefits will flow to the Company and specific criteria will be met for each of the Company's activities as described below.

Revenue comprises the fair value of the consideration received or receivable for the sale of electricity transmission and transit and other Services in the ordinary course of the Company's activities. Revenues is shown, net of value-added tax, estimated returns, rebates and discounts.

Revenue are recognized at the transaction price at the time the goods or Services are transferred to the customer. Any other different followed goods or Services are accounted for separately and the discounts or refunds on the selling price are allocated to individual items. If the price is variable for any reason, the minimum value is accounted for if it is highly probable that it will not be deducted

The revenue is recognized when the respective Service is rendered.

Sales of Services are recognized in the accounting period in which the Services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual Service provided as a proportion of the total Services to be provided.

Dividend income is recognized when the right to receive the payment is established and inflow of economic benefits is probable.

Interest income is recognized in the period when it is earned on a time proportion basis using the effective interest method.

2.23. Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's Financial Statements in the period in which the dividends are approved by the Company's shareholders.

2.24. Hedging Accounting

The Company holds derivative financial Instruments in order to hedge commodity price risks. A hedged item is other receivable or other liability reported by the Company exposing it to a risk of charge of fair value. It is formally designated as a hedged item in the respective hedging relationship. It must be possible to reliably determine the value of a hedged item. A hedging instrument is a derivative instrument, for which it can be expected that its fair value shall compensate changes in fair value of the specified hedged item. The Company has determined that the following derivative Instruments are used for hedging: short-term commodity futures. Hedging derivative instruments are initially valued at the acquisition costs and the respective transaction costs are reported in the profit and loss statement upon their origination. Subsequently, after their first accounting, hedging derivatives are valued at fair value and their changes are accounted in a manner described below.

Cash Flow Hedge

Changes in the fair value of a hedging instrument designated as a cash flow hedging instrument are reported directly in equity to the extent the hedging is effective pursuant to the conditions specified in IFRS 9 standard. The amount reported in equity represents a cumulative profit or loss from the hedging instrument since the commencement of hedge or a cumulative change in the fair value of the hedged item from the commencement of hedge, whichever is lower. Profits or loss from the hedging instrument exceeding the amount reported in equity represent ineffectiveness and are reported in the profit and loss statement. If hedging of an expected transaction subsequently results in reporting of a financial asset or liability, the related profits or losses reported directly in equity are reclassified in the profit and loss statement in the same period or in the periods during which the newly acquired asset or liability affects profit/loss. If the hedged expected transaction subsequently results in reporting non-financial asset or non-financial liability or if the hedged expected transaction with non-financial asset or non-financial liability becomes a mandatory obligation, to which a fair value hedge accounting is applicable, the Company shall remove the respective amount from the provision for cash flow hedging and include it directly in initial costs or other accounting value of the respective asset/liability.

Fair Value Hedge

Fair value hedge is a hedging of the risk of a change in fair value of the reported asset, liability or non-reported mandatory obligation, or an identified part of such an asset, liability or mandatory obligation, which can be allocated to the specific risk and can affect the Company's profit/loss. Profit or loss from the hedging instrument is reported in profit/loss. If the hedged item in fair value hedging does not report a mandatory obligation (or its component), cumulative change in the fair value of the hedged item, after being established, is reported as asset or liability, and the respective profit or loss is reported in profit or loss. If fair value hedging is connected with a mandatory obligation (or its component) to acquire asset or liability, the initial accounting value of the asset/liability resulting from the compliance with the mandatory obligation shall be modified to include the cumulative change in the hedged item fair value as reported in balance sheet previously. Profit or loss from the change in value of the hedging instrument to fair value is reported in profit/loss. Profit or loss from a hedged item that can be allocated to the risk being hedged shall be reported in the profit and loss statement and the accounting value of the hedged item shall be modified by such value as well.

As at 31 December 2022, the Company classified all existing hedging relationships as cash flow hedges.

Effectiveness of hedging is the extent, to which changes in fair value or in cash flows of the hedged item that can be allocated to the hedged risk are compensated by changes in fair value or cash flows of the hedging instrument. Ineffectiveness of hedging is evaluated through qualitative or quantitative analysis, depending on the extent to which the main features of the hedged item are identical with the main features of the hedging instrument. The main causes of ineffectiveness in hedging relationships include differences in the basis (i.e. A situation when the fair value or cash flows of the hedged item depend on another variable than changes in fair value or cash flow from the hedging instrument), time difference (i.e. the hedged item and hedging instrument are created and settled in different times), difference in quantities or nominal values, credit or other risks that can affect the change in fair value of the hedged item or the hedging instrument.

Hedge Termination

A company shall prospectively terminate accounting for hedge if the hedging instrument no more fulfils criteria for hedging operations (taking into account any changes of hedging ratio, if applicable). This include cases when the hedging instrument ceases to exist or is sold, cancelled or realized. Cumulated profit or loss reported previously in equity shall be reclassified and reported in the profit and loss statement for the period in which the hedged item affects the profit and loss statement. Hedging relationship, which keeps fulfilling the risk management objectives and other criteria for hedging operations, taking into account any changes of hedging ratio, may not be terminated.

Classification of Derivative Instruments: Short-Term and Long-Term Instruments

Derivative financial instruments are classified either as short-term or long-term Instruments or divided in short-term and long-term part as follows:

- If the Company holds the derivative instrument as economic hedging for more than 12 months after the balance sheet date, the derivatives are classified as long-term ones (or divided in a long-term and short-term part) in compliance with the classification of the hedged item.
- Derivative financial Instruments designated as effective hedging financial instruments are classified in accordance with the classification of the hedged item subject to it. A derivative instrument is divided into a short-term and long-term part only if it is reliably divisible.
- Derivative financial instruments held primarily for trading purposes are classified as short-term instruments.

2.25. New standards and interpretations that have not yet been applied – standards and interpretations adopted by the European Union

The following issued new standards and interpretations were issued with the possibility of early application and the Company did not apply them early.

Amendments to IAS 1 Presentation of financial statements and IFRS Practice Statement 2 Making Materiality Judgements

The Amendments are effective for annual reporting periods beginning on or after 1 January 2023, with early application permitted. The amendments to IAS 1 require for companies to disclose their material accounting policies and not their significant accounting policies.

The Company plans to apply the amendments from January 1, 2023. The Company does not expect the amendments to have a significant impact on its financial statements upon their initial application.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

The Amendments are effective for annual reporting periods beginning on or after 1 January 2023, with early application permitted.

The amendments introduce a definition of 'accounting estimates' and include further amendments to IAS 8 that clarify how to distinguish changes in accounting policies from changes in estimates. The distinction is important because changes in accounting policies are generally applied retrospectively, whereas changes in estimates are accounted for at the time when the change occurred.

The Company plans to apply the amendments from January 1, 2023. The Company does not expect the amendments to have a material impact on its financial statements upon their initial application.

IAS 12 Income taxes - Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction

Effective for accounting periods beginning on or after 1 January 2023. It should be applied prospectively. Earlier application is allowed.

The amendments narrow the scope of the original recognition exemption (IRE) so that it does not apply to transactions that lead to identical and compensating temporary differences. As a result, companies will be required to recognize a deferred tax asset and deferred tax liability due to temporary differences arising from the initial recognition of a lease and a reinstatement provision.

The Company plans to apply the amendments from January 1, 2023. The Company does not expect the amendments to have a material impact on its financial statements upon their initial application.

2.26. New standards and interpretations that have not yet been applied - standards and interpretations that have not yet been adopted by the European Union

Amendments to IFRS 10 and IAS 28: Sale or contribution of assets between an investor and its associate or joint venture

European Commission has decided to postpone their adoption for indefinite period.

The amendments clarify that, in transactions with an affiliate or joint venture, any profit or loss is recognized to the extent and according to whether the sold or contributed asset represents an enterprise, as follows:

- Profit or loss is recognized in full if the transaction between the investor and its affiliate or a joint venture involves the transfer of asset or assets that represent an enterprise (regardless of whether it is placed in a subsidiary or not),
- Profit or loss is recognized in part if the transaction between the investor and its affiliate or a joint venture includes assets that do not form an enterprise, even if the asset is placed in a subsidiary.

The Company does not expect that these supplements, when they are first applied, will have a significant impact on the presentation of its financial statements, because the Company does not have any subsidiaries, affiliates or joint ventures that would represent net investments of the Company. According to a preliminary conclusion, the Company will continue to be able to account for its subsidiary as well as for its joint venture at cost.

Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current

Classification of Liabilities as Current or Non-current is now effective for annual reporting periods beginning on or after 1 January 2024.

The amendments clarify some IAS 1 requirements relating to materiality, order of the notes, subtotals, accounting policies and disaggregation.

Amendments clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability; clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability.

The classification is not affected by management's intentions or expectations as to whether and when the Company will apply its right to defer settlement of the liability. The amendments also clarify what is considered settlement of a liability.

Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback

Effective for accounting periods beginning on or after 1 January 2024. Earlier application is allowed.

Amendments affect the way a seller-lessee accounts for variable lease payments in a sale and leaseback transaction. The amendments introduce a new accounting model for variable payments and will require seller-lessees to reassess and, where appropriate, reclassify sale and leaseback transactions entered into since 2019.

The amendments confirm the following:

- On initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction;
- After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognises no gain or loss relating to the right of use it retains;
- Seller-lessee may adopt different approaches, which meet the new requirements for subsequent valuation.

The amendment does not change the accounting for leases unrelated to sale and leaseback transactions.

The Company does not expect the amendments to have a material impact on its financial statements upon their initial application.

3 Financial Risk Management

3.1. Financial risk factors

The Company's activities are exposing it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk, price risk), credit risk, liquidity risk and the risk of commodity price change. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's performance. The Company uses derivative financial instruments to mitigate certain risk exposures, if necessary.

Risk management is carried out by the Company under policies approved by the Board of Directors. The Company identifies, evaluates and hedges financial risks in cooperation with the Company's operating units. The Board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments.

(i) Market risk

(a) Foreign exchange risk

The Company provides electricity transit Services and auctions in which payments are denominated in EUR. Similarly, the Company recognizes part of purchases and credit financing with payments denominated in EUR.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Liabilities as at		**Assets as at**	
	31 December 2022	**31 December 2021**	**31. December 2022**	**31. December 2021**
CZK	53	0	1 667	1 468

The impact of other currencies on the Company's operations is immaterial.

Based upon the sensitivity analysis of financial assets and liabilities recognized as at 31 December 2022, a 10 % strengthening/weakening, in the EUR against CZK would result in an increase/decrease in the Company's profit by 147 EUR. Management considers the risk is not significant as at reporting date.

(b) Price risk

The Company is not exposed to significant price risk, as it does not invest in equities.

(c) Operating risks - prices of Services

The Company is a natural monopoly and its activities are regulated by the Regulatory Office for Network Industries (hereinafter referred to as the "Office"). Resolutions of the Office determine tariffs, prices and allowed costs of the Company. To determine these values, the Office applies procedures and formulas described in the Office decrees following the principles set out by the Regulation Board in its regulation policy for the regulation period in question.

The year 2022 is part of regulatory period 2017 - 2022. During this regulatory period is used the determination of prices for access to the transmission system and electricity transmission based on the price cap and tariffs for losses and system Services are determined on the basis of maximum permitted costs. The main part of cost for the providing system Services are costs for support Services, and at the different types of the support Services sets maximum prices of purchased Services or the maximum allowable cost. Part of the cost for the providing of system Services is assured by payment of fixed prices for regulated electricity procured within the framework of the IGCC (International Grid Control Cooperation), which is used to prevent the supply of regulation electricity in opposite directions through the cross-border connections.

The Company acts as shipping agent within Czech, Slovak, Hungarian and Romanian electricity market interconnection (hereinafter referred to as the "MC") in region 4MMC. In June 2021, the 4MMC region merged with the MRC region, where the Polish, German and Austrian electricity markets are interconnected. Since June 2022, the Company has been part of the single daily market Flow-Based Market Coupling project, which optimizes the daily European electricity market for 13 countries within the Core Capacity Calculation Region. Relevant revenues and costs of the Company consists of payments for electricity transmitted through the cross-border links within the interconnection of electricity markets.

Revenues of the Company consist primarily of revenues from tariffs determined by the Office in the respective resolutions (revenues from energy transmission and capacity reserves, revenues from losses in energy transmission, revenues from system Services and revenues from balancing energy acquired within the IGCC system) as well as revenues related to cross-border energy transmission, where the prices for the transmission are not determined by the Office (revenues from the settlement of cross-border transmissions between the operators of transmission networks within the ITC mechanism, revenues from transmission capacity auctions and revenues from MC).

The Company's costs mainly consist of costs for purchase of support Services needed to provide system Services, purchase costs for the electricity to cover losses and own consumption, costs for regulated electricity acquired under IGCC system, the costs associated with cross-border electricity transmission and other costs needed for transmission system operation and operation of the Company.

(d) Cash flow interest rate risk

The Company repaid the last loan with a variable rate on 3 December 2015. As at 31 December 2022 the Company did not have unpaid loan. For this reason the Company is not exposed to interest rate risk in consequence of long- term loans.

The Company analyses its interest rate exposure on a dynamic basis. Financial situation of the Company is stable and is not expected to refinance existing debt or alternative financing. Operating revenues and operating cash flows of the Company are largely independent of changes in market interest rates. The Company has no significant interest - bearing assets other than cash and cash equivalents.

(ii) Credit risk

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institution, as well as credit exposures to customers, including outstanding receivables. If Wholesale customers are independently rated, these ratings are used. If there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

The Company has implemented individual credit risk assessment of major customers. The input Information for the assessment is payment discipline of customer, indicators from Financial Statements, available Information on customer's indebtedness. Major customers include those with highest purchases of Services. Payment conditions are set-up according to the results of the assessment. Average maturity of receivables upon sale of products and Services is based on dates agreed in the contracts, i.e. 3 to 30 days.

The Company is managing risk of non-payment of customers through advance payment and guarantees.

As for the trade receivables, the Company carries out its activities with a few significant counterparties. Although the receivables of the Company are generated from a few customers only, the credit risk is limited due to character of the counterparties. All the customers are strategy Slovak companies engaged in the electricity business, most of them with an influence by the state.

