Slovenská elektrizačná prenosová sústava

ANNUAL REPORT

2023

AMENDMENT TO THE INDEPENDENT AUDITOR'S REPORT

on verification of consolidated annual report

as of 31 December 2023

Slovenská elektrizačná prenosová sústava, a.s.

Group seat:

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

This is a translation of the original Slovak Auditor´s Report to the accompanying Consolidated annual report and Consolidated Financial Statements translated into English language.

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AMENDMENT TO THE INDEPENDENT AUDITOR´S REPORT

to consolidated annual report

To the shareholders, supervisory board, board of directors and audit committee of Slovenská elektrizačná prenosová sústava, a.s.:

in accordance with § 27 par. 6 of the Act no. 423/2015 on Statutory Audit and on change and amendment of Act no. 431/2002 on accounting, as amended („Act on Statutory Audit").

We have audited consolidated financial statements of the Group Slovenská elektrizačná prenosová sústava, a.s. as of 31 December 2023, presented in the consolidated annual report of the Group, to which we have on 18 March 2024 issued independent auditor's report from the audit of the consolidated financial statements with the following wording:

Report from the audit of consolidated financial statements

Opinion

1. We have audited the accompanying consolidated financial information of Slovenská elektrizačná prenosová sústava, a.s. and its subsidiary ("the Group"), which comprise the consolidated statement of financial position as of 31 December 2023, the consolidated income statement and consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes.

2. In our opinion, the consolidated financial statements present fairly in all material respects the financial position of the Group as of 31 December 2023 and its financial performance for the year then ended in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU.

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 consolidated financial information section, below. We are independent of the Group 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 Consolidated Financial Statements

4. The Statutory Representatives are responsible for the preparation and fair presentation of the consolidated financial information in accordance with the International Financial Reporting Standards ("IFRS") valid for preparation of balance sheet and income statement and for such internal controls as management determines necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. In preparing the consolidated financial information, management is responsible for assessing the Group'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 Group or to cease its operations, or has no realistic alternative but to do so.

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

Auditor's Responsibility for the Audit of the consolidated Financial Statements

5. Our responsibility is to obtain reasonable assurance about whether the consolidated financial information 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

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Europe Alliance member

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 consolidated financial information.

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 consolidated financial information, 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 Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention, in our 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 Group to cease to continue as a going concern.
   - Evaluate the overall presentation, structure and content of the consolidated financial information, including the disclosures, and whether the consolidated financial information 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 consolidated annual report – amendment to the independent auditor's report

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

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

   We have assessed, if consolidated annual report of the Company includes information required by the Act on Accounting.

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

   - The information presented in the consolidated annual report for 2023 is consistent with the consolidated financial statements for that year,
   - The consolidated annual report includes information required by the Act on Accounting.

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

Bratislava, 10 April 2024

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

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

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INTRODUCTION

Company Mission

We help individuals, families, institutions and entrepreneurs live to their full potential, making dreams come true and provide all our customers and citizens with products and services.

We contribute to energy transformation of our country towards emission-free and energy-independent and efficient company.

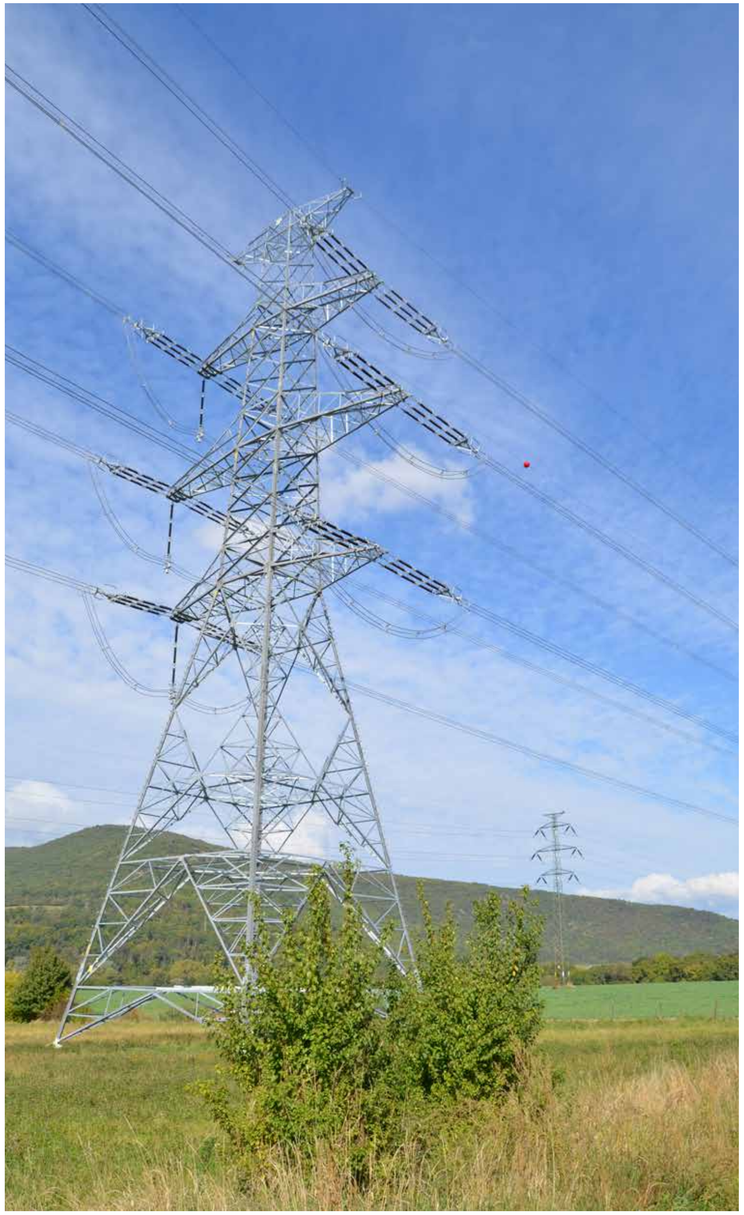
Company Vision

We share a common vision of Slovakia and the European Union, a vision of the society where we live and work and where there is

enough
affordable
emmission-free

electricity

for everyone
and at any time.



BOARD OF DIRECTORS CHAIRMAN'S LETTER

Dear shareholder, business partners, colleagues.

The year 2023 in SEPS was marked by the creation of conditions that will help transform the energy market in line with the European Union's carbon neutrality commitments. Electricity plays an indispensable role and the gradual replacement of fossil fuels will increase its importance even further.

A significant event of the year with a major impact on the transmission system operation and the electricity system management was commissioning of the third unit of the Mochovce Nuclear Power Plants. As a result, Slovakia produced over 3,000 GWh more electricity than in the previous year. Our country ranked among electricity exporters, a share of the exported electricity in its total production in 2023 exceeded 11 percent.

As a transmission system operator, we must guarantee stability and security of the transmission system even with a changed energy mix, which requires long-term planning and investments both in new and existing technologies and assets of our company. In 2023, we continued to prepare investments, especially in the south-west and north-west parts of the transmission system, necessary for its future optimal operation. A significant milestone of strategic importance was successful completion of the public procurement and signing of the contract for engineering and design work for the projects covering construction of two new substations in Vajnory and Ladce. In 2023, we spent over EUR 41 million on investment activities. For all implemented investments, I would mention commencement of the Senica substation refurbishment which is in line with the long-term plan of SEPS to strengthen the system at the 400 kV voltage level and to gradually attenuate the 220 kV system due to the change in the electricity generation sources.

Our most extensive long-term project in 2023 involving dozens of our colleagues across all company departments as well as external partners is preparation for joining the MARI and PICASSO platforms. In this context, we have implemented changes in our business and information systems. The MARI, PICASSO project will enable the cross-border exchange of regulation energy from manually activated frequency restoration reserves (mFRR) and automatically activated frequency restoration reserves (aFRR) between the EU countries. Both platforms will create an opportunity for ancillary service providers and electricity generators to provide regulation energy also to other countries where such a requirement will appear.

Opening up the regulation energy market will provide an option to activate the most cost-effective offer of regulation energy at the given moment. Common European platforms integrate the aFRR and mFRR regulation energy markets and will increase efficiency within balancing across Europe thus contributing to operational security. Slovakia is scheduled to join the platforms in 2024.

Our subsidiary OKTE, a. s., (organizer of the short-term electricity market) commissioned the Energy Data Centre (EDC) in October. It is a central data exchange platform the main contribution of which consists in providing new market functionalities for active consumers and activities related to aggregation, electricity sharing and operation of electricity storage facilities. Moreover, the system will enable new and small market participants to operate and make data available to final consumers. It will also bring easier exchange of data on electricity provision among the market participants and less paper work. The combination of centrally stored and distributed data will facilitate further development of smart solutions on the market in electricity. The EDC start-up process is divided into several phases, with full EDC functionality available in the second half of 2024.

Furthermore, I perceive making the world of electricity sector visible to children and young people as an important part of our work. In 2023, we made significant efforts to cooperate with universities, secondary schools of electrical engineering, as well as to promote education on electricity use at primary schools. We have supported, for example, research projects and open days at three Slovak technical universities or development of energy literacy at the second level of primary schools in the form of grants.

The year 2023 was successful for our company in terms of economy. We achieved the highest revenues for the transmission system operator services and other services totalling EUR 663.88 million and net profit of over EUR 71 million.

Every company is made up of people who work for it. Our successes are caused by our employees, whom I would like to thank for their commitment. Moreover, I would like to express our thanks to our shareholder and our partners for their fair approach and cooperation. I believe we will continue in the established trend of excellent cooperation in the coming period while adapting the Slovak electricity system to the changes related to energy transformation and in fulfilling our mission.

Ing. Martin Magáth
Chairman of the Board of Directors and Chief Executive Officer

Slovenská elektrizačná prenosová sústava

YEAR IN BRIEF

In 2023, several changes in the composition of the Board of Directors and the top management of Slovenská elektrizačná prenosová sústava, a.s. occurred.

As of 15 May 2023, the Chairman of the Board of Directors and the Chief Executive Officer Ing. Peter Dovhun has been released to perform the function of the Minister of Economy of the Slovak Republic. His position was taken by Ing. Jaroslav Vach, MBA, who was until then a member of the Board of Directors and the Managing Director of the Division of Economics, and the position of the Managing Director of the Division of Economics was assigned to Ing. Peter Kalenčík, MSc.

Other members and managing directors were in their positions until November 2023.

As of 23 November 2023, based on the decision of the sole shareholder, a new company Board of Directors was elected and, at the same time, new representatives in the company top management were appointed: the Chairman of the Board of Directors and the Chief Executive Officer, in charge of managing the Division of Development, Investment and Procurement, Ing. Martin Magáth; Deputy Chairman of the Board of Directors and Managing Director of the Division of Economics in charge of managing the Division of ICT, Ing. Miloš Bikár, PhD.; Member of the Board of Directors and Managing Director of the Division of Operations, Mgr. Vladimír Stúpala; Member of the Board of Directors and Managing Director of SED and Commerce and Trade, Marián Širanec, MBA.

Mgr. Igor Gallo, MBA, was elected as a Member of the Board of Directors on 1 December 2023 and from 15 December 2023, he performs the functions of the Managing Director of the Division of Management Support.

The composition of the Supervisory Board of Slovenská elektrizačná prenosová sústava, a. s. changed this year as of 22 November 2023, where by the decision of the sole shareholder all members were dismissed from their functions but for Ing. Michal Janíček, who remained in his position, and subsequently, in accordance with the decision of the sole shareholder of the company, new members were appointed, headed by the Chairman Ing. Radovan Majerský, PhD.

The change in the Board of Directors occurred in OKTE, a. s., a subsidiary company, on 3 October 2023, where Ing. Miloš Bikár, PhD. was dismissed from his function of the Chairman of the Board of Directors, and on 4 October 2023, his position was taken by Ing. Martin Švantner, performing the functions of the Member of the Board of Directors by then.

As of 18 December 2023, the entire Board of Directors of OKTE, a. s., was dismissed and Ing. Robert Sedlák was appointed as the new Chairman of the Board of Directors and Mgr. Kamil Peteraj was appointed as the Member of the Board of Directors.

There were no changes in the composition of the Supervisory Board of OKTE, a. s. this year.

Significant Operational and Investment Projects

Probably the most important event in 2023 from the point of view of the transmission system in the Slovak Republic was the energy start-up of the RE3 nuclear unit in the Mochovce nuclear power plants and operation at nominal power from October 2023. Also, the line that currently supplies power and will output power from the RE4 Mochovce nuclear unit was energized.

Another important milestone is the beginning of the Senica substation (Est) reconstruction in accordance with the long-term plan of SEPS to gradually attenuate the 220 kV system and to strengthen the system at the 400 kV voltage level. At the beginning of the reconstruction, the interstate 220 kV Senica (SR) – Sokolnice (Czech Republic) line was permanently decommissioned.

In the field of refurbishment, mainly reinsulation of lines and replacement of conductors, refurbishment of protections, automatics and control systems in electrical substations continued.

Great attention was paid to preparations of significant constructions for the future period, especially in the south-west and north-west part of the transmission system of SR.

The aggregate amount of the costs incurred for investments in 2023 was EUR 41.244 million. The most significant investments in terms of importance and volume in 2023 were replacement of conductors and reinsulation on the V428 ESt Moldava – ESt Veľké Kapušany and V429 ESt Podunajské Biskupice – SSt Gabčíkovo lines, as well as reinsulation of the V043 EBO V2 – Bošáca and V496 Križovany – Bošáca lines.

Table 1: Overview of Key Technical Indicators for the Period 2014 - 2023

Lines - km	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
400 kV	1,953	1,953	2,138	2,138	2,138	2,138	2,138	2,357	2,357	2,357
220 kV	826	826	826	826	790	790	772	690	688	688
110 kV	80	80	80	80	80	80	80	80	80	80
Total	2,859	2,859	3,044	3,044	3,008	3,008	2,990	3,127	3,125	3,125
Transformers - MVA										
400/220 kV	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400
400/110 kV	8,710	8,710	8,710	8,630	8,730	8,730	8,980	9,230	9,230	9,230
220/110 kV	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,200	1,200	1,200
Total	11,710	11,710	11,710	11,630	11,730	11,730	11,980	11,830	11,830	11,830
Switchyards - number										
400 kV	18	18	19	19	19	19	20	20	20	20
220 kV	6	6	6	6	6	6	6	5	5	5
Total	24	24	25	25	25	25	26	25	25	25

Note: In 2021, the operation of the R 220 kV Bystričany was terminated, the physical liquidation is carried out in the period 2022 – 2024.

Electricity Generation and Consumption in the Electricity System of the Slovak Republic in the Year 2023

In 2023, Slovakia generated 29,961 GWh of electricity. Compared to the year 2022, it means increase by 3,045 GWh with a year-to-year index of 111.3 %. The reason for the higher generation is commissioning of the third unit of the Mochovce nuclear power plant with an installed capacity of 471 MW.

On Tuesday, 31 January 2023, at 10.57 p.m., the first out of two turbine generators of the third nuclear unit Mochovce was connected to the electricity system of Slovakia (ES SR). The second turbine generator was connected to the ES SR on 4 February 2023 at 5.35 p.m. In the first days, the new reactor was operated at 20 to 60 MW power output level. In the following weeks, the power output of the third unit of the nuclear reactor was increased. At the end of March it reached 200 MW power output, in mid-August it was 380 MW, in September 420 MW, and from October to the end of the year it provided 440 MW.

The electricity consumption in Slovakia in 2023 amounted to 26,539 GWh. Compared to the year 2022, it means decrease by 1,788 GWh with a year-to-year index of 93.7 %. This consumption includes the consumption from pump-fed hydroelectric power plants (472 GWh, 1.8 % of the Slovak Republic consumption). The decline in Slovakia's electricity consumption in 2023 was significantly influenced by the decline in aluminium production, which already started in the last quarter of 2022. In 2023, there was also a decrease in the transfer of electricity from the transmission system to the regional distribution systems, from 1.9 % to 5.0 % compared to 2022.

The balance of cross-border electricity flows was in the export direction in 2023. A year earlier, the direction of the balance of cross-border flows was import-driven. The share of electricity exported abroad in Slovakia's total generation was 11.4 % in 2023.

Table 2: Year-To-Year Quarterly Indices of Electricity Generation and Consumption in Slovakia (Year 2023 Against 2022)

2023 / 2022	I.Q	II.Q	III.Q	IV.Q
Generation (%)	99.5	110.2	118.5	119.1
Consumption (%)	89.1	89.7	94.1	102.7

Table 3: Electricity Generation and Consumption in Slovakia in 2022 and 2023 in GWh

- GWh -	2022	2023	Index (%) 2023 / 2022	Share in production 2022 (%)	Share in production 2023 (%)
Nuclear power plants	15,920	18,344	115.2	59.1	61.2
Fossil-fuel power plants	4,769	4,409	92.5	17.7	14.7
Water power	3,992	5,094	127.6	14.8	17.0
Renewable energy sources	2,125	2,002	94.2	7.9	6.7
Other	110	113	102.7	0.4	0.4
Generation	26,916	29,961	111.3		
Balance (Import +)	1,412	-3,422	-		
Consumption	28,328	26,539	93.7		

Note: All mentioned values of electricity generation and consumption are gross data. The indices are calculated based on the MWh input data.

Economic Results in Brief – Individual Financial Statements

Table 4: Key Economic Indicators of the SEPS Parent Company Are Recognized in Compliance with the IFRS Standards

Data for parent company (in EUR thous.)	2019	2020	2021	2022	2023
Revenues	365,565	353,633	441,208	408,216	663,882
Profit/(loss) after tax	69,305	59,306	18,339	105,142	71,058
EBITDA	146,093	140,623	123,575	188,914	138,862
ROA	7.1 %	5.1 %	1.5 %	7.1 %	4.6 %
Total indebtedness	33.3 %	27.3 %	30.8 %	34.4 %	37.8 %
Balance amount	971,541	1,154,218	1,258,126	1,484,118	1,543,793
Long-term assets	853,143	891,161	913,169	898,981	876,259
Equity	648,322	838,910	870,683	974,514	960,833
Investments	74,576	95,417	47,209	52,143	41,244
Average number of employees	546	548	546	558	567

EBITDA = Profit before tax plus interest costs plus depreciation and adjusting items to assets minus interest revenues
ROA = Profit after tax/balance amount
Total indebtedness = Total payables/assets

Total revenues of the company in 2023 amounted to EUR 709.342 million including the financial revenues. The biggest volume from the achieved revenues of the company totalling EUR 663.882 million was attributed to the revenues for services of the transmission system operator and for other services.

Total costs (including income tax) amounted to EUR 638.284 million in 2023. These were higher by EUR 264.384 million compared to 2022. The after-tax profit was EUR 71.058 million. On a year-to-year basis, the SEPS' net profit decreased by EUR 34.084 million, mainly due to lower dividends paid by OKTE, a.s. from the profit earned in 2022 compared to 2021, lower net revenues from cross-border operations that were not applied to the reduction of regulated prices, and lower year-to-year savings in ancillary services costs compared to the permitted costs for ancillary services.

As of 31 December 2023, the company managed the net assets in the amount of EUR 1,543.793 million. The balance amount was higher by EUR 59.675 million compared to the year 2022, mainly due to increase of Cash and Investments on the asset side and short-term liabilities on the liability side of the balance sheet.

In 2023, the company investments in restoration and development of the transmission system totalled EUR 41.244 million which were prevailingly financed from own resources. The average number of employees was 567.

Economic Results in Brief - Consolidated Financial Statements

Table 5: Key Group Consolidated Economic Indicators

Consolidated data (in EUR thous.)	2019	2020	2021	2022	2023
Revenues	461,582	377,884	510,727	454,563	881,618
Profit/(loss) after tax	69,302	(31,713)	168,603	70,018	62,062
EBITDA	148,590	52,564	279,731	161,057	132,346
ROA	6.5 %	-2.7 %	11.1 %	3.8 %	3.6 %
Total indebtedness	38.5 %	35.2 %	38.4 %	45.5 %	42.8 %
Balance amount	1,058,781	1,158,704	1,514,879	1,837,228	1,710,992
Long-term assets	861,481	900,288	920,479	905,412	884,194
Equity	651,533	751,102	933,139	1,001,847	979,171
Investments	79,639	99,000	48,095	53,134	45,105
Average number of employees	581	591	589	603	626

EBITDA = Profit before tax plus interest costs plus depreciation and adjusting items to assets minus interest revenues
ROA = Profit after tax/balance amount
Total indebtedness = Total payables/assets

Pursuant to Act No. 431/2002 Coll. on Accountancy as amended, SEPS prepares also consolidated financial statements in compliance with the IFRS standards. The SEPS consolidation covers also its only 100 % subsidiary OKTE, a. s.

The fact whether the SEPS Group makes a profit or a loss is fundamentally influenced by the current development on the market in electricity and the RONI decisions by which the RONI sets the prices of the Group's regulated activities in accordance with the RONI Decree No. 246/2023 Coll. In 2023, the SEPS group achieved the consolidated revenues amounting to EUR 906.605 million including the financial revenues and the consolidated profit of EUR 62.062 million.

Total Group consolidated assets as of 31 December 2023 were EUR 1,710.992 million. The balance amount dropped in comparison with 2022 mainly due to decrease of Cash and Investment on the asset side and the short-term liabilities on the liability side of the balance sheet in the statement of the financial position.

Legislative Environment – Energy Legislation

In 2023, the change process of the European market in electricity design continued. An important milestone at the level of the national legislation was preparation and publication of a new RONI Decree establishing rules for functioning of the internal market in electricity effective from 1 July. Changes in the national energy legislation have also had an impact on the SEPS operational documentation binding for the market participants.

Following the aforementioned changes in the national energy legislation, the "Operation Rules of the Transmission System Operator" were significantly updated during the year.

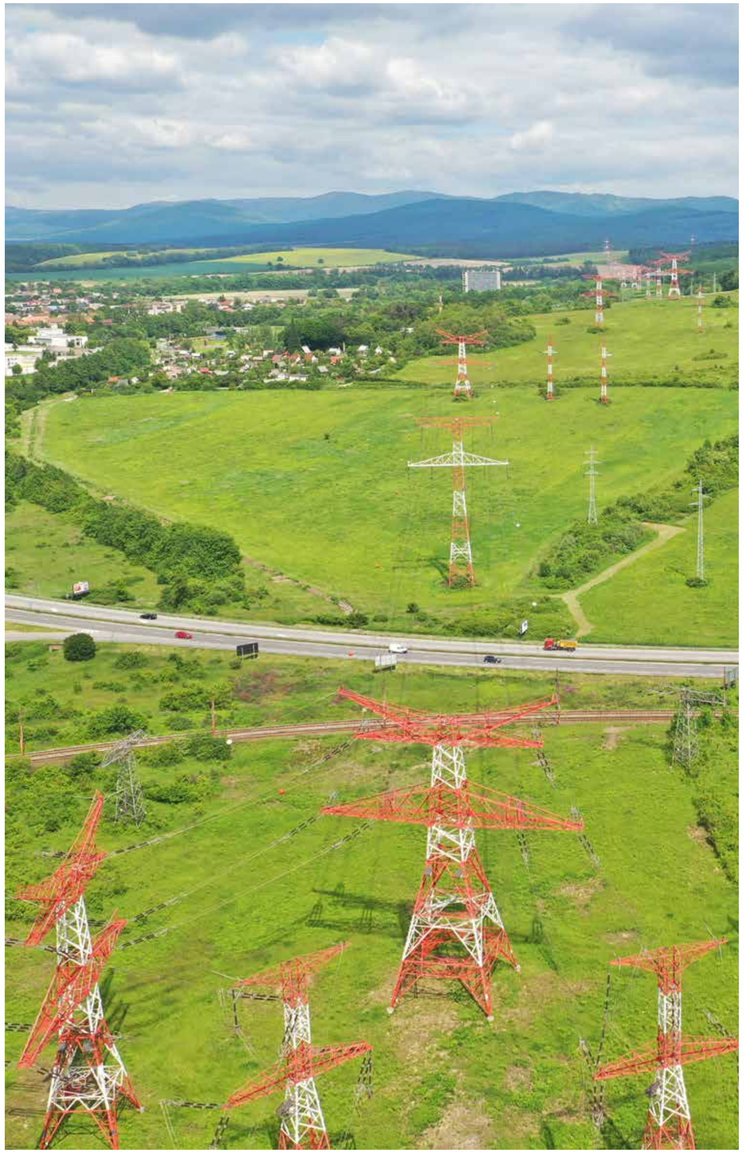
In the "Technical Conditions for Access and Connection, Rules for the Transmission System Operation", the provisions concerning common categorisation of the types of ancillary services on the European market in electricity as well as the unification of their labelling were updated in 2023.

In the course of the year, preliminary adjustments related to the future entry of SEPS into the European common platforms for the exchange of regulatory electricity MARI and PICASSO were made to the provisions in the above-mentioned operational documentation.

Integrated Management System

SEPS has had the certified Integrated Management System (IMS) consisting of Quality Management (ISO 9001), Environmental Management (ISO 14001), Information Security Management (ISO/IEC 27001) and Occupational Safety and Health Management (ISO 45001) in place since 2009. Introduction, maintaining and continuous enhancement of IMS means a strategic decision for SEPS which helps improve its performance. IMS based on procedural approach and including the "plan – do – check – act" (PDCA) cycle with consideration based on risk contributes to coping with risks and opportunities related to the company context and goals and it enables proving the conformity of managerial systems with the specified requirements. This provides confidence to stakeholders that risks are sufficiently managed.

In March 2023, the certification company DNV Business Assurance Slovakia, s. r. o. (hereinafter



referred to as ”DNV”) conducted a periodical audit in the field of the Quality Management System according to the requirements of ISO 9001:2015 and environmental management according to the requirements of ISO 14001:2015. The result of the periodical audit was a statement that SEPS IMS complies with the requirements of the mentioned standards and observes the certification criteria for continuing IMS certification. The quality and environmental management system in SEPS in place is functional and it is in full compliance with the aforementioned standards.

In July 2023, the certification company DNV conducted a periodical audit of the Information Security Management System (ISMS) according to ISO/EIC 27001:2013. The DNV leading auditor stated SEPS was in compliance with the binding obligations of ISO/IEC 27001:2013 thus fulfilling the certification criteria for continuing certification of activities concerned also in the ISMS area.

In November 2023, the certification company Technická inšpekcia, a. s., conducted a periodical audit of the Occupational Health and Safety Management System (OHS) according to the ISO 45001:2018 standard requirements. The main result of the audit was a statement that SEPS IMS complies with the requirements of the mentioned standard and observes the certification criteria and the relevant certificate has been retained in force.

Conducting the audits (for all four management systems) is aimed at detection of weaknesses in IMS. The implementation of the proposed measures based on findings of the internal and external audits contributes to permanent improvement of IMS.

Monitoring of the SEPS customer satisfaction – participants of the market in electricity is performed in the field of quality management in addition to other activities aimed at satisfying their needs. After monitoring evaluation, the measures are taken to increase satisfaction of the SEPS customers - participants of the market in electricity.

The environment protection is implemented by SEPS by introduction of modern technologies and by management of production of its waste. The company continues in the process of improvement of the its environmental profile in the field of water and waste management, protection of the air and landscape and nature protection.

In the field of the OHS management system, the emphasis is put on adherence to the programme for implementation of the occupational health and safety policy, especially for exclusion of risks and factors conditioning occurrence of occupational injuries, occupational diseases and other occupational health damages.

The efforts in the field of information security are aimed at efficient elimination or reduction of risks related to disturbing availability, integrity, and confidentiality of the company assets. Promotion of technical infrastructure, introduction of new modern procedures, information systems and technologies emphasize securingand maintaining the appropriate level of cyber security.

The major focus of development in the field of IMS is assertion of quality, environmental behaviour as well as ensuring information and cyber security, and occupational health and safety in all spheres of the company activities, i.e. to prove the ability to meet the customer requirements for the services provided by SEPS while guaranteeing reliable and safe electricity transmission.

In the field of fight against corruption and bribery, the valid internal management documentation of management includes an internal directive laying down further details on the internal reporting system of dealing with reports and their registration pursuant to Act No. 54/2019 Coll. on Protection of Notifiers of Antisocial Activity. In the SEPS environment, by means of internal regulations, emphasis is put on prevention of situations in which conflict of interests of employees or members of bodies with the SEPS interests could occur.

Financial Risk Management

As a result of its activities, the Group is exposed to various financial risks and uncertainties, such as market risk (including exchange rate risk, interest rate risk, price risk), credit risk and liquidity risk. The Group overall risk management programme focuses on the financial market unpredictability and seeks to minimise potential negative consequences for the financial position of the Group. The Group manages financial risk in accordance with the procedures approved by the Board of Directors. The Group identifies, assesses and hedges financial risks in cooperation with the organisational units within the Group. The Board of Directors issues principles for overall risk management as well as procedures covering specific areas such as exchange rate risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments.

Individual financial risks and their management are discussed in more detail in point 3 “Financial Risk Management” of the Notes to the Consolidated Financial Statements included in the Annual Report.

Ensuring Procurement Process at SEPS in 2023

Public procurement was carried out in full compliance with Act No. 343/2015 Coll. on Public Procurement and on amendment of certain acts as amended. Communication with the interested parties and tenderers in the public procurement was carried out electronically using the ERANET electronic instrument in compliance with Art. 20 of Act No. 343/2015 Coll. on Public Procurement and on amendment of certain acts as amended.

Upon assigning other orders, the contracting authority proceeded in compliance with the internal control company documents.

Savings in SEPS in 2023 in case of internal procurements was at the level of 11.02 % against the set estimated contract value. In case of the tender procedure for orders and contracts, this is saving of 12.40 %, in case of the non-tender procedure for orders and contracts the saving amounts to 3.26 % and in case of the tender procedure and non-tender procedure for orders and contracts this is saving of 11.02 %.

At the end of 2023, SEPS regained the Transparex A+ certificate from ProWise, a. s. which based on evaluation of the publicly available information from public procurement in 2022 with 4,440 evaluated entities awarded only 236 of them with the best assessment, i.e. A+. The certificate reflects expert and precise work performance of employees of the procurement and purchase section.

Slovenská elektrizačná prenosová sústava

COMPANY BODIES

SEPS

The Slovak Republic is the owner of 100 % of company shares with the Ministry of Finance of the Slovak Republic acting on its behalf.

