INDEPENDENT AUDITOR'S REPORT

on verification of annual 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.

Company seat:

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

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

Face to Face Business

C O N T E N T S

INDEPENDENT AUDITOR´S REPORT

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

Report from the audit of financial statements

Opinion

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

2. In our opinion, the financial statements present fairly in all material respects the financial position of the Company as at 31 December 2023 and its financial performance for the year then ended in accordance with International Financial Reporting Standards.

Basis for opinion

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

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

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

   - Identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than that for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, and / or the override of internal controls.
   - Obtain an understanding of the internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls.
   - Evaluate the appropriateness of accounting principles and policies used, the reasonableness of accounting estimates and the related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention, in our audit report, to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a fair presentation

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

Report on other requirements of Slovak Acts and other legal regulations

Report on information presented in the annual report

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

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

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

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

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

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

Bratislava, 13. March 2024

TPA

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

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

Slovenská elektrizačná prenosová sústava, a. s.

Individual financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union for the year ended 31 December 2023

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

Notes to the Financial Statements:

Statement of Financial Position as at 31 December 2023 prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union

(All amounts are in Euros unless stated otherwise)

	Note	As at 31 December 2023	2022
ASSETS			
Non-current assets			
Property, plant and equipment	5	852 368 929	876 726 033
Intangible assets	6	23 536 220	21 743 696
Assets representing right of use	8	353 576	511 374
Other investment	7	44 332 117	44 332 117
Receivables	11	43 313 150	44 802 898
		963 903 992	**988 116 118**
Current assets			
Inventories	10	1 277 578	1 469 171
Trade and other receivables	11	103 215 459	68 616 364
Short - term financial assets	12	278 000 000	255 000 000
Cash and cash equivalents	12	190 977 554	160 701 457
Current income tax receivable		6 418 287	10 215 361
		597 888 878	**496 002 353**
Total assets		**1 543 792 870**	**1 484 118 471**
EQUITY			
Share Capital and reserves			
Share Capital	13	235 000 000	235 000 000
Legal reserve fund	13	39 278 736	28 764 514
Capital fund from shareholder contributions	13	73 544 361	58 254 724
Other reserves	13	196 184 498	196 184 498
Revaluation of financial investment		109 020	109 020
Actuarial gains		2 218 532	2 823 082
Losses from revaluation of derivatives		-6 583 134	-1 710 138
Revaluation reserve	13	72 326 295	83 845 735
Retained earnings	13	348 754 932	371 242 530
Total equity		**960 833 240**	**974 513 965**
LIABILITIES			
Non-current liabilities			
Finance lease liabilities	16	275 936	372 413
Grants and other deferred revenues	17	162 682 697	175 755 734
Deferred tax liability	18	69 226 691	68 370 731
Other long - term liabilities	14	2 159 489	0
Liabilities from derivative instruments	20	989 267	0
Provisions for liabilities and charges	19	6 258 913	3 694 205
		241 592 993	**248 193 083**
Current liabilities			
Bank loans	15	34	5 341
Finance lease liabilities	16	112 305	176 414
Trade and other payables	14	201 537 521	81 882 899
Grants and other deferred revenue	17	131 910 298	177 141 873
Liabilities from derivative instruments	20	7 343 814	2 164 731
Provisions for liabilities and charges	19	462 665	40 165
		341 366 637	**261 411 423**
Total liabilities		**582 959 630**	**509 604 506**
Total equity and liabilities		**1 543 792 870**	**1 484 118 471**

	Note	Year ended 31 December 2023	2022
Revenues	21	663 881 951	408 216 313
Capitalized costs		1 273 333	1 004 165
Consumables and Services	22	-514 312 538	-253 567 731
Personnel costs	23	-37 353 354	-31 605 964
Depreciation and amortization	5,6,8	-63 503 749	-66 326 892
Other operating income	25	7 385 984	9 590 411
Other operating expense	24	-5 506 475	-3 289 747
Operating profit		**51 865 152**	**64 020 555**
Interest income	26	13 134 038	1 439 849
Interest expense	26	-58 489	-329 252
Other finance income/(costs)	26	23 493 348	58 566 078
Finance cost, net		**36 568 897**	**59 676 675**
Profit before tax		**88 434 049**	**123 697 230**
Income tax expense	27	-17 375 573	-18 555 015
Profit for the year		**71 058 476**	**105 142 215**
Other comprehensive income			
Retirement benefit-actuarial gains	19	-604 550	295 617
Gains or losses from revaluation of derivatives	20	- 4 872 996	-1 710 138
Deferred tax from revaluation of property, plant and equipment	13	76 701	103 277
Total comprehensive income		**65 657 631**	**103 830 971**
Profit/ loss attributable to:			
Owners of the parent		71 058 476	105 142 215
Profit for the year		**71 058 476**	**105 142 215**
Total comprehensive income attributable to:			
Owners of the parent		65 657 631	103 830 971
Total comprehensive income for the period		**65 657 631**	**103 830 971**