Maximum exposure related to trade and other receivables is the nominal value of trade receivables adjusted by individual impairment of EUR 22 591 (Note 11). The Company created the impairment provision of EUR 105 000 for the expected loss on trade receivables that are not yet due after 31 December 2022 (31 December 2021: EUR 105 000).

The table below shows the balances of receivables due from bank (short-term financial assets) and other cash at the reporting date:

		Balance as at 31 December	
Counterparty	**Rating[2]**	**2022**	**2021**
Banks[1]			
Všeobecná úverová banka, a. s.	A2	151 105 313	13 680 760
Tatra banka, a. s.	A2	109 235 007	26 888 095
Československá obchodná banka, a. s.	A2	40 061 691	45 775
Slovenská sporiteľňa, a. s.	A2	40 446 851	4 968 089
Štátna pokladnica	-	25 126 913	111 008 305
365 Banka, a. s. (Poštová banka, a. s.)	BB-	85 876	985 870
UniCredit Bank Czech Republic and Slovakia, a. s. pobočka zahraničnej banky	A3	17 182 596	2 771 445
UniCredit Bank Czech Republic and Slovakia, a. s.	A3	0	4 182 044
HypoVereinsbank	A2	32 385 185	0
Other	n/a	72 025	108 224
Total		**415 701 457**	**164 638 607**

[1] The amount of cash and short-term deposits at banks as at 31 December 2022 amounts to EUR 160 701 457 (31 December 2021: EUR 164 638 607). Short-term financial assets in the amount of EUR 255 000 000 as at 31 December 2022 represents deposits in banks with a commitment period of more than three months (31 December 2021: EUR 0). The Company has bank borrowings as at 31 December 2022 of EUR 5 341 (31 December 2021: EUR 5 475 461).
[2] The Company uses the independent rating of Moody's, Fitch Ratings and Standard & Poor's.

As a part of cash and cash equivalents, the Company reports bank accounts in the amount of EUR 17 861 111, which secure trading on the spot market and the commodity futures market in a form of variable collateral.

(iii) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through and adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business the Company aims to maintain flexibility in funding by keeping committed credit lines available.

The Company manages liquidity risk by having an option to utilize bank overdrafts which should cover an immediate shortage of cash. The Company regularly monitors its liquidity position and uses overdrafts only in exceptional cases. The Company also uses the advantages of commercial terms between the Company and its suppliers to secure sufficient financing funds to cover its needs. The maturity of supplier's invoices is between 3 to 60 days.

The Company monitors movements of financial resources on its bank accounts on a regular basis.

Expected cash flow is prepared as follows:

- expected future cash inflows from main operations of the Company,
- expected future cash outflows securing operations of the Company and leading to settlement of all liabilities of the Company, including tax payables.

A cash flow forecast is prepared monthly. It identifies the immediate need for cash and, if funds are available, it enables the Company to make term deposits and other investments.

Management monitors rolling forecasts of the Company's liquidity reserve comprises un-drawn borrowing facility and cash and cash equivalents on the basis of expected cash flow.

The table below analyses the Company's financial liabilities by relevant remaining maturity. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant

	Less than 1	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At 31 December 2022				
Bank loans	5 341	0	0	0
Finance lease	176 414	110 831	213 878	47 704
Trade and other payables excluding liabilities not falling under IFRS 7	77 891 842	0	0	0
Total	**78 073 597**	**110 831**	**213 878**	**47 704**
At 31 December 2021				
Bank loans	5 475 461	0	0	0
Finance lease	200 134	197 449	333 815	93 578
Trade and other payables excluding liabilities not falling under IFRS 7	73 551 166	0	0	0
Total	**79 226 761**	**197 449**	**333 815**	**93 578**

	Less than 1	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
As at 31 December 2022				
Short term financial liabilities - hedging derivative Instruments	2 164 731	0	0	0
Total	**2 164 731**	**0**	**0**	**0**
As at 31 December 2021				
Short term financial liabilities - hedging derivative Instruments	48 457 260	0	0	0
Total	**48 457 260**	**0**	**0**	**0**

Fair value of a hedging derivative does not differ from its accounting value as at 31 December 2022 and 31 December 2021.

Overview of movements in liabilities from financing activities:

Liabilities from financing activities	As at 31 December 2021	Cash-flow from financing activities	Other changes	As at 31 December 2022
Bank loans	5 475 461	-5 470 120	0	5 341
Liabilities from lease	824 976	-276 149	0	548 827
Other finance liabilities	0	0	0	0
Dividends	0	58 790 250	-58 790 250	0
Interests	0	-338 465	338 465	0
Total	**6 300 437**	**52 705 516**	**-58 451 785**	**554 168**

(iv) Commodity risk

The Company's exposure to commodity price change risks arises in purchasing electricity as a result of contracts tied to electricity prices quoted on exchange and can be quantified through risk factors. To mitigate the exposure to commodity price fluctuations, the Company uses commodity futures.

Managing processes related to commodity price change risk in the Company are designed so that the status and development of risks in time is monitored on ongoing basis and it is possible to determine whether the risk level observed for various areas (e.g. from the point of view of geography, organization, etc.) is within the limits set out for acceptance of risk defined by the Company's top management. These operations are carried out in accordance with the concept of formal control rules, within which a strict risk limits were set. Compliance with these limits is verified by the departments that are independent on those Company sections that carry out the transactions, while trading positions are assessed through the Value-at-Risk indicator monitored on quarterly basis.
Electricity Commodity Derivative Sensitivity Analysis

Sensitivity to Changes in Fair Value of Electricity

Electricity Commodity Derivatives	Net Fair Value	Change
10% decrease	26 373 649	1 203 851
Balance as at 31 December 2022	25 169 798	
10% increase	23 965 947	-1 203 851

Electricity Commodity Derivatives	Net Fair Value	Change
10% decrease	52 380 760	3 923 500
Balance as at 31 December 2021	48 457 260	
10% increase	44 533 760	-3 923 500

Sensitivity to Changes in Market Prices of Electricity

Electricity Commodity Derivatives	Net Fair Value	Change
10% decrease	22 652 818	-2 516 980
Balance as at 31 December 2022	25 169 798	
10% increase	27 686 777	2 516 980

Electricity Commodity Derivatives	Net Fair Value	Change
10% decrease	35 679 128	-12 778 132
Balance as at 31 December 2021	48 457 260	
10% increase	45 370 580	-3 086 680

Effectivity of hedging is on the level of 100%.

3.2. Capital risk management

The Company's objectives of managing Capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of Capital. The Company's management manages shareholders' capital reported under IFRS adopted by the European Union at 31 December 2022 in value EUR 974 513 965 (31 December 2021 EUR 870 682 994).

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as follows:

	31 December 2022	31 December 2021
Total equity and liabilities	1 484 118 471	1 258 125 871
Equity (Note 13)	974 513 965	870 682 994
The ratio of Equity to Total liabilities and equity	66%	69%

The Company's strategy did not changed compare to 2021 and during years 2022 and 2021, the Company complied with the externally imposed capital requirements (Note 15).

3.3. Fair value estimation

Fair value of financial assets and financial liabilities is the amount, for which the financial instrument could be exchanged in an independent transaction involving informed and voluntarily consenting parties, unless it is a forced liquidation or execution sale. To determine the respective fair values, the following methods and assumptions were used:

- Fair value of cash and short-term deposits, trading receivables, trading payables and other short-term liabilities are approximately equal to their accounting value, basically due to the short-term maturity of these Instruments.
- Long-term receivables with fixed or variable interest rate are assessed by the Company on the basis of parameters such as interest rates, risk factors specific for the given country, individual customer creditworthiness and the risk connected with the financed project. On the basis of such

assessment, adjustments are used in accounting to cover expected losses from such receivables. As at 31 December 2022 and 31 December 2021, accounting value of receivables, after the adjustment is deducted, does not significantly differ from the fair value of such receivables.

- The fair value of quoted Instruments is based on bid prices as at the balance sheet date. Fair value of unquoted Instruments, bank loans and other financial liabilities, financial leasing liabilities and other non-financial liabilities is estimated by discounting any future cash flows using a rate that is currently available for loans with similar conditions, credit risk and remaining maturity.
- Fair value of financial assets intended for a sale is determined on the basis of market price quoted on active market, if any such price is available.
- Value of derivatives is determined using valuation techniques and inputs that can be observed on the market, primarily in the form of commodity futures. Valuation techniques that are used most often include the so-called forward valuation model.

Hierarchy of Fair Values

To determine and report fair value of financial Instruments and non-financial assets, the Company uses the following hierarchy, based on valuation method:

Level 1: Quoted prices (non-adjusted) on active markets applicable to the same assets/liabilities.
Level 2: Other techniques, for which all the inputs that significantly affect the fair value can be observed on the market, either directly or indirectly.
Level 3: Techniques, for which the inputs that significantly affect the fair value are not based on observable market data.

Fair value of financial Instruments is based on inputs other than their quoted market price at the date of preparation of the financial statements.
Accounting value of trading receivables and payables, after a deduction by adjustments, is approximately equal to their fair value.

Financial liabilities measured at fair value	31 December 2022	Level 1	Level 2	Level 3
Hedging derivatives	25 169 798	0	25 169 798	0

Financial liabilities measured at fair value	31 December 2021	Level 1	Level 2	Level 3
Hedging derivatives	48 457 260	0	48 457 260	0

4 Critical accounting estimates and judgements

The Company makes estimates and assumptions concerning the future periods. The accounting estimates due to its nature, would differ from actual results realized in future period. Critical estimates and assumptions that bear a risk that their change will cause a material adjustment to the carrying amounts of assets and liabilities within the future, are described below.

(i) Regulated revenues

The Company is a natural monopoly and its activities are regulated by the Regulatory Office for Network Industries (hereinafter referred to as the "Office"). Resolutions of the Office determine tariffs, prices and allowed costs of the Company. To determine these values, the Office applies procedures and formulas described in the Office decrees following the principles set out by the Regulation Board in its regulation policy for the regulation period in question.

The Company's revenues comprise primarily revenues from tariffs determined by the Office in the respective resolutions (revenues from energy transmission and capacity reserves, revenues from losses in energy transmission, revenues from system Services and revenues from balancing energy acquired within the IGCC system) as well as revenues related to cross-border energy transmission, where the prices for the transmission are not determined by the Office (revenues from the settlement of cross-border transmissions between the operators of transmission networks within the ITC mechanism, revenues from transmission capacity auctions and revenues from MC).

For more details on description related to revenues see Note 3.1 (i) (c).

(ii) Pension benefits

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. By determining the appropriate discount rate, the Company considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based in part on current market conditions (Note 19).

(iii) Revaluation of property, plant and equipment

The main operating assets of the Company are assets used for electricity transmission. In the past, the Company valued assets at the historical acquisition costs. As at 31 December 2011, 2016 and 2021 the Company applied the revaluation model to fair value according to IAS 16 for property, plant and equipment, except for the classes of property containing vehicles, inventory and artwork. Revaluation of property, plant and equipment was made by an independent expert who used a net realizable value. In case of increase of the assets book value during revaluation, the analysis of the possible impairment was performed based on the determining value in use (present value of the current cash flows expecting from the use of property). The revaluation resulted in an increase in the value of the assets and a related increase in other comprehensive income accumulated in equity. Assumptions used in the revaluation model are based on the independent expert. The final reported book values of these assets and related revaluation differences are not necessarily the values at which these assets may have been or will be sold.

The Company also evaluated the expected remaining useful life of the property, plant and equipment based on the expert opinion as stated above.

	2022	2021
Buildings, halls, networks, constructions	10 – 60 years	10 – 60 years
Machinery, equipment and vehicles	4 - 50 years	4 - 50 years
Other non-current tangible assets	4 years	4 years

There are uncertainties regarding future economic conditions, technology changes and business environment in the sector or regulations by URSO, which may result to future possible adjustments to the estimated revaluations and useful life of property, plant and equipment. This may significantly change the reported amount of assets, equity and profit of the Company in the future.

(iv) Impairment test

As at 31 December 2022, the Company performed a revaluation of the impairment losses for property, plant and equipment in accordance with IAS 36 on the basis of assessment of their future use, disposal or sale. The Company concluded that all assets used in the regulated activities relating to the transmission of electricity represent as a whole one cash generating unit. Due to the increase in the value of assets on its revaluation, an estimate of discounted future cash flows was also carried out based on currently valid regulation by URSO. Based on the analysis, the Company concluded that the assets used for regulated activities related to electricity transmission are not impaired.