Body	Function	Name
Board of Directors by 15 May 2023	Chairman	Ing. Peter Dovhun
	Vice Chairman	Marián Širanec, MBA
	Member	Ing. Jaroslav Vach, MBA
	Member	Mgr. Martin Riegel
	Member	Ing. Miroslav Janega
Board of Directors by 22 November 2023	Chairman	Ing. Jaroslav Vach, MBA
	Vice Chairman	Marián Širanec, MBA
	Member	Mgr. Martin Riegel
	Member	Ing. Miroslav Janega
Board of Directors by 30 November 2023	Chairman	Ing. Martin Magáth
	Vice Chairman	Ing. Miloš Bikár, PhD.
	Member	Marián Širanec, MBA
	Member	Mgr. Vladimír Stúpala
Board of Directors from 1 December 2023	Chairman	Ing. Martin Magáth
	Vice Chairman	Ing. Miloš Bikár, PhD.
	Member	Marián Širanec, MBA
	Member	Mgr. Vladimír Stúpala
	Member	Mgr. Igor Gallo, MBA

Body	Function	Name
Supervisory Board by 22 November 2023	Chairman	Ing. Peter Habšuda
	Vice Chairman	Ing. Marcel Klimek
	Vice Chairman	Ing. Marek Šimlaštík
	Member	Ing. Milan Jarás, PhD.
	Member	Ing. Róbert Király
	Member	Juraj Mach, MSA
	Member	Ing. Peter Dragúň
	Member	PhDr. Ivan Pešout, PhD.
	Member	Ing. Michal Janíček
	Member	JUDr. Eva Murínová
	Member	Ing. Vladimír Beňo
	Member	Ľuboš Obžut
Supervisory Board from 23 November 2023	Chairman	Ing. Radovan Majerský, PhD.
	Vice Chairman	JUDr. Pavol Kollár
	Vice Chairman	Ing. Marek Šimlaštík
	Member	Ing. Ondrej Zaťko
	Member	Ing. Ivan Kubaš
	Member	Ing. Ľuboš Hučko
	Member	Ing. Michal Janíček
	Member	JUDr. Eva Murínová
	Member	Ing. Vladimír Beňo
	Member	Ľuboš Obžut
Top Management by 15 May 2023	Chief Executive Officer	Ing. Peter Dovhun
	Managing Director of the Division of Operations	Ing. Miroslav Janega
	Managing Director of the Division of SED and Commerce	Ing. Silvia Čuntalová
	Managing Director of the Division of Economics	Ing. Jaroslav Vach, MBA
	Managing Director of the Division of Development, Investments and Procurement	Mgr. Martin Riegel
	Managing Director of the Division of ICT	Juraj Saktor

Body	Function	Name
Top Management by 16 May 2023	Chief Executive Officer	Ing. Jaroslav Vach, MBA
	Managing Director of the Division of Operations	Ing. Miroslav Janega
	Managing Director of the Division of SED and Commerce	Ing. Silvia Čuntalová
	Managing Director of the Division of Economics	Ing. Jaroslav Vach, MBA
	Managing Director of the Division of Development, Investments and Procurement	Mgr. Martin Riegel
	Managing Director of the Division of ICT	Juraj Saktor
Top Management by 23 November 2023	Chief Executive Officer	Ing. Jaroslav Vach, MBA
	Managing Director of the Division of Operations	Ing. Miroslav Janega
	Managing Director of the Division of SED and Commerce	Ing. Silvia Čuntalová
	Managing Director of the Division of Economics	Ing. Peter Kalenčík, MSc.
	Managing Director of the Division of Development, Investments and Procurement	Mgr. Martin Riegel
	Managing Director of the Division of ICT	Juraj Saktor
Top Management by 14 December 2023	Chief Executive Officer	Ing. Martin Magáth
	Managing Director of the Division of Operations	Mgr. Vladimír Stúpala
	Managing Director of the Division of SED and Commerce	Marián Širanec, MBA
	Managing Director of the Division of Economics	Ing. Miloš Bikár, PhD.
	Managing Director of the Division of Development, Investments and Procurement	Ing. Martin Magáth (in charge of the management)
	Managing Director of the Division of ICT	Ing. Miloš Bikár, PhD. (in charge of the management)
Top Management from 15 December 2023	Chief Executive Officer	Ing. Martin Magáth
	Managing Director of the Division of Operations	Mgr. Vladimír Stúpala
	Managing Director of the Division of SED and Commerce	Marián Širanec, MBA
	Managing Director of the Division of Economics	Ing. Miloš Bikár, PhD.
	Managing Director of the Division of Development, Investments and Procurement	Ing. Martin Magáth (in charge of the management)
	Managing Director of the Division of ICT	Ing. Miloš Bikár, PhD. (in charge of the management)
	Managing Director of the Division of Management Support	Mgr. Igor Gallo, MBA

OKTE, a. s.

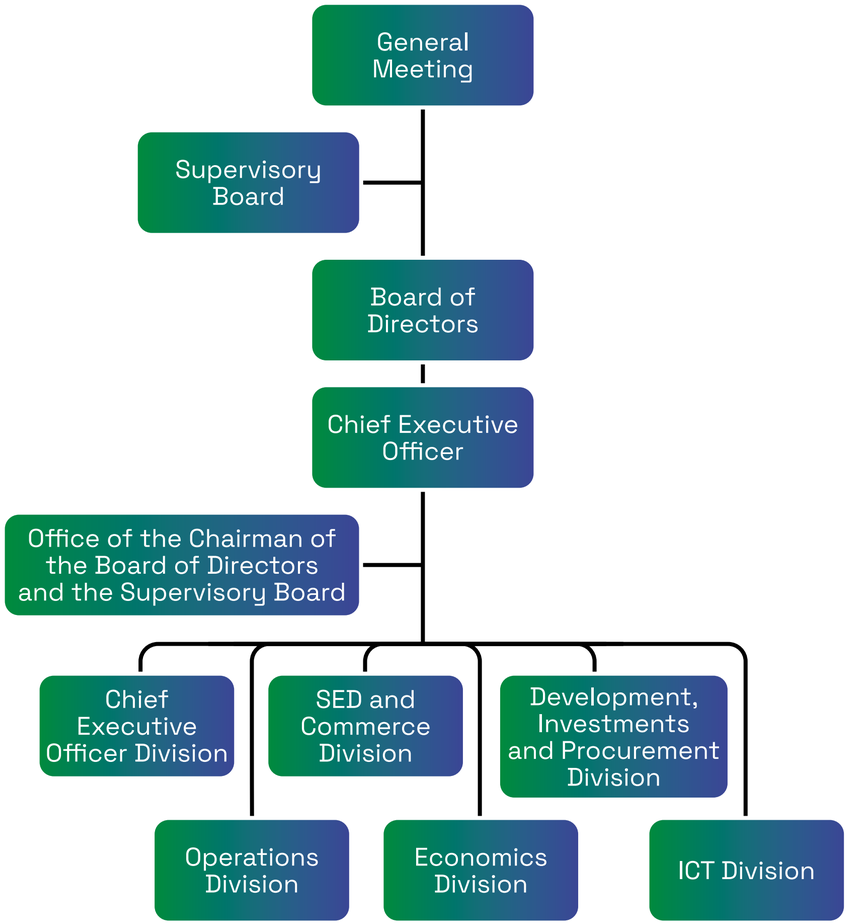
Slovenská elektrizačná prenosová sústava, a. s., owns 100 % of OKTE, a. s., shares.

Body	Function	Name
Board of Directors by 3 October 2023	Chairman	Ing. Miloš Bikár, PhD.
	Member	Ing. Martin Švantner
	Member	Štefan Dobák
Board of Directors by 18 December 2023	Chairman	Ing. Martin Švantner
	Member	Štefan Dobák
Board of Directors from 19 December 2023	Chairman	Ing. Róbert Sedlák
	Member	Mgr. Kamil Peteraj
Supervisory Board Year 2023	Chairman	Ing. Milan Jarás, PhD.
	Vice Chairman	Vladimír Škola, MBA
	Member	Ing. Róbert Pajdlhauser

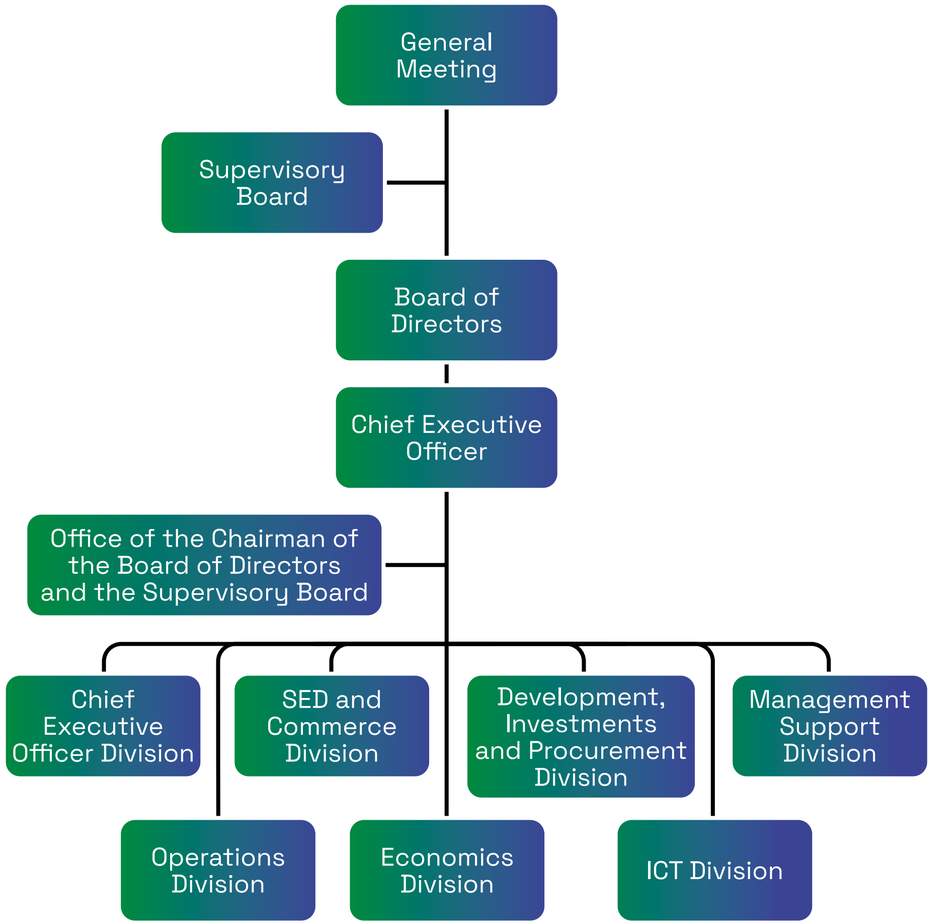
Slovenská elektrizačná prenosová sústava

COMPANY STRUCTURE

SEPS Organisational Structure by 14 December 2023

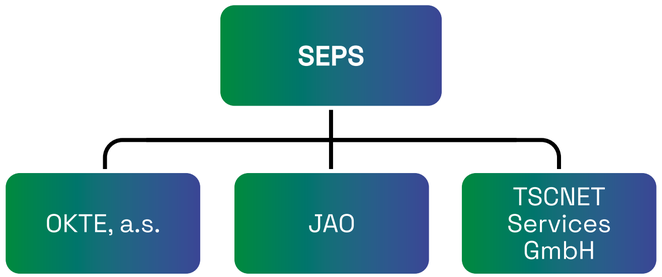


SEPS Organisational Structure from 15 December 2023



Bratislava – registered office of Slovenská elektrizačná prenosová sústava, a. s.
Žilina – Slovak Load Dispatching Office (SED)
Križovany nad Dudváhom – Section of Operational Administration West
Sučany – Section of Operational Administration Central
Lemešany – Section of Operational Administration East

Ownership Share of SEPS in Other Companies as of 31 December 2023



SEPS, a. s. - Slovenská elektrizačná prenosová sústava, a.s.	Ownership share in %
OKTE, a. s. – short-term electricity market operator	100
JAO (Joint Allocation Office S.A. – Spoločná alokačná kancelária)	4
TSCNET Services GmbH	6.25

The Company has not acquired any own shares, temporary certificates, ownership interests or shares, temporary certificates and ownership interests of the parent accounting entity.

The company does not have an organisational unit abroad.

Slovenská elektrizačná prenosová sústava

TRANSMISSION SYSTEM OPERATION

SEPS as the transmission system operator adhered to the overall required level of standards for electricity transmission quality standards pursuant to Decree No. 236/2016 Coll. in 2023. Moreover, all partial standards were fulfilled.

The transmission system operation was smooth and reliable during the entire year 2023 what is also being documented by the steady up to mildly decreasing long-term trend of the failure rate. The amount of the non-supplied electricity reflects many variable factors during the failure and in 2023 it was deeply below the long-term average (see Charts 1 and 2).

Chart 1: Specific Failure Rate

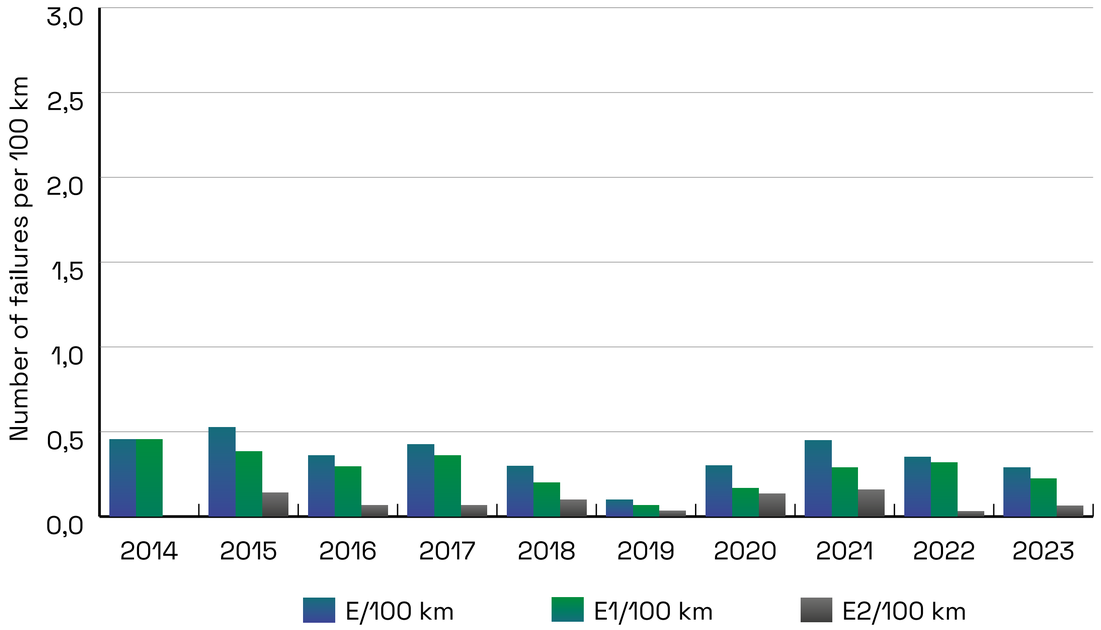
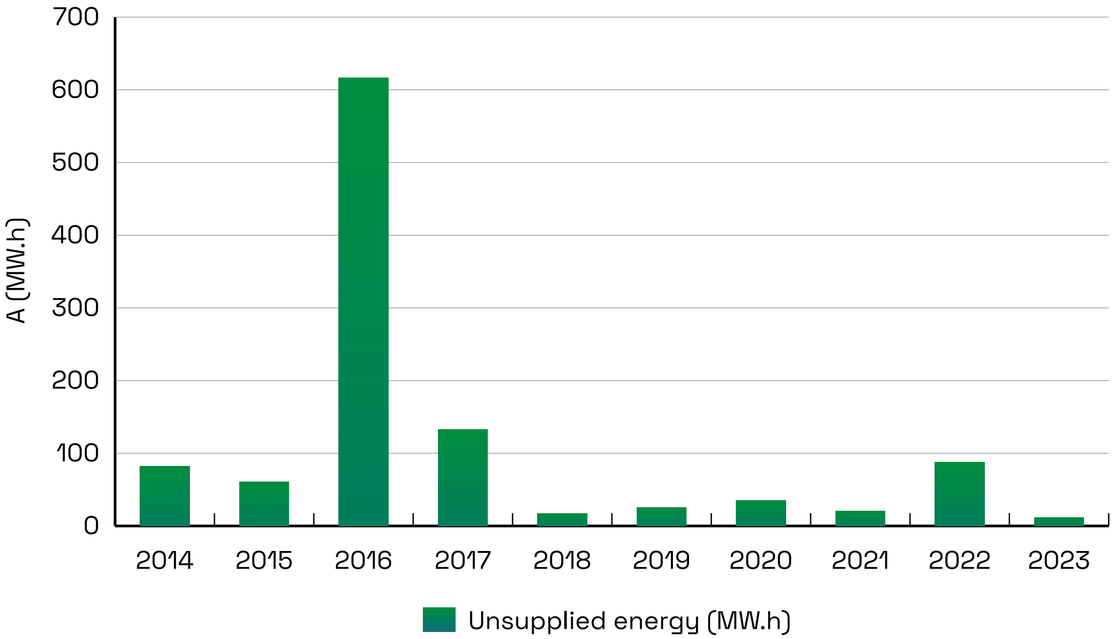


Chart 2: Development of Non-Supplier Energy



In 2023, the transmission system (TS) operation was influenced the most by the long-term decommissioning of the V424 Sokolnice – Križovany line during application of coatings to the steel structure of towers on the ČEPS side. The V428 Moldava – Veľké Kapušany, V448 Gabčíkovo – Győr and V429 Podunajské Biskupice – Gabčíkovo lines were tripped for long time in regard to execution of second phase of reinsulation of the line and replacement of conductors. Moreover, reinsulation on the Križovany – Jaslovské Bohunice – Bošáca profile continued. Application of coating to steel structures on the V439 Križovany – Podunajské Biskupice, V405 Varín – Sučany and V406 Varín – Liptovská Mara lines was carried out during their longer decommissioning.

In the 400 kV Bošáca switchyard, the implementation of the "Refurbishment of secondary technology in the 400 kV Bošáca switchyard - replacement of protections and RIS innovation" investment project continued in 2023 by works in T401, V495, V043 outlets. A similar investment project "Innovation of RIS 220 + 400 kV (RIS central office) and replacement of protections" started in 2023 in ESt Lemešany with long-term tripping of several outlets in R 220 kV as well as R 400 kV. Furthermore, the situation in the electricity system of the Slovak Republic was affected by the repair of the upper reservoir at the PVE Čierny Váh pump-fed hydroelectric power plant with long-term tripping of the V045 PVE Čierny Váh – Liptovská Mara line and also by the repair of the encapsulated 400 kV VE Gabčíkovo substation after thirty years of operation with decommissioning of the V051, V052 VE Gabčíkovo – Gabčíkovo lines and of the T401 VE Gabčíkovo transformer.

In 2023, there were 64 activations of protections (with tripping) recorded in the Slovak transmission system, of which 37 were on the lines operated at the 400 kV voltage level and 24 on the lines with the 220 kV voltage level; one was recorded on 400/110 kV transformers, on 220/110 kV transformers and one on 33 kV peaking coils.

Automatics of reclosing (OZ) used for tripping of transition short-circuits on lines were activated for 53 times, of which 49 were successful reclosings and 4 were unsuccessful, i.e. 92 % success rate of OZ automatics.

Table 6: Overview of Operation of Protections and Network Automatics

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Number of protection actuation with tripping	60	101	65	70	66	40	49	61	60	64
Number of automatic reclosing actuations	49	65	37	25	43	17	35	33	44	53
Automatic reclosing success rate percentage	97.9	83.1	78.7	72	93	94	89	94	88	92

Attenuation of operation of a part of the transmission system at the 220 kV operating voltage level continued also in 2023 by final decommissioning of the V280 Sokolnice – Senica line.

Maintenance and Repairs

Maintenance of ultra high voltage (UHV), very high voltage (VHV), self-consumption and secondary technology of substations was prevailingly provided via outsourcing. All required maintenance and diagnostic activities were performed according to the approved tripping plan and the "Preventive Action Rules for y. 2023" document. Walkway and climbing inspections on the lines managed by SEPS were used to detect individual failures which were eliminated according to their seriousness and possibility of decommissioning of individual lines.

Implementation of the plan of repairs of the transmission system assets contributed especially to maintaining and further enhancement of reliability and safety of assets.

Maintenance of protective zones of UHV and VHV lines managed by SEPS was provided via outsourcing on the entire territory of the Slovak Republic according to the framework and partial contracts.

Based on the unsatisfactory results of diagnostics of the 400 kV transition pieces on the T401 Križovany transformer was prepared and their replacement was carried out thus eliminating possible danger of accident of this transformer until its planned replacement. Some repairs of protections and automatic devices were performed using our own capacities, at ESt Varín and Sučany in the greatest extent.

By small repairs of building nature we prevent origination of damages and ensure permanent and safe use of such objects. In 2023, the repair of foundations of the main and auxiliary steel structures in ESt Rimavská Sobota was completed.

Diagnostics

Diagnostic measurements of power transformers and substation primary technology equipment were provided for in full extent under the "2023 Diagnostic Action Plan" document.

Preventive and diagnostic inspections of the 400 kV, 220 kV and 110 kV lines were carried out on all lines owned by our company. The detected failures threatening line operation reliability were repaired operatively within the time intervals according to the classification of severity.

Slovenská elektrizačná prenosová sústava

ELECTRICITY SYSTEM MANAGEMENT

The electricity system of the Slovak Republic (hereinafter referred to as “ES SR”) was operated in parallel within the interconnected European system ENTSO-E in 2023. The operation of the ES SR was reliable and all ENTSO-E key criteria and recommendations in primary and secondary regulation, voltage control, and cross-border transmission balance regulation were continuously evaluated and fulfilled.

Automated Dispatch Management System - ADMS

The operation of the ADMS equipment in the SEPS substations and in the Load Dispatching Office in Žilina (hereinafter referred to as “SED”) in 2023 was reliable and safe without any loss of information disturbing the real-time management of the electricity system of the SR, cooperation with foreign partners and production management.

In the field of data exchange with foreign partners, we continued in extension and updates of the data in the (RIS) SED management information system with neighbouring operators (due to associated reconstructions of their own objects and requirements for the observability area pursuant to the methodology resulting from the EU legislation) of the transmission systems via the ENTSO-E Electronic Highway. We have extended the data exchange by the topology of the Transelectrica TSO electricity system, at this time the volume of data is continuously increasing

Moreover, the data volume between SEPS and distribution energy companies in Slovakia was extended. The main reason is more detailed mapping of the process information of the neighbouring distribution systems. Extension of data exchange provided by distribution companies was related to the need of extension of the observability area according to the Commission regulation (EU) No. 2017/1485 establishing a guideline on electricity transmission system operation.

Within the international groups we cooperated on the AMICA, EAS, OPC/STA, CORE CC Tool, PCN, XBID, EH ENTSO-e, MARI and PICASSO projects. The AMICA project has been completely migrated to the central infrastructure of a foreign transmission system operator - Amprion.

In the course of 2023, a cyber security audit of the basic service systems was carried out in accordance with the law requirements 69/2018 Coll. Act on Cyber Security and Decree of NBÚ National Security Authority No. 362/2018 Coll.

An OPDE security audit was carried out in accordance with the requirements and conditions of ENTSO-E.

Management of the electricity system (ES) of SR is ensured by the RIS SED Monarch management and information system for which constant technical support was provided by the SED technical support department and AMDS and the contractual supplier. In the course of the year, there were meetings of the project team arranged with the participation of experts of the supplier and SEPS where operatively the operation events, requirements of end users and the resulting tasks were resolved. Concurrently, pursuant to the contract on technical support, the supplier executed prophylactic activities and tests of the RIS SED Monarch system restoration. The databases were added in the system along with the data exchange and topological model extension in compliance with the requirements of end users, projects of substation distance control, electricity system development and development on the market in electricity upon ancillary services (PpS) management.

In connection with the ongoing MARI/PICASSO projects and their aFRR/mFRR platforms, a contract was signed for modifications to the RIS SED Monarch system to meet the SEPS obligations and to modify the affected system to comply with the requirements for joining these international trading platforms.

The MES (Manufacturing Execution System) information system was supplemented from time to time by new visual views which assist expert units in accessing various data from the ES SR operation. The MES system was in the course of the entire year in full operation while, primarily, it processed the data from RIS SED Monarch but also from the cooperating systems such as DAMAS trading system or ISOM.

In 2023, a support system development project was implemented in terms of upgrading the MES system to a newer version which enabled the extension of its functionalities and its migration to the common SEPS ICT infrastructure.

The workplace of the backup dispatching was maintained from the database point of view and tested in order it could fulfil its main functions. There were tests of management transition from the main workplace of dispatching to the backup one carried out on the RIS SED Monarch system when the electricity system of SR was fully managed from the backup workplace.

Certifications of ancillary service providers were carried out during the year in a parallel manner from the main and backup SED workplace.

In 2023, we continued in modelling of the UKRENERGO connected electricity system thus, concurrently, extending the “observability area” by the substantial part of the Ukrainian energy network.

Furthermore, a significant step was connection and subsequent use of further battery storage system in the field of PpS provision what brought about extension of capacities in the field of FCR (primary regulation of active power and frequency).

For the year 2023, due to the entry of new technologies and by enabling the provided regulation power in the form of aggregation from 1 MW to the provision of ancillary services for SEPS, the certified volume of facilities capable of providing FCR increased by 7 MW, aFRR+/aFRR- by 1 MW, mFRR+ by 15 MW, mFRR- by 16 MW compared to the year 2022.

In regard to the projects concerning ESt SEPS reconstructions, modifications were executed in the course of the year on the SED and ESt management information systems due to installation of new RIS parts in ESt Stupava, Lemešany, Veľké Kapušany and Bošáca within the investment projects.

- Refurbishment of secondary technology and ESt Stupava RIS central office innovation,
- Refurbishment of secondary technology in 400 and 220 kV Lemešany switchyard - replacement of protections and RIS innovation,
- Innovation of RIS - central office in ESt Veľké Kapušany and refurbishment of secondary technology,
- Refurbishment of secondary technology in 400 kV Bošáca switchyard - replacement of protections and RIS innovation,

Moreover, the cooperation in preparation and implementation of further investment projects in relation to the RIS ESt technology was carried out the most significant of which include:

- Refurbishment of secondary technology and RIS 400 kV Lemešany innovation
- Refurbishment of secondary technology in ESt Križovany - protection and RIS innovation,
- New 400/110 kV transformer and new 110 kV switchyard in ESt Križovany,
- Extension of the Košice switching station (Sst),
- Refurbishment of secondary technology and ESt Moldava RIS innovation,
- Compensation of 1x45 MVAr in ESt Voľa,
- Innovation of RIS - central office in ESt Rimavská Sobota,
- Extension of ESt Stupava,
- Extension of ESt Podunajské Biskupice + armouring of W2 connection,
- 400 kV Vajnory switchyard, T401, 2x45 MVAr peaking coils,
- Refurbishment of secondary technology and RIS ESt Veľké Kapušany innovation,
- Replacement of T401 transformer in ESt Stupava,
- Replacement of T402 transformer and installation of compensating peaking coils in ESt Podunajské Biskupice,
- Replacement of the T401 transformer and compensating peaking coils in ESt Varín,
- Compensating peaking coils in Est Bošáca,
- Transition of ESt Sučany to the distance control,
- 400/110 kV ESt Ladce transformation,
- 400/110 kV Senica transformer station,
- Replacement of batteries and rectifiers in ESt Lemešany, ESt Moldava, ESt Rimavská Sobota, ESt Veľké Kapušany and ESt Voľa,
- Refurbishment of 110 kV and 400 kV secondary technology, differential protection of bus bars (ROP) 110 kV and RIS 400 kV innovation in ESt Horná Ždaňa,
- Completion of main bus bar breaker field in ESt Levice.

Operation and Information-Communication Technology Management

A reliable operation of ICT, DWDM and MPLS systems was in 2023 provided for in the required quality in full extent without restrictions what was also reflected in the smooth system management and trouble-free communication of individual management systems and protective automatics of lines.

In order to continuously improve quality of operation of individual systems by the internal employees and suppliers in compliance with the defined SLAs (Service-Level Agreement), a single contact point Service Desk integrating all suppliers of ICT services became a standard thus providing a detailed check of incident and problem solving according to relevant SLAs.

To ensure high availability of enterprise applications, a data centre including a modern central server infrastructure was completed and subsequently most of the applications were migrated to this infrastructure. This infrastructure forms the basis for further development of information systems.

The implementation of network and server technologies was followed by the implementation of central monitoring, which enabled the identification of deviations from the standard state at the time of occurrence, and by integrating with the Service Desk system, this information is routed directly to the responsible employee or ICT supplier.

Development of Information Technologies

In the field of IT system development and innovation, SEPS continues in specialization of the team of application architecture development. SEPS builds strong internal IT know-how, makes the procedures of the application architecture management and project management principles precise in order to increase efficiency and quality and to reduce dependence on suppliers.

In 2023, the projects on electricity system element monitoring, consolidation of SAP FrontEnd environments and integration platform were successfully implemented.

In the coming year, we plan to complete the implementation of supporting systems for network security calculations and a new design system, including an archive of technical documentation, in the area of the information technology development. Within increase of the digitization range of supporting processes, introduction of a new attendance system and upgrade of smaller applications are planned. Concurrently, the testing phase of project concerning joining the European platforms of consolidated activation of regulation electricity - MARI and PICASSO will culminate. Our intention is to open new projects for the initial phase of the SAP migration to S4HANA, the first part of the project to implement redispatching processes and the transition to 15-minute resolution in the area of trading and evaluation of ancillary services.

Slovenská
elektrizačná
prenosová
sústava

INVESTÍCIE

As far as the investments in 2023 are concerned, the preparation and implementation of investment projects within the “SEPS Business Plan and Financial Budget for the Period 2023 – 2027” was ensured. Out of the total planned investments amounting to EUR 73.153 million for the year 2023, the actually used amount was EUR 41.244 million what makes 56.38 %. The lower performance was mainly due to the postponement of the implementation date of several investment projects in the area of information and business systems.