Statement of Changes in Equity for the year ended 31 December 2023 prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union

(All amounts are in Euros unless stated otherwise)

	Share capital	Legal reserve fund	Capital fund from shareholder contributions	Other funds	Congestion income fund	Revaluation of financial investment	Actuarial gains/loss	Gains or losses from revaluation of derivatives	Revaluation of property, plant and equipment fund	Retained earnings	Equity in total
Balance as at 1. January 2022	**235 000 000**	**26 930 570**	**0**	**175 405 425**	**0**	**109 020**	**2 527 465**	**0**	**96 382 309**	**334 326 205**	**870 680 994**
Net profit for the year 2022	0	0	0	0	0	0	0	0	0	105 142 215	105 142 215
Other comprehensive income	0	0	0	0	0	0	295 617	-1 710 138	-12 536 574	12 639 851	-1 311 244
Total comprehensive income for the year 2022	**0**	**0**	**0**	**0**	**0**	**0**	**295 617**	**-1 710 138**	**-12 536 574**	**117 782 066**	**103 830 971**
Dividends paid (Note 13)	0	0	0	0	0	0	0	0	0	0	0
Allocation to Capital Fund from shareholder contribution (Note 13)	0	0	0	0	79 033 797	0	0	-	0	-79 033 797	0
Profit appropriation to Legal Fund (Note 13)	0	1 833 944	0	20 779 073	-20 779 073	0	0	0	0	-1 833 944	0
Balance as at 31 December 2022	**235 000 000**	**28 764 514**	**0**	**196 184 498**	**58 254 724**	**109 020**	**2 823 082**	**-1 710 138**	**83 845 735**	**371 240 530**	**974 511 965**
Balance as at 1. January 2023	**235 000 000**	**28 764 514**	**0**	**196 184 498**	**58 254 724**	**109 020**	**2 823 082**	**-1 710 138**	**83 845 735**	**371 240 530**	**974 513 965**
Net profit for the year 2023	0	0	0	0	0	0	0	0	0	71 058 476	71 058 476
Other comprehensive income	0	0	0	0	0	0	-604 550	-4 872 996	-11 519 440	11 596 141	-5 400 845
Total comprehensive income for the year 2023	**0**	**0**	**0**	**0**	**0**	**0**	**-604 550**	**-4 872 996**	**-11 519 440**	**82 654 617**	**65 657 631**
Dividends paid (Note 13)	0	0	0	0	0	0	0	0	0	-79 388 356	-79 388 356
Profit appropriation to Legal Fund (Note 13)	0	0	0	0	15 289 637	0	0	0	0	-15 289 637	0
Profit appropriation to Statutory (Note 13)	0	10 514 222	0	0	0	0	0	0	0	-10 514 222	0
Balance as at 31 December 2023	**235 000 000**	**39 278 736**	**0**	**196 184 498**	**73 544 361**	**109 020**	**2 218 532**	**-6 583 134**	**72 326 295**	**348 752 932**	**960 831 240**