5 Property, plant and equipment

	Land (revaluated)	Buildings, halls and construction (revaluated)	Machinery and equipment** (revaluated)	Vehicles and other assets *** (cost))	Capital work in progress including advances (cost)	Total
At 1 January 2021						
Cost	15 989 235	665 404 758	251 070 120	144 062 998	54 413 437	1 130 940 548
Accumulated depreciation and impairment charges	0	-131 358 023	-90 243 583	-36 606 891	0	-258 208 497
Net book value	**15 989 235**	**534 046 735**	**160 826 537**	**107 456 107**	**54 413 437**	**872 732 051**
Year ended 31 December 2021						
Opening net book value	15 989 235	534 046 735	160 826 537	107 456 107	54 413 437	872 732 051
Revaluation	0	-7 697 024	52 428 809	0	0	44 731 785
Additions	151 140	23 563 263	15 903 515	1 190 534	638 501	41 446 953
Transfers		32 875 173	7 498 291	561 320	-40 934 784	0
Disposals	0	-463 117	-980 362	-73 223	0	-1 516 702
Depreciation charge		-21 625 764	-38 971 670	-2 910 960	0	-63 508 394
Impairment charge	0	0	0	0	0	0
Net book value at the end of period	**16 140 375**	**560 699 266**	**196 705 120**	**106 223 778**	**14 117 154**	**893 885 693**
At 31 December 2021 after revaluation						
Cost	16 140 375	582 090 179	201 187 673	145 581 922	14 117 154	959 117 303
Accumulated depreciation and impairment charges	0	-21 390 913	-4 482 553	-39 358 144	0	-65 231 610
Net book value	**16 140 375**	**560 699 266**	**196 705 120**	**106 223 788**	**14 117 154**	**893 885 693**
At 31 December 2021 in historical costs						
Cost	8 856 230	767 880 480	567 025 311	26 297 939	14 110 149	1 384 170 109
Accumulated depreciation and impairment charges	0	-266 685 455	-329 447 457	-7 321 232	0	603 454 144
Net book value	**8 856 230**	**501 195 025**	**237 577 854**	**18 976 707**	**14 110 149**	**780 715 965**
Year ended 31 December 2022						
Opening net book value	16 140 375	560 699 266	196 705 120	106 223 788	14 117 154	893 885 693
Additions	4 197 321	20 716 726	4 260 026	473 337	14 436 751	44 084 161
Transfers	0	3 384 373	6 879 269	764 362	-11 028 004	0
Disposals	-912	-209 901	-3 656	-406	0	-214 875
Depreciation charge	0	-22 557 600	-34 624 211	-3 847 135	0	-61 028 946
Impairment charge	0	0	0	0	0	0
Net book value at the end of period	**20 336 784**	**562 032 864**	**173 216 548**	**103 613 936**	**17 525 901**	**876 726 033**

At 31 December 2022 after revaluation						
Cost	20 336 784	605 863 755	208 897 427	146 438 562	17 525 901	999 062 429
Accumulated depreciation and impairment charges	0	-43 830 891	-35 680 879	-42 824 626	0	-122 336 396
Net book value	**20 336 784**	**562 032 864**	**173 216 548**	**103 613 936**	**17 525 901**	**876 726 033**
At 31 December 2022 in historical costs						
Cost	13 052 736	790 662 879	551 476 566	35 212 430	17 525 901	1 407 930 312
Accumulated depreciation and impairment charges	0	-283 539 451	-335 447 579	-10 374 667	0	-629 361 697
Net book value	**13 052 736**	**507 123 428**	**216 028 987**	**24 837 763**	**17 525 901**	**778 568 815**

** Includes IT equipment belonging to switchyards that was revalued.
*** Includes inventory, other fixed tangible assets, works of art and collections and IT not belonging to switchyards.

The first revaluation of property, buildings, halls, lines and structures took place on 1 January 2011. As at 1 January 2016 and as at 1 January 2021 an independent expert who is in no way related to the Company performed update of the revaluation of land, buildings, halls, lines and structures, machinery and equipment and other revalued assets on the basis of observed state and determination of replacement costs of assets, with reference to records of current market transactions for similar property items and methodology for estimating net realizable value. Net realizable values are based on current purchase prices at which assets could be acquired as new and the estimated residual values, which are based on current acquisition costs of the assets, useful life and age of existing assets (net realizable value less depreciation methodology).

As at January 1, 2021, the Company updated the revaluation. The revaluation resulted in an increase in the accounting value of property, plant and equipment by EUR 44 731 785 (of which an increase in comprehensive income by EUR 49 799 593 and a decrease in operating profit by EUR 5 067 808), an increase in deferred tax liability by EUR 9 393 675, a decrease in profit by EUR 3 411 420 and an increase in revaluation gains in other comprehensive income accumulated as a revaluation surplus in equity by EUR 39 341 678 after taking into account the effect of deferred tax.

Revaluation of assets to fair value was performed by an independent expert using a net realizable value and he also assessed the useful life of each item of property, plant and equipment. The revaluation resulted in a reduction of annual depreciation by EUR 11 825 826 in 2021 compared to the previous accounting period.

This valuation is in accordance with International Valuation Standards. The Company recorded a revaluation update on January 1, 2021.

As at 31 December 2022, the Company reassessed the impairment of property, plant and equipment in accordance with IAS 36 based on an assessment of their future use, disposal or sale. The Company has determined that all assets used in the regulated electricity transmission activities as a whole form a single cash generating unit. Based on the performed analysis, the company came to the conclusion that the assets used for regulated activities related to the transmission of electricity are not impaired.

As at 31 December 2022, the most significant items within property, plant and equipment represent: switching stations and administrative buildings in revalued net book value of EUR 408 291 494, in historical net book value of EUR 352 288 025 (31 December 2021: revalued net book value of EUR 436 282 180, historical net book value of EUR 369 343 616); transmission lines at revalued net book value of EUR 395 303 559, in historical net book value of EUR 362 986 674 (31 December 2021: revalued net book value of EUR 389 554 057, in historical net book value of EUR 353 602 489).

As at 31 December 2022, the Company assessed all internal and external indicators. The Company did not find any indicators that would require that the impairment test be carried out on a group of assets as at 31 December 2022.

Non-current assets under construction consists mainly of EUR 3 153 833 for a backup data centre in Podunajské Biskupice (31 December 2021: EUR 3 048 701), EUR 2 292 852 for 2x400kV line Bystričany - Horná Ždaňa (31 December 2021: EUR 2 247 446), EUR 1 564 205 for the 400/110 kV substation in Senica (31 December 2021: EUR 1 320 389), EUR 1 035 352 for charging the connection Fortischem, a. s. to ES Bystričany (31 December 2021: EUR 343 033), EUR 1 439 529 for central hyper convergent infrastructure (31 December 2021: EUR 0), EUR 0 for upgrade of equipment in RIS Horná Ždaňa (31 December 2021: EUR 68 378), EUR 0 for optimizing and increasing security (31 December 2021: EUR 1 733 946). These assets are not available for use at the reporting date.

In 2022, borrowing costs are capitalized in accordance with accounting policies of the Company, borrowing costs EUR 0 (2021: EUR 0) as a part of the acquisition cost of non-current assets. The effective interest rate related to capitalization as at 31 December 2022 amounted 0% p.a. (31 December 2021: 1,27% p.a.).

The following table includes property leased by the Company as lessor under operating lease agreements:

	Land, buildings and structures	Plant, machinery and equipment	Total
As at 31 December 2022			
Cost	17 781 261	0	17 781 261
Accumulated depreciation	-1 441 902	0	-1 441 902
Net book value as at 31 December 2022	**16 339 359**	**0**	**16 339 359**
As at 31 December 2022			
Historical acquisition cost	24 566 421	0	24 566 421
Accumulated depreciation historical	-8 581 398	0	-8 581 398
Net book value as at 31 December 2022	**15 985 023**	**0**	**15 985 023**
As at 31 December 2021			
Cost	17 738 127	0	17 738 127
Accumulated depreciation	-723 707	0	-723 707
Net book value as at 31 December 2021	**17 014 420**	**0**	**17 014 420**
As at 31 December 2021			
Historical acquisition cost	24 513 208	0	24 513 208
Accumulated depreciation historical	-7 911 423	0	-7 911 423
Net book value as at 31 December 2021	**16 601 785**	**0**	**16 601 785**

The Company also leases optic fibres and circuits. The value of such fibres and circuits is cifficult to determine, as they are part of other assets that are used by the Company.

There are no restrictions of ownership relating to property, plant and equipment other than those disclosed in these Notes to the Financial Statements. No property, plant and equipment has been pledged.

Type and amount of Insurance of non-current intangible and tangible assets

The Company has insured its assets against the following risks:

Insured object	Type of Insurance	Amount insured as at 31 Dec 2022 and 2021	Name of the Insurance company
Buildings, halls and constructions	Damage or total los s (natural disaster)	217 369 609	Lead insurer: Allianz - Slovenská poisťovňa, a.s. (Co-insurance: Kooperativa poisťovňa, a. s. Vienna Insurance Group, Colonnade Insurance S.A., Generali Poisťovňa, a. s.)
Machines, tools and equipment, vehicles without car licence plates, transformers RRB - radio relay point, cables	Damage or total loss (natural disaster)	613 423 693	Lead insurer: Allianz - Slovenská poisťovňa, a.s. (Co-insurance: Kooperativa poisťovňa, a. s. Vienna Insurance Group, Colonnade Insurance S.A, Generali Poisťovňa, a. s.)
Elevated line	Damage or total loss (natural disaster)	731 367 633	Lead insurer: Allianz - Slovenská poisťovňa, a.s. (Co-insurance: Kooperativa poisťovňa, a. s. Vienna Insurance Group, Colonnade Insurance S.A, Generali Poisťovňa, a. s.)
Office equipment	Damage or total loss (natural disaster)	1 774 773	Lead insurer: Allianz - Slovenská poisťovňa, a.s. (Co-insurance: Kooperativa poisťovňa, a. s. Vienna Insurance Group, Colonnade Insurance S.A, Generali Poisťovňa, a. s.)
Inventory and other tangible assets	Damage or total loss (natural disaster)	1 331 080	Lead insurer: Allianz - Slovenská poisťovňa, a.s. (Co-insurance: Kooperativa poisťovňa, a. s. Vienna Insurance Group, Colonnade Insurance S.A, Generali Poisťovňa, a. s.)
Scheduled Capital expenditures, automatic coverage of new assets	Damage or total loss (natural disaster)	93 745 591	Lead insurer: Allianz - Slovenská poisťovňa, a.s. (Co-insurance: Kooperativa poisťovňa, a. s. Vienna Insurance Group, Colonnade Insurance S.A, Generali Poisťovňa, a. s.)
Inventories	Damage or total loss (natural disaster)	1 500 000	Lead insurer: Allianz - Slovenská poisťovňa, a.s. (Co-insurance: Kooperativa poisťovňa, a. s. Vienna Insurance Group, Colonnade Insurance S.A, Generali Poisťovňa, a. s.)

Insured object	Type of Insurance	Amount insured as at 31 Dec 2022 and 2021	Name of the Insurance company
Cash, valuables, stamps and vouchers, documentary securities deposited in the vaults and mailboxes	Insurance against theft, burglary and robbery, and robbery during transport and vandalism	16 597	Lead insurer: Allianz - Slovenská poisťovňa, a.s. (Co-insurance: Kooperativa poisťovňa, a. s. Vienna Insurance Group, Colonnade Insurance S.A, Generali Poisťovňa, a. s.)
Set of movable tangible fixed assets, cables, elevated power line	Insurance against theft, burglary and robbery, and robbery during transport and vandalism	331 939	Lead insurer: Allianz - Slovenská poisťovňa, a.s. (Co-insurance: Kooperativa poisťovňa, a. s. Vienna Insurance Group, Colonnade Insurance S.A, Generali Poisťovňa, a. s.)
Inventory and other TFA	Insurance against theft, burglary and robbery, and robbery during transport and vandalism	290 966	Lead insurer: Allianz - Slovenská poisťovňa, a.s. (Co-insurance: Kooperativa poisťovňa, a. s. Vienna Insurance Group, Colonnade Insurance S.A, Generali Poisťovňa, a. s.)
Inventories, construction components	Insurance against theft, burglary and robbery, and robbery during transport and vandalism	165 970	Lead insurer: Allianz - Slovenská poisťovňa, a.s. (Co-insurance: Kooperativa poisťovňa, a. s. Vienna Insurance Group, Colonnade Insurance S.A, Generali Poisťovňa, a. s.)
Measuring devices, cables, and laptops in motor vehicles	Insurance against theft, burglary and robbery, and robbery during transport and vandalism	66 388	Lead insurer: Allianz - Slovenská poisťovňa, a.s. (Co-insurance: Kooperativa poisťovňa, a. s. Vienna Insurance Group, Colonnade Insurance S.A, Generali Poisťovňa, a. s.)
Machinery, equipment and cables	Insurance of machinery and equipment (damage or destruction of machinery)	591 145 794	Lead insurer: Allianz - Slovenská poisťovňa, a.s. (Co-insurance: Kooperativa poisťovňa, a. s. Vienna Insurance Group, Colonnade Insurance S.A, Generali Poisťovňa, a. s.)
Scheduled Capital expenditures	Insurance of machinery and equipment (damage or destruction of machinery)	65 000 000	Lead insurer: Allianz - Slovenská poisťovňa, a.s. (Co-insurance: Kooperativa poisťovňa, a. s. Vienna Insurance Group, Colonnade Insurance S.A, Generali Poisťovňa, a. s.)
Insurance of cybernetic risks		500 000	Lead insurer: Allianz - Slovenská poisťovňa, a.s. (Co-insurance: Kooperativa poisťovňa, a. s. Vienna Insurance Group, Colonnade Insurance S.A, Generali Poisťovňa, a. s.)

Insured object	Type of Insurance	Amount insured as at 31 Dec 2022 and 2021	Name of the Insurance company
Terrorism		10 000 000	Lead insurer: Allianz - Slovenská poisťovňa, a.s. (Co-insurance: Kooperativa poisťovňa, a. s. Vienna Insurance Group, Colonnade Insurance S.A, Generali Poisťovňa, a. s.)

6 Intangible assets

	Software and other intangible assets	Intangible assets not yet in use	Total
At 1 January 2021			
Cost	61 505 743	947 529	62 453 272
Amortisation charge	-44 672 887	0	-44 672 887
Net book value	**16 832 856**	**947 529**	**17 780 385**
Year ended 31 December 2021			
Opening net book amount	16 832 856	947 529	17 780 385
Additions	748 144	5 145 441	5 893 585
Transfers	250 516	-250 516	0
Disposals	0	0	0
Amortisation charges	-5 171 440	0	-5 171 440
Closing net book value	**12 660 076**	**5 842 454**	**18 502 530**
At 31 December 2021			
Cost	62 340 863	5 842 454	68 183 317
Amortisation charges	-49 680 787	0	-49 680 787
Net book value	**12 660 076**	**5 842 454**	**18 502 530**
Year ended 31 December 2021			
Year ended 31 December 2022			
Opening net book amount	12 660 076	5 842 454	18 502 530
Additions	8 328 806	16 594	8 345 400
Transfers	5 491 825	-5 491 825	0
Disposals	0	0	0
Amortisation charge	-5 104 234	0	-5 104 234
Closing net book value	**21 376 473**	**367 223**	**21 743 696**
At 31 December 2022			
Cost	76 152 338	367 223	76 519 561
Amortisation charges	-54 775 865	0	-54 775 865
Net book value	**21 376 473**	**367 223**	**21 743 696**

The Computer Software consists mainly of Software SAP, Software for registry and Damas Energy and MONARCH RIS SED. Net book value of SAP is EUR 253 181 (31 December 2021: EUR 388 641), remaining amortization period is 3 years. Net book value of Damas Energy is EUR 3 982 271 (31 December 2021: EUR 411 336), remaining amortization period is 4 years. Net book value of MONARCH RIS SED is EUR 4 170 365 (31 December 2021: EUR 7 214 352), remaining amortization period is 2 years.