Chart 3: Structure of Incurred Investment Costs in 2023

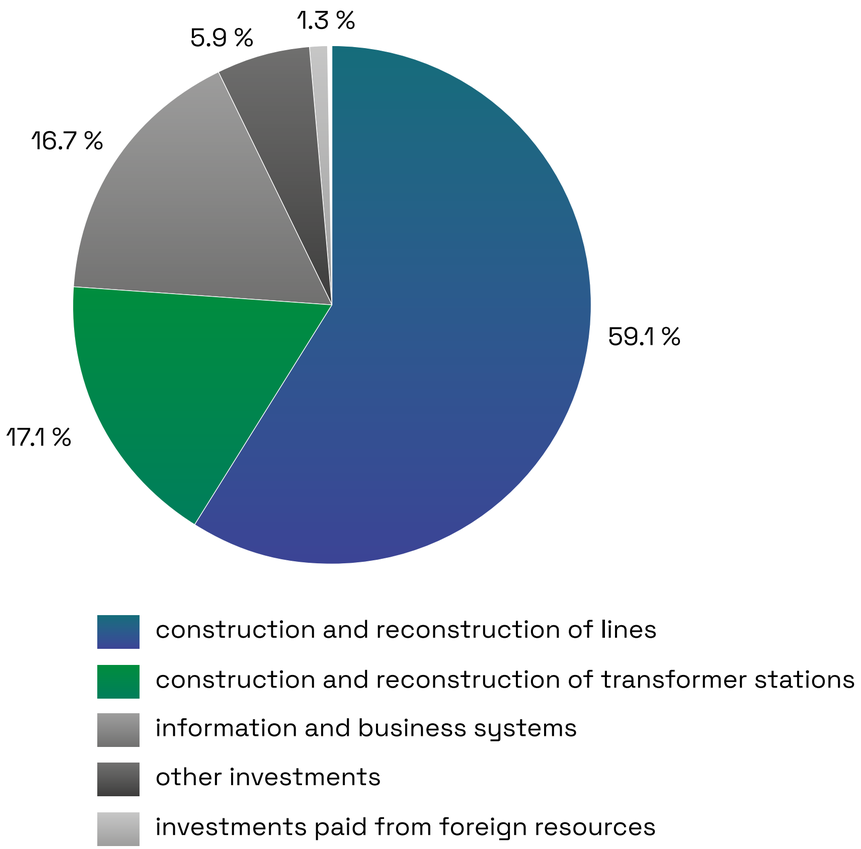


Table 7: Fulfilment of the Plan in 2023 According to Investment Areas

Order No.	Investment project	Costs in EUR		% of fulfilment
		Plan	Reality	
1	construction and reconstruction of lines	27,178,006	24,369,867	89.67
2	construction and reconstruction of transformer stations	8,102,878	7,051,963	87.03
3	information and business systems	34,167,378	6,868,012	20.10
4	other investments	2,941,479	2,435,080	82.78
5	investments paid from foreign resources	763,166	519,244	68.04
	Spolu	**73,152,907**	**41,244,167**	**56.38**

The most significant investments in terms of volume in the past year was replacement of conductors and reinsulation on the V428 ESt Moldava – ESt Veľké Kapušany line, replacement of conductors and reinsulation on the V429 ESt Podunajské Biskupice – SSt Gabčíkovo line, reinsulation of the V043 EBO V2 – Bošáca line and reinsulation of the V496 Križovany – Bošáca line. Moreover, in 2023, the implementation of a new investment project “Looping of 400 kV line V424 to ESt Senica” started and it will continue also in 2024.

In 2023, engineering activities continued on the constructions “2x400 kV Horná Ždaňa - Oslany location line”, looping of V499 400 kV line to ESt Vajnory”, outlet of V492 to ESt Levice”, looping of V495 to ESt Ladce” and “V404 Varín - Slovak/Czech state border line innovation”.

In the field of construction and reconstruction of substations, the investments were aimed at implementation of secondary technology refurbishment, RIS innovation, preparation of substation construction and reconstruction.
In 2023, three investment projects “Refurbishment of secondary technology and innovation of the RIS ESt Stupava central office”, “RIS innovation - central office in ESt Medzibrod” and “RIS innovation - central office in ESt Veľké Kapušany and refurbishment of secondary technology” were completed.

The most significant investment projects in 2023 in terms of construction implementation were: “Replacement of the T402 transformer and installation of compensating peaking coils in ESt Podunajské Biskupice” and “400/110 kV Senica transformation station”. In terms of the project preparation, the projects “Transition of ESt Sučany to the distance control” and “Replacement of the T401 transformer in ESt Stupava” were completed. A significant milestone of the strategic importance was the successful completion of the public procurement and signing of the contract for engineering and design work for the projects covering construction of two new substations in Vajnory and Ladce and “New 400/110 kV transformer and new R 110 kV in ESt Križovany”.

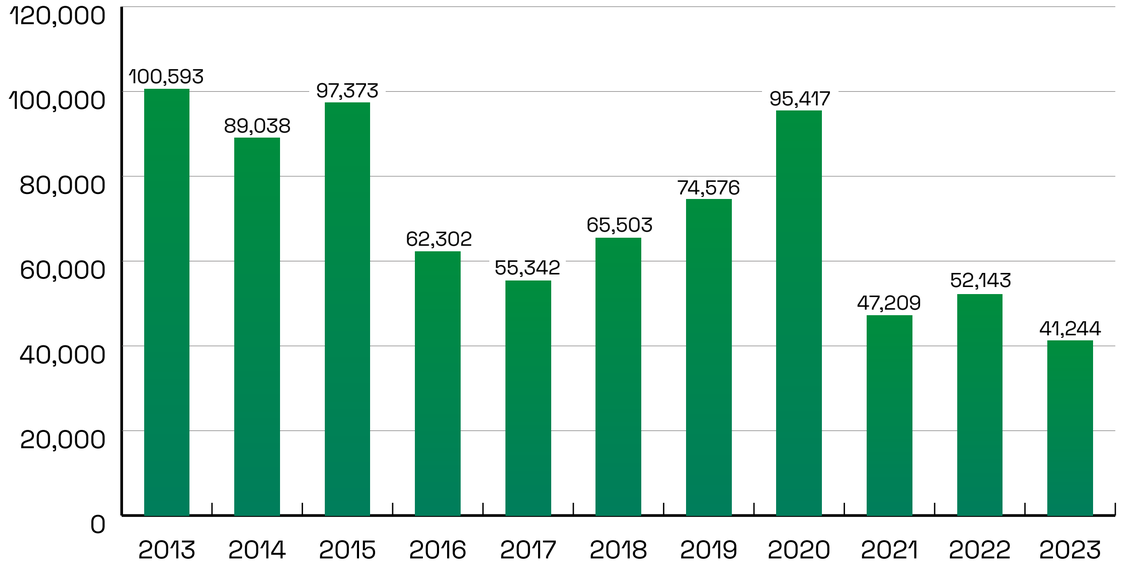
In the field of business and information systems, the implementation of changes to the DAMAS Energy system commenced in 2023 in connection with the integration to the MARI and PICASSO platforms and the transition of trading to 15-minute resolution in the selected trading modules, which requires modifications to the core of the business system in several parts of the system.

In order to increase the level of quality and reliability of metering sets, the “Innovation of metering sets” project was implemented throughout the entire year 2023. This consisted of unification in accordance with the type design of individual measuring points, modernisation while maintaining compatibility with the existing system of billing measurement and renewal of the means of measuring sets, improvement and modification of the existing functionality of the measuring sets of the system of billing measurement and ensuring completeness, reliability, credibility and security of the data provided to the business processes.

The deployment of the integration platform technology in 2023 provided for the advanced integration of systems and applications with the resulting unification and simplified interconnection of the company systems with cost reduction for implementation of new (specialized) interfaces.

The subject of the “Replacement of LAN infrastructure” project was to ensure the necessary renewal of LAN network elements consisting primarily in the change of the LAN network elements themselves and the change of network elements related to the wireless WiFi infrastructure in accordance with the new technical architecture. This helped achieve the required safety and reliability of operation, as well as the necessary technical support.

Chart 4: Development of Investment Cost in the Period 2013 - 2023 in EUR thousand



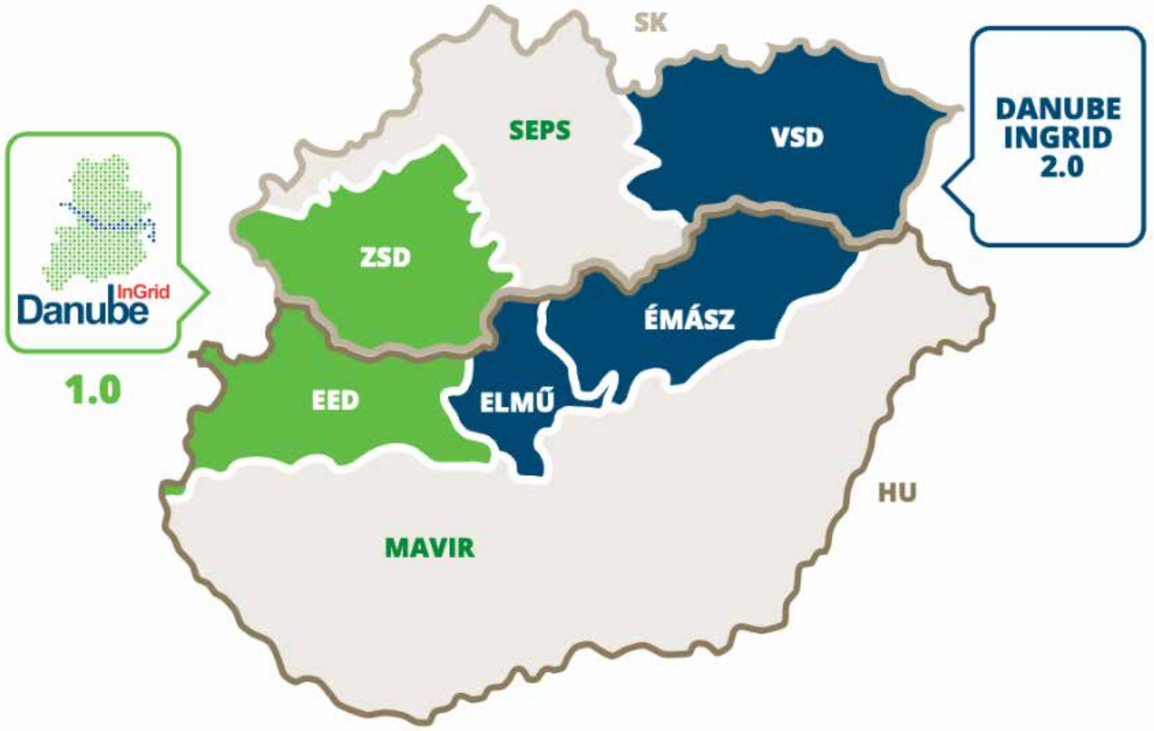
Danube InGrid Project

Investments in reconstruction of substations, their digitization, modernization and assimilation to new operational and safety requirements is an inevitable element to reach green transition.

From the point of view of the transmission system, it is necessary to create the conditions so that the boom in electricity supply requirements is not accompanied by a drop in quality. Strengthening of the system and improvement of the ability to manage it with use of modern technologies will extend the connection possibilities of electricity renewable sources. The aim of building so called “smart grids” is to ensure economically efficient and sustainable electricity system with low losses and a high level of integration of renewable energy sources, security of supply and safety, in which the grid operator can digitally monitor the activities of the users connected to it.

SEPS as one of the implementers of the international project Danube InGrid (Danube Intelligent Grid) continues in execution of activities in cooperation with E.ON Észak-dunántúli Áramhálózati Zrt. (a distribution system operator in Hungary) and Západoslovenská distribučná, a. s. The Danube InGrid project as the Project of Common Interest in the category of intelligent grids acquired funds from the Connecting Europe Facility (CEF) instrument for its implementation. After signing the grant contract in 2021 by and between the project promoters and the CINEA agency (the European Climate, Environment and Infrastructure Executive Agency), preparatory works on the project documentation and obtaining relevant permits along with execution works continue within individual activities of SEPS which started in the course of 2023.

The aim and purpose of the project is to strengthen the interaction and integration between the Slovak and Hungarian electricity markets. The project introduces smart technologies at the internal level of system operators and also at cross-border level for the development of modern energy infrastructure. It will effectively integrate the behaviour and actions of all market participants connected to the electricity system, in particular, consumers, prosumers and generators in order to integrate large amounts of electricity from renewable energy sources and/or distributed energy sources.



Slovenská elektrizačná prenosová sústava

ENVIRONMENTAL POLICY

By means of the introduced environmental management system, Slovenská elektrizačná prenosová sústava, a. s. significantly contributes to elimination of adverse impacts of the company on environment. The systemic approach is supported by the company at fulfilment of binding requirements and it improves the environmental behaviour.

The set goal of gradual reduction of negative impacts on environment in the past period was achieved by the company especially by:

- management and coordination of activities in the field of environment protection pursuant to the requirements of the generally binding legal regulations,
- analysis of the state of environment in evaluation reports,
- monitoring the interests concerning environment creation and protection with investment events of the company, repairs and maintenance of the existing assets,
- performance of own independent audit activity in the field of environment protection,
- reduction of impacts of activities on environment through asserting more energy-saving equipment.

In the first half of 2023, SEPS successfully passed the external audit according to the requirements of the STN EN ISO 14 001:2016 standard without detecting discrepancy of 1st and 2nd category. In the final report, the certification company pointed out two observations and three opportunities for enhancement.

Within the Integrated Management System (IMS) maintaining and development, the company conducted 18 internal audits which verified also conformity with the requirements of the STN EN ISO 14 001:2016 standard. Final assessments were free of detections of discrepancies in the field of environment protection.

The IMS and Environmental Issues Department conducted 14 internal audits in the selected SEPS substations. The audits were aimed at observing legal regulations in the field of water and waste management, protection of air and fluorinated greenhouse gas treatment. No shortcomings were identified by the audit activity. In two cases, suggestions for improvement were recommended and subsequently accepted.

Upon adhering to the fundamental principle of the environmental policy "plan – do– check – remedy" the company activity focuses mainly on the following areas:

- minimizing the possibility of emergency leakage of pollutants into surrounding environment with subsequent endangering the ground and surface water quality by execution of repairs or reconstructions of retention trays of power transformers and emergency tanks on the basis of the latest technologies using high-quality insulation materials,
- performance of regular checks and service activities in waste water treatment plants in order to ensure respecting of the set qualitative parameters for the discharged waste water,
- performance of regulated accredited analyses of the discharged waste water from substations,
- application of the waste management hierarchy principle, i.e. taking measures to prevent waste origination, thorough waste separation, preference of recycling or another method of waste appreciation prior to its disposal,
- paying increased attention to facilities containing fluorinated greenhouse gases (electro-energetic facilities containing SF6, air-conditioning and cooling facilities, stable fire extinguishers) aimed at regular checks of their technical condition and tightness to prevent leakage of fluorinated greenhouse gases into air,
- selection of the best available technologies for new projects in order to minimize the carbon trace,
- cooperation with civic associations aimed at nature and landscape protection,
- support of ecological projects in the field of habitat management under electric lines,
- maintaining an open dialogue with the general public, concerned state and public administration authorities, self-governments.

Slovenská elektrizačná prenosová sústava

RECOGNITION OF INFORMATION IN COMPLIANCE WITH THE EU TAXONOMY

Pursuant to Regulation of the European Parliament and Council (EU) No. 2020/852 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (hereinafter referred to as "Taxonomy Regulation" or "EU Taxonomy"), Slovenská elektrizačná prenosová sústava, a. s. shall be obliged to evaluate and publish the 2023 information on how and to what extent the company activities relate to the economic activities referred to as environmentally sustainable pursuant to Articles 3 and 9 of this regulation.

Related to this is the disclosure of information on the share of revenues, capital expenditures and operating costs of SEPS in the year ending on 31 December 2023 related to the eligible economic activities or economic activities in compliance with the EU Taxonomy.

The statement on assessment of eligible economic activities is prepared by SEPS for the consolidated whole under which OKTE, a.s. belongs. OKTE has assessed its activities as activities being outside the scope of the relevant Commission Delegated Regulations and therefore these activities are considered ineligible in terms of the taxonomy requirements.

SEPS Eligible Economic Activities

The eligible economic activity according to the taxonomy (hereinafter referred to as "Eligible Economic Activity") is an economic activity described in delegated acts under the Taxonomy Regulation regardless of whether this economic activity complies with some or all technical criteria for examination set out in these delegated acts (Commission Delegated Regulation (EU) 2021/2139 and (EU) 2023/2486).

For SEPS, it is the economic activity 4.9 Transmission and distribution of electricity under Annex I to the Commission Delegated Regulation (EU) 2021/2139, which is considered to be a supporting activity pursuant to the Taxonomy Regulation if it meets the relevant technical review criteria.

The eligible economic activity pursuant to the Taxonomy for SEPS means construction and operation of transmission systems serving for electricity transmission in the interconnected system of very high and high voltage.

Table 8: SEPS Eligible Economic Activities Pursuant to the EU Taxonomy

Economic Activity	Description	Share in Indicator	NACE Code
4.9. Electricity transmission and distribution	Electricity transmission and distribution	Turnover, Capital expenditures, Operating costs	35.12

Technical Criteria of Examination

The economic activity harmonized with the taxonomy shall be deemed environmentally sustainable if it complies with all following requirements pursuant to Art. 3 of the EU Taxonomy:

- It significantly contributes to meeting one or several environmental objectives set out in the regulation,
- It does not markedly breach fulfilment of any of these environmental objectives (Do No Significant Harm (DNSH) principle).
- It is implemented in compliance with minimum guarantees set out in the Taxonomy Regulation.
- It complies with the technical criteria of review defined by the European Commission in compliance with the relevant delegated regulations.

SEPS assessed its economic activities against harmonized economic activities as these are defined and set out in the Commission Delegated Regulation (EU) 2021/2139 which sets out the technical criteria of review for activity 4.9. Electricity transmission and distribution in Annex I within the environmental objective concerning climate change mitigation.

Significant contribution to climate change mitigation

The SEPS transmission infrastructure forms a part of the electricity system which is a part of the interconnected European electricity system and thus it complies with the condition of significant contribution to the climate change mitigation.

Concurrently, however, it applies that the infrastructure intended for establishment of a direct interconnection or for extension of the existing direct connection between the switchyard or network and a power plant that emits greenhouse

gases above the level of 100 g of CO2e/kWh measured based on the life-cycle is not compliant with the EU Taxonomy. Therefore the associated turnover, capital expenditure and infrastructure operating costs between the substation and the source with emissions above the threshold have been reported as inconsistent with the taxonomy.

The installation of SEPS metering equipment complies with the requirements for smart metering systems of Directive (EU) 2019/944.

“Do no significant harm” principle

Apart from significant contribution, the technical criteria of review deal with so called “do no significant harm” (DNSH) principle which should ensure the economic activity cannot have considerable negative impact on environment and cannot disturb fulfilment of any other environmental objective set out in Article 9 of Taxonomy Regulation. The DNSH criteria are thus applied to other environmental objectives, except for the objective “sustainable use and protection of aquatic and marine resources” which is not applicable in this case to the DNSH assessment of electricity transmission activities.

a) Adaptation to climate change

SEPS has assessed the physical climate risks that are relevant for the company economic activities, as required by Amendment A of the Commission Delegated Regulation (EU) 2021/2139. The company shall incorporate the results of review into appropriate adaptation measures. At the moment, all new installations are designed to withstand the adverse effects of changing climate.

b) Transition to circular economy

SEPS internally elaborated the Waste Management Plan which states that responsibility for waste management is transferred to their contractors while considering the environmental criteria also at public tender for contractors.

c) Pollution prevention and control

The principles of general environmental, health and security guidelines included in the internal document entitled Occupational Health and Safety (OHS) are respected at activities performance. Similarly, valid standards and regulations covering impact of electromagnetic radiation on human health are respected.

Since use of polychlorinated biphenyls is prohibited by law, thus SEPS complies also this criterion.

d) Protection and renewal of biodiversity and ecosystems

SEPS must comply with the criteria set out in Amendment D to Commission Delegated Regulation (EU) 2021/2139 according to which environmental impact assessment is to be performed in compliance with the Directive 2011/92/EU. However, only the activities complying with the threshold values defined by Act No. 24/2006 are subject to such assessment and these were not performed by SEPS in the reporting period.

Minimum Guarantees

Pursuant to Article 3 par. c) of the EU Taxonomy, every economic activity which is deemed to be environmentally sustainable must be performed in compliance with the minimum guarantees.

Minimum guarantees are defined in Article 18 par. a) of the EU Taxonomy as procedures ensuring performance of environmentally sustainable economic activities in accordance with:

- The OECD Guidelines for Multinational Enterprises (2011)[1],
- The main UN principles in the field of business and human rights (UNGP)[2], including all principles and rights defined in eight basic conventions mentioned in the Declaration of the International Labour Organisation on Basic Principles and Rights at Work[3];
- International Bill of Human Rights[4].

Assessment of Minimum Guarantees was performed according to the Final Report on Minimum Guarantees elaborated by the Platform on Sustainable Finances in October 2022.

Assessments of compliance with minimum social guarantees were performed for four investigated areas:

- Human rights (including labour and consumer rights)
- Corruption and bribery
- Taxation
- Fair economic competition

SEPS provides for all internal standards for safeguarding and protection of human rights in the long-term horizon (including employment and consumer rights). No violations were recorded in this area in 2023. The system of internal employment regulations, control of their implementation ensure a long-term level of prevention and compliance with the employee and consumer rights. At the same time, no violation of the Competition Act has been registered. The company has a system in place for handling complaints of anti-social activity.

Correct procedures in the area of taxation are confirmed by regular quarterly intervals of accountancy control and financial statements subject to external audit. Also on the basis of these activities, SEPS is assessed as a highly reliable tax entity within the Tax Reliability Index of the Financial Administration of the Slovak Republic.

SEPS Accounting Policies

Key Performance Indicators (KPI) include turnover indicator, capital expenditures indicator and operating costs indicator. Publication of KPI indicators is in compliance with the EU Taxonomy and Annex II to Commission Delegated Regulation (EU) on publication[5]. For the first time, the publication of indicators also includes a year-to-year comparison of the economic activity alignment with the taxonomy requirements.

[1] https://www.oecd.org/daf/inv/mne/48004323.pdf

[2] https://www.ohchr.org/sites/default/files/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf

[3] https://www.ilo.org/wcmsp5/groups/public/---ed_norm/---declaration/documents/normativeinstrument/wcms_716594.pdf

[4] https://www.ohchr.org/sites/default/files/Documents/Publications/Compilation1.1en.pdf

[5] Commission Delegated Regulation No. 2021/2178 of 6 July 2021 supplementing Regulation of the European Parliament and of the Council (EU) 2020/852 by specifying the content and presentation of information to be disclosed by undertakings subject to Articles 19a or 29a of Directive 2013/34/EU concerning environmentally sustainable economic activities, and specifying the methodology to comply with that disclosure obligation

The summary share of economic activities eligible and harmonized in individual SEPS indicators is provided in Table No. 9. SEPS eligible economic activities are provided in Table No. 8. The activity mentioned in Table No. 8 participates in the SEPS revenues, capital expenditures and operating costs.

Table 9: Share of Economic Activities Eligible and Harmonized pursuant to the EU Taxonomy in 2023 (Turnover, Capital Expenditures, Operating Cost)

Year ending on 31 December 2023	Total (EUR thous.)	Share of eligible (non-harmonized) economic activities	Share of harmonized economic activities (%)	Share of non-eligible economic activities (%)
Turnover	881,618	5.3 %	73.3 %	21.4 %
Capital expenditures	45,105	0 %	86.4 %	13.6 %
Operating costs	823,619	6.7 %	92.0 %	1.3 %

Further information on the Turnover can be found in the SEPS 2023 Consolidated Financial Statements, Note 21 - Revenues. Capital expenditures are included in the SEPS 2023 Individual and Consolidated Annual Report, Table 5.

Turnover

Share of harmonized economic activities in the SEPS total revenues was calculated as a part of net turnover resulting from the products and services related to harmonized economic activities (numerator) divided by the company total net turnover (denominator) in the year ending on 31 December 2023.

The company turnover consists especially of revenues from the tariffs determined by the Regulatory Office for Network Industries (revenues from electricity transmission and reserved capacity, revenues for losses during electricity transmission, revenues for system services and revenues for regulation electricity procured within the IGCC system) and revenues related to cross-border electricity transmissions, (revenues from settlement of international transmissions among the transmission system operators within the ITC mechanism, revenues from auctions of the transmission capacities and revenues from MC). Other SEPS revenues are not eligible activities according to the EU Taxonomy.

The percentage of the network length used for direct interconnection of the network and sources the emission production of which is below 100 g of the CO2/kWh equivalent shall be subsequently, as an aliquot part, applied to the resulting eligible turnover of the SEPS group.

The table of eligible and harmonized turnover contains the information on the consolidated whole and, moreover, it contains the data on the OKTE company. Without the OKTE data, the share of SEPS eligible turnover would amount to 99.9 % from the company total turnover. The SEPS rate of harmonization is 93.25 %.

Table 10: Revenue Indicator

Financial year N	Year			Criteria of significant contribution						Criteria covering the Do No Significant Harm principle									
Economic activities	**Code(s)**	**Turnover**	**Share of turnover year N**	**Mitigating of climate change**	**Adapting to climate change**	**Water and sea sources**	**Circular economy**	**Environment pollution**	**Biodiversity**	**Mitigating of climate change**	**Adapting to climate change**	**Water and sea sources**	**Circular economy**	**Environment pollution**	**Biodiversity**	**Minimum guarantees**	**Percentage of turnover harmonized with taxonomy (A.1) or eligible within taxonomy (A.2), year N-1**	**Category (supporting activity**	**Category (temporary activity)**
A. ACTIVITIES ELIGIBLE WITHIN TAXONOMY																			
A.1 Environmentally sustainable activities (harmonized with taxonomy)																			
4.9. Electricity transmission and distribution (1)	CCM 4.9	646,001	73.3 %	yes							yes	Not applicable	yes	yes	yes	yes	41.1 %	supporting	
Turnover from environmentally sustainable activities (harmonized with taxonomy) A.1		646,001	73.3 %	100.0 %	%	%	%	%	%		yes	Not applicable	yes	yes	yes	yes	41.1 %		
A.2 Activities eligible within taxonomy but not environmentally sustainable (activities not-harmonized with taxonomy)																			
4.9. Electricity transmission and distribution (1)	CCM 4.9	46,752	5.3 %	eligible													1.6 %		
Turnover from activities eligible within taxonomy but not environmentally sustainable (activities non-harmonized with taxonomy) A.2		46,752	5.3 %	100.0 %	%	%	%	%	%								1.6 %		
A. Turnover from activities eligible within taxonomy (A.1 + A.2)		692,753	78.6 %	100.0 %	%	%	%	%	%								42.7 %		
B. ACTIVITIES NON-ELIGIBLE WITHIN TAXONOMY																			
Turnover from activities non-eligible within taxonomy		188,866	21.4 %																
TOTAL (A + B)		881,618	100 %																

Capital expenditures

The capital expenditure indicator was determined as a share of capital expenditure related to harmonized economic activities (numerator) and total capital expenditures according to definition of the EU Taxonomy (denominator) for the year ending on 31 December 2023.

The denominator includes capital expenditures related to investments in the transmission system development, related IT systems and investments for purchase of other assets not regarding the main activity of the system. The company accounts for investments as additions of tangible and intangible assets according to the IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets standards. The company does not have a significant right to use assets according to IFRS 16.

The numerator includes all parts of total capital expenditures related to the core company activity such as transmission system and related infrastructure development such as substations and IT systems in the field of cyber security of the system and its management. Capital expenditures shall be governed by the long-term objective of the company to increase the transmission system stability and resilience in the context of international practises and better integration of the European transmission systems. The company investments shall be governed by the long-term investment strategy based on which a ten-year investment plan is being elaborated. The company deems the activities related to the transmission system development to be harmonized according to the EU Taxonomy. The resulting data mentioned in the numerator means an amount assessed as eligible according to the EU Taxonomy to which the percentage expressing the network length used for direct interconnection of the network and sources the emission production of which is below 100 g of the CO2/kWh equivalent shall be subsequently, as an aliquot part, applied. The company does not have other eligible and harmonized capital expenditures.

Operating costs

The operating costs indicator was determined as a share of operating costs related to harmonized economic activities (numerator) and total operating costs according to definition of the EU Taxonomy (denominator).

The operating costs according to the EU Taxonomy include also the costs related to maintenance and repair or buildings, machines and equipment, with research and development and short-term leasing and rentals. In case of SEPS, these operating costs are, in particular, the costs related to the transmission system maintenance and repairs. The company does not have significant costs related to rental.

The numerator includes a part of the SEPS direct operating costs related to assets or processes, related to harmonized economic activities and it is a part of the capital expenditures plan to expand the harmonized economic activities. The harmonized economic activity means the system operation for electricity transmission and distribution. The numerator includes direct operating costs related to repairs and maintenance of the transmission system or costs of employees covering administration of IT security of the transmission system. The resulting data mentioned in the numerator is an amount assessed as eligible according to the EU Taxonomy to which the percentage of the network length used for direct interconnection of the network and sources the emission production of which is below 100 g of the CO2/kWh equivalent shall be subsequently, as an aliquot part, applied.

Due to missing data from contractors, SEPS does not include operating costs related to purchase of outputs of harmonized economic activities into calculation. The company expects improvement of data availability from its contractors in the coming periods when adoption of the EU Taxonomy by these entities is performed.