	Note	Year ended 31 December 2023	2022
Cash flows from operating activities			
Profit before tax		88 434 049	123 697 230
Items adjusting profit before tax to net cash flow from operating activities:			
Depreciation of property, plant and equipment	5,8	57 454 612	61 22 658
Amortization of intangible assets	6	6 026 511	5 104 234
Change in adjustments to assets	5	22 626	0
Change in adjustments to receivables	11	99 848	91
Profit from sales of property, plant and equipment	25	-530 233	-620 382
Income from dividends	26	-23 664 729	-58 790 250
Income interest netto	26	-13 075 549	-1 110 597
Change in provisions	19	2 987 208	-829 635
Changes in working capital:			
Inventory brutto		191 593	165 522
Trade and other receivables		-27 923 658	22 172 479
Short - term financial assets	12	-23 000 000	-255 000 000
Trade and other payables, deferred revenues		71 068 858	135 320 639
Cash generated from operations		**138 091 136**	**31 331 989**
Income tax paid		-11 189 779	-45 912 692
Interest received		7 848 501	199 733
Net cash generated from operating activities		**134 749 858**	**-14 380 970**
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		-49 241 497	-42 887 828
Proceeds from the sale of property, plant, equipment and intangible assets	25	674 555	626 132
Net cash used in investing activities		**-48 566 942**	**-42 261 696**
Cash flows from financing activities			
Proceeds / (repayment) of loans		-165 893	-5 746 269
Interest paid		-67 299	-338 465
Dividends income		23 664 729	58 790 250
Dividends paid	13	-79 338 356	0
Net cash used in financing activities		**-55 906 819**	**52 705 516**
Net increase (+) / (decrease) (-) in cash and cash equivalents		**30 276 097**	**-3 937 150**
Cash and cash equivalents at the beginning of the year	12	**160 701 457**	**164 638 607**
Cash and cash equivalents at the end of the year	12	**190 977 554**	**160 701 457**

1 General Information

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

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

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

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

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

The structure of the Company's shareholders as of 31 December 2023 was as follows:

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

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

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

The members of the Company's statutory bodies during the year ended 31 December 2023 were as follows:

Body	Function	Name	Term in office
Board of Directors	Chairman	Ing. Martin Magáth	From 23 November 2023
	Vice Chairman	Ing. Miloš Bikár, PhD.	From 23 November 2023
	Member	Mgr. Vladimír Stúpala	From 23 November 2023
	Member	Širanec Marián, MBA	From 23 November 2023
	Member	Mgr.Igor Gallo	From 1 December 2023
	Chairman	Ing. Jaroslav Vach, MBA	From 16 May 2023 to 22 November 2023
	Chairman	Ing. Peter Dovhun	From 13 February 2021 to 15 May 2023
	Vice Chairman	Širanec Marián, MBA	From 13 February 2021 to 22 November 2023
	Member	Ing. Miroslav Janega	From 13 February 2021 to 22 November 2023
	Member	Mgr. Martin Riegel	From 13 February 2021 to 22 November 2023
	Member	Ing. Jaroslav Vach, MBA	From 13 February 2021 to 15 May 2023
Supervisory Board	Chairman	Ing. Radovan Majerský, PhD.	From 23 November 2023
	Vice Chairman	JUDr. Pavol Kollár	From 23 November 2023
	Vice Chairman	Ing. Marek Šimlastík	From 8 September 2022
	Member	Ing. Ondrej Zaťko	From 23 November 2023
	Member	Ing. Ivan Kubaš	From 23 November 2023
	Member	Ing. Ľuboš Hučko	From 23 November 2023
	Member	JUDr. Eva Murinová	From 20 February 2020
	Member	Ing. Janíček Michal	From 21 April 2021
	Member	Ing. Vladimír Beňo	From 1 May 2021
	Member	Ing. Obžút Ľuboš	From 21 August 2022
	Chairman	Ing. Peter Habšuda	From 1 April 2021 to 22 November 2023
	Member	Ing. Peter Dragúň	From 1 April 2021 to 22 November 2023
	Member	PhDr. Ivan Pešout, PhD.	From 21 April 2021 to 22 November 2023
	Member	Juraj Mach	From 16 February 2021 to 22 November 2023
	Member	Ing, Marcel Klimek	From 15 May 2020 to 22 November 2023
	Member	Róbert Király	From 17 April 2020 to 22 November 2023
	Member	Ing. Milan Járas, PhD.	From 27 November 2020 to 22 November 2023
Executive management	General Director	Ing. Martin Magáth	From 23 November 2023
	General Director	Ing. Jaroslav Vach, MBA	From 16 May 2023 to 22 November 2023
	General Director	Ing. Peter Dovhun	From 13 February 2021 to 15 May 2023
	Managing Director of Economics	Ing. Miloš Bikár, PhD.	From 23 November 2023
	Managing Director of Economics	Ing. Peter Kalenčík MSc.	From 16 May 2023 to 22 November 2023
	Managing Director of Economics	Ing. Jaroslav Vach, MBA	From 16 February 2021 to 16 May 2023
	Managing Director of Operating	Mgr. Vladimír Stúpala	From 23 November 2023
	Managing Director of Operating	Ing. Miroslav Janega	From 16 February 2021 to 22 November 2023