Intangible assets not yet in use include EUR 248 500 for improvement of RIS safety (31 December 2021: EUR 248 500), EUR 79 511 for update and upgrade of MARI/PICASSO (31 December 2021: EUR 0), EUR 0 for legislative upgrade of trading system (31 December 2021: EUR 1 887 202), EUR 0 for encumbrances for land under transmission line 2x400 kV Veľký Meder - state border with Hungary (31 December 2021: EUR 2 349 332).

Internally generated intangible assets are immaterial.

There are no restrictions of ownership relating to intangible assets and no intangible assets are pledged.

7 Shares in subsidiaries and other investments

	2022	2021
At the beginning of the year	**44 332 117**	**135 278 315**
Additions	0	0
Disposals	0	-90 946 198
At the end of the year	**44 332 117**	**44 332 117**

In 2008, eight providers of transmission systems: Verbund - Austrian Power Grid AG, ČEPS, a.s., Electro- Slovenija d.o.o., E.ON Netz GmbH, MAVIR Hungarian TSO Company Ltd., PSE-Operator S.A., SEPS and Vattenfall Europe Transmission GmbH established a joint auction office (CAO) based, Gute Anger 15, Freising, Germany in order to implemented coordinated congestion management at regional level. In 2013 Company's share on the Capital was 12.5 %. On 23 May 2014 was entered in the German Register a new partner - Croatian provider HOPS d. o. o. and Company's share on the Capital was reduced to 11.11%.

The General Assembly of the Central Allocation Office GmbH (CAO) and the Capacity Allocation Service Company.EU S.A. (CASC.EU), two regional offices for allocating cross-border capacity for electricity transmission, on 24 June 2015 approved the merger agreement and the creation of a Joint Allocation Office (JAO).

JAO is a Service company founded by twenty-five transmission system operators of the twenty-two countries - 50Hertz (Germany), IPTO (Greece), Amprion (Germany), APG (Austria), ČEPS (Czech Republic), CREOS (Luxembourg), ELES (Slovenia), ELIA (Belgium), EnerginetDK (Denmark), HOPS (Croatia), MAVIR (Hungary), PSE (Poland), RTE (France), Slovenská elektrizačná prenosová sústava, a.s. / SEPS, Statnett (Norway), Swissgrid (Switzerland), TenneT (Germany), TenneT (Netherlands), Terna (Italy), TransnetBW (Germany), Moyle (Northern Ireland) and EirGrid (Ireland), EMS Elektromreza Srbije AD (Serbia), ESO Elektroenergien Sistemen Operator EAD (Bulgaria), National Power Grid Company Transelectrica, S. A. (Romania). Its main task is to conduct an annual, monthly and daily auctions of rights to transmit electricity across 29 borders in Europe and act as backup for the European Market Coupling.

New allocation platform was established on 1 September 2015. Following the merger until the end of 2015, both agencies operated in parallel to ensure the uninterrupted implementation of monthly and daily auctions on all relevant borders. All acts and activities are fully moved to Luxembourg in the first quarter of 2016. For the year 2022 are not available data about equity and profit/loss yet. The Company does not expect that the investment is impaired.

In June 2018, Slovenská elektrizačná prenosová sústava, a. s. became a shareholder of TSCNET Services GmbH (TSCNET). TSCNET is one of the European Regional Security Coordinators (RSC) based in Munich, Germany. TSCNET provides integrated Services for the operators of transmission systems and their dispatching centres in order to maintain the operational safety of the power grid.

TSCNET shareholders are also the organization's major customers. At present, the following 15 transmission system operators from eleven European countries are the organization's shareholders: 50Hertz (Germany), Amprion (Germany), APG (Austria), ČEPS (Czech Republic), ELES (Slovenia), HOPS (Croatia), MAVIR (Hungary), PSE (Poland), SEPS (Slovakia), Swissgrid (Switzerland), TenneT (Germany), TenneT (Netherlands), TransnetBW (Germany) and Transelectrica (Romania). For 2022, data on equity and profit or loss is not yet available. The Company does not expect any impairment of the investment.

On 11 August 2010 the Company OKTE, a.s. (with its registered office in Mlynské nivy 48, 824 84 Bratislava) was registered in the Commercial Register of the District Court Bratislava I. The only shareholder of the company is Slovenská elektrizačná prenosová sústava, a.s. The Share Capital consists of 4 644 registered shares at a nominal value of EUR 1 000 and legal reserve fund in amount EUR 3 315. The company as the only shareholder the Company OKTE, a.s. decided on 23 December 2020 to create Capital fund from contributions of shareholders in the amount of EUR 130 000 000 and this contribution was paid up as at 31 December 2020. The company as the only shareholder of the Company OKTE, a.s. decided to compensation the loss of the company OKTE, a.s from the period ending as at 31 December 2020 from the Capital fund from shareholder contributions on 21 December 2021.

In the case of compensation of loss from Other capital funds, the Company waived the right to pay out back Other capital funds from OKTE, a. s., as it is possible in the case of Other capital funds. For this reason, the assets of the Company decreased and this was accounted as a write-off of the value of the financial investment in the amount of EUR 90 946 198.

The loss of OKTE, a.s. of the year 2020 is possible to identify as a deficit from the system of support for electricity production from OZE (renewable energy sources) and VÚKVET (high-efficiency cogeneration), of which the company OKTE, a. s. is the organizer and clearer in accordance with Act no. 250/2012 Coll. on regulation in network industries, Act no. 251/2012 Coll. on Energy and on Amendments to Certain Acts and Act No. 309/2009 Coll. on the promotion of renewable energy sources and high-efficiency cogeneration and on the amendment of certain laws. Profit or loss of OKTE, a.s. in the regulatory period it is given by the decision of ÚRSO, which sets the prices of regulated activities of OKTE, a.s. in accordance with Decree no. 18/2017 Coll., which establishes price regulation in the electricity industry and certain conditions for the performance of regulated activities in the electricity industry.

8 Assets representing the right of use

Company as lessee

The Company leases buildings, land, machinery, etc. Lease contracts are concluded for lease periods ranging from 3 years to indefinite period.

The following table shows the overview of rights of use of the leased assets according to IFRS 16, reported as part of real property, machinery and equipment:

	Land, buildings and structures	Machines and equipment	Total
As at 1 January 2022	**101 732**	**678 783**	**780 515**
Additions	0	0	0
Adjustments due to contract modifications	425	-64 505	-64 080
Depreciation	-30 879	-162 833	-193 712
Disposals	0	-11 349	-11 349
As at 31 December 2022	**71 278**	**440 096**	**511 374**

	Land, buildings and structures	Machines and equipment	Total
As at 1 January 2021	**161 410**	**487 120**	**648 530**
Additions	0	385 722	385 722
Adjustments due to contract modifications	-25 926	0	-25 926
Depreciation	-33 752	-194 059	-227 811
Disposals	0	0	0
As at 31 December 2021	**101 732**	**678 783**	**780 515**

9 Financial Instruments by category

The reconciliation of classes of financial Instruments with measurement categories under IFRS 9 is as follows:

As at 31 December 2022	Financial assets at fair value through profit or loss	Loans and receivables	Total
Assets as per Statement of Financial Position			
Trade receivables (before impairment provision)	0	58 893 014	58 893 014
Other receivables	0	539 050	539 050
Variable collateral from commodity futures		0	0
Variable collateral from spot trades		0	0
Short-term financial asset	0	255 000 000	255 000 000
Cash on bank accounts and cash in hand	0	160 701 457	160 701 457
Total	**0**	**475 133 521**	**475 133 521**

As at 31 December 2022	Financial liabilities at fair value through equity	Financial liabilities at fair value through profit and loss	Other financial liabilities - carried at amortized cost	Total
Liabilities as per Statement of Financial Position				
Trade and other payables	0	0	66 591 042	66 591 042
Received guarantees	0	0	7 155 108	7 155 108
Payables due to employees	0	0	1 396 114	1 396 114
Social security	0	0	850 272	850 272
Liabilities from derivatives	2 164 731	0	0	2 164 731
Other payables	0	0	1 980 961	1 980 961
Bank loans	0	0	554 168	554 168
Total	**2 164 731**	**0**	**78 527 665**	**80 692 396**

As at 31 December 2021	Financial assets at fair value through profit and loss	Loans and receivables	Total
Assets as per Statement of Financial Position			
Trade receivables (before impairment provision)	0	52 982 825	52 982 825
Other receivables	0	892 105	892 105
Variable collateral from commodity futures		23 392 031	23 392 031
Variable collateral from spot trades		4 275 000	4 275 000
Cash on bank accounts and cash in hand	0	164 638 607	164 638 607
Total	**0**	**246 180 568**	**246 180 568**

As at 31 December 2021	Financial liabilities at fair value through profit and loss	Other financial liabilities - carried at amortized cost	Total
Liabilities as per Statement of Financial Position			
Trade and other payables	0	63 152 303	63 152 303
Received guarantees	0	7 786 624	7 786 624
Payables due to employees	0	1 447 256	1 447 256
Social security	0	947 440	947 440
Other payables	0	2 612 239	2 612 239
Bank loans	0	6 300 437	6 300 437
Total	**0**	**82 246 299**	**82 246 299**

10 Inventories

	As at 31 December 2022	2021
Prepayments shipper	0	0
Materials and spare parts	1 139 584	1 634 693
Goods	329 587	0
	1 469 171	**1 634 693**

There are no restrictions of ownership relating to inventories. No inventories are pledge.

11 Trade and other receivables

	As at 31 December 2022	2021
Current receivables and prepayments:		
Neither past due nor impaired trade receivables	58 863 757	52 958 608
Past due but not impaired trade receivables	6 513	1 473
Individually impaired receivables	22 744	22 744
Trade receivables (before provision for impairment)	**58 893 014**	**52 982 825**
Less: Provision for impairment of receivables	-127 591	-127 500
Trade receivables - net	**58 765 423**	**52 855 325**
VAT - receivable	1 028 187	0
Grant claims	774 720	816 828
Prepayments	5 307	10 240 735
Provided guarantee	5 500 000	0
Other receivables	539 050	892 105
Variable collateral from commodity futures	0	23 392 031
Variable collateral from spot trades	0	4 275 000
Prepaid expenses and accrued income	2 003 677	935 564
Other receivables - net	**9 850 941**	**40 552 263**
Total trade and other receivables	**68 616 364**	**93 407 588**

All fees related to EEX exchange trading are covered through the clearing account maintained by the clearing bank, namely UniCredit Bank Czech Republic and Slovakia, a. s.. This account is also used for exercising financial settlement of purchase financial products at the EEX exchange. In relation to the future contracts in question, the parties apply exclusively a financial settlement, no commodity is supplied. Financial settlement is carried out on ongoing basis (on a daily basis), i.e. using a variable margin. Settlement is performed through ECC (European Commodity Clearing AG) clearing centre.

Losses are covered from the initial deposit. In case that the level of the deposit gets under a certain amount, it must be supplemented. Variable collateral from commodity futures and spot trades is in the total amount of EUR 0 as of December 31, 2022 (as of December 31, 2021: EUR 27 667 031, see also Note 17, 3.1 and 3.3). As at December 31, 2022, hedging of trading on the commodity futures market and the spot market is carried out through bank accounts that fulfil the function of short-term hedging (Note 3.1).

Long-term receivables include the amount of EUR 1 079 061 related to the refinancing of costs of Capital construction within the Podunajské Biskupice power station incurred by Západoslovenská distribučná, a. s. (31 December 2021: EUR 1 079 061), the amount of EUR 4 269 000 of which the short-term part is EUR 0 related to the refinancing of costs of Capital construction within the Senica power station incurred by Západoslovenská distribučná, a. s. (31 December 2021: EUR 4 337 000), the amount of EUR 1 309 037 of which the short-term part is EUR 0 related to the refinancing of costs for the construction in the electrical station in Stupava (31 December 2021: EUR 1 369 495), the amount of EUR 16 229 937 related to the refinancing of costs for the construction in the electrical station in Vajnory (31 December 2021: EUR 16 229 937), the short-term part of this grant amounts to EUR 774 720 (31 December 2021: EUR 774 720), the amount of EUR 2 124 875 related to the refinancing of costs of Capital construction within the Est Bystričany power station incurred by Fortischem, a. s. (31 December 2021: EUR 3 074 123) the amount of EUR 1 788 229, of which the short-term part is EUR 0, related to the refinancing of the costs of Západoslovenská distribučná, a. s. for investment construction in the power station in Križovany (31 December 2021: EUR 0), the amount of EUR 2 988 753, of which the short-term part is EUR 0, related to the refinancing of the costs of Duslo Šal'a, a. s. for investment construction in the power station in Križovany (31 December 2021: EUR 0), and the amount of EUR 15 788 726 related to the Danube InGrid grant (31 December 2021: EUR 15 669 312), the short-term part of this grant is EUR 0. The Danube InGrid project is the result of cooperation between the Company, Západoslovenská distribučná a.s., and the Hungarian distribution system operator E.ON Észak-dunántúli Áramhálózati Zrt. PCI projects are key infrastructure projects aimed at interconnecting European energy systems and achieving the EU's energy and climate goals.

The analysis of trade receivables by the remaining period to maturity is shown in the following table:

	As at 31 December 2022	2021
Receivables within due date	58 863 757	52 958 608
Overdue receivables	29 257	24 217
Total	**58 893 014**	**52 982 825**

The analysis of trade receivables that are neither past due nor impaired by their credit quality is as follows:

	As at 31 December 2022	2021
OKTE, a. s.	16 039 198	14 455 733
Slovenské elektrárne, a. s.	299 556	480 072
Západoslovenská distribučná, a .s.	2 819 750	2 886 208
Stredoslovenská distribučná, a. s.	1 831 582	2 048 274
Východoslovenská distribučná, a. s.	1 305 114	1 175 902
ČEPS, a. s.	69 762	2 696
MAVIR	5 111 599	21 693 934
Joint Allocation Office, SA	18 764 768	2 175 113
Other	12 622 428	3 040 676
Neither past due nor impaired trade receivables	**58 863 757**	**52 958 608**

All receivables that are neither past due nor impaired are classified as trade receivables. The credit quality of receivables that are neither past due nor impaired is monitored regularly by the management of the Company. Although the receivables of the Company are generated from a few customers only, the credit risk is limited due to character of the counterparties. All the customers are strategic Slovak companies, most of them engaged in electricity business, with an influence by the state.