Table 11: Capital Expenditures Indicator

Financial year N	Year			Criteria of significant contribution						Criteria covering the Do No Significant Harm principle									
Economic activities	Code(s)	Capital expenditure	Share of capital expenditures year N	Mitigating of climate change	Adapting to climate change	Water and sea sources	Circular economy	Environment pollution	Biodiversity	Mitigating of climate change	Adapting to climate change	Water and sea sources	Circular economy	Environment pollution	Biodiversity	Minimum guarantees	Share of capital expenditures harmonized with taxonomy (A.1) or eligible within taxonomy (A.2), year N-1	Category (supporting activity	Category (temporary activity)
A. ACTIVITIES ELIGIBLE WITHIN TAXONOMY																			
A.1 Environmentálne udržateľné činnosti (zosúladené s taxonómiou)																			
4.9. Electricity transmission and distribution (1)	CCM 4.9	38,978	86.4 %	yes							yes	Not applicable	yes	yes	yes	yes	93.7 %	supporting	
Capital expenditures for environmentally sustainable activities (harmonized with taxonomy) A.1		38,978	86.4 %	100.0 %	%	%	%	%	%		yes	Not applicable	yes	yes	yes	yes	93.7 %		
A.2 Activities eligible within taxonomy but not environmentally sustainable (activities not-harmonized with taxonomy)																			
4.9. Electricity transmission and distribution (1)	CCM 4.9	0	0.0 %	eligible													0.0 %		
Capital expenditures for activities eligible within taxonomy but not environmentally sustainable (activities non-harmonized with taxonomy) A.2		0	0.0 %	100.0 %	%	%	%	%	%								0.0 %		
A. Capital expenditures for activities eligible within taxonomy (A.1 + A.2)		38,978	86.4 %	100.0 %	%	%	%	%	%								93.7 %		
B. ACTIVITIES NON-ELIGIBLE WITHIN TAXONOMY																			
Capital expenditures for activities non-eligible within taxonomy		6,127	13.6 %																
TOTAL (A + B)		45,105	100 %																

Table 12: Operating Costs Indicator

Financial year N		Year		Criteria of significant contribution						Criteria covering the Do No Significant Harm principle								
Economic activities	Code(s)	Operating expenses	Share of operating expenses year N	Mitigating of climate change	Adapting to climate change	Water and sea sources	Circular economy	Environment pollution	Biodiversity	Mitigating of climate change	Adapting to climate change	Water and sea sources	Circular economy	Environment pollution	Biodiversity	Minimum guarantees	Share of operating expenses harmonized with taxonomy (A.1) or eligible within taxonomy (A.2), year N-1	Category (supporting activity	Category (temporary activity)
A. ACTIVITIES ELIGIBLE WITHIN TAXONOMY																			
A.1 Environmentally sustainable activities (harmonized with taxonomy)																			
4.9. Electricity transmission and distribution (1)	CCM 4.9	757,718	92.0 %	yes							yes	Not applicable	yes	yes	yes	yes	92.2 %	supporting	
Operating expenses for environmentally sustainable activities (harmonized with taxonomy) A.1		757,718	92.0 %	100.0 %	%	%	%	%	%		yes	Not applicable	yes	yes	yes	yes	92.2 %		
A.2 Activities eligible within taxonomy but not environmentally sustainable (activities not-harmonized with taxonomy)																			
4.9. Electricity transmission and distribution (1)	CCM 4.9	54,837	6.7 %	eligible													3.7 %		
Operating expenses for activities eligible within taxonomy but not environmentally sustainable (activities non-harmonized with taxonomy) A.2		54,837	6.7 %	100.0 %	%	%	%	%	%								3.7 %		
A. Operating expenses for activities eligible within taxonomy (A.1 + A.2)		812,555	98.7 %	100.0 %	%	%	%	%	%								95.9 %		
B. ACTIVITIES NON-ELIGIBLE WITHIN TAXONOMY																			
Operating expenses for activities non-eligible within taxonomy		11,063	1.3 %																
TOTAL (A + B)		823,619	100 %																

Slovenská elektrizačná prenosová sústava

COMPANY DEVELOPMENT

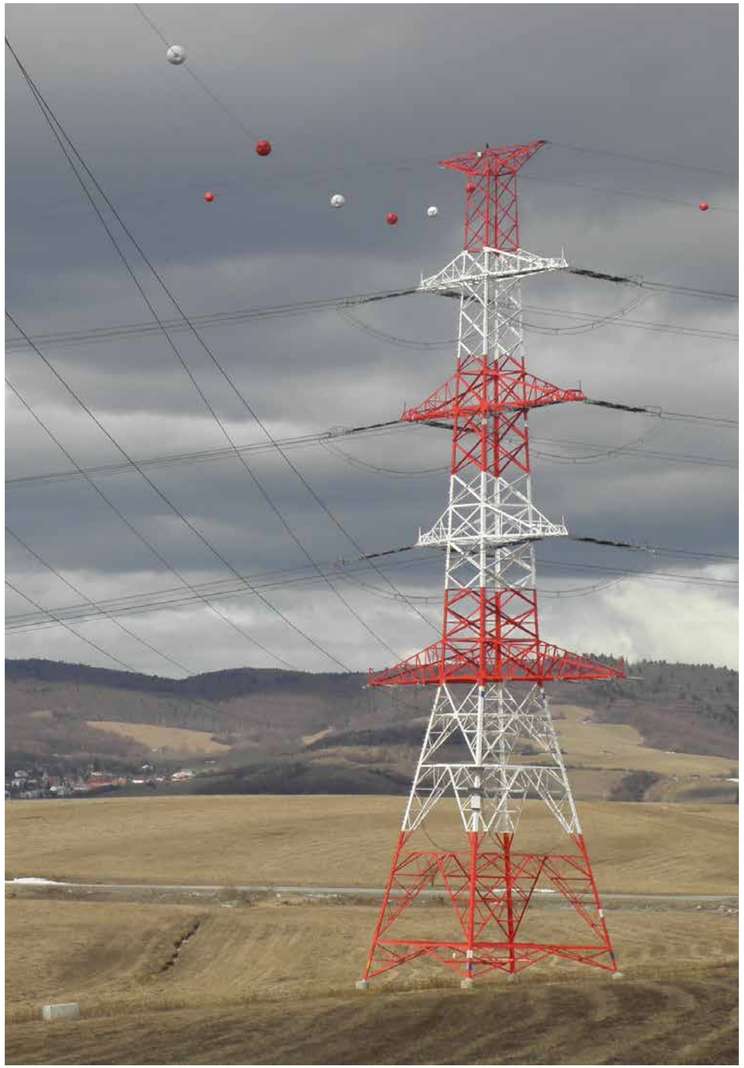
In 2023, the preparation and execution of SEPS investments in developing and increasing safety of the transmission infrastructure (elements of critical infrastructure such as substations or lines), investments in the secondary technology facilities (management and information system, billing measurement, telecommunications equipment etc.), as well in business systems and information-communication technologies continued.

The most important development objectives addressed by SEPS in 2023 include the continued transition of SEPS substations to distance control, strengthening of transformation capacities at the TS/DS interface and national transmission capacities, increase of compensation capacity in the SR transmission system, as well as the continuous attenuation of the transmission system operated at the 220 kV voltage level.

In 2023, the SEPS authorities approved an investment action to loop the 400 kV V492 Veľký Ďur - Horná Ždaňa line to the Levice substation and to interconnect the V490 Veľký Ďur - Levice and V449 Veľký Ďur - state border SR/HU (Göd) lines thus relieving heavily loaded 400 kV Veľký Ďur - Levice lines. By implementing this investment action, SEPS will comply with its obligation pursuant to Regulation (EU) 2019/943 of the European Parliament and of the Council on the internal market in electricity, Article 16 paragraph 8, to make at least 70 % of the capacity of the transmission system interconnectors available to the market participants.

Also in 2023, the continuous preparation and implementation of the SEPS investment actions under the Danube InGrid smart grid project of common interest, for which a grant from the Connecting Europe Facility (CEF) has been awarded, was carried out. From the point of view of SEPS, the project will result in strengthening of the transformation relation between the western part of the transmission system (TS) and distribution system (DS) including their upgrade what will contribute to development of decentralized generation, intelligent technologies etc. on the territory concerned. Moreover, the project includes construction of a new TS/DS transformation in the Vajnory location, replacement of the transformer with compensating peaking coils in Stupava and replacement of the transformer and installation of compensating peaking coils in Podunajské Biskupice.

Pursuant to Act No. 251/2012 Coll. on Energy and on amendments to certain acts, SEPS, in cooperation with the SEPS regional distribution system operators, have prepared a joint cost-benefit analysis for the purpose of defining the limit values of reactive power flows from DS to TS. Following a public consultation on this analysis, SEPS submitted a proposal for limit values for reactive power flows from the DS to TS to RONI. At the same time, other study works were carried out, the subject of which was, for example, searching for a suitable technical solution for the needs of the future TS development in the selected areas of the Slovak Republic.



Slovenská elektrizačná prenosová sústava

ASSUMED FUTURE DEVELOPMENT OF THE COMPANY ACTIVITIES

SEPS is the owner and operator of the transmission system of SR and it performs the dispatcher management of the electricity system of SR. The company is a natural monopoly the activity of which is limited by Act No. 251/2012 on Energy, as amended and by Act No. 250/2012 Coll. on Regulation in Network Industries, as amended.

The company main line of business will also be preserved in the future in the scope similar to the one in 2023, i.e. also in the future, it will perform operation of transmission system of SR, electricity transmission, coverage of losses in the transmission system, management of the electricity system of SR via provision of the system services and collection of the efficient rate from the directly connected customers to cover levies for the National Nuclear Fund.

Collection of fees for the system services will be further performed by OKTE, a. s., a subsidiary, which pursuant to the Energy Act performs the function of central invoicing. Subsequently, it will pay them to SEPS in the amount invoiced to its business partners (accounting entities).

In the future periods, SEPS will refurbish and develop the transmission system of SR so as to maintain safety and reliability of electricity supply, strengthen the cross-border interconnections with the surrounding systems, connect new suppliers and consumers to the transmission system, develop international cooperation and support coupling of national markets in electricity in a way so as to remain a reliable and stable entity on the market in electricity in the Central-European region.

Slovenská
elektrizačná
prenosová
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INTERNATIONAL COOPERATION

The European electricity system plays a key role in performing the challenges concerning decarbonisation, digitisation and electrification. Furthermore, the transmission system operators must respond promptly to the dynamically changing legislative environment and technological changes.

After a period of enforced existence in the virtual environment of anti-pandemic measures fading away in 2022, the SEPS "energy diplomacy" successfully returned to the physical world of discussions and networking in 2023. In 2023, our ambassadors had more than 150 physical meetings with international organisations. Add a large number of ongoing online meetings and it is clear that 81 SEPS employees working in 148 working and steering groups of international organisations are fulfilling their functions responsibly. These are activities in the structures of the European Network of Transmission System Operators, ENTSO-E, in the regional and pan-European electricity market integration projects, and, last but not least, in the bodies and working groups of JAO and TSCNET.

Acting of several ENTSO-E working groups in Slovakia can also be deemed as a signal of return to good old times of physical meetings, the most important of which was the ENTSO-E System Development Committee meeting in Bratislava, in September 2023.

Bilateral Cooperation

In May 2023, a bilateral meeting was held between the SEPS top management and the Hungarian transmission system operator MAVIR, where upon the initiative of the then SEPS management, the issue of the current position of the European transmission systems in relation to Ukraine was primarily addressed. Both sides agreed that coordination of actions on this topic was inevitable, however, the intention was not implemented. At the meeting, the Slovak and Hungarian representatives also touched upon the issue of managing the safety and stability of the electricity transmission system operation.

The bilateral meeting with the ČEPS top management in August 2023 was another of the regular meetings where representatives of the transmission system operators exchanged experience and views on the development of transmission system operations, digitalization and reforms of the market in electricity.

International Cooperation at the European Level

In the environment of ancillary service provision at the international level, since February 2023, SEPS has been actively participating in the role of an observer in the "FCR Cooperation" project aimed at sharing and exchange of the FCR availability. From that moment on, SEPS thus participates in the project structures at the level of the steering committee and expert groups in order to successfully integrate SEPS into the given project.

During 2023, SEPS took an active part in the integration processes of the transmission system operators from the Energy Community (EnC) countries through the bodies and groups established for this purpose, mainly the Energy Community Task Force or the Pentalateral Coordination Group. During the year, several processes were launched to integrate transmission system operators from EnC countries in the interconnection of intraday and day-ahead markets heading towards creation of a new capacity calculation region "Eastern Europe Calculation Region" and also towards integration of these transmission system operators in the MARI and PICASSO projects.

An important milestone of cooperation within ENTSO-E in 2023 was the decision to accept the Ukrainian transmission system operator Ukrenergo as a full member of the network from 1 January 2024. The acceptance of Ukrenergo demonstrates commitment of the European transmission system operators to strengthen mutual cooperation at the pan-European level in order to ensure security of the interconnected European system.

Past year brought up extension of cooperation but it was also possible to monitor the tension resulting from co-responsibility of SEPS for long-term sustainable balance among the factors such as security, price availability and permanent sustainability of electricity supply with favourable impact on the living standard to which we, as citizens, are used to.

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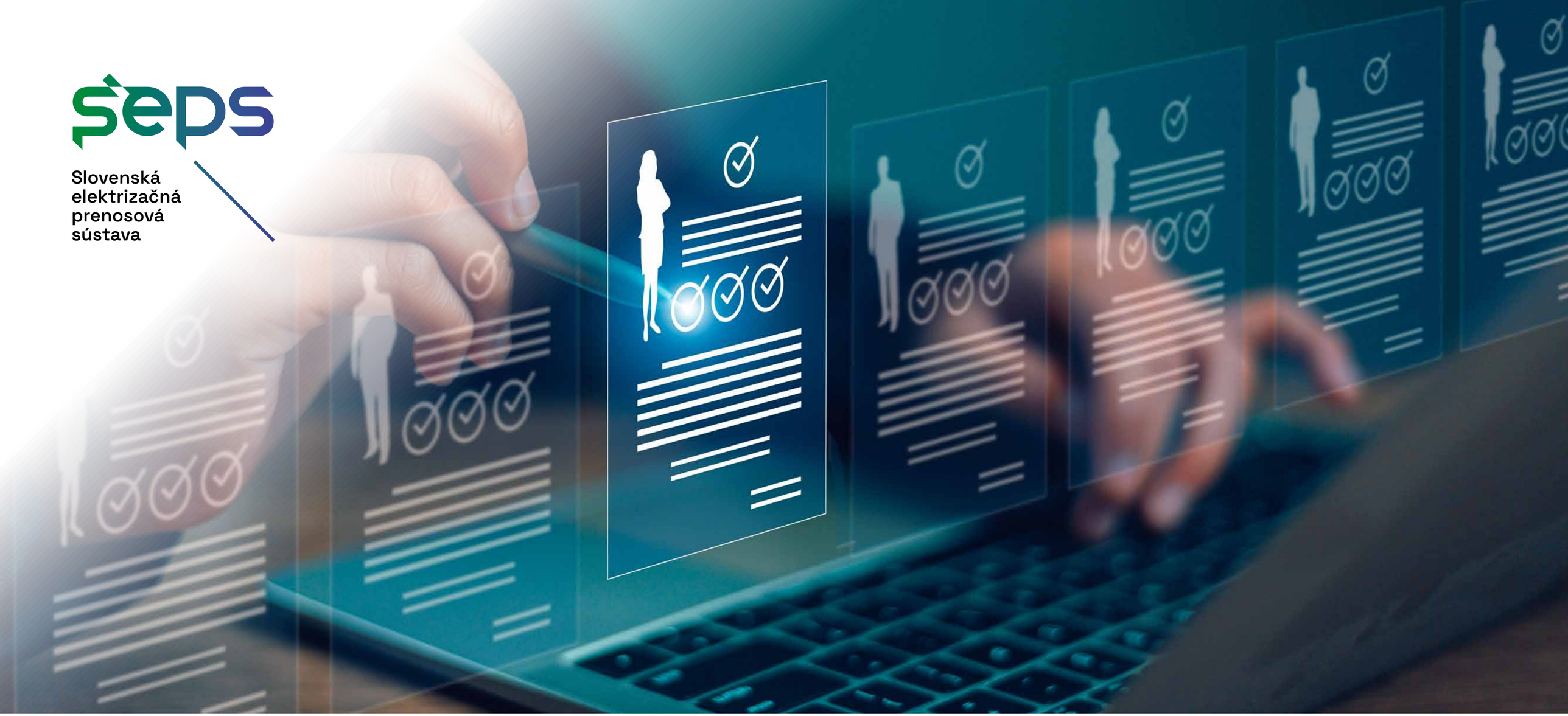


HUMAN RESOURCES

In the field of human resources management and development (personal, wage, social agenda/care for employees, education and development of employees) we proceeded in compliance with the relevant generally binding legal regulations and the internal documentation of management.

The strategic goal of the human resources section in 2023 was to provide for employees in the required quantity and structure with the use of their qualification and personal potential so as the set goals of SEPS can be achieved in as much extent as possible. All activities were aimed at ensuring smooth and trouble-free operation of the transmission system.

Employment Rate

As of 31 December 2023, total of 589 employees had the employment contract of whom 578 were registered employees. Out of the mentioned registered employees, 478 of them were technical-administrative employees and 100 employees were workers. Out of the total number of employees there were 23.09 % of women and 76.91 % of men. The average age of an employee for the evaluated period was 46 years, the same as in the previous year.

Chart 5: Share of Men and Women in 2023

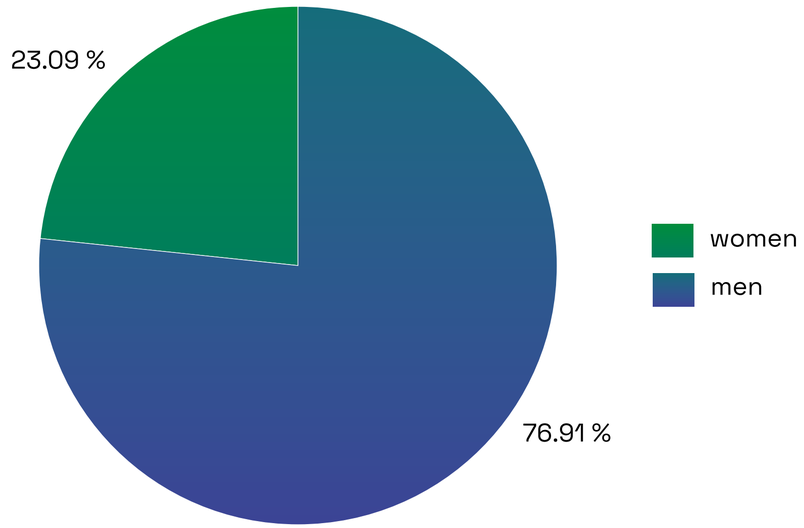
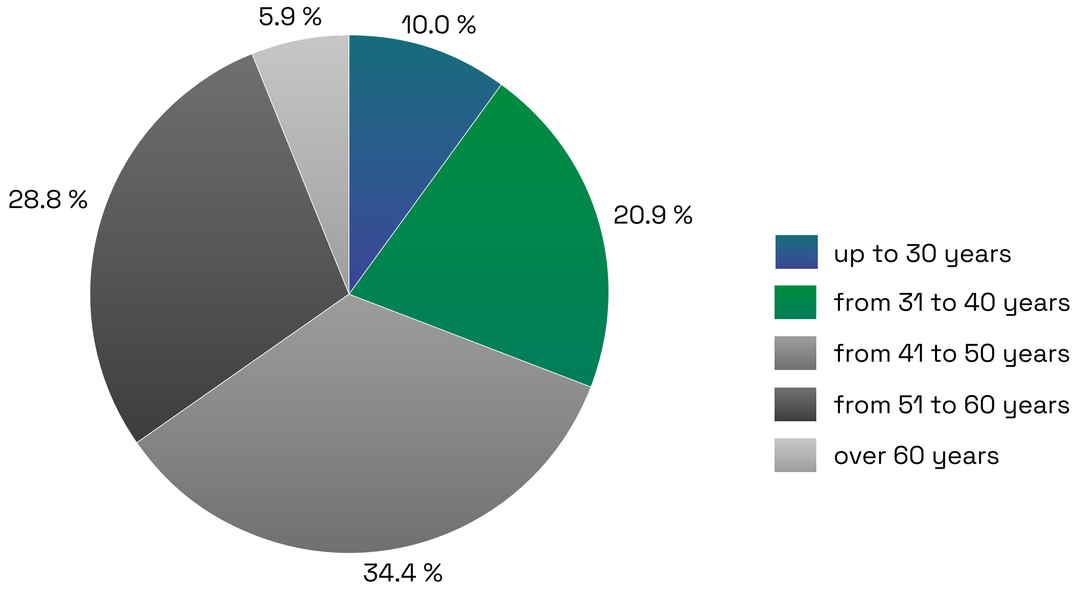


Chart 6: Overview of Age Structure of SEPS Employees in 2023



Turnover and Stability Index of Employees

Table 13: Turnover and Stability Index of Employees in 2023

Year 2023	Turnover of TAS	Turnover of W	Total turnover	Stability index TAS	Stability index R	Total stability index
Number of employees	44	11	55	x	x	x
Expression in %	7.77	1.94	9.71	91.98	90.22	89.71

Legend: TAS – technical-administrative staff; W - workers

In 2023, there were total of 78 employees with the employment contract recruited.

SEPS has been one of the stable employers in the energy sector and we aim to maintain this position in the future.

The employee stability index expressed in percentage in 2023 amounted to 89.71 %; compared to the previous year 2022, it increased by 20.61 percentage points. The total employee turnover was 9.71 % and was increased against 2022 by 0.92 percentage point. The most frequent reason of the employment termination for employees was leaving due to entitlement to old-age pension and to early old-age pension.

Educational Structure of Employees

Table 14: Educational structure of employees as of 31 December 2023

Educational level	Registered employees	Non-Registered employees	All employees with an employment contract
Primary education	0	0	0
Secondary education	206	1	207
University education	372	10	382
Total	**578**	**11**	**589**

The educational structure of the employees is directly related to the jobs systemizing and to the definition of the qualification requirements for education for their filling up. Within the tender process and subsequent filling up of vacancies, the company pays attention to fulfilment of the required level of education by the candidates.

In percentage terms, 64.86 % of the total number of employees are educated to university level.

Education of Employees

Compulsory trainings resulting from legislation were organized in 2023 already in person. Majority of conferences and workshops were arranged already in person including the possibility of an online access. In compliance with the approved Business Plan and financial budget for education and development of the SEPS employees for the year 2023 and the relevant internal documentation of the SEPS management, educational and development activities were implemented:

- professional preparation (courses resulting from the legislation, periodical, basic and update ones). Repeated trainings for drivers of motor vehicles were carried out in Bratislava for the fourth time in the form of e-learning,
- seminars, trainings, courses (aimed at energy, economic legislation, HR, environmentalistics, OHS, employee education to increase awareness and protection in the field of cyber security, public procurement etc. were arranged both in an online form and in person),
- conferences, congresses and symposia (focusing on power engineering, environmentalistics, HR etc. in a combined form),
- IT courses (MS Office, Power BI, Prince2 Foundation + exam, KB Manager, Udemy business licenses, Microsoft 365, etc.),
- technical courses (regular international training of SED dispatchers in Duisburg, OMICRON technical training, RIS MicroSCADA, AZD systems training, RUPLAN, FOXMAN-UN training, cyber security of OT systems and other specific systems),
- personal development and development of managerial skills (coaching, managerial minimum for employees and specialists of division 5000, managerial minimum and medium for managers, managerial optimum for managers, how to communicate in demanding situations and how to effectively resolve conflicts, how to manage stress, etc.),
- language preparation (focusing on English language – “one to one” courses, mini groups) in both and online form and in person.

Remuneration

The remuneration system applied consists of the guaranteed wage (basic monthly wage + wage privilege) and variable wage component.

In terms of the agreed wage, the employees are divided into the employees with the wage agreed on individual basis (contractual wage) and employees with the wage according to the wage tariffs agreed in the SEPS company collective agreement (CA) (technical-administrative employees, workers, foremen). The employee structure varies, according to remuneration they can be divided into: managers of Ist IInd, IIIrd level, specialists and other employees – according to the job title, education and professional experience.

The year-to-year wage growth for the employee category of technical-administrative employees, workers, foremen agreed between the Basic Organisation of Energy-Chemical Trade Union (ZO ECHOZ) at SEPS and SEPS as employer in the SEPS company collective agreement for the year 2023 was respected.

Basic wage tariffs in 2023 compared to 2022 were increased, from 1 January 2023 by 4.3 % plus EUR 100.00 based on the SEPS CA for the period 2023 – 2025.

The employees remunerated by a tariff wage were apart from the basic monthly wage and the relevant allowances awarded also a semi-annually variable wage component – the performance-personal remuneration as a form of individual appraisal of an employee working performance in order to motivate employees to perform the tasks necessary to ensure the smooth and trouble-free operation of the company.

The evaluation criteria were evaluated on a monthly basis by the employee's immediate superior.

The employees remunerated by a contractual wage were apart from the basic monthly wage awarded also the variable wage component for the performance indicators (semi-annual tasks). The remuneration of contract employees was applied under the principle of demandingness of the work performed and their contribution to fulfilment of the strategic plans and goals of the company.

A variable wage component was awarded for fulfilment of strategic tasks, key performance indicators, material involvement and operative tasks defined for individual categories of employees (employees with the wage agreed on an individual basis/ contract employees), after evaluation of the tasks fulfilment and the performance indicators set in advance.

Other wage components were awarded in compliance with the SEPS company collective agreement and the relevant Remuneration Rules for SEPS Managers.

Care of Employees

The company employees were provided with employee perks and benefits within the scope agreed in the SEPS collective agreement. The substantial source of financing covering care of employees was the social fund from which the employees are provided a contribution for catering, commuting to work and back, workforce regeneration, holiday, health care, children recreation, social aid, support of parenthood, cost compensation at electricity consumption, for a package on St. Nicholas Day and for leisure time activities.

According to the valid Labour Code, the employees exercised also the employer contribution for recreation of employees. The maximum contribution for the relevant calendar year per employee, who meets the conditions for its disbursement is EUR 275. In 2023, based on 274 requests from employees, the company provided EUR 54,083 at a total cost to the employer for the above purpose.

Occupational Health and Safety and Fire Protection

The occupational health and safety can be characterized as a set of measures, principles, rules, attitudes, behaviour, and activities that help eliminate adverse consequences of work. The term “occupational health and safety” is known also as OHS, however, its content and application are much broader than suggested by the meaning of these words.

When fulfilling the occupational health and safety requirements, the important role is played by the managing company employees who activate subordinate employees towards the injury-free work, improvement of workplace relations and following the principles of safe working procedures. Such approach strengthens prevention of occupational diseases.

The elected employee representatives for occupational health and safety cooperate with the managing employees upon enhancing informedness of all employees on the company intentions in the respective area and they apply the rules introduced by the OHS policy aimed at increasing the responsibility for own health and improvement of the working environment.

Our company introduced and practically applies the occupational health and safety management system in compliance with ISO 45001:2018 and it adheres to the certification criteria according to the certificate No. 1719/5/2022-2.

The level of occupational health and safety and fire protection in the company is assessed by the workplace inspections which assess compliance with the labour law requirements and other related regulations. The purpose of the inspection activities is to find out the facts, take measures, and eliminate the found drawbacks.

As a part of the occupational health service, SEPS provides for regular preventive medical check-ups for all employees assigned to 2nd and 3rd work categories and regular vaccination of employees who are professionally exposed to the increased risk of the selected infections.

The company pays great attention to the safety of our contractors to whom we provide training and information in the field of occupational health and safety and fire protection, access to the OHS documentation and consultancy services.

The company provides for the conditions of fire safety of the objects defined in the legislation via preventive control activity and by maintaining fire-technical means in the operational state.

In 2023, the safety-technical service and managing employees of SEPS aimed their efforts in the field of occupational health and safety and fire protection in a good direction and they pay appropriate attention to them. This trend can be continued only with the active participation of all SEPS employees so as to fulfil the requirements for ensuring OHS valid for this area.

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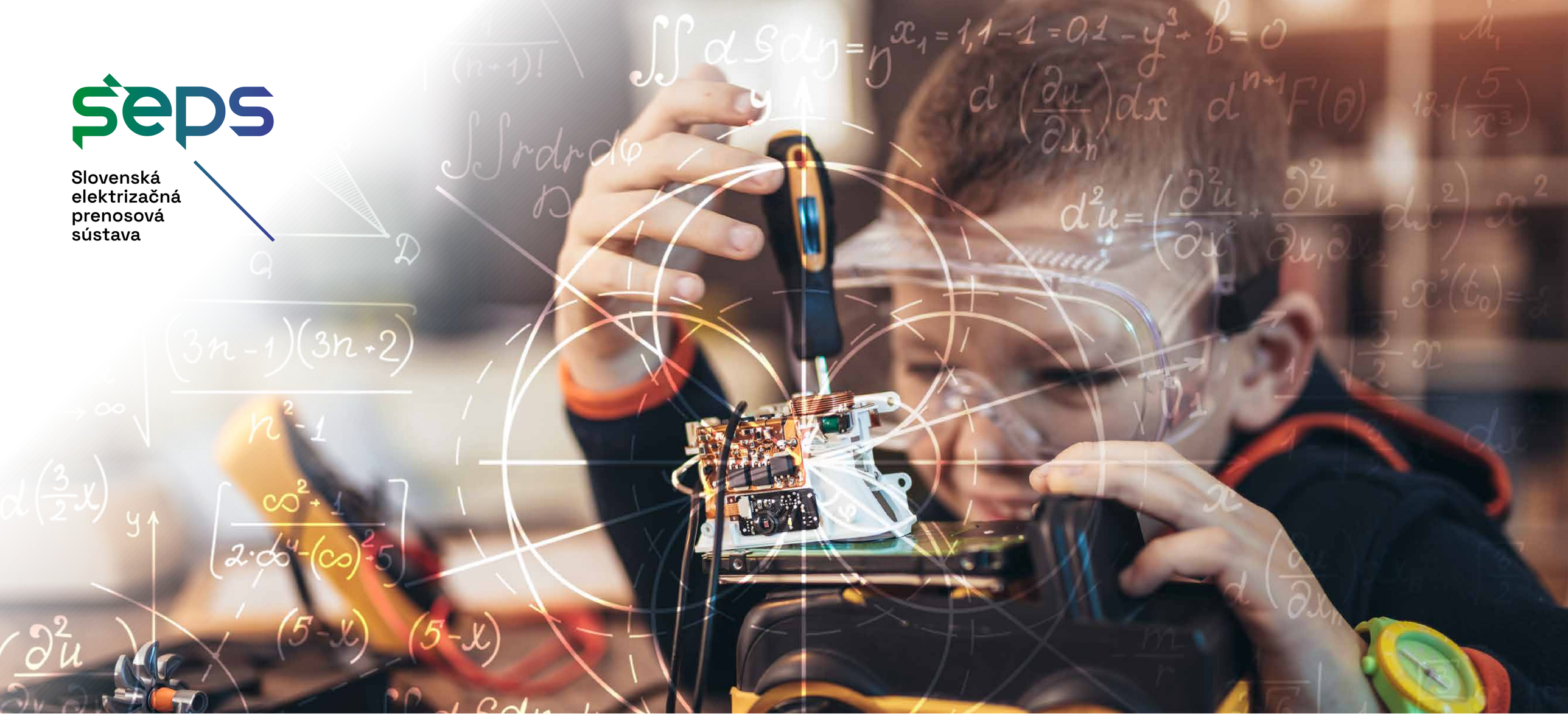

SOCIAL RESPONSIBILITY

In 2023, Slovenská elektrizačná prenosová sústava, a. s., continued in supporting of public-benefit activities in the areas closely related to the company activity. It focused on education, science and research (primarily in the field of electricity) and on environment protection.

The tenderers could acquire financial aid for public-benefit activities from the mentioned fields from two sources. The first option is an advertising partnership and the second option is to acquire grant from the Slovenská elektrizačná prenosová sústava Endowment Fund in the Pontis Foundation.

Advertising and Promotion of the Business Name and Logo

In 2023, SEPS as an advertising partner, participated in support of several activities. It has financially supported, for example, the “Festival of Science and Technology”, the event promoting science among children and young people called “European Researchers’ Night”, the “MyMachine” programme promoting engineering and linking all three levels of education, the podcast series “Careers in the 21st Century”, the project on climate change for primary schools “For a better future for the Earth 3”, or the publication of the specialist magazine Birds of Prey and Owls.

The company also advertised its business name at several professional conferences, for example at the “54th Conference of Electrical Engineers of Slovakia” organized by the Slovak Electrical Association and the Chamber of Electrical Engineers of Slovakia, at the 5th online conference of the SITA agency and the Institute for Energy Security “Smart NRG Forum” with the topic “What stands in the way of the use of renewable energy sources?” or at the “2023 European Energy Summit” which aimed to share the latest knowledge in the field of energy transformation, security of supply and price availability of electricity.

SEPS Endowment Fund in the Pontis Foundation

Within the framework of this Endowment Fund, the money from the 2 % assignation from the paid income tax of Slovenská elektrizačná prenosová sústava, a. s. is distributed. The money received by the fund annually represent the tax assignation for the previous year and must always be used within a maximum of two subsequent years. Therefore, in one calendar year, the total amount distributed from the Fund may be a combination of the tax assignation from two different years.

EDUCATION

My Machine General Partner

Through the Carpathian Foundation, the My Machine project was supported, which uniquely connects young people with an interest in technology, from primary through secondary school to university, and contributes to learning and mutual collaboration.

Providing incentives to young people for technical education

In 2023, the Endowment Fund has announced two calls for two years of the “Energy Literacy” programme. The aim of the programme is to support educational activities at primary schools, Level 2, focusing on educating pupils about the origin, sources and use of electricity and developing energy literacy activities by the primary school teachers. The first call was announced in March and 22 projects and a total of 7 schools were supported. Successful applicants taught the selected topics at primary schools in May and June. They made a video of the lesson, which can serve as a methodological material for teaching the topic of energy literacy for the primary schools, Level 2. Videos are available on the YouTube server, in the channel called SEPS Energy for Schools. The call “Energy Literacy II” was announced in November 2023 and it will support 8 schools and 14 supported projects from this call will be implemented in 2024.

Three technical universities also received support from the SEPS Endowment Fund in the Pontis Foundation for the **Open Day** arrangement The Faculty of Electrical Engineering and Informatics of the Slovak University of Technology in Bratislava,

the Faculty of Electrical Engineering and Information Technology of the University of Žilina in Žilina and the Faculty of Electrical Engineering and Informatics of the Technical University in Košice welcomed hundreds of interested young people at these events.

Support for secondary technical schools

In 2023, two industrial secondary schools of electrical engineering in Bratislava - at Zochova and Hálova Streets, the Secondary Vocational School of Electrical Engineering in Gbely and the Secondary Vocational Technical School at Vranovská Street in Bratislava received a grant from the Endowment Fund for the modernization and development of technical equipment used in teaching.

Career motivation of students

In September 2023, SEPS welcomed students from the Technical University in Košice and the University of Žilina in Žilina in the “**Power Camp**”, which was created as a space for learning and expanding the information on power engineering for students of technical universities as future potential employees in this sector. Within the four-day programme full of excursions, discussions and workshops, sixteen participants were attended by the experts from the SEPS Slovak Load Dispatching Office, Division of Operations, Human Resources and other departments of SEPS.

As a part of the education support in the field of power engineering, a teachers’ guide on **Energy in Context** has been published and is available for download from the Živica Centre for Environmental and Ethical Education web portal.

In 2023, the implementation of the grant call **Support for Competitions to Raise Awareness of Science and Technology** 2022 was completed, where 8 organizations were supported to implement various robotics competitions and events that bring science, technology, engineering and mathematics (STEM) to children and youth in an interesting and fun way of hands-on education.

In 2023, support was ending for the Zmudri G project aimed at focusing on informing young people on power engineering in an educational and explanatory way, accessible through modern means of communication via social networks.

SCIENCE AND RESEARCH

Support for centres for raising awareness of physics and technical universities

The **Centre for Raising Awareness of Physics at the Grammar School of V. Paulíny Tóth in Martin**, which is a popular meeting place for physics enthusiasts from all over Slovakia obtained support from the Endowment Fund in 2023. In 2023, in this association, the activity of raising awareness of science and environmental education for teachers' education, as well as the creation of worksheets for experimental pupils' activities for the "Energy Literacy" project was reaching its end. This Centre served as an example of good practise for the call "Building of Centres for Raising Awareness of Physics" in East and West Slovakia announced in December 2022.

Under the above-mentioned call "Building of Centres for Raising Awareness of Physics" two projects were supported. The project **ScienceOpenLab - Centre for Raising Awareness of Physics at the Grammar School of Pavol Horov in Michalovce** was implemented in 2023 under the auspices of the Košice Self-Governing Region. The implementation of the **Centre for Raising Awareness of Physics in Trnava** will take place in the period 2023-2024 under the auspices of the Trnava Self-Governing Region.

In the form of direct support, projects of three technical universities in Bratislava, Žilina and Košice were implemented for research projects, as well as support for research opportunities for the implementation of the Dynamic Line Rating principles in the dispatcher management at the Faculty of Electrical Engineering and Information Technology of the Slovak University of Technology.

In 2023, support was provided to the dynamically developing field of artificial intelligence where two institutions were supported with their research projects - the Slovak Academy of Sciences and the Kempelen Institute of Intelligent Technologies, which were dealing with predictive models of active losses on power lines.

In November 2023, a **grant call for technical universities** was announced, offering the technical universities the opportunity to apply for funding for supporting education and skills development in electricity transmission and distribution modelling. In mid-January 2024, the results of the grant call involving the University of Žilina in Žilina, the Slovak University of Technology in Bratislava and the Technical University in Košice were published. The four projects supported will be implemented in the first half of 2024.

ENVIRONMENT

Environmental support focused on three topics **– bird conservation, support for bird rescue stations, habitat protection and development**, 10 projects were supported. The long-term cooperation of SEPS

with Protection of Birds of Prey resulted in wished achievements in the form of a record number of young ones of Saker Falcon. Due to installing of nesting boxes, currently almost the entire population of this precious falcon lives on high-voltage line towers. Great contribution in the field of bird protection was purchase of GPS radios, financial support for the Slovak Ornithological Society/BirdLife Slovakia helped restore the largest Special Protection Areas (SPAs) and supported bird rescue stations in the Zázrivá Ecocentre, Borinka, Brezová pod Bradlom and Sečovce that brought improvements across Slovakia. The Prales organisation and Bratislava Regional Conservation Association also contributed to the protection and management of rare and endangered forest and non-forest habitats by assistance at cleaning various sites of self-seeding woody plants and shrubs.

VOLUNTEERING

SEPS supported volunteering of the employees within the project entitled “Our City”. Almost 50 SEPS employees took part in this largest volunteer event in Slovakia - they helped at the Kindergarten at Hnilecká Street in Bratislava.

EMPLOYEE GRANT PROGRAMME

At the beginning of December 2022, a pilot call for the employee grant programme entitled “**Energy for the Good**” was announced. The aim was to support non-profit organisations recommended by the employee. The organisations could apply for support of activities in health care, social, sports, cultural, educational, human-legal,

environmental or scientific-research areas.
The call was evaluated in 2023 and in the first half of this year, 14 supported projects of organisations where SEPS employees are also involved in charitable activities were implemented.

The call for applications for the second year of the Energy for Good Employee Grant Programme II was announced in October and evaluated in December 2023. 11 projects were supported and will be implemented during 2024.

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Slovenská elektrizačná prenosová sústava

ECONOMIC RESULTS

Pursuant to Act No. 431/2002 Coll. on Accountancy, as amended, SEPS, apart from individual financial statements, prepares also consolidated financial statements in compliance with IFRS in the way as these were approved by the EU. The SEPS consolidation covers also its 100 % subsidiary OKTE, a. s.

The data on the economic results and state of assets and liabilities are derived from the IFRS consolidated financial statements and from the IFRS individual financial statements for y. 2023. The detailed structure of revenues and costs may be presented in a different structure compared to the summary data in the Income Statement.

Shortened Statements of the Financial Position as of 31 December 2023 and as of 31 December 2022 (in EUR thous.)

	consolidated		individual	
	2023	**2022**	**2023**	**2022**
Assets	**1,710,992**	**1,837,228**	**1,543,793**	**1,484,118**
Non-current assets	**928,164**	**950,872**	**963,904**	**988,116**
Tangible assets	852,944	877,211	852,369	876,726
Non-tangible assets and other assets	75,220	73,661	111,535	111,390
Current assets	**782,828**	**886,356**	**579,889**	**496,002**
Inventories	1,278	1,469	1,278	1,469
Trade receivables and other receivables	117,209	103,924	103,215	68,616
Short-term financial assets	278,000	255,000	278,000	255,000
Cash and cash equivalents	378,682	514,030	190,978	160,702
Receivables from income tax	7,659	11,933	6,418	10,215
Equity and liabilities	**1,710,992**	**1,837,228**	**1,543,793**	**1,484,118**
Equity	**979,171**	**1,001,847**	**960,833**	**974,514**
Share capital	235,000	235,000	235,000	235,000
Legal reserve fund	40,204	29,690	39,278	28,764
Fund from revenues from congestion	73,545	58,255	73,545	58,255
Other funds	198,924	198,924	196,184	196,184
Revaluation of the financial investment	109	109	109	109
Gains or losses from derivative revaluation	(6,583)	(1,710)	(6,583)	(1,710)
Actuarial profits/losses	2,219	2,823	2,219	2,823
Fund from asset revaluation	72,326	83,846	72,326	83,846
Undistributed profit	363,427	394,910	348,755	371,243
Liabilities	**731,821**	**835,381**	**582,960**	**509,604**
Long-term liabilities	242,347	258,500	241,593	248,193
Short-term liabilities	489,474	576,881	341,367	261,411

Shortened Profit and Loss Accounts for the Years Ending on 31 December 2023 and 2022 (in EUR thous.)

	consolidated		individual	
	2023	**2022**	**2023**	**2022**
Revenues	890,285	465,274	672,541	418,811
Operating costs	(823,617)	(372,797)	(620,676)	(354,790)
Earnings before interest and taxes	**66,668**	**92,477**	**51,865**	**64,021**
Financial revenues, net	16,063	1,116	36,569	59,676
Pre-tax profit	**82,731**	**93,593**	**88,434**	**123,697**
Income tax	(20,669)	(23,575)	(17,376)	(18,555)
Net profit	**62,062**	**70,018**	**71,058**	**105,142**

The Most Significant Data According to the Individual Financial Statements

In 2023, according to the individual financial statements prepared pursuant to IFRS, SEPS revenues totalled EUR 709.342 million with total costs (including the income tax) of EUR 638.284 million and the after-tax profit amounting to EUR 71.058 million.

The revenues for services of the transmission system operator and for other services totalled EUR 663.882 million and formed 93.6 % from total revenues. In addition to transmission, which is the Company's core profit-generating activity, SEPS' dividends paid by OKTE, a. s. from the profit earned in 2022 and the higher interest received also contributed to the profit generation. The company thus achieved positive economic results in 2023. Net profit decreased by EUR 34.084 million on a year-to-year basis, but it was higher than the planned profit by EUR 32.352 million.

The operating costs for securing provision of the regulated services, consumption of material and energy, costs of repairs and maintenance, costs of services, staff costs, taxes, charges, other operating costs, and depreciations formed the total costs (without financial costs and income tax) of EUR 620.676 million.

According to the individual financial statements, SEPS reported total assets in the net amount of EUR 1,543.793 million, liabilities of EUR 582.960 million and equity amounting to EUR 960.833 million as of 31 December 2023.

The long-term tangible assets amounting to EUR 852.369 million reported in their real value in compliance with IAS 16 represented the highest item of the total assets.

The company liabilities represented especially deferred revenues related to withdrawal of subsidies for long-term tangible assets and accruals of deferred revenues related to regulated activity in the amount of EUR 294.593 million, trade payables, other liabilities of EUR 201.538 million and deferred tax liability of EUR 69.227 million.

Equity consisted especially of: the share capital amounting to EUR 235.000 million, then legal reserve fund of EUR 39.278 million, fund from revenues from congestion of EUR 73.545 million, other funds of EUR 196.184 million, also fund from the asset revaluation amounting to EUR 72.326 million and undistributed profit of EUR 348.755 million.

The balance amount was higher by EUR 59.675 million compared to the year 2022, mainly due to increase of Cash and Investments on the asset side and short-term liabilities on the liability side of the balance sheet.

SEPS profit distribution

Item	Reality (EUR mil.)	Profit share (based on reality)
Net after-tax profit	**71.058**	**100.00 %**
Dividends	45.820	64.48 %
Legal reserve fund	7.106	10.00 %
Undistributed profit	18.132	25.52 %

The Most Significant Data According to the Consolidated Financial Statements

In the year ending on 31 December 2023, according to the consolidated financial statements, the SEPS group reported the consolidated profit amounting to EUR 62.062 million with total consolidated revenues of EUR 906.605 million.

The amount of profit or loss that the SEPS Group will achieve is significantly dependent on the current development of the market in electricity and the RONI decisions by which RONI sets the prices of the Group's regulated activities in accordance with the RONI Decree No. 246/2023 Coll.

The SEPS Group reported total consolidated assets in the amount of EUR 1,710.992 million and equity amounting to EUR 979.171 million as of 31 December 2023. The most significant item of the financial statements position was formed by long-term tangible assets amounting to EUR 852.944 million.

Events Occurring After the End of the Accounting Period for which the Annual Report is Prepared

OKTE, a. s., was requested by the Office for Selected Economic Operators to fulfil its obligation under Act 235/2012 Coll. on Special Levy on Enterprising in Regulated Areas and on amendments to certain acts, as amended (hereinafter referred to as "Act on Special Levy") and paid the special levy for the financial years 2021 to 2023. The final amount of potential special levy by OKTE, a. s. for the years 2021-2023 is unknown as at the date of the Annual Report.

Slovenská elektrizačná prenosová sústava

TRADE AND DISPATCHING

Based on the Regulatory Office for Network Industries (RONI) license No. 2005E 0137 – 5th change of 18 March 2015 – SEPS is the sole operator of the transmission system in the Slovak Republic. Within its core business activities, SEPS provides for transmission and system services, it provides for procurement of ancillary service availability, it controls the transmission system components as a dispatcher as well as facilities providing ancillary services and provides for cooperation within the International Grid Control Cooperation (IGCC).

The core business activity of SEPS is subject to regulation by RONI. The year 2023 fell within the 6th regulatory period 2023 to 2028. The parameters for the SEPS regulated activities were set out in Decree No. 18/2017 Coll., which establishes price regulation in the electricity sector and certain conditions for the performance of regulated activities in the electricity sector. Decree No. 18/2017 Coll. has been amended several times during its validity, while from 1 July 2003, Decree No. 246/2023 Coll. of 1 July 2023 came into force which establishes price regulation of the selected regulated activities in the electricity sector and certain conditions for the performance of the selected regulated activities in the electricity sector. Some of the provisions of Decree No. 18/2017 remain in force until 31 December 2023.

Apart from the core business activity, SEPS provided also other services the provision of which stems from the SEPS position as the transmission system operator as well as some services not related to the core business activity.

Core Flow-Based Market Coupling

During 2023, Core Flow-based Market Coupling (hereinafter referred to as “Core FB MC”) was operated from both the SEPS and CORE perspectives without more significant issues. Core FB-MC is a result of long-term efforts of all involved parties to meet the 2015 CACM Regulation aimed at creation of a single European market in electricity through the flow-based calculation and allocation of capacities.

Core FB MC introduced the flow-based day-ahead market (calculation and allocation of capacities based on physical flows and system limits) in the entire region for coordinated calculation of transmission capacities, i.e. Core Capacity Calculation Region (hereinafter referred to as “Core CCR”) within a single day-ahead market in electricity in Europe (single day-ahead coupling, hereinafter referred to as “SDAC”).

Core CCR consists of the bidding zone borders in the following EU countries: Austria, Belgium, Croatia, the Czech Republic, France, Germany, Hungary, Luxembourg, the Netherlands, Poland, Romania, Slovakia and Slovenia.

Moreover, commissioning of Core FB MC initiated transition from use of Physical Transmission Rights – PTR within annual and monthly auctions to Financial Transmission Rights – FTR. Due to this reason, from 31 December 2022, the possibility of nominations of allocated transmission capacities acquired within annual and monthly auctions organized by JAO have ceased for the market participants.

Fig. 1: Core CCR

SIDC (XBID)

In 2023, similarly to Core FB MC, also the SIDC project (Single Intraday Coupling, also known as XBID in the past) was operated without complications. At present, SIDC covers the integrated intraday markets of 25 countries: Austria, Belgium, Bulgaria, Croatia, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Italy, Latvia, Lithuania, Luxembourg, Norway, the Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain and Sweden. The project responds to the market needs by creation of transparent, efficient and continual environment which will allow trading of intraday positions within SIDC without necessity to explicitly allocate the transmission capacity.

The solution stems from the common central IT system which interconnects orders from local business systems operated by the nominated operators of the market in electricity (NEMO), as well as available cross-zonal transmission capacities determined by the concerned transmission system operators (TSO). Within the central solution, the offers submitted by the market participants in one country may be paired with the offers submitted by the market participants in any other participating country if the cross-border transmission capacity is available between the relevant bidding zones.

The SIDC project brought about the change in intraday allocation of the cross-border transmission capacities and ČEPS, as an entity operating the regional allocation platform was replaced by the XBID Europe-wide centralized solution. The platform for submission of offers of the Slovak market participants is the ISOT system (VDT module) OKTE. Concurrently, the implementation of the XBID project enabled an option of trading of 60-minute and 15-minute products through the solution based on the implicit interim pairing.

AMICA – coordinated safety analyses

From 2016, SEPS together with other transmission system operators conducts coordinated safety analyses within the region via the common AMICA system operated by the regional security coordinator by TSCNET Services GmbH. It is a decentralized system serving for early diagnostics of potential risk situations including the proposal for their solution. In the course of 2023, the AMICA system was operated without more significant problems. At the beginning of 2023, the transition from the decentralised to the centralised version of the system took place, with SEPS as one of the two TSOs actively participating in the pilot project related to the change from the decentralised to the centralised system. Transition of the system to the centralized version accelerated substantially all data flows and thus the calculation processes related to performance of safety analyses within the DACF and IDCF processes.

Allocation of Cross-Border Transmission Capacities

The transmission capacities on the SEPS cross-border profiles are allocated in several time horizons – on annual, monthly, day-ahead, and intraday basis. Depending on the relevant time horizon and cross-border profile, explicit auction and implicit auction procedures are applied to capacity allocation.

Allocation of cross-border transmission capacities on an annual and monthly basis on the SK-PL, SK-CZ and SK-HU cross-border profiles was performed in 2023 via the Joint Allocation Office S.A. (JAO) with the registered office in Luxembourg. The cross-border capacities were allocated in the form of explicit auctions.

JAO fulfils the function of the SAP (Single Allocation Platform) operator based on the Single Allocation Platform Cooperation Agreement between JAO and the participating European transmission system operators.

In 2023, the cross-border capacities on the SK-HU, SK-CZ and SK-PL profiles were allocated on a daily basis implicitly within the SDAC processes.

SEPS organized allocation of the transmission capacity rights only on the cross-border profile of the transmission system of the Slovak Republic with Ukraine in 2023. Allocation of cross-border transmission capacities was executed in the form of daily explicit unilateral auctions according to the rules published on www.sepsas.sk. In order the successful participants of unilateral auctions

organized by SEPS can use the allocated capacities, they must ensure the transmission capacity also on the Ukrainian part. The daily auction was available throughout 2023 and the offered capacity was mainly provided in the import direction to Ukraine.

On 23 July 2023, the agreement with Ukrenergo on sharing the proceeds of the SK-UA auction on a 50/50 basis came into force. At the same time, preparations continued during 2023 for the introduction of joint daily explicit auctions on the SK-UA cross-border profile, which will be launched on 4 March 2024. JAO will be an auction office for allocation of capacities within the joint auctions. Introduction of the joint auctions means a step forward upon coordination of capacity allocation on the SK/UA profile thus simplifying access to the cross-border capacity for the market participants. Introduction of the joint auctions will put an end to the allocation of cross-border capacities on the SK-UA profile through unilateral auctions.

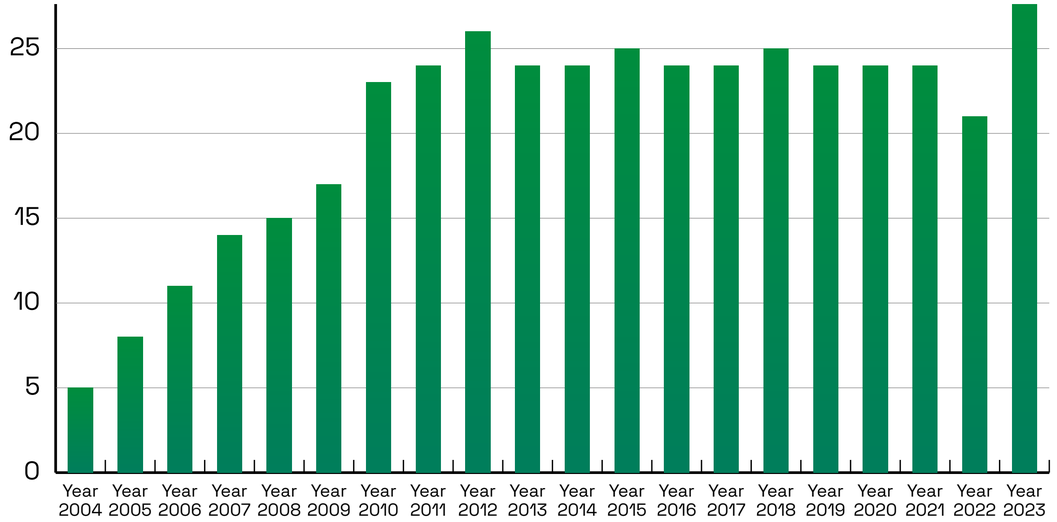
Table 15: Overview of the Capacity Allocation Mode on SEPS Cross-Border Profiles from 30 November 2022 (of the business day)

Profile	Annual auction	Monthly auctions	Daily auctions	Intraday allocation
SK/CZ	explicit (SAP)	explicit (SAP)	implicit (market coupling)	continually trading (XBID)
SK/HU	explicit (SAP)	explicit (SAP)	implicit (market coupling)	continually trading (XBID)
SK/PL	explicit (SAP)	explicit (SAP)	implicit (market coupling)	continually trading (XBID)
SK/UA	not applicable	suspended	explicit unilateral (Auction Office SEPS)	not applicable

Provision of Ancillary Services

The core business activities of SEPS include provision of the system services. To ensure the aforementioned, SEPS procures ancillary services (“PpS”). PpS procurement for various time horizons in 2023 was carried out in compliance with the Operation Rules of the Transmission System Operator SEPS.

Chart 7: Number of Ancillary Service Providers from 2004



The required volume of availability was defined based on the operational requirements for the year 2023 and the results of availability procurement of individual PpS within an annual tender for the year 2023 according to the “Strategy for ensuring sufficient volume of ancillary services for provision of system services and safe and reliable operation of ES SR for the year 2023”. The missing volume of PpS availability for the year 2023 was ensured by the monthly tenders and daily purchases of individual types of PpS and it considered volume of already contractually secured PpS availability from the annual tender for the year 2023.

For 2023, a total volume of PpS FCR of 97.1 %, aFRR+ of 86.9 %, aFRR- of 84 %, TRV3MIN+ of 99.4 %, TRV3MIN- of 90.2 %, mFRR+ of 98.3 % and mFRR- of 77 % has been secured.

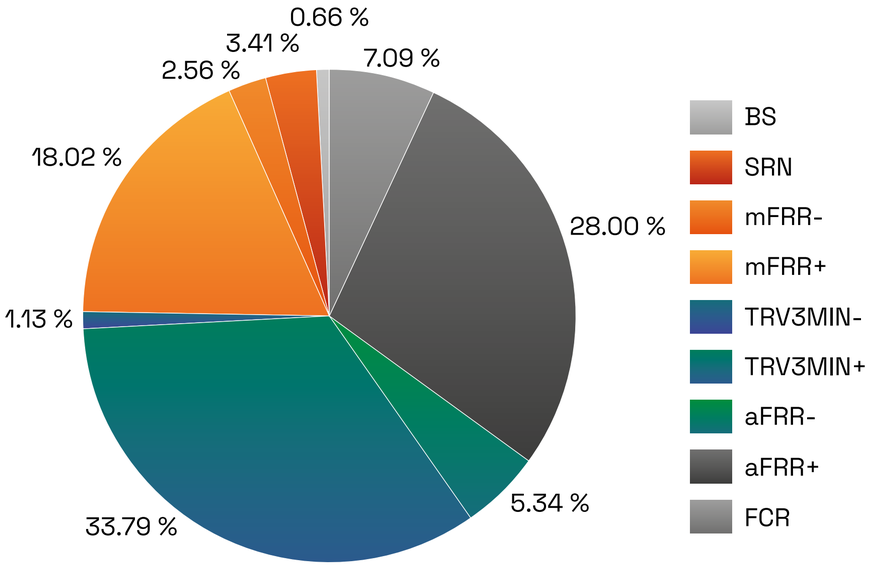
Purchase of PpS in 2023 was governed by the RONI price Decision No. 0083/2023/E of 30 December 2023 which determined maximum prices for provision of individual types of PpS and maximum or minimum prices of the offered regulation electricity as well as permitted costs of PpS purchase amounting to EUR 359 million.

In regard to generation of savings in the course of 2023 as a result of the gradual decrease of PpS prices in the monthly tenders and the daily purchase, a new price decision No. 0089/2023/E of 18 September 2023 was issued which reduced the total permitted cost of PpS procurement to EUR 322 million. At the same time, the above decision set the maximum prices for provision of individual types of PpS for the year 2024.

The total incurred costs related to procurement of the PpS availability for the year 2023 amounting to EUR 307 million did not exceed the amount of the permitted costs set by the RONI price decision.

Graphic representation of cost withdrawal for individual types of PpS means a share in total costs incurred for PpS availability in 2023.

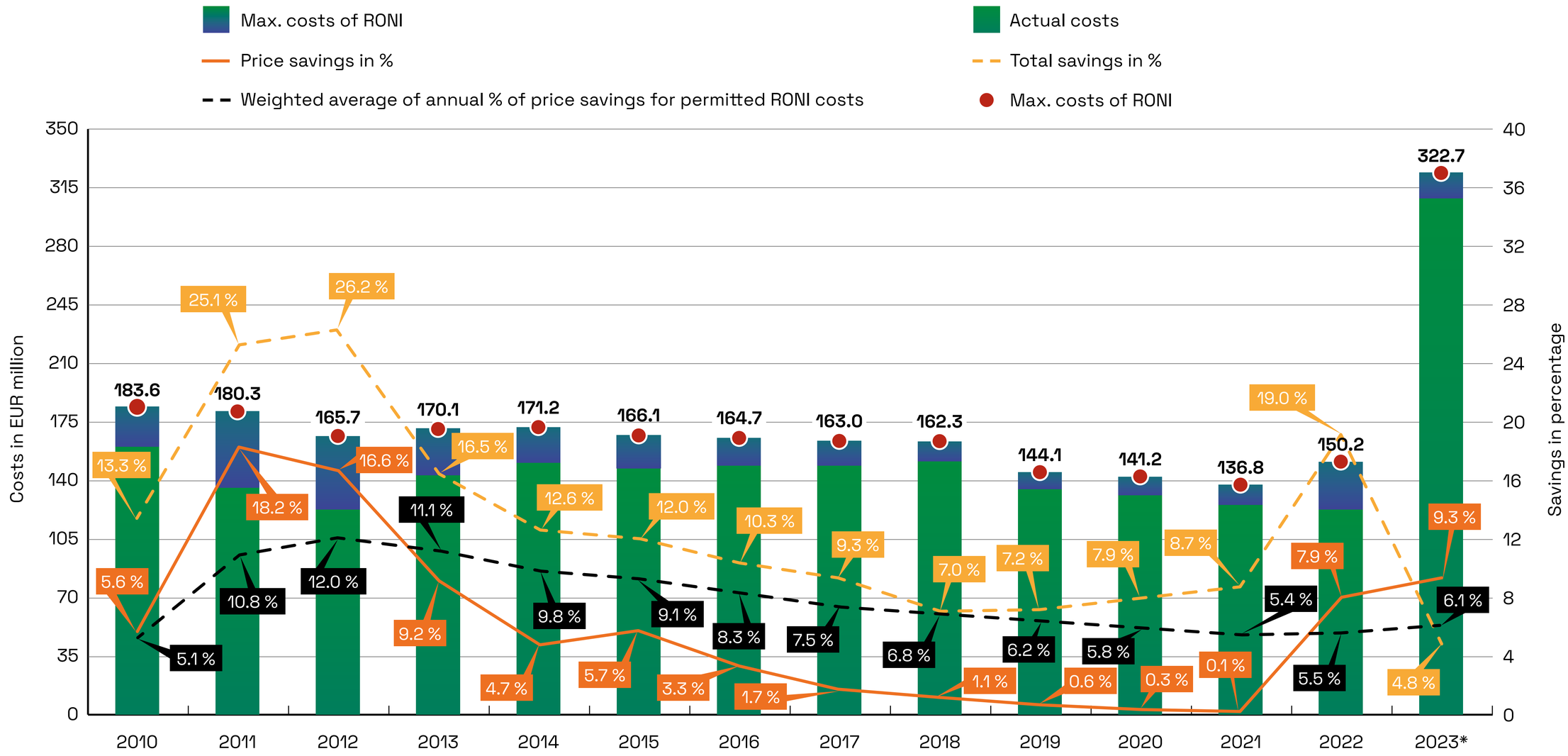
Chart 8: Share of Cost Drawdown for Particular PpS out of Total Cost Drawdown in 2023



Legend:

PpS	ancillary services
FCR	Frequency containment reserve (Primary Regulation of Active Power and Frequency)
aFRR+	Automatic frequency restoration reserve – up (Secondary Regulation of Active Power and Frequency, positive)
aFRR-	Automatic frequency restoration reserve – down (Secondary Regulation of Active Power and Frequency, negative)
TRV3MIN+	Tertiary Regulation of Active Power and Frequency, 3-minute positive
TRV3MIN-	Tertiary Regulation of Active Power and Frequency, 3-minute negative
mFRR+	Manual frequency restoration reserve – up (Tertiary Regulation of Active Power and Frequency, positive)
mFRR-	Manual frequency restoration reserve – down (Tertiary Regulation of Active Power and Frequency, negative)
SRN	secondary voltage regulation
BS	black start

Chart 9: Overview of Savings at PpS Procurement in the Period 2010 to 2023



* Maximum permitted costs for 2023 were reduced during this year by the RONI price decision

Encryption of offers in Damas Energy IS

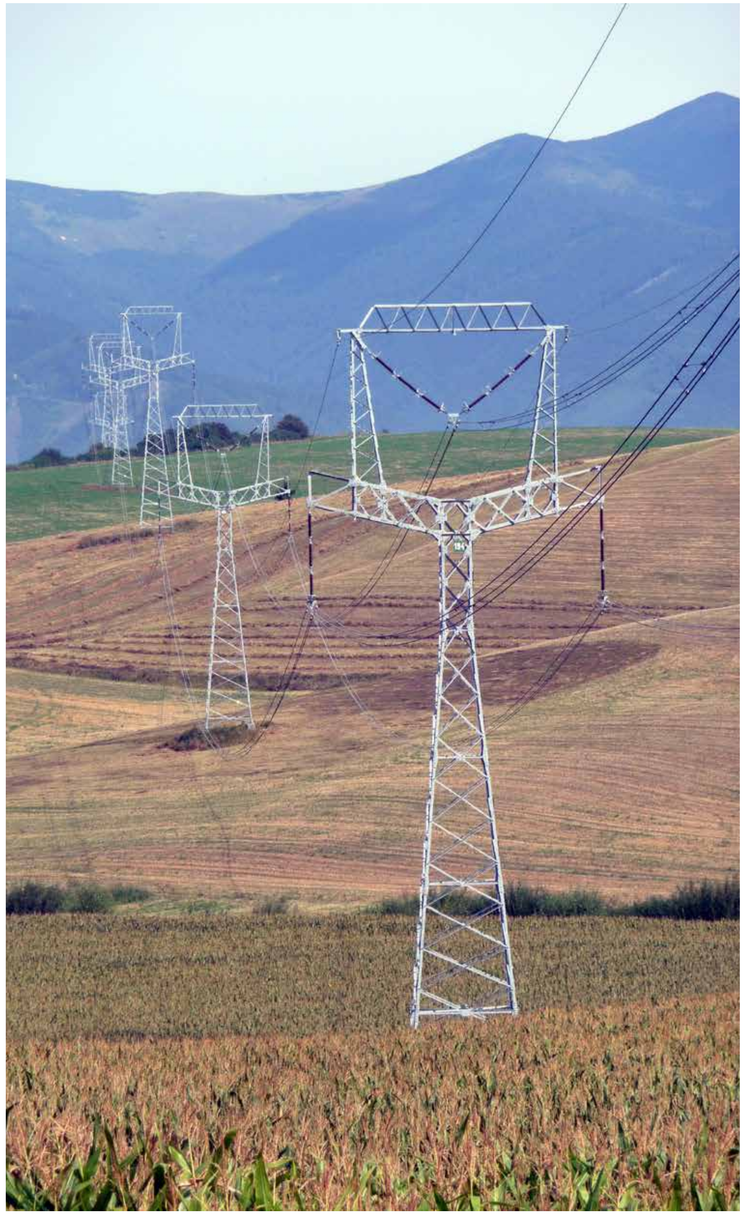
At the turn of 2022/2023, the encryption functionality of the submitted quotations in the Damas Energy trading system was implemented in all types of tenders for the purchase of PpS. The aim of the implementation was to encrypt the bids submitted during tenders for the purchase of PpS. Once a bid is submitted, its content is automatically encrypted and the display of the submitted quotation is unavailable at the time of the ongoing tender until the relevant tender has been evaluated to all participating entities, including SEPS and the IS supplier Damas Energy. Bid encryption for the mid-term tender was deployed as part of the two rounds of the 2023 annual tender conducted in October and November of 2022. For the short-term tender, encryption has been deployed as part of the monthly tender for the period of January 2023. The latest was the daily purchase encryption included in operation within the daily purchase on the trading day of 15 March 2023.