As at 31 December 2022 trade receivables of EUR 6 513 (31 December 2021: EUR 1 473) were past due but not impaired. Their ageing analysis is as follows:

	As at 31 December 2022	2021
1 to 90 days	5 078	1 473
91 to 180 days	1 435	0
Total past due but not impaired trade receivables	**6 513**	**1 473**

The balance of trading receivables as at the end of period includes overdue receivables of the carrying value of EUR 6 513 (2021: EUR 1 473) for which the Company has not created adjustments, as no significant changes in the credibility of debtors have occurred and therefore the receivables are still deemed recoverable. The company has created an adjustment of EUR 105 000 to cover overdue receivables (2021: EUR 105 000).

The Company recorded no collateralized receivables.

As at 31 December 2022, trade receivables of EUR 22 744 (2021: EUR 22 744) were individually impaired. As at 31 December 2022, the Company recorded an impairment provision of EUR 22 591 (2021: EUR 22 500).

The ageing of these receivables is as follows:

	As at 31 December 2022	2021
Od 181 to 360 days	0	0
Over 361 days	22 744	22 744
Total individually impaired receivables	**22 744**	**22 744**

The movements in the provision for impairment of trade receivables are recognized in the Income Statement. Movements are presented below:

	2022	2021
At the beginning of the year	127 500	577 220
Additional provision for receivables impairment	91	280
Release of unused provision	0	-450 000
Receivables written -off during the year as uncollectible	0	0
At the end of the year	**127 591**	**127 500**

No receivables have been pledged as collateral. The Company does not have any restrictions to deal with receivables.

12 Cash and cash equivalents

	As at 31 December 2022	2021
Cash at bank and in hand	50 367 957	79 638 607
Short-term bank deposits	110 333 500	85 000 000
	160 701 457	**164 638 607**

At 31 December 2022 cash and cash equivalents were fully available for the Company's use.

For the purposes of the Statement of Cash Flow, the cash and cash equivalents comprise the following:

	As at 31 December 2022	2021
Cash and bank balances and deposits with original maturities of less than three months:	160 701 457	164 638 607
	160 701 457	**164 638 607**

The carrying amounts of cash and cash equivalents as at 31 December 2022 are not substantially different from their fair value. The maximum exposure to credit risk is limited by the carrying value of cash and cash equivalents.

The analysis by credit quality is reported in Note 3.1 (ii).

As at 31 December 2022, the Company had deposits in banks with a commitment period longer than three months in the amount of EUR 255 000 000 (31 December 2021: EUR 0).

13 Shareholder's Equity

As at 31 December 2022, the registered capital consisted of 235 bearer shares at a nominal value of EUR 1 000 000 (31 December 2021: 235 bearer shares at a nominal value of EUR 1 000 000). The Company has no subscribed capital that has not been entered in the Commercial Register Shares are associated with equal rights. Legal reserve fund has not attained the minimum amount of mandatory contribution under Commercial Code as at 31 December 2022, due to the fact that the registered capital was increased during the year 2021.

As a sole shareholder of the Company, the Ministry of Finance of SR decided on 17 December 2020 that a capital fund would be created from the shareholder's contribution in the amount of EUR 130 000 000 and this contribution was paid up as at 31 December 2020 in full. On 21 September 2021, capital fund from shareholder contribution in amount of EUR 130 000 000 was used to increase the Company's share capital.

Legal reserve fund is obligatorily created from profit of the Company in accordance with the Slovak. According to the Commercial Code, the Company is obliged to create a legal reserve fund in the amount of 10% of the share capital at the time of the incorporation of the Company. This amount must be increased annually by at least 10 % from net profit, until the legal reserve fund achieves 20% of the share capital. Use of this fund is restricted under the Commercial Code only to cover losses of the Company and it is not a distributable reserve. Legal reserve fund amounted to EUR 28 764 514 as at 31 December 2022 (as at 31 December 2021: EUR 26 930 570).

The company created a congestion income fund of EUR 79 033 797 transferred from the retained earnings of the previous years. Subsequently, the Company transferred EUR 20 779 073 from the congestion income fund to the statutory fund in order to secure investment activities.

Other capital reserves comprise statutory fund of EUR 196 184 498 to finance capital expenditure activities (2021: EUR 175 405 425) and differences from revaluation of assets in amount of EUR 83 845 735 (2021: EUR 96 382 309).

The statutory fund to finance future Capital expenditures is used to accumulate internal funds of the Company allocated from profit dedicated to cover future Capital expenditures. In 2022, the Company contributed to this fund the amount of EUR 20 779 073 from the congestion income fund (31 December 2021: EUR 0). The rules for the use of funds allocated to the statutory fund for Capital expenditures are governed by the general financing principles of the Company in relation to Capital expenditures, and by the acquisition guidelines. Funds in the statutory fund for financing Capital expenditures are accumulated from the amounts allocated to the statutory fund based on the decision of General Meeting.

The movements in revaluation surplus are presented in the table below:

	2022
Opening amount	96 382 309
Revaluation surplus reclassified to retained earnings as at 31 December 2022	-15 999 811
Deferred tax on revaluation surplus as at 31 December 2022	3 359 960
Deferred tax related to special levy from business activities in regulated sectors	103 277
At the end of the period	**83 845 735**

	2021
Opening amount	72 135 907
Revaluation as at 1 January 2021	49 799 593
Deferred tax to revaluation as at 1 January 2021	-10 457 915
Revaluation surplus reclassified to retained earnings as at 31 December 2021	-19 020 170
Deferred tax on revaluation surplus as at 31 December 2021	3 994 236
Deferred tax related to special levy from business activities in regulated sectors	-69 342
At the end of the period	**96 382 309**

The Company believes that the property revaluation surplus is not immediately available for distribution to the shareholders. Parts of the revaluation surplus are reclassified to retained earnings by the difference between depreciation of the revaluated values and original acquisition costs of the property. The rest of the revaluation is reclassified into retained earnings at the sale and disposal of the assets.

The conversion on IFRS 16 had an impact on the opening balance of retained earnings as of 1. January 2019 in amount of EUR 69 163.

The General Meeting held on 22 June 2022 approved the Financial Statements for 2021. In 2022 were approved dividend for 2021 in the amount of EUR 0 (rounded) per share at the nominal value of EUR 1 000 000 (in 2021: EUR 279 381,60 rounded).

The profit for the year 2021 in amount of EUR 18 339 443 was distributed as follows:

	2021 profit distribution	**2020 profit distribution**
Dividends	0	29 335 068
Appropriation to the Legal Fund	1 833 944	5 930 570
Appropriation to the Statutory Fund	0	0
Transfer to retained earnings	16 505 499	24 040 064
Total	**18 339 443**	**59 305 702**

The Company's retained earnings (including profit for the current accounting period and revaluation surpluses reclassified to retained earnings) as at 31 December 2022 amounted to EUR 371 242 530 (31 December 2021: EUR 334 328 205).

As at the date of authorization of these Financial Statements for issue, the statutory body has not yet proposed the distribution of profit for 2022.

14 Trade and other payables

	As at 31 December 2022	2021
Trade payables	66 591 042	63 152 303
Received guarantees	7 155 108	7 786 624
Payables due to employees	1 396 114	1 447 256
Social security	850 272	947 440
Accrued personnel expenses	3 441 967	4 112 679
Liabilities from derivatives	2 164 731	0
Social fund	467 435	319 898
Other payables	1 980 961	2 612 239
Total	**84 047 630**	**80 378 439**

The fair value of trade and other payables is not significantly different from their carrying amount.

Trade liabilities include the amount of EUR 1 085 874 relating to deliveries for investment actions not invoiced as at 31 December 2022 (31 December 2021: EUR 1 015 471). The long-term part related to deliveries for investment actions that were not invoiced as at 31 December 2022 amounts to EUR 0 (31 December 2021: EUR 6 000).

No payables are secured by a lien or other collateral.

The analysis of payables by the remaining maturity period is as follows:

	As at 31 December 2022	2021
Payables not yet due	83 581 213	80 273 705
Overdue payables	466 417	104 734
Total	**84 047 630**	**80 378 439**

Social fund

Appropriations to and withdrawals from the social fund during the accounting period are shown in the following table:

	2022	2021
Opening balance at 1 January	**319 898**	**308 456**
Appropriations expensed	1 083 462	1 020 475
Usage	-935 925	-1 009 033
Closing balance at 31 December	**467 435**	**319 898**

15 Bank loans

	As at 31 December 2022	2021
Non-current		
Long term portion of bank loans	0	0
	0	**0**

Current		
Short term portion of bank loans	5 341	5 475 461
	5 341	**5 475 461**

The maturity of bank loans is as follows:

	As at 31 December	
Maturity	**2022**	**2021**
Short term portion of bank loans	5 341	5 475 461
Long term portion of bank loans		
1 - 5 years	0	0
Over 5 years	0	0
Total	**5 341**	**5 475 461**

The fair value of current borrowing approximates their carrying amount, as the impact of discounting is not significant.

Loan from Slovenská sporiteľňa, a. s. was repaid early in 2021. Loan from Všeobecná úverová banka, a.s. was repaid in 2022.

Loans from VÚB, a. s. and from Slovenská sporiteľňa, a. s. include certain financial covenants related to limits on debt ratios, interest coverage and debt to operating profit ration calculated on the basis of the Financial Statements of the Company. The Company complied with these covenants at the reporting date of these Financial Statements.

The effective interest rates at the reporting date were as follows:

	2022	**2021**
Bank loans	0,00%	1,27%

Structure of bank loans as at 31 December 2022 is as follows:

Bank/Creditor	Type	Currency	Amount in EUR 31 December 2022	31 December 2021	Interest rate % p. a.	Maturity	Collateral	Part due in next 12 months	Part due after 12 months
Credit cards Tatra Banka, a. s.	operating	EUR	5 341	461	-	January 2023	0	5 341	0
Všeobecná úverová banka, a. s.	investment	EUR	0	5 475 000	1,20% and 1,30% based on tranche	18. 9. 2022	0	0	0
Total	X	X	**5 341**	**5 475 461**	X	X	X	**5 341**	**0**

16 Lease payables

	As at 31. December 2022	As at 31. December 2021
Long term		
Long term portion of lease	372 413	624 842
	372 413	**624 842**
Short-term		
Short term portion of lease	176 414	200 134
	176 414	**200 134**

Overview of movements of leasing liabilities during the period:

As at 31 December 2020	**695 390**
Cost interests	11 360
Increases (+)/ Decreases (-)	359 798
Payments for rents	-241 576
As at 31 December 2021	**824 976**
Cost interests	10 597
Increases (+)/ Decreases (-)	-75 430
Payments for rents	-211 676
As at 31 December 2022	**548 827**

The maturity of lease payables is as follows:

	31 December 2022	2021
Less than one year	176 414	200 134
1 - 5 years	324 709	531 264
More than 5 years	47 704	93 578
Total	**548 827**	**824 976**

17 Grants and deferred revenues

Deferred revenues include the following items:

		As at k 31 December 2022	2021
Deferred revenues			
EBOR grant Križovany	– long-term portion (a)	7 418 841	7 908 574
	– current portion (a)	489 733	620 495
EBOR grant Lemešany	– long-term portion (b)	27 370 080	28 669 995
	– current portion (b)	1 301 376	1 314 044
EBOR grant Bystričany	– long-term portion (c)	49 603 019	51 416 877
	– current portion (c)	1 891 968	1 892 893
US Steel – long-term portion (d)		2 649 456	2 851 785
	– current portion (d)	202 309	202 290
EU TEN-E – long-term portion (e)		602 294	630 984

– current portion (e)	28 690	28 690
E.On – long-term portion (f)	1 941 974	2 044 046
– current portion (f)	100 797	100 957
Slovenské elektrárne, a. s. – long-term portion (g)	2 216 044	2 365 544
– current portion (g)	149 500	149 500
EU TEN-E – long-term portion (h)	653 509	681 909
– current portion (h)	28 399	28 397
EU TEN-E – long-term portion (i)	1 633 450	1 698 765
– current portion (i)	65 314	65 314
EU TEN-E – long-term portion (j)	1 869 442	1 936 516
– current portion (j)	67 074	67 074
Západoslovenská distribučná - Stupava– long-term portion (k)	3 650 235	3 830 876
– current portion (k)	120 183	120 183
Východoslovenská distribučná – long-term portion (l)	3 294 311	3 464 388
– current portion (l)	171 260	182 153
INEA Veľký Meder – long-term portion (m)	333 602	345 239
– current portion (m)	11 637	11 637
INEA Rimavská Sobota – long-term portion (n)	591 333	609 437
– current portion (n)	18 104	18 104
Západoslovenská distribučná - Podunajské Biskupice– long-term portion (o)	2 863 994	2 935 423
– current portion (o)	71 537	71 645
Západoslovenská distribučná - Senica– long-term portion (p)	4 269 000	4 337 000
– current portion (p)	0	0
Fortischem – long-term portion (q)	3 160 227	3 074 123
– current portion (q)	0	0
Commodity futures – current portion (r)	0	27 364 757
INEA Danube InGrid – long-term portion (s)	15 820 436	15 574 401
– current portion (s)	17 150	88 096
Západoslovenská distribučná - Vajnory– long-term portion (t)	16 229 937	16 229 937
– current portion (t)	0	0
Západoslovenská distribučná – Križovany – long-term portion (u)	1 788 229	0
– current portion (u)	0	0
Duslo, a. s. - Križovany– long-term portion (v)	2 988 753	0
– current portion (v)	0	0
Others – long-term portion (x)	24 807 568	21 283 223
– current portion (x)	172 406 842	5 986 391
Total	**352 897 607**	**210 201 662**

As a result of the revaluation of property, plant and equipment in accordance with IAS 16 as at 1 January 2021, deferred income decreased by EUR 592 148.

a)
On 10 December 2003, the Company concluded a grant contract with the European Bank for Reconstruction and Development (EBRD), under which the EBRD undertook to provide a grant of EUR 24 million for IPR "Križovany 400 kV, Reconstruction- Structure 2, Part 2 and Structure 3". The contract became effective on 4 August 2004. The subsidy proceeds were drawn over the period of 2004 - 2010.

The amount of EUR 7 908 574 (31 December 2021: EUR 8 529 069) was recognized in deferred revenue related to the grant.

At the reporting date, the Company has no executor warranties or other contingent liabilities related to grant other than expenses connected to the project in accordance with an approved budget and its structure.

b)
On 18 December 2007 the Company concluded a grant contract with the European Bank for Reconstruction and Development (EBRD), under which the EBRD undertook to provide a grant of

EUR 43.9 million for extension IPR Bošáca 400 kV, transformer station 400/110kV Medzibrod - 2. construction, transformer station 400/110kV Medzibrod - 3. construction, power lines 2 x 400kV Lemešany - Košice - Moldava - 4. construction. The contract became effective on 4 July 2008.

The amount of EUR 28 671 456 (31 December 2021: EUR 29 984 039) was recognized in deferred revenue related to the subsidy.

At the reporting date, the Company has no executor warranties or other contingent liabilities related to grant other than expenses connected to the project in accordance with an approved budget and its structure.

c)
On 14 December 2010 was concluded a grant agreement between Slovenská elektrizačná a prenosová sústava, a. s. and the European Bank for Reconstruction and Development (EBRD), in which the EBRD agreed to provide a grant of EUR 76 000 thousand. This agreement effected on 17 December 2014. The grant funds will be used to set of buildings Bystričany - transformation 400/110 kV, for expansion substation in Horná Ždaňa and Križovany Crossing the 400 kV Križovany - Bystričany and 400 kV Oslany - Horná Ždaňa.

The amount of EUR 51 494 987 (31 December 2021: EUR 53 309 770) was recognized in deferred revenue related to the subsidy.

At the reporting date, the Company has no executor warranties or other contingent liabilities related to grant other than expenses connected to the project in accordance with an approved budget and its structure.

d)
Deferred revenues include an amount EUR 2 851 765 (31 December 2021: EUR 3 054 075), related to investment in the substation in Košice, which remains in property of the Company, however, the company US Steel however, the company US Steel paid the half of the substation's acquisition costs.

e)
Amount of EUR 630 984 represents a co-finance provided to the Company from an European Commission's program EU TEN-E (Trans - European NetWork) in the amount of 10% of the value of transmission lines EK-Moldava - SS Košice (31 December 2021: EUR 659 674).

f)
Deferred revenue of EUR 2 042 771 included in deferred revenues is related to construction field 13 in ES Križovaný that was 100 % financed by company E.On Elektrárne s.r.o., Trakovice (31 December 2021: EUR 2 145 003).

g)
Amount of EUR 2 365 544 relates to refinancing of cost of Slovenské elektrárne, a.s. for connecting to transmission systems EMO 3 and 4 in Veľký Ďur (31 December 2021: EUR 2 515 044).

h)
Amount of EUR 681 908 represents co-finance provided to Company from European Commission for the transmission line SS Košice - Lemešany (31 December 2021: EUR 710 306).

i)
Amount of EUR 1 698 764 represents co-finance provided from European Commission for the meshing V 409 line to the new transformer station 400 /110kV in electric station Vôľa (31 December 2021: EUR 1 764 079).

j)
Amount of EUR 1 936 516 represents co-finance provided to Company from European Commission for the transmission line 400 kV Gabčíkovo - Veľký Ďur (31 December 2021: EUR 2 003 590).

k)
Amount EUR 3 770 418 is related to the refinancing of Západoslovenská distribučná a.s. costs for enlargement the electric station in Stupava by second transformer (31 December 2021: EUR 3 951 059).

l)
Amount EUR 3 465 571 is related to the refinancing of Východoslovenská distribučná a.s. costs for the construction of devices necessary to connect R 400/110 kV Vôľa into electric transmission system (31 December 2021: EUR 3 646 541).

m)
Amount of EUR 345 239 represents the financial contribution from INEA agency intended for design and engineering work for the project of 2x400 kV line Veľký Meder - State Border of the Slovak Republic - Hungary (31 December 2021: EUR 356 876).

n)
Amount of EUR 609 437 represents the financial contribution from INEA agency intended for design and engineering work for the project of 2x400 kV line Rimavská Sobota - State Border of the Slovak Republic - Hungary (31 December 2021: EUR 627 541).

o)
The amount of EUR 2 935 531 relates to the refinancing of costs of Capital construction within the Podunajské Biskupice power station incurred by Západoslovenská distribučná, a. s. (31 December 2021: EUR 3 007 068).

p)
The amount of EUR 4 269 000 relates to the refinancing of costs of Capital construction within the Senica power station incurred by Západoslovenská distribučná, a. s. (31 December 2021: EUR 4 337 000).

q)
The amount of EUR 3 160 227 relates to the refinancing of costs of Capital construction within the Est Bystričany power station incurred by Fortischem, a. s. (31 December 2021: EUR 3 074 123).

r)
The Company decided to trade at electricity exchange, namely EEX (European Energy Exchange). In 2020, the Company concluded future contracts at the exchange with the underlying commodity being electricity. Some of these contracts were settled during 2020, other will be settled in 2021. The objective of these transactions is to minimize or eliminate risk, therefore they represent hedging against a potential unfavourable change in the commodity price. Expected future electricity purchases by the Company are hedged (see also Notes 11, 3.1 and 3.3).

The amount of 27 364 757 EUR at 31 December 2021 represents hedging risk revaluation value in relation to commodity futures. The Company hedges cash flows related to the future purchases of electricity and in 2022 fair value of the hedge is recorded through equity.

s)
The amount of EUR 15 837 586 relates to the Danube InGrid grant (as at 31 December 2021: EUR 15 662 497). The Danube InGrid project is the result of cooperation between the Company, Západoslovenská distribučná, a. s. and the Hungarian distribution system operator E.ON Északdunántúli Áramhálózati Zrt. PCI projects are key infrastructure projects aimed at interconnecting European energy systems and achieving the EU's energy and climate goals.

t)
The amount of EUR 16 229 937 relates to the refinancing of costs of Capital construction within the Vajnory power station incurred by Západoslovenská distribučná, a. s. (31 December 2021: EUR 16 229 937).

u)
The amount of EUR 1 788 229 relates to the refinancing of costs of Capital construction within the Križovany power station incurred by Západoslovenská distribučná, a. s. (31 December 202-: EUR 0).

v)
The amount of EUR 2 988 753 relates to the refinancing of costs of Capital construction within the Križovany power station incurred by Duslo Šal'a, a. s. (31 December 2021: EUR 0).

x)
In other deferred income is recognized then amount of EUR 203 960 (31 December 2021: EUR 214 529), which relates to the joint procedure agreement for connection of company's En-Invest, a. s. facilities to the transmission system SR at the Moldava power station.

As other long-term deferred income the Company is recorded an income in amount of EUR 23 661 722 representing the proceeds of regulated tariffs, which does not belong to the Company in 2022 according to regulatory accounting rules and procedures, but in 2024, when they will be realised.

As other short-term deferred income the Company is recorded an income in amount of EUR 19 258 255 representing the proceeds of regulated tariffs, which does not belong to the Company in 2021 according to regulatory accounting rules and procedures, but in 2023, when they will be realised.

As other short-term deferred income the Company is recorded an income in amount of EUR 153 000 000 representing the proceeds of regulated tariffs, which does not belong to the Company in 2022 according to regulatory accounting rules and procedures, but in 2023, when they will be realised.

18 Deferred tax

Deferred taxes are calculated on temporary differences under the balance sheet liability method using a principal tax rate of 21% (31 December 2021: 21%). As at 31 December 2022 tax rate will increase by additional 4,4% for temporary differences in fixed assets due to charges for regulated subjects based on act No. 235/2012 Coll. (31 December 2021: 4,4%). This levy increased the tax rate for temporary differences, which will offset by the end of 2023 related to fixed assets, as the value of the levy is calculated from profit before tax calculated according to the Slovak Act on Accounting, no taking into consideration temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current asset against current liabilities and when the deferred income taxes relate to the same fiscal authority.

The movements in the deferred tax assets and liabilities were as follows:

	As at 31 December 2021	**Change (-) costs/ (+) benefits**	**Accounted to other parts of comprehensive results**	**As at 31 December 2022**
Positive revaluation of fixed assets	-26 461 537	3 359 960	103 277	-22 998 300
Negative revaluation of fixed assets	-461 062	-151 192	0	-612 254
Receivables	0	0	0	0
Tangible and intangible assets	-54 105 740	-3 184 162	0	-57 289 902
IFRS 16	9 337	-1 472	0	7 865
Financial investment	-28 980	0	0	-28 980
Retirement benefit	950 008	-95 642	-78 584	775 782

Provisions	1 464 523	1 876 043	0	3 340 566
Revaluation of derivatives	0	0	454 593	454 593
Interests	0	-235 888	0	-235 888
Other	7 674 093	541 694	0	8 215 787
Total	**-70 959 358**	**2 109 341**	**479 286**	**-68 370 731**

	As at 31 December 2020	Change (-) costs/ (+) benefits	Accounted to other parts of comprehensive results	As at 31 December 2021
Positive revaluation of fixed assets	-19 928 516	3 994 236	-10 527 257	-26 461 537
Negative revaluation of fixed assets	434 919	-895 981	0	-461 062
Receivables	0	0	0	0
Tangible and intangible assets	-52 244 959	-1 860 781	0	-54 105 740
IFRS 16	9 841	-504	0	9 337
Financial investment	-28 980	0	0	-28 980
Retirement benefit	2 037 665	-158 247	-929 410	950 008
Provisions	744 991	719 532	0	1 464 523
Other	5 927 404	1 746 689	0	7 674 093
Total	**-63 047 635**	**3 544 944**	**-11 456 667**	**-70 959 358**

19 Provisions for liabilities and charges

	Pension benefits and other long-term benefits (a)	Legal claims (b)	Others (c)	Total
As at 1 January 2022	**4 523 840**	**40 165**	**0**	**4 564 005**
Additional provisions	421 855	0	0	421 855
Dissolution of provision in equity	-374 199	0	0	-374 199
Provisions used	-877 291	0	0	-877 291
Reversals of unused provision	0	0	0	0
As at 31 December 2022	**3 694 205**	**40 165**	**0**	**3 734 370**

Analysis of total provisions	**As at 31 December 2022**	**2021**
Non - current	3 694 205	4 523 840
Current	40 165	40 165
Total	**3 734 370**	**4 564 005**

The IFRS Interpretation Committee published its decision in May 2021 regarding the allocation of benefits to periods of service. Until now, the benefit costs were allocated to the period during which it provides the service was calculated from the date on which the employee began working for the company (prorata temporis).

According to a decision published by the IFRS Committee during 2021, service costs are allocated from the date on which the employee is entitled to the benefit (criteria: length of service, condition of continuity, etc.).
In valuation of employee benefits as at 31 December 2021, this interpretation change related to IAS 19 was fully taken into account.

The change compared to 2020 also occurred in the compensation of costs for electricity consumption. It will not be paid from 1 January 2022 who have left the Company for an old age or invalidity pension.

(a) Pension benefits and other long-term benefits

The following amounts have been recognized with respect of the defined benefit pension plan and other long-term benefits:

(i) Post-employment benefits

	As at 31 December 2022	2021
Present value of unfunded retirement obligations	3 453 824	4 212 680
Unrecognized actuarial gains/(losses) and portion of past Service costs	0	0
Obligation in the Statement of Financial Position	**3 453 824**	**4 212 680**

The amounts recognized in the Income Statement are as follows:

	2022	2021
Current Service cost	420 871	485 645
Past Service cost	0	-956 653
Interest cost	48 441	81 023
Pension (credit) / cost, included in personnel costs	**469 312**	**-389 985**

Value recognized in Equity are as follows:

	2022	2021
Recognized actuarial gains from change in the method of calculating pension liabilities	-374 199	-4 425 769
Total change recognized in equity	**-374 199**	**-4 425 769**

Movements in the present value of defined benefit obligation are:

	2022	2021
Present value of unfunded retirement obligations at beginning of the year	4 212 680	9 480 088
Current Service cost	420 871	485 645
Interest cost	48 441	81 023
Benefits paid	-853 969	-451 654
Past Service cost	0	0
Cancelled	0	-956 653
Actuarial gain on changes in IAS 19	-374 199	-4 425 769
Present value of unfunded retirement obligations at the end of the year	**3 453 824**	**4 212 680**

(ii) Other long-term benefits (jubilees and loyalties)

	As at 31 December 2022	2021
Present value of unfunded obligations	240 381	311 160
Obligation in the Statement of Financial Position	**240 381**	**311 160**

The amounts recognized in the Income Statement are as follows:

	2022	**2021**
Current Service cost	30 213	32 417
Recognized actuarial gains/loss	26 094	19 317
Reported actuarial gains / losses	-106 553	53 309
Interest expense	2 789	1 760
Pension (credit)/cost, included in personnel costs	**-47 457**	**106 803**

Value recognized in Equity are as follows:

	2022	**2021**
Present value of unfunded retirement obligations at beginning of the year	311 160	223 080
Current Service cost	30 213	32 417
Past Service cost	26 094	19 317
Interest cost	2 789	1 760
Benefits paid	-23 322	-18 723
Actuarial gains/losses	-106 553	53 309
Present value of unfunded retirement obligations at the end of the year	**240 381**	**311 160**

The principal actuarial assumption to determine the pension liability were as follows:

As at 31 December 2022	
Percentage of employees, who will terminate their employment with SEPS prior to retirement (fluctuation rate)	1,7% -3,1 % p. a. based on age
Expected salary increases	4,30% p.a.
Discount rate	4,14% p.a.; 4,24% p.a.