Extending the Possibilities of PpS Provision

At the turn of 2022/2023 and in the course of 2023, SEPS significantly modified its Technical Conditions for Access and Connection, Rules for the Transmission System Operation for the permitted technologies and their mutual combinations, the requirements for operational states in the PpS provision and the sizes of minimum values of the PpS provided in the aggregation of facilities into control blocks. PpS of the FCR, aFRR, mFRR type can be provided from 1 MW, TRV3MIN type can be provided from 10 MW. When aggregating the facilities, it is necessary to observe the rule that the smallest contribution to the control capability of the control block is from 10 kW. In terms of technologies, it is allowed to provide PpS on all types of facilities (generation, consumption, accumulation), with the possibility of combining them. Currently, provision of only FCR-type service on the demand side or within aggregation is not allowed. All types of PpS can be provided from a non-phased state as well as from a phased state, provided that the basic technical requirements for individual PpS are met. The addition of exact conditions for energy-limited facilities in FCR service has brought about massive expansion of this technology, particularly in the area of battery systems and their practical deployment in FCR provision, from which they have partially displaced conventional technologies. This trend is also observed in the next period.

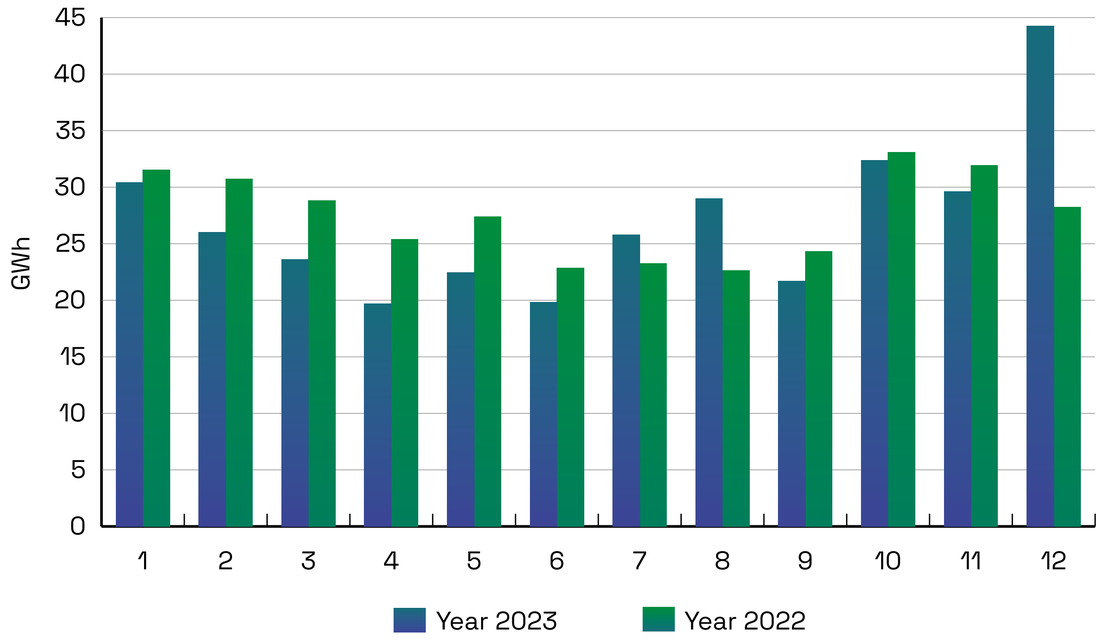
Electricity to Cover Losses at Electricity Transmission

Electricity transmitted via the transmission system is defined as a sum of all electricity inputs in the transmission system including import from the neighbouring systems. In 2023, the transmitted electricity through the transmission system totalled 30,552.073 GWh. It is a year-to-year decrease of 8.9 % compared to y. 2022 when 33,523.266 GWh of electricity was transmitted via the transmission system. This decrease was mainly caused by reduced imports of electricity into the Slovak transmission system from the neighbouring countries (-36.4 % compared to the previous year), while the electricity generation from domestic sources directly connected to the transmission system increased (+18 % compared to 2022), as well as the volume of reverse supplies from the distribution system (+70 % compared to the previous year).



Losses in the transmission system are evaluated as a difference between the electricity volume which enters the transmission system and the volume of electricity which exits the transmission system reduced by self-consumption of electricity of the transmission system operator. Losses in the transmission system in 2023 amounted to 324.704 GWh. Compared to the year 2022, on a year-to-year basis, it is decrease by 1.7 %, with the losses in the transmission system of 330.249 GWh. The share of losses in the transmitted electricity in 2023 was slightly above the limit of 1 % (1.06 %). Monthly losses in electricity in 2023 achieved their maximum in December (44.267 GWh) and minimum in April (19.683 GWh).

Chart 10: Development of Losses in 2023 and 2022



In 2023, SEPS traded 48,169.8 MWh of electricity on the intraday market to cover losses in the transmission system of which purchase amounted to 27,198.7 MWh and sale amounted to 20,971.1 MWh. Compared to 2022, significant increase of the traded volume of electricity on the intraday market due to dropped electricity prices on the market occurred.

Dispatch Management

The important activity to ensure safe and reliable operation of the transmission system is correct prediction of electricity flows and identification of bottlenecks. Based on the forecast models, SEPS performs complex N-1 calculations resulting from the relevant Network Codes and methodologies.

Based on these calculations and actual situation, the SEPS dispatcher on duty will evaluate eligibility of utilization of possible remedial measures for reliable and safe operation of the ES SR. The dispatcher control of the ES SR within the coupled European system as one of the main SEPS tasks was performed in compliance with the valid legislation.

Reconfigurations (changes in topology) of the transmission system of SR as a means for observation of the basic N-1 security criterion were activated in 2023 by the SEPS dispatching at an increased rate compared to previous years, namely the reconfiguration of the Levice substation was carried out 38 times.

In order to observe the prescribed voltage limits and in the context of the valid European legislation, the SEPS dispatching uses all available voltage remedial measures affecting the voltage conditions in ES. In order to ensure fulfilment of the N-1 criterion in the transmission system in the voltage area, several measures were activated, in the line tripping category it was especially the V406 Varín – Liptovská Mara line (48 times in 2023). Reduction of demands by consumers connected to the system, such as Slovalco, a. s. or OFZ Široká had negative impact on voltage conditions in the transmission system. A problem covering flows of reactive power from the distribution system level persists. The conclusions of the cost-benefit analyses should be reflected in the RONI decree in the course of 2024, which will determine the limit values of reactive power flows between the transmission and distribution system.

In 2023, the European Awareness System (EAS) was activated for several times. The Alert state was activated a total of 6 times, 5 times due to decrease in the volume of available power reserves and once due to non-compliance with the N-1 safety criterion. Emergency was declared 13 times in 2023, 10 times due to exceeding the operating voltage limit in the border substation and 3 times due to lack of regulatory reserves and non-compliance with the agreed cross-border balance.

Billing Measurement and Quality Measurement

In 2023, by their activity, the ASZD Department employees provided for reliable, safe, and continuous running of technology of the Automated Data Collection System (ASZD) and Information System of Billing Measurement (ISOM) that provides the documents for electricity flow settlement through the transmission system. ISOM processed and provided all data for the needs of securing fulfilment of legislative obligations of the transmission system operator, especially in the field of measurement, collection, and evaluation of the measured data in individual meter-transfer points of the transmission system, calculation of losses in the transmission system and the transmission system operator self-consumption as well as in the area of electricity quality measurement.

In 2023, the works continued within the IPDE system (International Phasor Data Exchange - a system for the international exchange of phasor data) whose founding members include ČEPS and SEPS and the system has been in routine operation since 2019). With effect from 1 January 2021, MAVIR is another member of the IPDE system. The Polish transmission system operator PSE and the Romanian transmission system operator C.N.T.E.E. Transelectrica S.A. have also expressed interest in participating in the system. Extension of members of the IPDE system continues by active promotion of the system among the European transmission system operators. Extension of the IPDE system will contribute to increase of the data volume on the current operational situation in the interconnected electricity systems at the time of increasingly growing demands for reliable electricity transmission. It serves for the needs of analyses of various anomalies in the interconnected transmission system and the ways are sought for its use also in real time.

In 2023, the "Innovation of measurement sets" investment project implementation was completed. The project purpose was replacement of obsolete equipment and adjustment of connection and supply of components of measurement sets according to the new concept stemming from the latest knowledge and needs in the field of electricity metering. In 2023, implementation took place in the objects of ESt Veľký Ďur, VE and SSt Gabčíkovo, EBO 3-4, JAVYS and ESt Bošáca. Modifications and checks of collection of the measured data were performed from time to time in the collection systems. After commissioning the facilities were taken over to the administration of ASZD. Responsible employees of the department performed supervision over the performed works and secured the activities related to commissioning of upgraded measuring sets.

In 2023, the investment project "Quality Measurement System Innovation - Replacement of PQA Equipment" was approved by the company's bodies and started to be implemented. The purpose of the project is to replace obsolete PQM system equipment and backup system encoders. In 2023, implementation took place in Est Podunajské Biskupice, ESt Stupava, Sst Gabčíkovo, Est Križovany and Est Senica. Modifications and checks of collection of the measured data were performed from time to time in the collection systems. After commissioning the facilities were taken over to the administration of ASZD. Responsible employees of the department performed supervision over the performed works and secured the activities related to commissioning of measuring sets.

Within the "Innovation of communication equipment" investment project, the technical specification for selection of the project promoter was outsourced.

Modifications to ISOM implemented in 2023 were aimed at keeping ISOM compliant with the legislative requirements.

Cross-Border Exchange

In 2007-2022, the balance of the cross-border flows of electricity in the ES SR was import-driven (imports prevailed over exports). In 2023, the direction of the cross-border balance has changed, with more electricity being exported from the ES SR than imported.

Table 16: Measured Cross-Border Electricity Transmissions in the Period 2022 to 2023 in GWh

- GWh -	2022	2023	Index (%) 2023/2022
Import	16,743	10,649	63.6
Export	15,331	14,071	91.8
Balance (import +)	1,412	-3,422	----

Procured Regulation Electricity

By activation of the ancillary services (PpS) SEPS provides for balance between the electricity generation and consumption on the territory of Slovakia. It is one of the SEPS tasks as the TS operator. The result of the PpS activation is supply of the regulation electricity (RE) into ES SR. In 2023, the volume of activated positive RE was by 11.3 % higher than negative RE.

One way of RE procuring is through the IGCC power exchange, in which SEPS also participates. The goal of the IGCC system is to optimize activations of the secondary regulation power (aFRR) of the cooperating TSOs. If the requirement for aFRR activation is in the reverse direction than with the participating operators, the exchange of the regulation electricity among TSOs occurs thus preventing reverse activation of aFRR in the participating control areas.

Other RE supply options are through non-guaranteed RE (NRE) and emergency assistance. In case of NRE, this is supply of RE that is not guaranteed in advance by a contractual agreement on PpS purchase. Emergency assistance (EA) is provided on request by neighbouring TSOs with which SEPS is interconnected via cross-border lines. EA takes the form of electricity import if there is a power shortage in the ES SR, or electricity export if there is a power surplus. On 1 May 2023, there was a power surplus in the ES SR, which had to be regulated by exporting electricity from the ES SR to the neighbouring TS through EA in addition to PpS activation on the territory of the Slovak Republic.

In 2023, SEPS provided 22,600 MWh of EA to neighbouring TSOs. Of these, 14,350 MWh were in the form of electricity off-take to the ES SR and 8,250 MWh were in the form of electricity supply to neighbouring TSOs that requested SEPS to provide EA. SEPS asked for EA from neighbouring TSOs only once in 2023. On 1 May, the neighbouring TSO provided SEPS with EA in the form of electricity off-take from the ES SR. The last previous use of EA was in 2017, when neighbouring TSOs provided 3,200 MWh to SEPS in January and 100 MWh of EA in November, in both cases only in the form of electricity imports to the ES SR.

On 1 May 2023, SEPS procured -40 MWh in the auction for supply of negative NRE. It was the only NRE supply in 2023. The last previous case occurred on 24 January 2017, when SEPS procured positive NRE of 50 MWh.

Table 17: Procured Regulation Electricity in 2022 and 2023 in MWh

- MWh -	2022	2023	Index (%) (2023/2022)
Positive RE	217,091	165,554	76.3
Negative RE	114,355	148,803	130.1

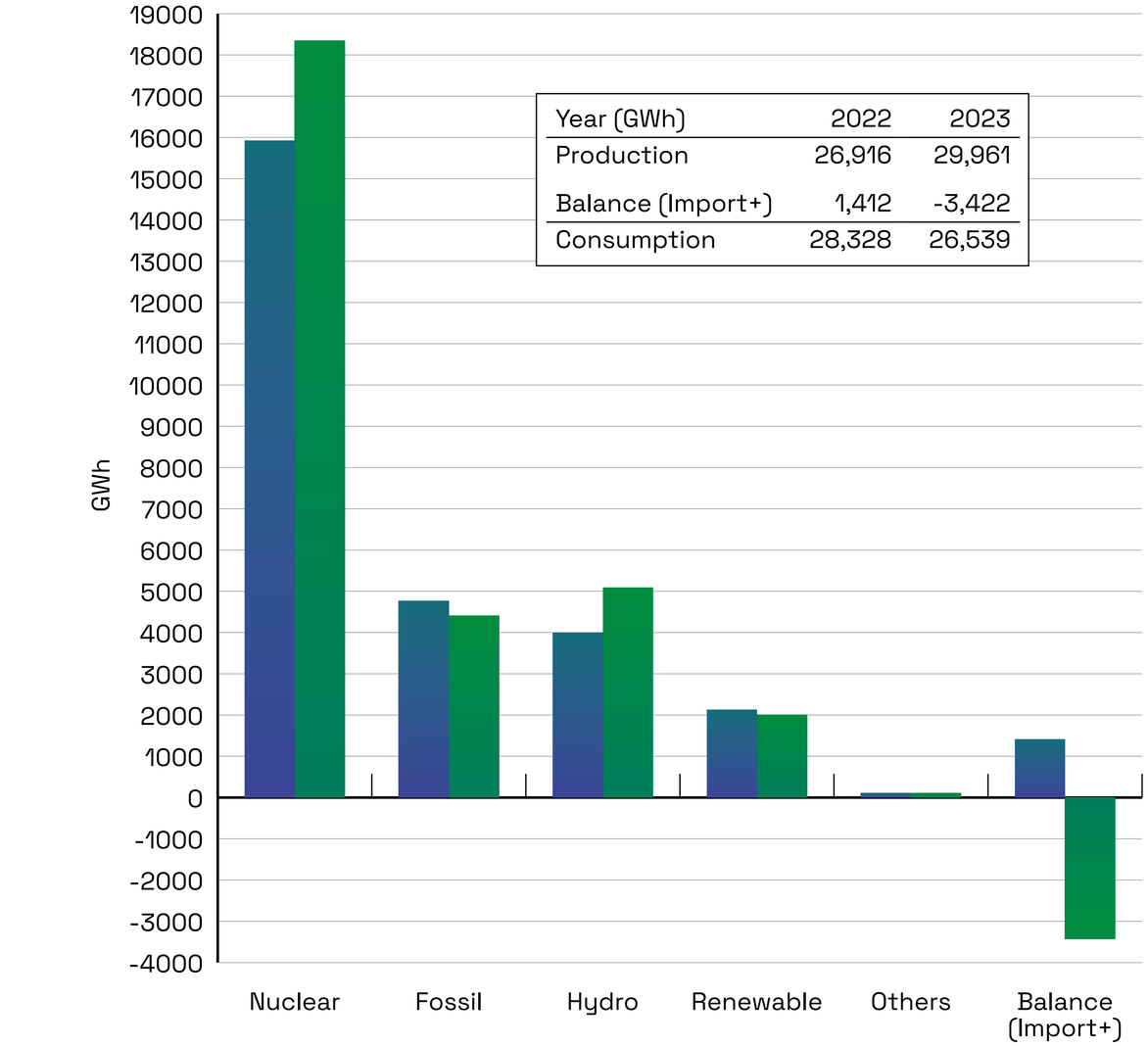
Load of the ES SR

In 2023, the maximum load of the ES SR was 4,083 MW. This is the lowest value of the maximum load of the ES SR since 2000. The annual minimum load of the ES SR in 2023 reached its lowest value since 2000 (1,872 MW) and it was 9 MW lower than the year before. The statistics of peak and minimum load serves for the purposes of comparison with the historical data based on the immediate hourly data.

Table 18: Peak and Minimum Load of the ES SR in 2023

	Date	Hour	Load (MW)	Difference (2023 – 2022)
Peak	5 December 2023	9:00 a.m.	4,083	-359 MW
Minimum	30 July 2023	6:00 a.m.	1,872	-9 MW

Chart 11: Share of Generators in the Electricity Generation of Slovakia in 2022 and 2023



Year (GWh)	2022	2023
Production	26,916	29,961
Balance (Import+)	1,412	-3,422
Consumption	28,328	26,539

Chart 12: Year-To-Year Monthly Indices of Electricity Generation and Consumption 2023/2022 (%)

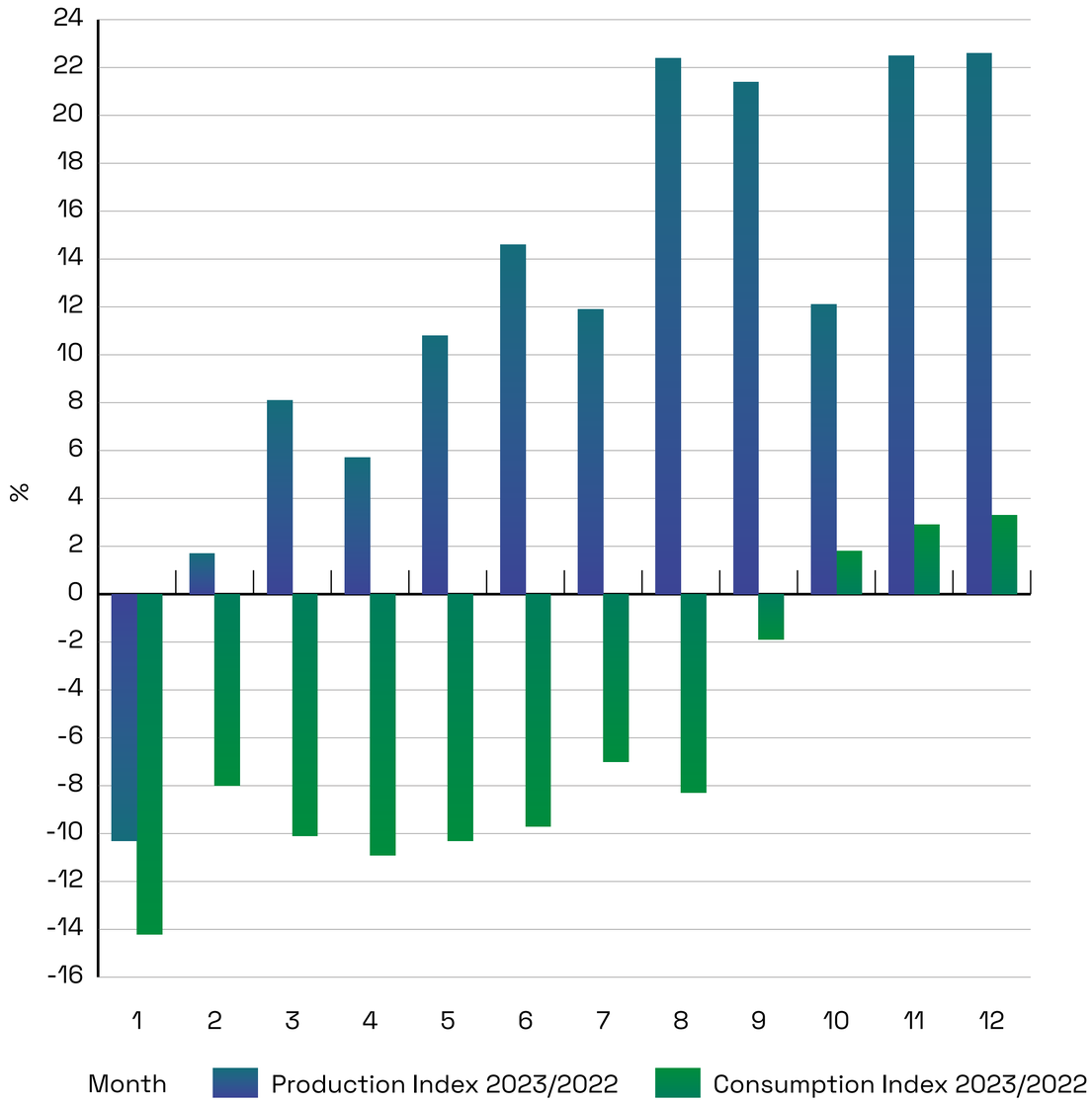


Chart 13: Share of Generators in the Electricity Generation of Slovakia in 2023

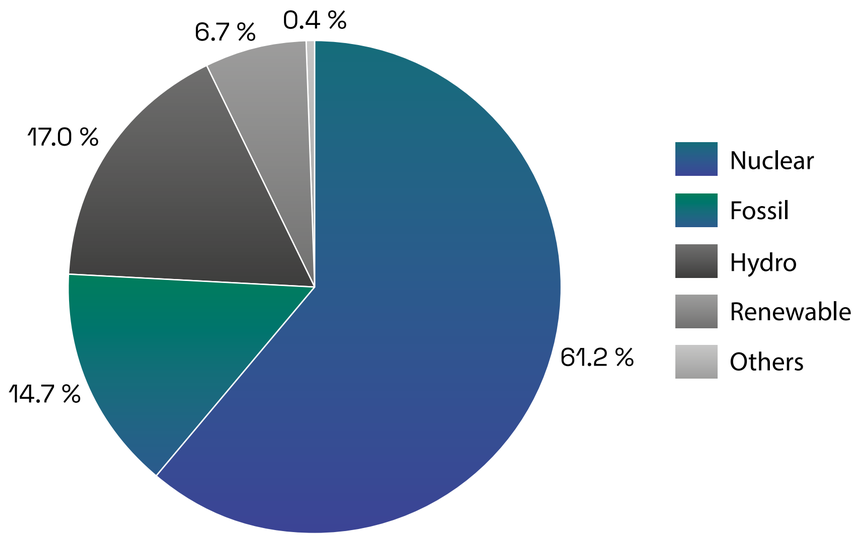


Chart 14: Annual Electricity Generation and Consumption in Slovakia in the Period 2009 - 2023

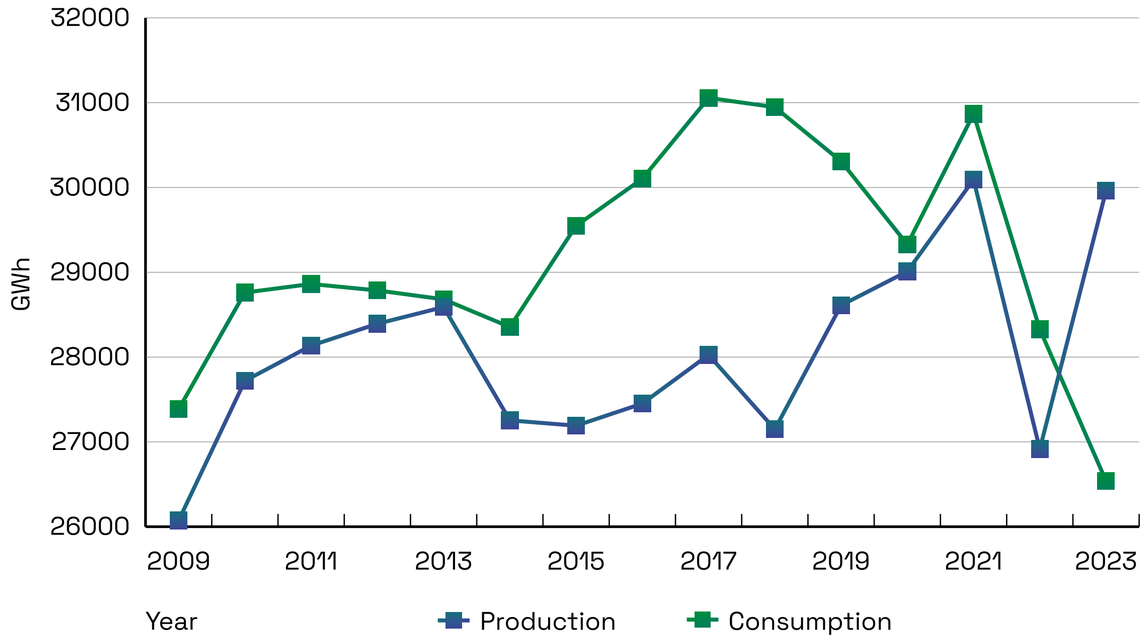


Chart 15: Weekly Peak Loads of the ES SR in the Period 2021 - 2023

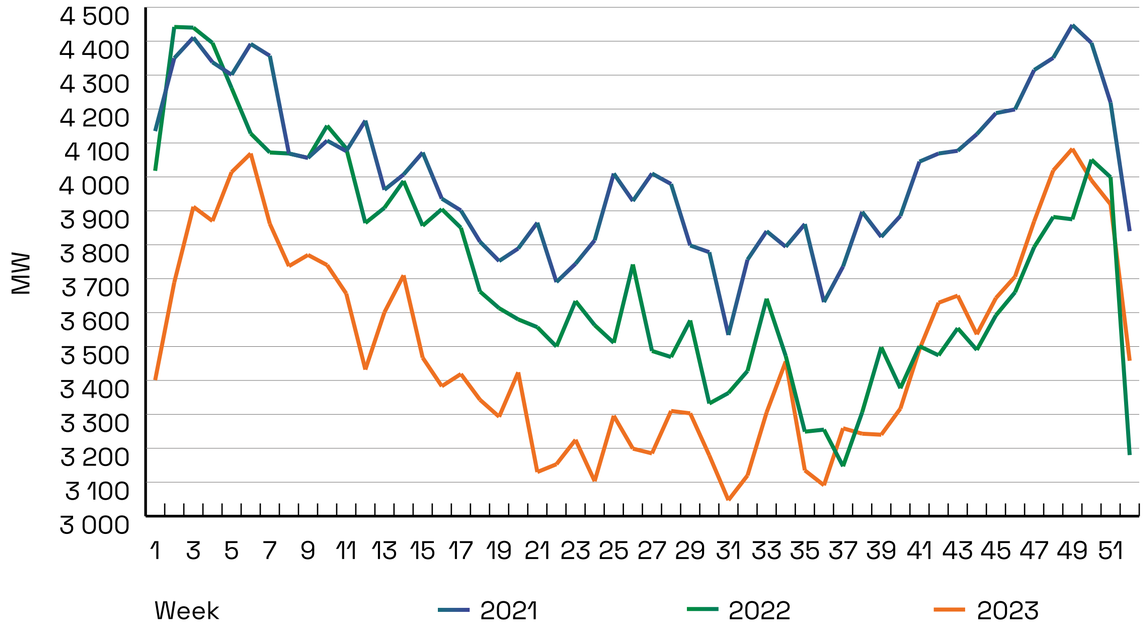


Chart 16: Annual Peak and Minimum Loads of the ES SR in the Period 2000 - 2023

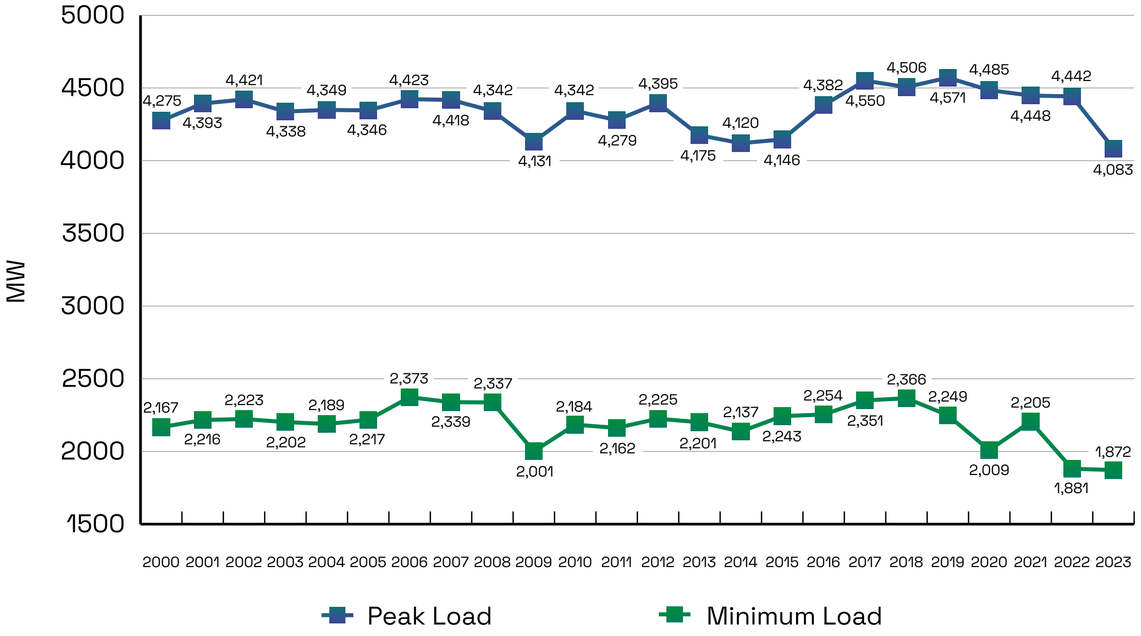


Chart 17: Measured Monthly Cross-Border Balance in the ES SR in the Period 2022 – 2023