As at 31 December 2021	
Percentage of employees, who will terminate their employment with SEPS prior to retirement (fluctuation rate)	1,0% -2,6 % p. a. based on age
Expected salary increases	2,75% p.a.
Discount rate	1,06% p.a.; 1,42% p.a.

The table below presents a sensitivity analysis related to significant assumptions as of 31 December 2022, calculated using a method that extrapolates the impact on employees' pension related liabilities, a subject of reasonable change in key assumptions at the year end.

Significant assumptions	**Change**	**Result**	**Result %**
Discount rate	0,50%	3 563 175	-3,6%
Discount rate	-0,50%	3 838 828	3,8%
Fluctuation of employees, yearly	-1,00%	3 415 458	-7,6%
Fluctuation of employees, yearly	1,00%	4 010 650	8,5%
Change in Remuneration	0,50%	3 836 141	3,8%
Change in Remuneration	-0,50%	3 564 502	-3,6%
Change in probability of death	-10,00%	3 661 985	-0,9%
Change in probability of death	10,00%	3 732 178	1,0%

Expected payments or contributions to the defined benefit program in the future years in nominal value:

	31 December 2022	31 December 2021
During the next 12 months (next annual reporting period)	205 479	305 670
From 2 to 5 years	2 128 278	2 025 094
From 6 to 10 years	3 952 454	3 210 404
Total expected payments	**6 286 211**	**5 541 168**

The average duration of obligation for the defined benefit program at the end of the reporting period is 10 years (in 2021: 10 years).

(b) Provision for legal claims

A provision is created for those legal claims where it is probable, at the reporting date, that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The Company is involved in legal cases regarding the cost reimbursement for bush cutting in the protection electricity lines zone and compensation for easements. In the opinion of the Company's management, after taking appropriate legal advice, the outcome of these legal claims will not give rise to any significant loss beyond the amounts provided.

20 Revenues

Revenues include the following:

Revenues from electricity transmission and electricity transit:

	2022	2 021
Access to transmission grid	120 515 548	131 920 537
Fee for connection to the transmission system	837 299	1 118 541
Covering losing	31 478 503	17 599 668
System operation	850 182	134 281
System Services	127 142 695	130 662 080
Auctions	30 595 404	36 578 439
Deviations and regulation energy	60 642 505	29 468 963
CBT (ITC) mechanism	9 119 152	9 215 949
Import & export	559 396	368 153
Cross-border emergency assistance	9 411 092	1 351 682
Unplanned electricity exchanges (FSkar)	7 233 039	2 882 548
Shipping	7 779 291	78 581 635
Other regulated revenues (mainly shipping and daily market)	1 189 013	1 863 667
Total revenues from electricity transmission and transit	**407 353 119**	**440 394 461**
Rental	597 905	716 064
Telecommunications Services	199 427	83 283
Other revenues	65 862	14 608
Total other revenues	**863 194**	**813 955**
Total revenues	**408 216 313**	**441 208 416**

Revenues of the Company consist primarily of revenues from tariffs determined by the Office in the respective resolutions (revenues from energy transmission and capacity reserves, revenues from losses in energy transmission, revenues from system Services and revenues from balancing energy acquired within the IGCC system) as well as revenues related to cross-border energy transmission, where the prices for the transmission are not determined by the Office (revenues from the settlement of cross-border transmissions between the operators of transmission networks within the ITC mechanism, revenues from transmission capacity auctions and revenues from MC).

Revenues from rental comprise income from the rental of non-residential premises, rental of electric masts for various types of transmitters and antennas and rental of power lines. Revenues for telecommunications Services include the rental of fibre optic and Services of the management Information system.

The Company acts as shipping agent within Czech, Slovak, Hungarian and Romanian electricity market interconnection (hereinafter referred to as the "MC") in region 4MMC. In June 2021, the 4MMC region merged with the MRC region, where the Polish, German and Austrian electricity markets are interconnected. Relevant revenues and costs of Company are reported as sale of goods, resp. costs as costs of goods sold.

In 2022 the Company realized transactions in total amount of EUR 3 353 834 556 and related costs were EUR 2 740 096 623 (31 December 2021: transactions in total amount of EUR 1 424 717 787 and related costs were in the amount of EUR 1 302 493 324). According to IFRS 15, costs related to implicit auctions in the amount of EUR 92 851 519 and also costs representing a collection for the benefit of a third party amounting to EUR 582 363 152, were deducted from these items as at 31 December 2022, as such collection does not form a part of the transaction price according to IFRS 15. Revenues related to the use of the OT profile amounting to EUR 145 825 779 are also included in shipping (As at 31 December 2021, costs associated with the implicit auctions amounting to EUR 55 817 647, costs representing collection for the benefit of a third party in the amount of EUR 107 275 904; revenues related to the use of the OT profile in the amount of EUR 135 135 149). Revenues from shipping with negative prices in the amount of EUR 61 002 and costs of shipping with negative prices in the amount of EUR 13 311 are also included in the shipping. Costs related to congestion income in the amount of EUR 84 390 532 and revenues related to congestion income in the amount of EUR 7 773 091 are also included in shipping (as at 31 December 2021: Revenues from shipping with negative prices in the amount of EUR 784 343 and costs of shipping with negative prices in the amount of EUR 552 494, costs related to congestion income in the amount of EUR 16 771 629 and revenues related to congestion income in the amount of EUR 855 354).

21 Consumed materials and Services

Consumed materials and Services included the following:

	2022	2021
Material and energy consumption	51 104 268	25 735 521
System IGCC	17 257 527	9 576 632
Unplanned electricity exchanges (FSkar)	14 515 086	5 264 273
Repair and maintenance	5 435 778	6 544 402
Travel expenses	259 279	103 280
Representation expenses	243 135	45 169
Rental	225 961	355 371
Communication Services	234 469	235 827
Substations Service	1 469 826	1 912 740
Protection and maintenance of area	1 112 433	1 872 840
Revisions, Controls, security Services	605 096	1 005 649
Technical advisory, technical support	111 700	35 866
Cleaning	235 986	265 089
Biological reclamations	158 024	179 866
Geodetic Services	31 300	380

Experts examinations, analysis, experts opinions, certifications	1 858 988	1 379 191
Information technology Services, advertisement	7 239 205	6 977 965
Expenses for ancillary Services	121 633 178	124 936 285
Expenses for system operation	804 349	0
Expenses for deviations	24 075 502	8 708 568
Expenses for auctions	265 316	315 365
Expenses for CBT/ITC	1 898	8 054
Audit of Financial Statements provided by auditor	36 000	36 000
Advisory Services	409 835	492 317
Tax advisory	17 925	17 925
Demolitions	107 310	11 411
Operating Services TSCNET Services GmbH	1 650 297	1 331 740
Recharges of shared costs	1 209 221	276 804
Other	1 258 839	1 302 680
Total	**253 567 731**	**199 027 210**

The Company is a natural monopoly and the Regulatory Office regulates its activities for Network Industries (hereinafter referred to as the "Office"). Resolutions of the Office determine tariffs, prices and allowed costs of the Company. To determine these values, the Office applies procedures and formulas described in the Office decrees following the principles set out by the Regulation Board in its regulation policy for the regulation period in question

The Company's costs are created mainly from regulated costs for purchase of ancillary needed to provide system services, system operation costs, purchase of regulated electricity for loss coverage and own consumption within the system IGCC, costs for International transmission and auctions and other costs needed for transmission system operation and operation of the Company.

Together with the operator of the Czech transmission network, the Company has introduced a system to avoid simultaneous supplies of balancing energy in opposite directions using cross-border connections (hereinafter the IGCC system). Since 2013, the operator of the Hungarian transmission system has also participated in the system. The respective revenues and costs result from the volume of the balancing energy acquired within the IGCC system and fixed prices for this balancing energy determined by a resolution adopted by the Office. The Company reports revenues from these activities as part of the "sale of goods" and the "costs of goods sold". The net result is reported in the line "System IGCC". During 2022, transactions in total of EUR 15 222 417 were carried out and related costs amounted to EUR 32 155 604 (31 December 2021: transactions totalled to EUR 6 253 727 and the costs amounted to EUR 15 641 312). Revenues from negative prices from IGCC totalled to EUR 2 452 703 and costs of negative prices from IGCC totalled to EUR 2 777 043 (As at 31 December 2021: Revenues from negative prices from IGCC totalled to EUR 1 646 875 and costs of negative prices from IGCC totalled to EUR 1 835 922).

22 Personnel costs

	2022	2021
Wages and salaries	20 394 456	20 726 850
Other personnel costs	2 256 693	2 410 204
Pension costs - defined contribution plans	8 532 960	8 498 648
Current Service costs	451 084	518 062
Past Service cost	26 094	19 317
Interest expense related to retirement and other employee benefits	51 230	82 783
Interest costs on pension and similar employee's benefits	-106 553	53 309
Total	**31 605 964**	**32 309 173**

23 Other operating expenses

	2022	2021
Insurance costs	2 118 793	2 190 687
Losses from sale of fixed assets and materials	0	346 209
Provision for impairment	91	-449 720
Taxes and other fees	185 040	199 854
Gifts	151 000	92 273
Non-production compensation	164 455	226 725
Other operating expense	670 368	582 341
Total	**3 289 747**	**3 188 369**

24 Other operating income

	2022	2021
Gain from sale of material	0	0
Profit from sold fixed assets	620 382	0
Release of deferred revenues from a grant from EBOR	3 825 210	4 540 548
Contractual penalties	4 391 109	1 381 343
Insurance	147 209	458 572
Excess material	249	353
Other operating income	606 252	620 604
Total	**9 590 411**	**7 001 420**

25 Finance expense, net

	2022	2021
Interest income	1 439 849	32 542
Interest expense from borrowings	-318 295	-203 979
Interest expense related to IFRS 16	-10 957	-11 360
Foreign Exchange gains	1	65
Foreign Exchange losses	-2 965	-1 123
Write-off of financial investment	0	-90 946 198
Dividends from OKTE, a. s.	58 790 250	0
Other financial revenues	0	29 250
Other financial expense	-221 208	-137 202
Net finance expense	**59 676 675**	**-91 238 005**

In 2021 other financial revenues represent revenues from liability provision from a short-term loan provided to a subsidiary in the amount of EUR 50 000 000. For the financial investment write-off in 2021, see note 7.

26 Income tax expense

Reconciliation from the theoretical to the reported income tax charge is presented in the following table:

	Year ended 31 December	
	2022	**2021**
Profit before tax	123 697 230	49 416 515
Theoretical income tax related to current period at 21% (2021:21%)	25 976 418	10 377 468
- Other income not subject to tax (permanent)	-13 816 791	-726 229
- Non-deductible expenses (permanent)	531 848	18 122 939

- Increase of tax due to charges for regulated subjects	5 820 997	3 274 917
- Deferred tax from temporary differences to which no deferred tax has been accounted historically	0	0
- Additional income tax	42 543	27 977
Changes in deferred taxes to 1 January due to change in tax rate	0	0
	18 555 015	**31 077 072**
Income tax expense for the period		
The tax charge for the period comprises:		
- Deferred tax charge - expense/(income) (Note 18)	-2 109 341	-3 544 944
Deferred tax total	**-2 109 341**	**-3 544 944**
- Special levy for regulated subjects	5 820 997	3 274 917
- Additional income tax	42 543	27 977
- Current income tax expense	14 800 816	31 319 122
Income tax total	**20 664 356**	**34 622 016**
Total income tax expense for the period	**18 555 015**	**31 077 072**
Effective tax rate	**15,00%**	**62,89%**

Deferred tax is provided, using the balance sheet liability method, on temporary differences using the basic tax rate of 21 % (31 December 2021: 21 %). This tax rate has been increased as at 31 December 2022 for additional 4,4 % for temporary differences in fixed assets because of special levy for regulated industry paid according to Act No. 235/2012 Coll. (31 December 2021: 4.4 %). This levy increased the tax rate for temporary differences, which will offset by the end of 2023 related to fixed assets only, as the value of the levy is calculated from profit before tax calculated according to the Slovak Act on Accounting, not taking into consideration temporary differences.

27 Contingencies

(a) Taxation

Many areas of Slovak tax law (such as transfer-pricing regulations) have not been sufficiently tested in practice, so there is some uncertainty as how the tax authorities would apply them. The extent of this uncertainty cannot be quantified. It will be reduced only if legal precedents or official interpretations are available. The Company's management is not aware of any circumstances that may give rise to future material expense in this respect

(b) Regulation and liberalization in energy industry

Regulatory framework for the electricity market in the Slovak Republic.

Based on the current legislation, the electricity market in the Slovak Republic is liberalized and allows free selection of electricity supplier for all customers.

Activities of the Company are subject to regulation by the Office (Regulatory Office for Network Industries - ÚRSO).

(c) Litigation

The plaintiff Lumius Slovakia, s. r. o. 'In liquidation' claims to reopen the court proceedings in which the plaintiff claimed the payment in amount of EUR 3 792 188.01 with accessories because of the unreasonable beneficiation and damages by the illegitimate charging of the system Services on the cross-border transmission. The plaintiff paid to the defendant following the Contract of transmission of electricity through the interconnector from 16 January 2008 in accordance the legislation at the time. According to the opinion of the plaintiff, the illegitimate charging consists in the fact that such a fee is in the conflict with the European Union law. The Bratislava II District Court dismissed the claim, the plaintiff did not make an appeal against the judgment and the judgment became final. Because of the Court of Justice of the European Union evaluated the charge as conflicted with the European Union law in Case C-305/17, the plaintiff claims the reopening of the court proceedings within the statutory period. At the hearing on 20 May 2021, the court rejected the motion to reopen the proceedings, the plaintiff filed an appeal against the judgment, and the Company submitted a statement on the plaintiff's appeal. On November 14, 2022, the Regional Court in Bratislava annulled the first-instance judgment of the Bratislava II District Court and returned the matter to this court for further proceedings as the justification of the first-instance judgment does not contain reasons that would clearly and convincingly represent an explanation of the conclusion adopted by the court that there is no personal or material connection between the proceedings for the restoration of which the plaintiff is demanding and the decision of the Court of Justice of the European Union in Case C-305/17, thus the decision of the Court of Justice of the EU is not binding for the parties to this dispute. At the hearing on February 7, 2023, the court did not make a decision on the matter, adjourning the hearing to March 23, 2023.

(d) Bank guarantees

As at 31 December 2022, the Company records issued bank guarantees in the amount of EUR 38 000 000 to third parties.

28 Commitments

(a) Future investment commitments

The Company has contractual obligations under the contracts for the purchase of non-current assets entered into before 31 December 2022, the performance of which is scheduled only after 31 December 2022. The total obligation under the contracts amount to EUR 38 047 682 (2021: EUR 21 093 684). The Capital expenditures are related primarily to the replacement of conductors, the re-insulation of EBO V2 - Bošáca line, the re-insulation of line Križovany - EBO V2, the re-insulation of line Križovany - Bošáca, the update and upgrade of the core for the needs of system transformation for 15 min intervals and the connection to MARI/PICASSO, with the change connections Fortischem, a. s. to the transmission system in ES Bystričany, by renewing the secondary technology of the 400 kV substation Bošáca– protection replacement and RIS innovation, with the implementation of construction of electrical station Lemešany – RIS innovation and protection replacement, with the transition of Sučany electrical station to remote control.

The Company has approved a Capital expenditure budget for 2023 in the amount of EUR 73 152 907 (2022 capex budget: EUR 52 925 036). The Capital expenditures are related primarily to the Renewal of secondary technology R 400 kV Bošáca - exchange of protections and RIS innovation, with change of conductors and insulation of lines, the looping of the 400 kV line V424 to ES Senica, with the innovation of RIS 220+400 kV (RIS central) and the replacement of protections in ES Lemešany, with remote control in electrical stations and ICT systems, security ICT systems and business systems.

(b) Future operating lease commitments - Company as lessee

Using the database of contracts, the Company selected contracts where it has the role of a lessee. For these contracts, it assessed, whether they are compliant with the IFRS 16 conditions and therefore whether are to be reported based on that standard. Reports, for which the Company applied the optional derogation, are listed below. The Company reports neither the right of use of asset nor the liability from lease for all types of lease contracts with the lease period up to 12 months. Costs related to these leases are reported in financial accounts as operating costs evenly over lease periods.

The Company has also applied an optional exemption and reports neither the right of use of asset nor the liability from lease in relation to lease contracts where the value of the leased asset is clearly lower than EUR 5 000. When determining the estimated value of an asset, the Company assumes that it is a new asset. If the asset value cannot be determined reliably, the optional exemption shall not be applied.

The Company has the following future minimum lease instalments in relation to the above operating lease contracts:

	31 December 2022	31 December 2021
Due within 1 year	5	5
Due in 2 to 5 years	19	19
Due after 5 years	159	163
Total	**183**	**187**

The Company has also entered into an operating lease for an unlimited period of time with a possibility of termination with a 3-month termination period. The annual lease payments amount to EUR 8 785 (31 December 2021: EUR 8 726). The main items include the lease of telecommunications routes.

c) Future operating lease commitments - Company as lessor

The Company leases out mainly transformation and optic fibre cables.

The following minimum lease instalments relate to the operating lease contracts:

	31 December 2022	31 December 2021
Due within 1 year	346 225	294 163
Due in 2 to 5 years	1 260 203	1 057 178
Due after 5 years	1 525 801	1 534 265
Total	**3 132 229**	**2 885 606**

The Company has also entered into an operating lease for an unlimited period of time for which the annual lease payments amount to EUR 430 574 (31 December 2021: EUR 385 144).

The Company leases 2x110kV power lines ESt Lemešany - ES SS Košice from supporting point in Bukovec to supporting point in Lemešany in length of 18,678 km. Lease expires in 50 years, rent is calculated every year according to Capital, investment and operating costs. Annual rent for 2022 as at 31 December 2022 amounts to EUR 328 970 (31 December 2021 for year 2022: EUR 275 651). The basic component of the rent will be paid to lessor for the time of 20 years and operating component of the rent will be paid to lessor for the time of 50 years. The minimal lease instalments include the basic component of the rent in amount of EUR 300 868 annually (31 December 2021: EUR 250 672).

29 Cash generated from operations

	Note	2022	2021
Profit before income tax		123 697 230	49 416 515
Adjustments for:			
Depreciation	5	61 222 658	63 736 205
Amortization	6	5 104 234	5 171 440
Financial investments' write off	7	0	90 946 198
Impairment charge for non-current assets	5	0	5 067 808
Changes in provisions for receivables	11	91	-449 720
(Gain) / loss on disposal of assets	24	-620 382	346 209
Dividend income	25	-58 790 250	0
Income from short - term financial assets	25	0	-29 250

Interest income/expense, net	25	-1 110 597	182 797
Net movements in provisions	19	-829 635	-5 179 328
Changes in working Capital:			
Inventories (gross)		165 522	-238 767
Trade and other receivables		22 172 479	-87 512 826
Short-term financial assets	12	-255 000 000	0
Trade and other payables, deferred revenues		135 320 639	103 791 708
Cash generated from operations		**31 331 989**	**225 248 989**

In the cash flow statement, proceeds from sale of non-current assets are as follows:

	Note	Year ended 31 December 2022	2021
Net book value		5 750	805 957
Profit/(loss) from sale of tangible fixed assets	24	620 382	-346 209
Proceeds from disposal of tangible fixed assets		**626 132**	**459 748**

30 Related party transactions

Parties related to the Company include its sole shareholder, the subsidiary OKTE, a.s., the company Joint Allocation Office, S. A. and TSCNET Services, GmbH and key management personnel of the Company or the shareholder.

The National Property Fund (FNM), an entity fully owned by the Slovak Republic as the sole shareholder of the Company till 1 October 2012. Since 2 October 2012, the sole shareholder is the Ministry of Finance of Slovak Republic.

Transactions with entities that are owned or controlled directly or indirectly by the State are realized in accordance with the prevailing regulatory principles.

Ministry of Economy of Slovak Republic, is the 51 % shareholder of Západoslovenská energetika, a. s., Východoslovenská energetika Holding, a. s. and Stredoslovenská energetika, a. s..The companies Západoslovenská distribučná, a.s., Západoslovenská energetika - Energia, a. s., ZSE Elektrárne, s. r. o., Východoslovenská energetika, a. s., Východoslovenská distribučná, a. s. and Stredoslovenská distribučná, a. s. are 100% subsidiaries of these companies.

As at 31 December 2022, the outstanding balances with the subsidiary were as follows:

	Gross amount of trade receivable	Other receivables	Value adjustment to trade or other receivables	Trade and other payables
OKTE, a. s.	21 539 198	0	0	-2 440 199

As at 31 December 2022, the outstanding balances with joint venture were as follows:

	Gross amount of trade receivable	Other receivables	Value adjustment to trade or other receivables	Trade and other payables
Joint Allocation Office, S. A. Luxemburg	18 764 768	0	0	-18 287 615
TSCNET Services, GmbH	0	0	0	-89 265

As at 31 December 2022, the outstanding balances with the state-controlled entities and government bodies (other related parties) were as follows:

	Gross amount of trade receivable	Other receivables	Value adjustment to trade or other receivables	Trade and other payables
Slovenské elektrárne, a.s.	299 556	17 499	0	-6 475 226
Slovenské elektrárne - Energetické služby, s. r. o.	0	0	0	0
ZSE Elektrárne, s.r.o.	0	0	0	-260 410
Západoslovenská energetika, a.s.	0	0	0	-139
Západoslovenská distribučná, a.s.	2 819 750	0	0	-45 281
Západoslovenská energetika – Energia, a.s.	0	0	0	-112 711
Východoslovenská distribučná, a. s.	1 305 114	0	0	-35 142
Východoslovenská energetika, a. s.	0			-76
Stredoslovenská energetika, a.s.	0	0	0	-60
Stredoslovenská distribučná, a.s.	1 835 951	0	0	-34 899
Stredoslovenská energetika Project, Development, spol. s r.o.	0	0	0	-525 600
MH TH, a. s.	7 630	0	0	-1 005 176
Žilinská teplárenská, a. s.	0	0	0	0
Martinská teplárenská, a. s.	0	0	0	0
Zvolenská teplárenská, a. s.	0	0	0	0
Vodohospodárska výstavba, a. s.	32 926	0	0	-1 105 001
Slovenský plynárenský priemysel, a. s.	90	0	0	0

As at 31 December 2021, the outstanding balances with the subsidiary were as follows:

	Gross amount of trade receivable	Other receivables	Value adjustment to trade or other receivables	Trade and other payables
OKTE, a. s.	19 955 733	0	0	-1 835 750

As at 31 December 2021, the outstanding balances with joint venture were as follows:

	Gross amount of trade receivable	Other receivables	Value adjustment to trade or other receivables	Trade and other payables
Joint Allocation Office, S. A. Luxemburg	2 175 113	0	0	-7 827 244

As at 31 December 2021, the outstanding balances with the state-controlled entities and government bodies (other related parties) were as follows:

	Gross amount of trade receivable	Other receivables	Value adjustment to trade or other receivables	Trade and other payables
Slovenské elektrárne, a.s.	480 072	21 618	0	-12 831 962
Slovenské elektrárne - Energetické služby, s. r. o.	0	0	0	0
ZSE Elektrárne, s.r.o.	63 330	0	0	-77 167
Západoslovenská distribučná, a .s.	2 886 208	0	0	-[illegible] 045
Západoslovenská energetika – Energia, a.s.	0	0	0	-2[illegible] 224
Východoslovenská distribučná, a. s.	1 175 902	0	0	-750
Východoslovenská energetika, a. s.	0			-324
Stredoslovenská energetika, a.s.	0	0	0	-299
Stredoslovenská distribučná, a.s.	2 048 274	0	0	-45 330
MH TH, a. s.	5 127	0	0	-562 007
Žilinská teplárenská, a. s.	509	0	0	-169 367
Martinská teplárenská, a. s.	12 356	0	0	-237 237

	Gross amount of trade receivable	Other receivables	Value adjustment to trade or other receivables	Trade and other payables
Zvolenská teplárenská, a. s.	1 592	0	0	-21 769
Vodohospodárska výstavba, a. s.	94 802	0	0	-572 919
Slovenský plynárenský priemysel, a. s.	0	0	0	-444

The income and expense items with the subsidiary, joint venture, state-controlled entities and government bodies for the year ended 31 December 2022 were as follows:

	Sales of services	Purchase of services
OKTE, a. s.	330 996 813	-114 954 193
Joint Allocation Office, S. A.	-333 799 435	-26 057 328
TSCNET Services, GmbH	0	-1 673 557
Slovenské elektrárne, a.s.	7 002 232	-73 258 231
Slovenské elektrárne Energetické služby, s. r. o.	0	0
Západoslovenská energetika, a. s.	0	-15
Západoslovenská distribučná, a. s.	60 483 485	-148 124
Západoslovenská energetika – Energia, a. s.	0	-785 401
ZSE Elektrárne, s. r. o.	1 024 614	-635 485
Východoslovenská distribučná, a. s.	26 259 530	-65 138
Stredoslovenská energetika, a. s.	0	-6 378
Stredoslovenská distribučná, a. s.	40 144 191	-365 288
MH Teplárenský holding, a. s.	0	-4 529 246
Žilinská teplárenská, a. s.	0	-263 652
Martinská teplárenská, a. s.	0	-291 762
Zvolenská teplárenská, a. s.	0	0
Východoslovenská energetika, a. s.	0	-1 033
Vodohospodárska výstavba, a. s.	1 454 053	-5 426 095
Slovenský plynárenský priemysel, a. s.	0	-899

The income and expense items with the subsidiary, joint venture, state-controlled entities and government bodies for the year ended 31 December 2021 were as follows:

	Sales of services	Purchase of services
OKTE, a. s.	176 263 970	-46 852 787
Joint Allocation Office, S. A.	-61 637 934	-5 783 249
TSCNET Services, GmbH	0	-1 438 163
Slovenské elektrárne, a.s.	7 282 119	-67 296 122
Slovenské elektrárne Energetické služby, s. r. o.	0	0
Západoslovenská energetika, a. s.	0	-393
Západoslovenská distribučná, a. s.	56 793 278	-177 121
Západoslovenská energetika – Energia, a. s.	1 262	-337 156
ZSE Elektrárne, s. r. o.	1 222 370	-402 955
Východoslovenská distribučná, a. s.	23 968 131	-2 450
Stredoslovenská energetika, a. s.	0	-5 206
Stredoslovenská distribučná, a. s.	37 319 562	-438 859
MH Teplárenský holding, a. s.	0	-2 764 316
Žilinská teplárenská, a. s.	0	-547 351
Martinská teplárenská, a. s.	0	-1 259 103
Zvolenská teplárenská, a. s.	0	0
Východoslovenská energetika, a. s.	0	-917
Vodohospodárska výstavba, a. s.	1 527 927	-4 829 257
Slovenský plynárenský priemysel, a. s.	0	-1 660

The negative values in the column Sales of services are due to the reporting of costs and revenues on a net basis, as stated in notes 20 Sales and 21 Consumption of materials and services according to IFRS 15. In this case, completed transactions for individual companies reported in sales were lower than related costs.

Key management personnel compensation

Salaries and bonuses paid to the Company's management, directors and other members of top management for the year ended 31 December 2022 and 31 December 2021, are as follows:

	Year ended 31 December 2022	**Year ended 31 December 2021**
Salaries and short-term employee benefits	1 302 378	1 742 815
Total	**1 302 378**	**1 742 815**

31 Events after the reporting period

After the date on which the financial statements are prepared, no events have occurred that would require adjustments or additional disclosures in the financial statements and notes to the financial statements.

Declaration of compliance

The Financial Statements for the year ended 31 December 2022 prepared in accordance with International Financial Reporting Standards as adopted by the European Union were prepared and authorized for issue on 7 March 2023.

....
Ing. Peter Dovhun
Chairman of the Board of Directors

....
Ing. Jaroslav Vach, MBA
Member of the Board of Directors

....
Ing. Ján Oráč
Person responsible for preparation of the Financial Statements

....
Ing. Ružena Kollárová
Person responsible for bookkeeping