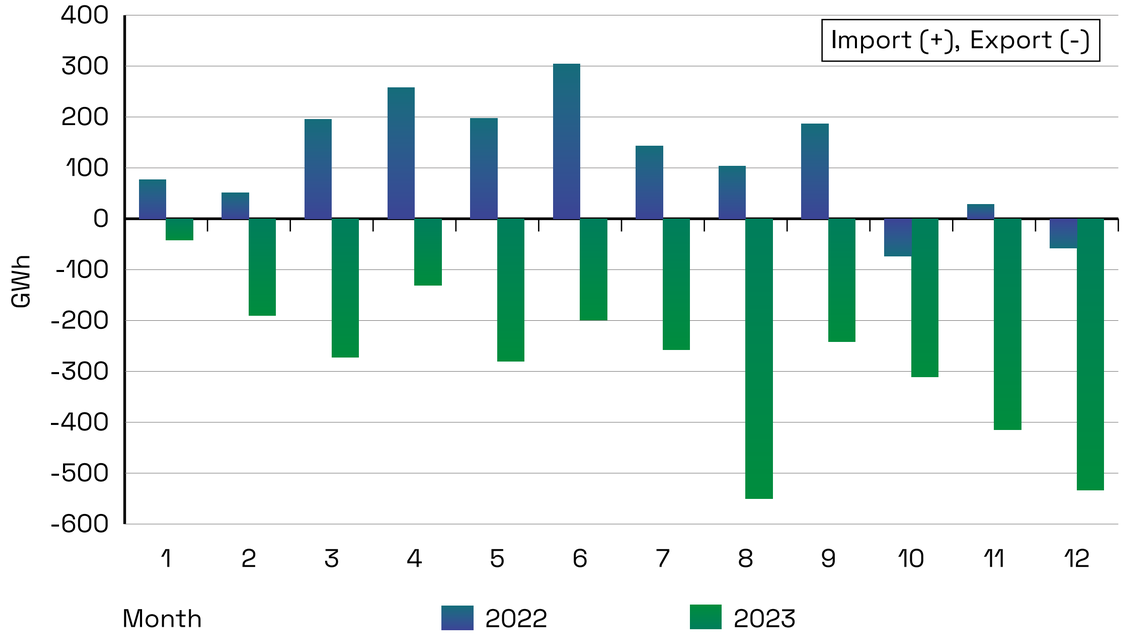
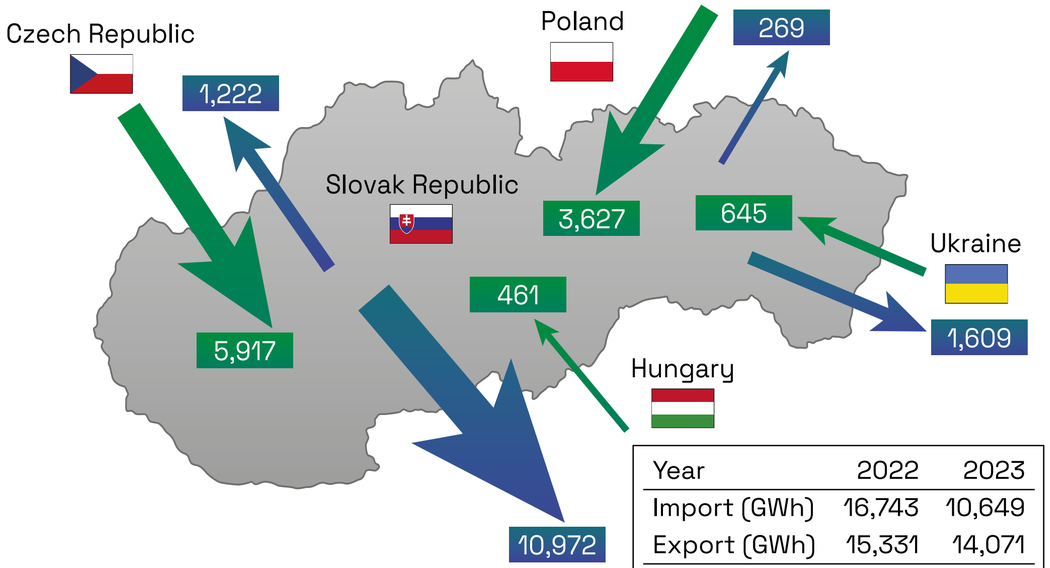


Chart 18: Measured Cross-Border Flows in Electricity in the ES SR in 2023 in GWh



Year	2022	2023
Import (GWh)	16,743	10,649
Export (GWh)	15,331	14,071
Balance	1,412	-3,422

Chart 19: Measured Cross-Border Flows in Electricity in the ES SR in the Period 2009 – 2023

Chart 20: Monthly Volumes of Procured RE for the ES SR in 2023

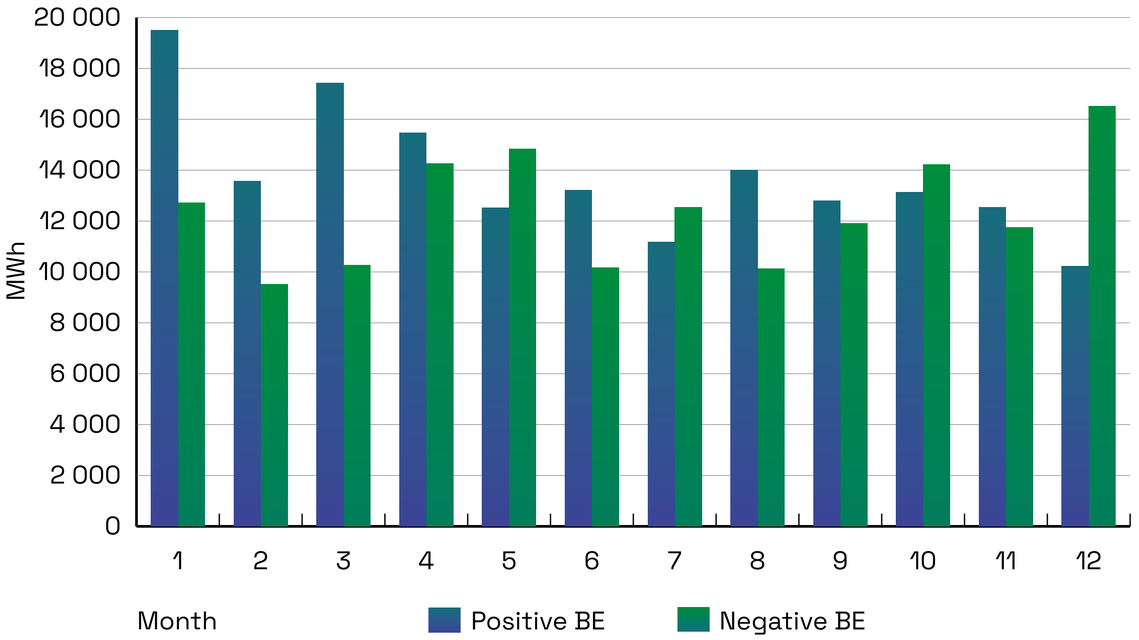


Chart 21: Share of Procured RE for the ES SR in 2023 (%)

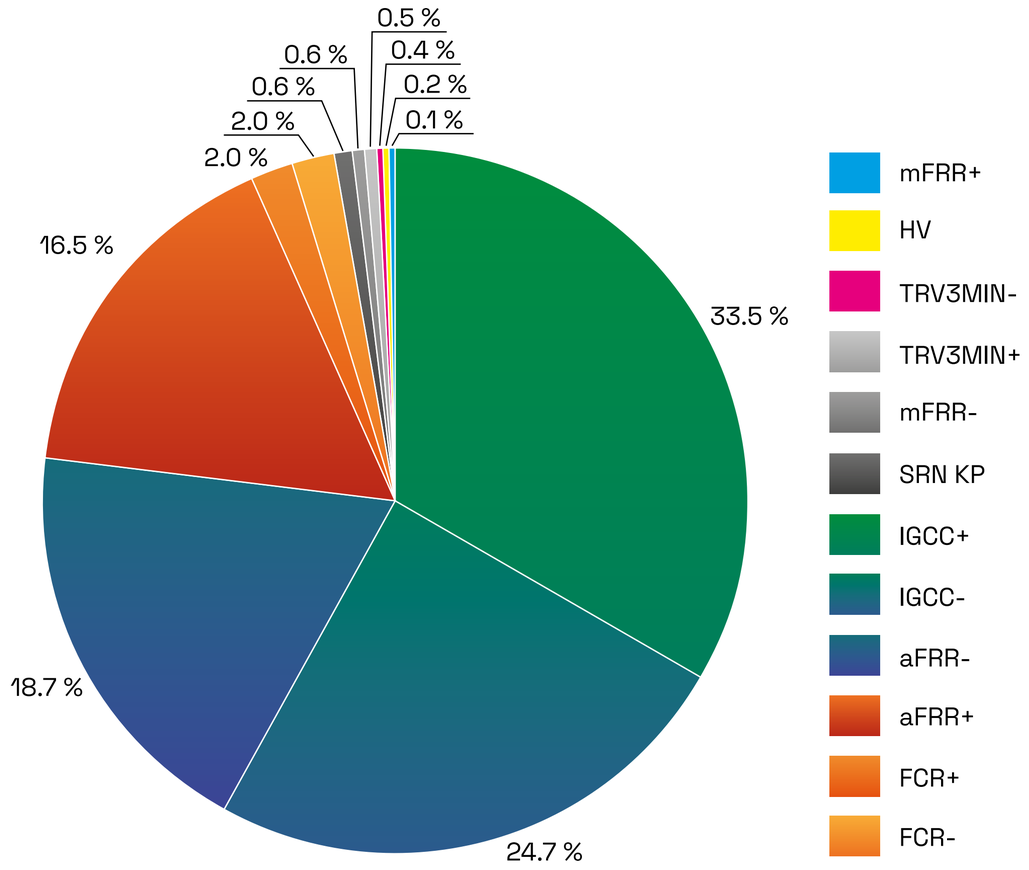
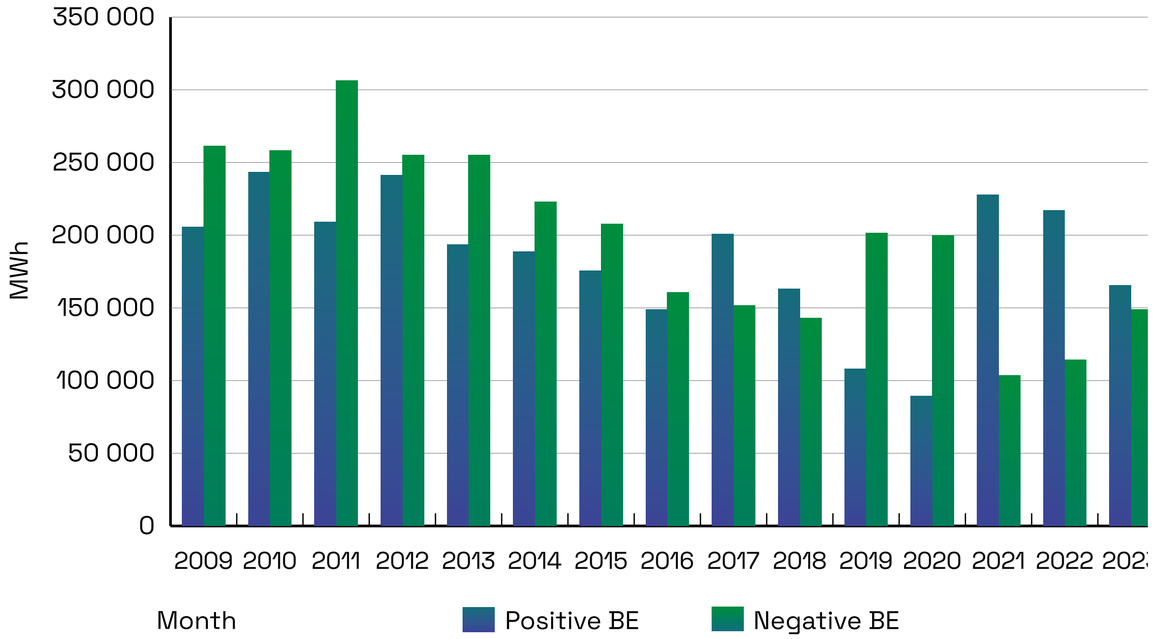


Chart 22: Annual Volumes of Positive and Negative Regulation Electricity in the Period 2009 – 2023



Slovenská elektrizačná prenosová sústava

SUBSIDIARY OKTE, a. s.

OKTE, a. s. (hereinafter referred to as “OKTE”) was established in 2010 and since then it has built-up a position of a significant entity on the Slovak market in electricity with broad coverage providing its services both for all entities operating on the market in electricity and various state administration bodies and other clients. OKTE took over from its sole shareholder, Slovenská elektrizačná prenosová sústava, a. s., the activities covering organization and evaluation of the short-term market in electricity and imbalance settlement to which activities in the field of guarantees for energy origin and data collection and processing were added. OKTE is an established entity on the energy market in compliance with the relevant international and national regulations.

Portfolio of Services

The OKTE position within the Slovak energy market is defined in the primary legislation, especially by Act No. 251/2012 Coll. on Power Engineering and on amendment of certain acts, as amended (hereinafter referred to as “Energy Act”), as well as by Act No. 309/2009 Coll. on Promotion of Renewable Energy Sources and High Efficiency Combined Generation and on amendment of certain acts, as amended (hereinafter referred to as “Act on RES Promotion”). Through the quality and level of the services provided, OKTE acquired a significant and credible position as a strong entity on the energy market during its existence.

The initial portfolio of the tasks and services provided by OKTE was significantly extended since the company establishment. Currently, this portfolio includes, except for organisation and evaluation of the organized short-term cross-border market in electricity and imbalance settlement and regulation electricity, as an initial package taken over from the parent company, also administration and collection of the measured data, central invoicing and other tasks in the section of renewable energy sources, especially organization and settlement of electricity generation support and registration, transfers and organization of the market including guarantees of origin for some energies (hereinafter referred to as “Guarantees of Origin”).

Upon performance of its activities, OKTE is a significant partner not only for individual market participants but also public administration authorities from among which OKTE closely cooperates, for example with the Ministry of Economy of the Slovak Republic or the Statistical Office of the Slovak Republic. As a regulated entity, its task is to cooperate with the Regulatory Office for Network Industries and other Slovak and foreign entities of either public or private character.

International Cooperation

Internationally, the year 2023 was a year in which OKTE continued in active participation in the cooperation among all Nominated Electricity Market Organisers (“NEMOs”) and Transmission System Operators (“TSOs”) under the new model established in 2022. The most important part of the cooperation was defending the interests of the Slovak business sector at the level of the central governing body, the Market Coupling Steering Committee (MCSC), which is responsible for making decisions on the organisation and development of single coupled markets in electricity in the EU. OKTE thus continued to fulfil the obligations imposed on it by European Commission Regulation No. 2015/1222 establishing a guideline on capacity allocation and congestion management in a qualified manner and with regard to the due representation of the views of Slovak market participants.

Furthermore, OKTE continued its activities as a member of the NEMO Committee, which brings together all NEMOs in the EU. Fulfilling the Committee’s objectives of ensuring organisation among all NEMOs and a unified approach towards other entities, OKTE, in a unified line with the other NEMOs, made submissions on upcoming changes to the European legislation with an impact on the energy market, they cooperated on the implementation of projects, and participated in the preparation of new market products for the short-term market.

From the point of view of activities in the field of renewable energy sources, the OKTE’s membership in the Association of Issuing Bodies – AIB is significant. The aforementioned membership helps the OKTE customers on the market with guarantees, since AIB facilitates European transfers of Guarantees of Origin and strives to harmonize the rules and procedures.

Moreover, further forms of international cooperation of OKTE include participation in the Europex association, cooperation with the association of the European transmission system operators (ENTSO-E) and with the Agency for Cooperation of Energy Regulators (ACER).

Transparency of the Wholesale Market

REMIT (Regulation on Wholesale Energy Market Integrity and Transparency) is the Regulation of

the European Parliament and of the Council (EU) No. 1227/2011 on Integrity and Transparency of the Wholesale Market in energy and implementing regulation of the European Commission No. 1348/2014 which impose an obligation to provide ACER with the information on contacts on wholesale markets in energy including instructions for trading on the participants of the wholesale market. From 20 August 2015, OKTE successfully operates so called registered reporting mechanism (RRM). At the same time, OKTE provides for mediation of data reporting on wholesale contracts on behalf of the transmission system operator and participants of the market in electricity and gas.

Development of the Subsidiary Company

Development of Information Technologies (IT)

Within the IT OKTE development, the steps supporting the change of the information system architecture were initiated in 2023. Their goal is redesign and upgrade of the IT architecture and infrastructure. The architecture change includes the following projects:

- EDC (Energy Data Center)
- Integration Platform Introduction

EDC

In 2023, further milestone in the EDC project was achieved. In 2023, Phase Zero of the project implementation was completed, while Phase One, which includes aggregation, accumulation, active consumers, energy communities and electricity sharing, core data, generation data, and metered data, was initiated. The EDC project focuses on suitable implementation, especially on the requirements for renewable sources integration resulting from so called EU Winter Energy Package in the field of new market in electricity design which sets up new activities and actors on the electro-energy market.

The EDC system addresses mainly the following areas:

- aggregation of flexibility,
- active consumers, energy communities and energy sharing,
- accumulation,
- administration of consumption and transfer sites core data,
- data from intelligent measuring systems (IMS) measurements,
- standard reports and statistical outputs,
- sharing of data on application of Guarantees of Origins for electricity from RES,
- sharing of data on electricity production including the data on generation from RES,
- documents for invoicing, clearing, central invoicing and imbalance settlement.

Integration Platform Introduction

The aim of the project is the implementation and development of an integration platform as a new key element in the OKTE application environment to ensure communication of all systems in accordance with the new IT architectural requirements emphasizing standardization, simplification and transparency of interfaces among the applications themselves as well as the interfaces made available to the market participants.

In 2023, all interconnections under the EDC project were successfully implemented.

Daily Imbalance Settlement

With effect from 1 October 2022, OKTE transited to daily financial imbalance settlement. No changes were applied to the imbalance settlement process itself. The change covered exclusively invoicing and financial settlement of imbalance settlement between OKTE and accounting entities. A significant change was implemented on 1 May 2023. It was the inclusion of prices from the intraday market in the determination of the imbalance clearing price.

Development of the Single Market in Electricity

Although OKTE did not launch any significant changes in 2023 compared to 2022 (Core FB MC projects were launched in 2022 and OKTE joined the Single European Intraday Market), the development of the single electricity market as such did not cease and progressed at a continuous and steady pace in the implementation and development of new trading options for participants in the cross-border day-ahead and intraday market in electricity within the European Union in the Slovak bidding

area, which are expected to be launched in the course of the year 2024.

OKTE has been intensively involved in the preparation and testing of the Intraday Auctions project, abbreviated as IDAs. This project is an extension of the ISOT trading platform with an emphasis on minimising interference in the current system. It is a part of the pan-European solution coordinated with the central Single Intraday Coupling (SIDC) project and is intended to expand electricity market trading opportunities across Europe, with the project launch scheduled to the second quarter of 2024.

The development of the market in electricity in 2023 did not lag behind the development of the day-ahead market. In particular, OKTE has been working on the preparation of the 15MTU project, which is dedicated to expanding the possibility of trading on the day-ahead market in 15-minute intervals in response to the needs of the energy market that has to adapt to new and significantly more dynamic production and consumption curves.

Development of Guarantees of Origin

In the course of 2023, following a request from AIB, the system for registration of Guarantees of Origin was upgraded from the v71 messaging scheme to the v80 scheme, allowing for the addition of compulsory and optional parameters to the Guarantee of Origin. In the last quarter of 2023, the Domain Protocol under which OKTE is certified in the EECS scheme was updated due to changes resulting from the implementation of the Guarantee of Origin issuance mechanism for other self-consumption of generators and the Guarantee of Origin issuance mechanism from nuclear sources.

Company Operation

Information Technologies

To ensure fulfilment of the main activities resulting from the legislation, OKTE operates

- the XMtrade®/ISO information system which contains the following components:
  - ISZO – imbalance biller information system,
  - ISOT – market organizer information system,
  - ISOM – information system of measurement operator,
  - ISCF – information system of central invoicing,
  - IMS – information system for intelligent measurement systems,
  - RRM – information system of registered reporting mechanism,
  - ISOZE – information system of renewable sources of electricity,
  - ISZPE – information system of Guarantees of Origin.
- EDC - Energy Data Centre information system.

Except for the aforementioned systems, OKTE uses also the SAP economic information system and the information system based on the Microsoft Office 365 services.

To provide for a trouble-free operation of systems and applications as well as sufficient capacities and calculation sources for the requirements concerning new projects launch, purchases of the necessary ITC commodities to ensure sufficient sources were executed in the course of 2023.

At the same time, in the course of 2023, the core elements of the TLC infrastructure in the OKTE's data centres were upgraded what increased reliability and permeability of the company's basic communication infrastructure.

Safety and Reliability, Fulfilment of ISO Standards

Also in 2023, OKTE was dedicated to strengthening and increasing protection and resilience of the information systems environment against current types of cyber-attacks. Security tools and modules have been successfully implanted to ensure the security of corporate data stored in the Microsoft 0365 cloud, as well as the security of devices accessing this corporate data. This complex of measures and activities guarantees protection of the data stored and processed in the OKTE's information systems against unauthorised access, damage, loss, misuse or theft.

OKTE has been responsibly dealing with the cyber security topic since its establishment. From 2015, OKTE is a certificate holder according to the ISO/IEC 27001:2013 standard which they successfully defended in 2023 again. This certificate confirms the OKTE Security Management System is compliant with the requirements of the standard for ISMS – Information Security Management System: ISO/IEC 27001:2013.

By obtaining and re-confirming the validity of the ISO/IEC 27001:2013 certificate, OKTE declares they comply with the demanding technical, legislative and procedural requirements in the field of Information Security Management.

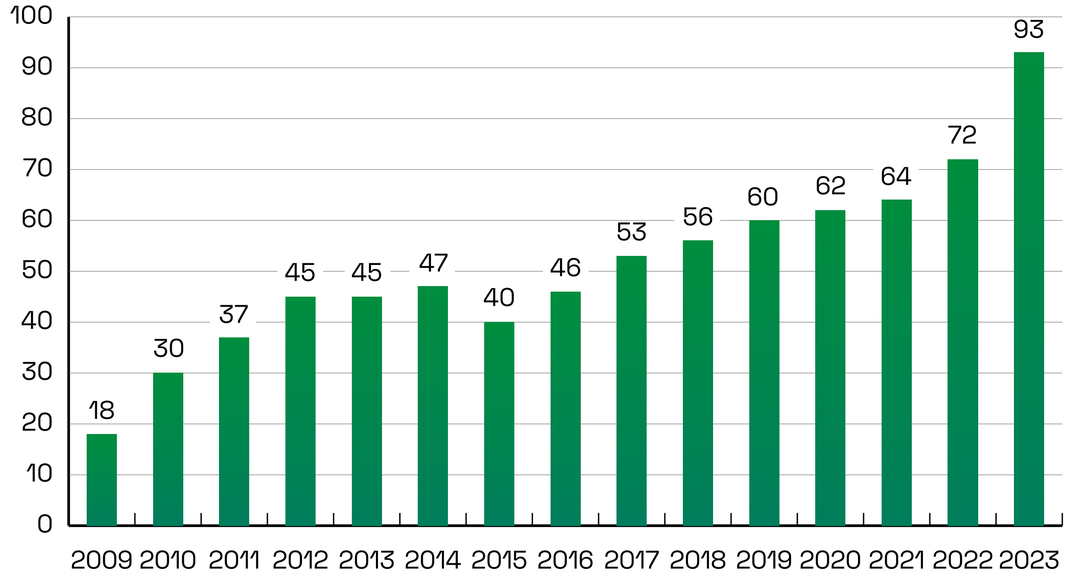
In addition to confirmation of the ISO/IEC 27001:2013 certificate, the certification audit result was also proving fulfilment of the requirements of the ISO/IEC 9001:2015 standard what significantly contributed to assuring the market participants on the quality of internal processes and the quality of outputs from the main information systems.

Organization of the Short-Term Cross-Border Market in Electricity

OKTE uses the ISOT information system designed especially for this activity for organization and evaluation of the short-term market.

In 2023, there were 93 participants registered in the ISOT information system.

Chart 23: Development of the Number of Registered Participants of the Organized Short-Term Cross-Border Market in Electricity from the Year 2009



Day-Ahead Market in Electricity

On the day-ahead market in electricity, the market participant may sell or purchase electricity anonymously for each out of 24 hours of the next business day. Order registration is performed on the previous calendar day preceding the business day by 12 p.m. The result of the order pairing for every hour is a fixed marginal price.

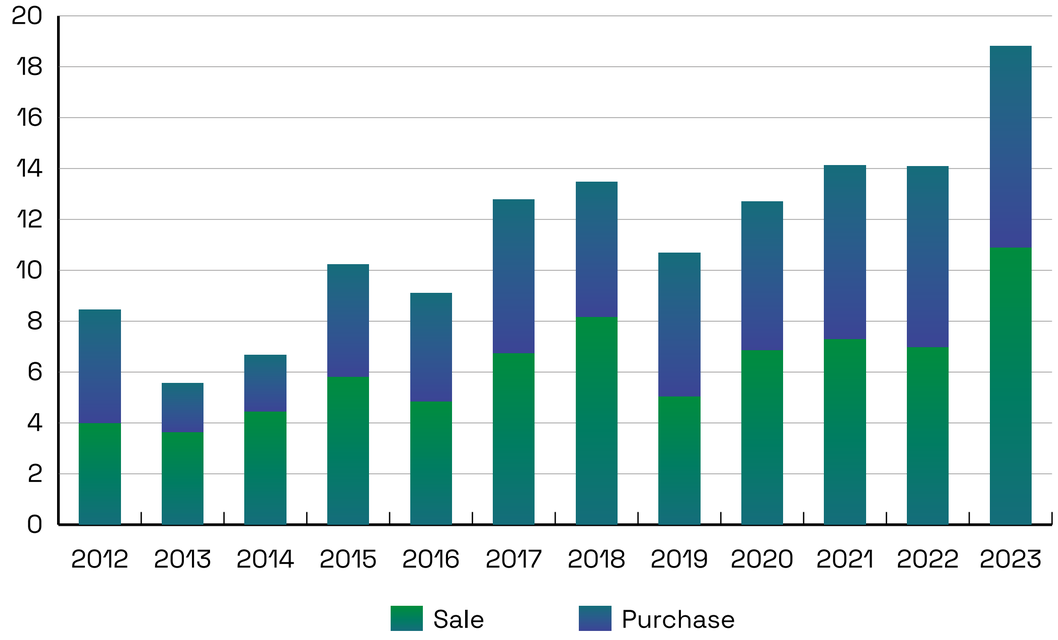
Average price of trades on the day-ahead market in 2023 was EUR 104.72.

The operation of the ISOT information system in 2023 was carried out in the Core Day-Ahead Flow-Based Market Coupling. Organization, evaluation, accounting, and settlement of the short-term market were carried out on a daily basis with the final monthly settlement.

In 2023, a record year was recorded with the largest traded volume of electricity on the short-term market in Slovakia within the day-ahead market since its establishment. The total amount of the traded electricity reached 18.82 TWh, which represents an increase of 4.73 TWh compared to 2022.

The traded amount of electricity for sale reached the level of 10.91 TWh and the traded volume of electricity for purchase reached the level of 7.91 TWh.

Chart 24: Development of the Total Traded Volume in TWh from y. 2012



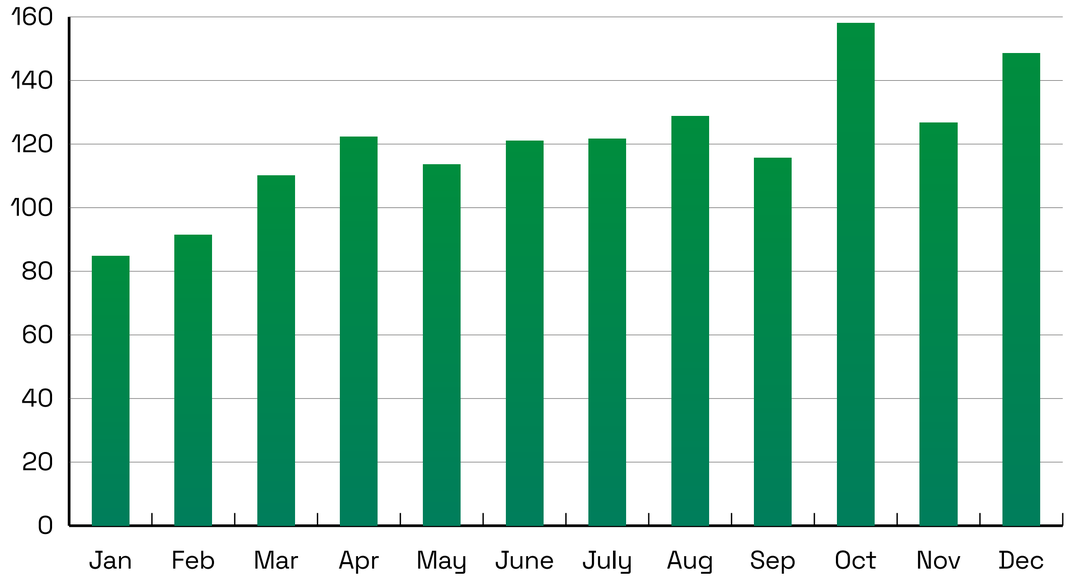
Intraday Market in Electricity

Within the interim intraday trading in the Slovak bidding area (hereinafter referred to as “Intraday Market”) which has been successfully operated by OKTE since 2016, the orders are received from the market participants continuously and they are gradually matched anonymously using the intraday market evaluation algorithm at the local level. From 30 November 2022, cross-border pairing of orders in the XBID mode (Cross-border Intraday Coupling) as well as order making in 60-minute and 15-minute resolution was allowed.

Electricity trading with supply in business periods of the business day commences at 3 p.m. of the calendar day prior to the business day. Termination of the intraday trading for every business period is 30 minutes prior to commencement of electricity supply in the respective business period. If it is a block order, termination of intraday trading is 30 minutes prior to commencement of electricity supply for the first business period from the respective block.

The volume of trades concluded in 2023 amounted to 1.44 TWh, almost a 4-time increase compared to 0.38 TWh in 2022, mainly due to connection to the European Single Intraday Coupling (SIDC) market. In 2023, the largest amount of electricity was traded in October, i.e. 158.10 GWh. The offered volume of electricity for purchase reached the value of 689.31 GWh and the value of 753.48 MWh for sale.

Chart 25: Traded Volume on Intraday Market in MWh in 2023

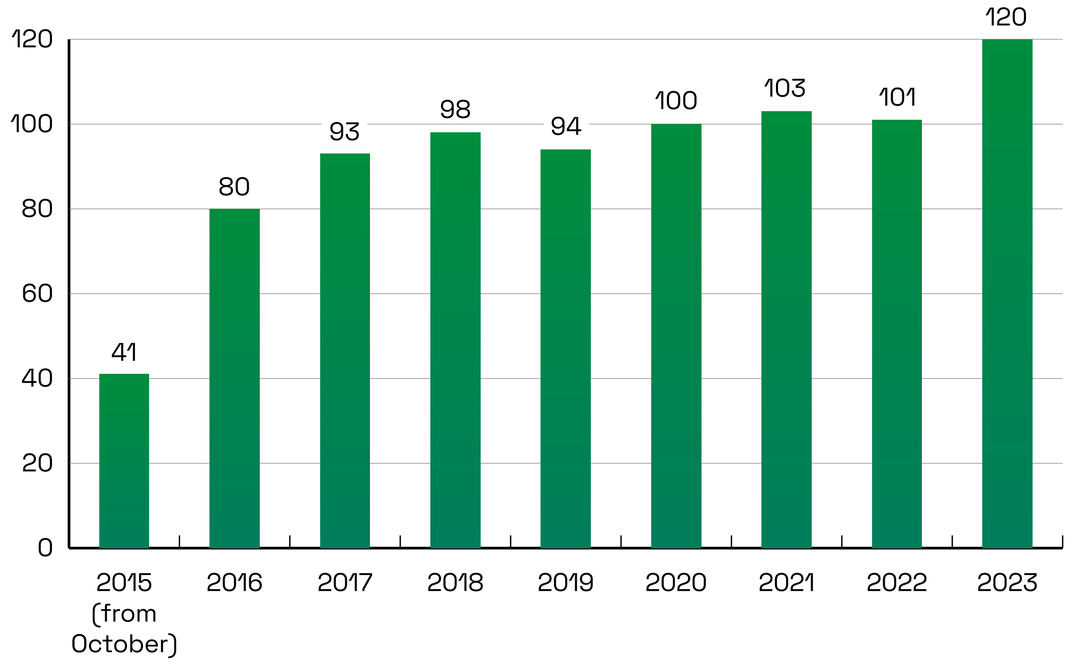


Notification of the Transactions Concluded on the Wholesale Market in Electricity and Gas – RRM

OKTE is registered in ACER for reporting transactions made in the ISOT information system, bilateral - OTC contracts and agreements of the transmission system operators and distribution system operators.

In 2023, there were 120 registered participants of the registered reporting mechanism (RRM) in the information system.

Chart 26: Development of the Number of Participants in RRM



Using the RRM portal, the user may see the current state of the report and download the ACER confirmation for registration of meeting the reporting obligation.
OKTE archives these reports and confirmations during the period of five years.

The RRM information system has web services established by means of which the system of the market participant may download the information on the state of individual reports as well as the confirmation of the report receipt.

Collection, Administration and Making the Measured Data Available and Central Invoicing of Fees

OKTE responsibly fulfils its legal obligations in the field of collection, administration and making available the measured data. Together with these services they perform also central invoicing of charges related to the system operation.
In this area, no significant changes occurred in 2023.

Administration and Collection of the Measured Data

Based on the legislation, electricity producers, system operators and operators of direct lines shall be obliged to access the OKTE information system and enter data into it and based on the Energy Act they shall be responsible for correctness, timely handover and completeness of the provided data. OKTE performs administration and collection of the measured data via the ISOM information system.

Within the ISOM information system, especially the following activities are performed by OKTE:

- registration of the market participants and their roles,
- registration of producers and production sites,
- registration of system operators and particular systems,
- registration of the consumer type,
- registration of consumption and transfer sites (OOM),
- registration of type diagrams of individual systems,
- receipt of measurements from system operators and producers and their publishing to the relevant market participants,
- calculation of the final consumption for the purposes of central invoicing,
- calculation and publishing of aggregates for the needs of imbalance evaluation and imbalance settlement,
- calculation and publishing of statistics pursuant to the valid legislation.

Using the IMS information system, end consumers have access to the measured data entered in the ISOM information system by the system operators.

Reference Database of the Measured Data

Based on the practise related to execution of management and collection of the measured data and central invoicing in the period between 2014 and 2023 it is obvious, the legislative environment and collaboration of the participants of the market in electricity is a key topic.

Thus to ensure unambiguity of the rights and obligations of individual market participants, OKTE submitted some measures in the Energy Act and Act on RES Promotion in regard to the changes in processes of data provision by electricity producers and formalization of the ISOM information system as a unified reference database of the measured data.

The proposed steps are directed towards elimination of current duplicities in provision of data on the market in electricity. The market participants and state authorities currently use the data within the unified reference database of OKTE, what simplifies the flow of data exchange, increases their quality and ensures reliable baseline documents for decision-making by state institutions and market participants.

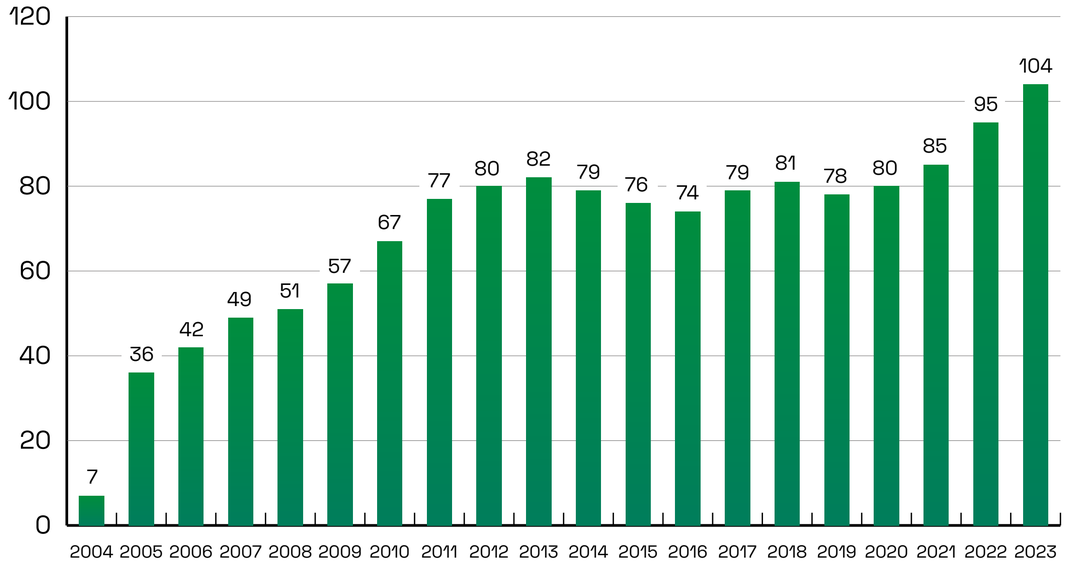
Imbalance Settlement and Settlement of Differences

In the course of 2023, there were 104 accounting entities of imbalance settlement registered in the ISZO information system. Imbalance settlement was carried out in the daily, monthly, and final cycle while the final imbalance settlement was performed two months after the end of the respective month. According to the amendment of the market rules, from 1 July 2023, decade cycles of imbalance evaluation were cancelled.

Furthermore, OKTE, performs evaluation and settlement of imbalances:

- among nomination and measured values of electricity demand and delivery with OOM not equipped with continuous metering,
- among the last known values of electricity losses in the system and the values of electricity losses in the system determined based on readings of specified meters if the operator of the respective system uses the specified meters without continuous record of values,
- among aggregated values of demands and deliveries in the local distribution systems used for the purposes of imbalance settlement and aggregated values of demands and deliveries in local distribution systems calculated after reading the specified meters if the calculation of the value of the total demand and delivery includes also values from consumption and transfer sites equipped with the defined meter without the continuous record of values.

Chart 27: Development of the Number of Accounting Entities from the Year 2004

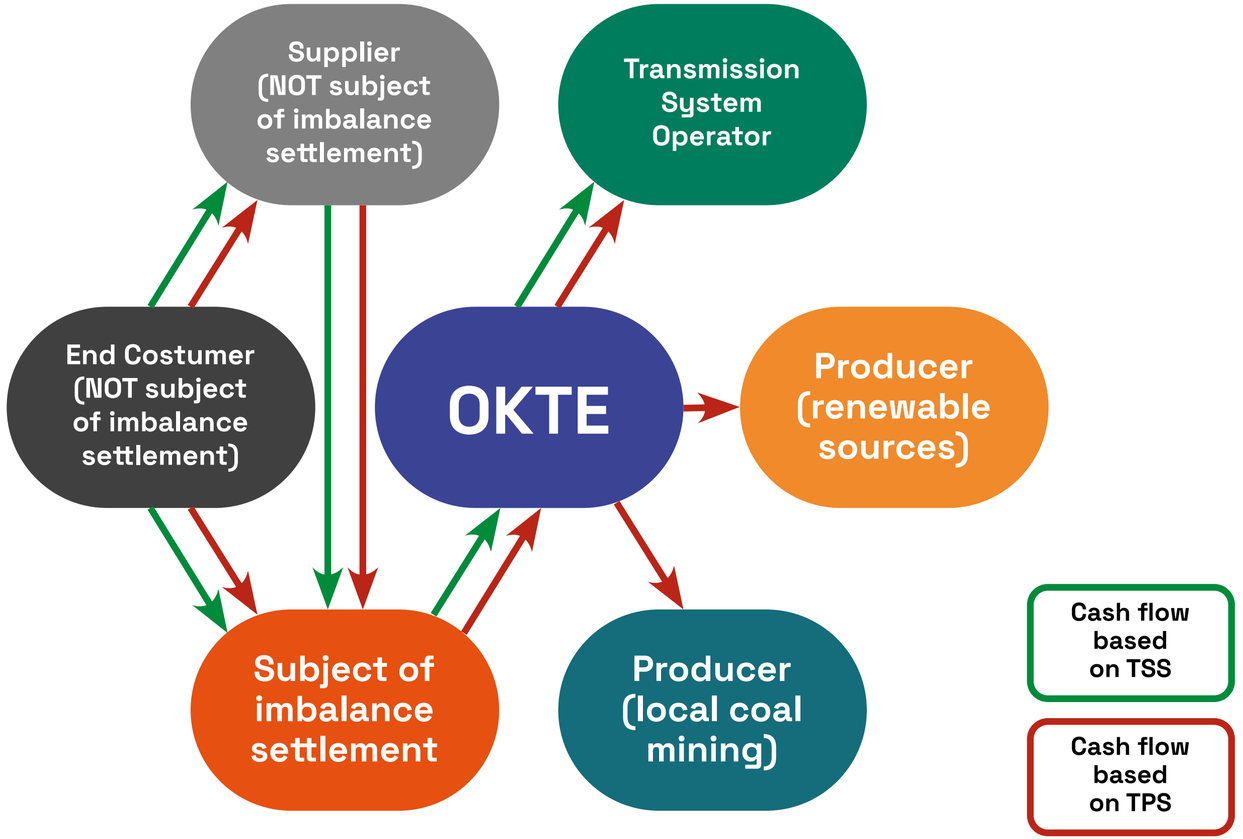


Settlement of imbalances is performed based on readings about which OKTE learnt by the date of the monthly imbalance settlements with the reading date not later than the end of the previous month which were not considered in the previous imbalance settlement and, concurrently, it is not correction of readings considered in any of the previous imbalance settlements. From 1 July 2023, there has been a change related to the new market rules for the settlement of differences for households, which are already settled at the price under the Government Regulation on the general economic interest.

Central Invoicing of Fees for System Services and Fees for the System Operation

OKTE using the ISCF information system performs invoicing of charges collected from the accounting entities and subsequent redistribution of these charges to their claimants. OKTE collects fees for the system services based on the tariff for system services (TSS) and fees for the system operation based on the tariff for the system operation (TPS). Within the ISCF system the sets are calculated and published serving as a basis for invoicing against the accounting entities on behalf of the participants of the market in electricity to which fees are paid under the respective tariff by the company. For the year 2023, a total of EUR 137,518,525 were invoiced through the ISCF system under the TSS tariff and EUR 317,434,886 under the TPS tariff.

Fig. 2: Model of Central Invoicing TPS (tariff for the system operation) and TSS (tariff for system services)



Organising and Settlement of Promotion of Electricity Production from RES and VÚKVET

From 1 January 2020, OKTE performs organising and settlement of promotion of electricity generation from renewable energy sources and electricity production by high efficiency combined generation of electricity and heat (VÚKVET) according to the special regulation and registration, transfers and organisation of the market including Guarantees of Origin of electricity from renewable energy sources and Guarantees of Origin of electricity generated by high efficiency combined generation according to the special regulation. Electricity producers are paid the promotion through surcharge for the actual amount of electricity generated from renewable energy sources or electricity produced by high efficiency combined generation, based on the data provided to the promotion biller under the contract on data provision and verified by the promotion biller in accordance with the Operation Rules of the promotion biller. In cooperation with the obliged purchaser they pay remuneration for electricity repurchase which the electricity generator entitled to promotion through repurchase and by assuming responsibility for imbalance supplied to the electricity purchaser under the contract on compulsory repurchase of electricity. The electricity purchaser is entitled to payment from the promotion biller for the activities related to electricity repurchase from electricity generators entitled to promotion and for the activities related to assuming the responsibility for imbalance on behalf of electricity generators entitled to promotion.

The situation on the market in electricity in 2023 resulted in the reduction of electricity prices on the day-ahead market compared to enormously high prices in 2022. The reduction in prices has been reflected in the amount of the aid paid in the form of an additional payment. The amount of the additional payment made was also influenced by the Government Decision No.39/2023, which granted a fixed price for the determination of the surcharge for y. 2023 in the amount of 232 €/MWh to biogas electricity generators.

Year	Electricity Amount for Surcharge (MWh)	Surcharge – Payment (€)
2020	5,193,210	467,519,480
2021	5,257,980	264,356,000
2022	3,965,418	26,137,109
2023	3,248,226	136,403,972

The situation in promotion by electricity repurchase and by assuming responsibility for imbalance in 2023 was marked by giving up this support scheme by generators. Outflow of producers was reflected in the lower volume of purchased electricity compared to the period 2020 – 2022.

The reduction in electricity prices on the day-ahead market was reflected in the repurchase system and the assumption of responsibility for imbalance in the minimisation of excess revenues from the repurchased electricity.

Year	Amount of Repurchased Electricity (MWh)	Repurchase – Payment (€)
2020	1,391,211	53,474,140
2021	1,368,300	116,253,500
2022	983,830	179,357,861
2023	731,792	64,789,356

Year	Over-Revenues of Electricity Repurchaser (€)
2020	0
2021	16,494,233
2022	77,227,599
2023	851,709

The aforementioned activities shall be performed in the IS OZE system (information system for renewable energy sources) which cooperates with ISOM, ISOT and ISZPE. The tables provide the number of facilities in division according to the type of generation entitled to promotion:

Number of Facilities Entitled to Surcharge According to Type of Electricity Generation	
Solar energy	2,006
Water power	184
Wind power	1
Combustion	244
Total generating facilities	**2,435**
Number of entities with a valid contract	**1,905**

Number of Facilities Entitled to Compulsory Repurchase According to Type of Electricity Generation	
Solar energy	1,878
Water power	85
Wind power	1
Combustion	81
Total generating facilities	**2,045**
Number of entities with a valid contract	**1,688**

Guarantees of Electricity Origin

From 2020, pursuant to the Act on Promotion of Renewable Energy Sources and using the ISZPE information system of Guarantees of Origin, OKTE performs registration and issuance of guarantees of electricity origin from renewable energy sources, electricity generated by high efficiency combined generation as well as electricity generated from nuclear power. There were a total of 66 active account holders with 9,519,303 MWh of guarantees issued in the ISZPE, of which 4,337,697 MWh were from nuclear sources what is a significant increase in volume against 2022. The number of the applied Guarantees of Origin reached the volume of 3,921,027 MWh. In the course of 2023, four auctions of the Guarantees of Origin were held with the total volume of sold guarantees of 732,484 MWh.

Number of account holders	66
Number of registered generating facilities	50
Volume of issued Guarantees of Origin [MWh]	9,519,303
Volume of exercised Guarantees of Origin [MWh]	3,921,027

Date of auction	Sold volume (MWh)
7.2.2023	190,053
2.5.2023	84,780
2.8.2023	195,807
6.11.2023	261,844

Reports on the Property State and Economic Results

In 2020 and 2021, OKTE fulfilled the conditions for compulsory recognition of the financial results according to the IFRS international standards pursuant to the Accountancy Act No. 431/2002 Coll., Art. 17a, par. 2. Since 2022 the financial results have been provided according to IFRS.

In the period from 1 January 2023 to 31 December 2023, OKTE reached the pre-tax economic result amounting to EUR 17.962 million (profit).
The pre-tax economic result of OKTE consists of two components. The first one is the economic result from operation and the second one is surplus in the promotion system for electricity generation from RES and VÚKVET. The 2023 economic result from operation amounts to EUR 3.131 million (profit). The surplus of funds in the promotion system in 2023 is EUR 14.833 million (profit).
The correction in the support system for electricity generation from RES and VUKVET (and the related accruals of revenues) for the year 2023 was reported in the amount of EUR 172.193 mil.

In 2023, OKTE reached the revenues from fees and tariffs for provision of regulated services at the level of EUR 14.013 million and operating costs of EUR 10.882 million. Personnel and information technology costs accounted for the largest share of operating costs.

Table 19: Key Indicators of OKTE Economic Result in 2022 and 2023

Key indicators	Economic Results in EUR in 2022	Economic Results in EUR in 2023	Change 2023/2022 in %	Share in revenues in %
Revenues	43,575,998	34,776,280	79.81	100.00
Other operating revenues	116,314	8,026	6.9	0.02
Material and energy consumption	52,567	36,535	69.50	0.11
Personnel costs	2,955,405	3,722,547	125.96	10.70
Costs of services	8,935,431	13,208,984	147.83	37.98
Amortization of long-term intangible assets and depreciation of long-term tangible assets	2,508,754	2,363,759	94.22	6.80
Other operating costs	783,445	650,475	83.03	1.87
Pre-Tax Economic Results from Operating Activity	**28,456,710**	**14,802,006**	52.02	42.56
Financial revenues	268,234	3,184,365	1,187.16	9.16
Financial costs	38,494	24,754	64.31	0.07
Pre-Tax Economic Results from Continuing Activities	**28,686,450**	**17,961,617**	62.61	51.65
Income tax	5,021,721	3,293,127	65.58	9.47
After-Tax Economic Results from Continuing Activities	**23,664,729**	**14,668,490**	61.98	42.18
Average number of employees	45	48	107	–

As of 31 December 2023, total assets of OKTE amounted to EUR 390.862 million of which current assets formed 97.9 % (EUR 382.469 million).
The amount of the current asset is influenced by the financial accounts amounting to EUR 187.704 million. This value covers surplus of funds in the system for RES and VÚKVET promotion as well as financial securities in the form of deposits within trading on the day-ahead market and imbalance settlement.

In the period from 1 January 2023 to 31 December 2023, the total invested amount was EUR 3.861 million what corresponded to fulfilment of the investment plan for the year 2023 in the amount of EUR 5.892 million at the level of 65.5 %. Comparison of the 2023 investment plan and actual fulfilment in 2023 reveals the significant changes in objective purpose of investments as well as the changes in the financial volumes allocated to individual investment topics. The changes, in particular, pertained to the construction of the Energy Data Centre (EDC) system and the related technical and data infrastructure, where the main investment activity was directed.
In 2023, investments were also made in the innovation of the system for market operator activities (ISOT) and in the innovation of the system for Guarantees of Origin of electricity (ISZPE).

Slovenská elektrizačná prenosová sústava

REPORT BY AN INDEPENDENT AUDITOR AND CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

INDEPENDENT AUDITOR'S REPORT

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

as at 31 December 2023

Slovenská elektrizačná prenosová sústava, a.s.

Group 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 Consolidated Financial Statements translated into English language.

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E-mail: office@tpa-group.sk, www.tpa-group.sk, ID: 36 714 879, VAT No.: SK2022294131
Recorded in the Commercial Register kept by the City Court Ba III., section: Sro, insert No. 43738/B.
Albania | Austria | Bulgaria | Croatia | Czech Republic | Hungary
Montenegro | Poland | Romania | Serbia | Slovakia | Slovenia

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INDEPENDENT AUDITOR´S REPORT

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

Report from the audit of consolidated financial statements

Opinion

1. We have audited the accompanying consolidated financial information of Slovenská elektrizačná prenosová sústava, a.s. and its subsidiary ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated income statement and consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes..

2. In our opinion, the consolidated financial statements present fairly in all material respects the financial position of the Group as at 31 December 2023 and its financial performance for the year then ended in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU.

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 consolidated financial information section, below. We are independent of the Group 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 Consolidated Financial Statements

4. The Statutory Representatives are responsible for the preparation and fair presentation of the consolidated financial information in accordance with the International Financial Reporting Standards ("IFRS") valid for preparation of balance sheet and income statement and for such internal controls as management determines necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. In preparing the consolidated financial information, management is responsible for assessing the Group'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 Group or to cease its operations, or has no realistic alternative but to do so.

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

Auditor's Responsibility for the Audit of the Consolidated Financial Information

5. Our responsibility is to obtain reasonable assurance about whether the consolidated financial information 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 consolidated financial information.

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

   - Identify and assess the risks of material misstatement in the consolidated financial information, 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 Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention, in our 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 Group to cease to continue as a going concern.
   - Evaluate the overall presentation, structure and content of the consolidated financial information, including the disclosures, and whether the consolidated financial information 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

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

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

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

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

   - The information presented in the consolidated annual report for 2023 is consistent with the consolidated financial statements for that year,
   - The consolidated annual report includes information required by the Act on Accounting.

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

Bratislava, 18 March 2024

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

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

Consolidated Financial Statements prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union for the year ended 31 December 2023

	Note	As at 31 December 2023	2022
ASSETS			
Non-current assets			
Property, plant and equipment	5	852 944	877 211
Intangible assets	6	30 558	27 148
Assets representing right of use	8	692	1 053
Other investment	7	631	631
Receivables	11	43 339	44 829
		928 164	**950 872**
Current assets			
Inventories	10	1 278	1 469
Trade and other receivables	11	117 209	103 924
Short - term financial assets	12	278 000	255 000
Cash and cash equivalents	12	378 682	514 030
Current income tax receivable		7 659	11 933
		782 828	**886 356**
Total assets		**1 710 992**	**1 837 228**
EQUITY			
Share capital and reserves attributable to equity			
Share capital	13	235 000	235 000
Legal reserve fund	13	40 204	29 690
Congestion income fund	13	73 545	58 255
Other reserves	13	198 924	198 924
Revaluation of financial investment		109	109
Gains or losses from revaluation of derivatives		-6 583	-1 710
Actuarial gains/loss		2 219	2 823
Revaluation reserve	13	72 326	83 846
Retained earnings	13	363 427	394 910
Total equity		**979 171**	**1 001 847**
LIABILITIES			
Non-current liabilities			
Finance lease liabilities	16	391	701
Grants and other deferred revenues	17	163 625	187 139
Deferred tax liability	18	68 851	66 885
Other long - term liabilities	14	2 159	0
Liabilities from derivative instruments	20	989	0
Provisions for liabilities and charges	19	6 332	3 775
		242 347	**258 500**
Current liabilities			
Bank loans	15	0	5
Finance lease liabilities	16	340	393
Trade and other payables	14	172 722	372 275
Grants and other deferred revenues	17	308 605	202 003
Liabilities from derivative instruments	20	7 344	2 165
Provisions for liabilities and charges	19	463	40
		489 474	**576 881**
Total liabilities		**731 821**	**835 381**
Total equity and liabilities		**1 710 992**	**1 837 228**

The notes on pages 5 to 68 form an integral part of these Consolidated Financial StaStements

	Note	Year ended 31 December 2023	2022
Revenues	21	881 618	454 563
Capitalized costs		1 273	1 004
Consumables and services	22	-710 518	-265 327
Personnel costs	23	-41 076	-34 561
Depreciation and amortization	5,6	-65 844	-68 836
Negative revaluation difference	5	-22	0
Other operating income	25	7 394	9 707
Other operating expense	24	-6 157	-4 073
Operating profit		**66 668**	**92 477**
Interest income	26	16 318	1 708
Interest expense	26	-67	-336
Other finance expense, net	26	-188	-256
Finance income/(expense), net		**16 063**	**1 116**
Profit before tax		**82 731**	**93 593**
Income tax expense	27	-20 669	-23 575
Profit for the year		**62 062**	**70 018**
Other comprehensive income			
Items that will not be reclassified:			
Retirement benefit-actuarial gains	19	-604	296
Gains or losses from revaluation of derivatives	20	-4 873	-1 710
Deferred tax from revaluation of property, plant and equipment	13	77	104
Total comprehensive income		**56 662**	**68 708**
Profit/loss attributable to:			
Owners of the parent company		62 062	70 018
Profit for the year		**62 062**	**70 018**
Total comprehensive income attributable to:			
Owners of the parent company		56 662	68 708
Total comprehensive income for the period		**56 662**	**68 708**

	Share capital	Legal reserve fund	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 2022	**235 000**	**27 338**	**178 145**	**0**	**109**	**2 527**	**0**	**96 382**	**393 638**	**933 139**
Net profit for the year 2022	0	0	0	0	0	0	0	0	70 018	70 018
Other comprehensive income	0	0	0	0	0	296	-1 710	-12 536	12 640	-1 310
Total comprehensive income for the year 2022	**0**	**0**	**0**	**0**	**0**	**296**	**-1 710**	**-12 536**	**82 658**	**68 708**
Allocation to Statutory fund (Note 13)	0	0	20 779	-20 779	0	0	0	0	0	0
Increase of the Share capital from the Capital fund from shareholder contribution (Note 13)	0	0	0	79 034	0	0	0	0	-79 034	0
Profit appropriation to Legal Fund (Note 13)	0	2 352	0	0	0	0	0	0	-2 352	0
Balance as at 31 December 2022	**235 000**	**29 690**	**198 924**	**58 255**	**109**	**2 823**	**-1 710**	**83 846**	**394 910**	**1 001 847**
Balance as at 1 January 2023	**235 000**	**29 690**	**198 924**	**58 255**	**109**	**2 823**	**-1 710**	**83 846**	**394 910**	**1 001 847**
Net profit for the year 2023	0	0	0	0	0	0	0	0	62 062	62 062
Other comprehensive income	0	0	0	0	0	-604	-4 873	-11 520	11 597	-5 400
Total comprehensive income for the year 2023	**0**	**0**	**0**	**0**	**0**	**-604**	**-4 873**	**-11 520**	**73 659**	**56 662**
Dividens paid (Note 13)	0	0	0	0	0	0	0	0	-79 338	-79 338
Increase of the Share capital from the Capital fund from shareholder contribution (Note 13)	0	0	0	15 290	0	0	0	0	-15 290	0
Profit appropriation to Legal Fund (Note 13)	0	10 514	0	0	0	0	0	0	-10 514	0
Balance as at 31 December 2023	**235 000**	**40 204**	**198 924**	**73 545**	**109**	**2 219**	**-6 583**	**72 326**	**363 427**	**979 171**

	Note	Year ended 31 December 2023	2022
Cash flows from opareting activities			
Profit before tax		82 731	93 593
Items adjusting profit before tax to net cash flow from operating activities:			
Depreciation of property, plant and equipment	5, 8	58 159	61 858
Amortization of intangible assets	6	7 685	6 977
Change in adjustments to assets	5	22	0
Change in adjustments to receivables	11	625	675
Profit from sale of property, plant and equipment	25	-535	-623
Interest income / expenses netto	16	-16 251	-1 372
Changes in provisions	19	2 980	-825
Other non-cash transactions		-16	-50
Changes in working capital:			
Inventory brutto		191	166
Trade and other receivables		-28 756	7 413
Short-term financial assets	12	-23 000	-255 000
Trade and other payables, deferred revenues		-84 577	268 770
Cash generated from operations		**-742**	**181 582**
Income tax paid		-14 008	-57 250
Interest received		11 033	461
Net cash generated from operating activities		**-3 717**	**124 793**
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets		-52 537	-43 603
Proceeds from sale of property, plant and equipment	24	688	636
Net cash used in investing activities		**-51 849**	**-42 967**
Cash flows from financing activities			
Proceeds / (repayment) of loans		-368	-5 339
Interest paid		-76	-338
Dividends paid	13	-79 338	0
Net cash used in financing activities		**-79 782**	**-5 677**
Net increase (+) / decrease (-) in cash and cash equivalents		**-135 348**	**76 149**
Cash and cash equivalents at the beginning of the year	12	**514 030**	**437 881**
Cash and cash equivalent at the end of the year	12	**378 682**	**514 030**

Slovenská
elektrizačná
prenosová
sústava

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