Body	Function	Name	Term in office
Executive management	Managing Director of SED and Commerce	Širanec Marián, MBA	From 23 November 2023
	Managing Director of SED and Commerce	Ing. Silvia Čuntalová	From 2 March 2021 to 22 November 2023
	Managing Director of Development Capital, Investment and Procurement	in charge Ing. Martin Magáth	From 23 November 2023
	Managing Director of Development Capital, Investment and Procurement	Mgr. Martin Riegel	From 21 April 2020 to 22 November 2023
	Managing Director of ICT	in charge Ing. Miloš Bikár, PhD.	From 23 November 2023
	Managing Director of ICT	Juraj Saktor	From 10 August 2021 to 22 November 2023
	Managing Director of Management Support	Mgr.Igor Gallo	From 15 December 2023

The Company employed 567 personnel on average during 2023 (2022: 558), 5 of which were management (2022: 6).

Registered address and Identification number

Mlynské nivy 59/A
824 84 Bratislava
Slovak Republic

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

2 Summary of significant accounting policy

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

2.1. Basis for preparation

Legal reasons for preparing the Financial Statements:
The Company's Financial Statements at 31 December 2023 have been prepared as ordinary Financial Statements under § 17 (6) of Slovak Act No 431/2002 Coll. ("Accounting Act") for the accounting period from 1 January 2023 to 31 December 2023.

The Accounting Act requires the Company to prepare Financial Statements for the year ended 31 December 2023 in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU").

These financial statements have been prepared in accordance with IFRS as adopted by the European Union. The Company applies all IFRS and interpretations issued by International Accounting Standards Board (hereinafter "IASB"), as amended by the European Union, which were effective as of 31 December 2023.

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

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

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

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

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

The Financial Statements of the Company for the previous period were approved by the ordinary Annual General Meeting of the Company held on 26 May 2023.
These Financial Statements are prepared in Euros ("EUR").

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

The consolidated financial statements of the Company are included in the consolidated financial statements of the Ministry of Finance of the Slovak Republic, which are available for inspection at the headquarters of the consolidating accounting entity. The consolidated financial statements are also stored electronically in the Register of Financial Statements and accessible on the website www.registeruz.sk.

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

During the year ended 31 December 2023, the Company applied the following new and revised IFRS and IFRIC interpretations:

Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules - 'Pillar Two taxes

The relief is effective immediately upon issuance of the amendments on 23 May 2023 and applies retrospectively. Disclosure requirements, other than those about the relief, apply from 31 December 2023. No disclosures are required in interim periods ending on or before 31 December 2023.
'Pillar Two taxes' are taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The Pillar Two model rules aim to ensure that large multinational groups pay taxes at least at the minimum rate of 15 percent on income arising in each jurisdiction in which they operate by applying a system of top-up taxes.
There are three active mechanisms under Pillar Two model rules that countries can adopt: the income inclusion rule, the undertaxed payment rule and a qualified domestic minimum top-up tax. They are often referred to as 'global minimum top-up tax' or 'top-up tax'.

The amendments address stakeholders' concerns about deferred tax accounting in relation to the new top-up tax under IFRSs by

- providing entities with a temporary mandatory relief from deferred tax accounting for top-up tax; and
- requiring entities to provide new disclosures in relation to the top-up tax and the relief.

The amendments did not have a material impact effect on these financial statements when they were first applied.

"Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

The amendments narrow the scope of the initial recognition exemption (IRE) to exclude transactions that give rise to equal and offsetting temporary differences – e.g. leases and decommissioning liabilities. From this reason, the companies will have to recognise a deferred tax asset and a deferred tax liability on the temporary differences arising from the initial recognition of the lease and the provision for reinstatement.

The amendments did not have a material impact effect on these financial statements when they were first applied.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies

The amendments to IAS 1 require companies to disclose their material accounting policy information rather than significant accounting policies.
The management has reviewed the accounting policies and updated the disclosures in accordance with the amendments.

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

Effective for annual periods beginning on or after 1 January 2023. Early application is permitted.

The amendments introduced a definition of 'accounting estimates' and included other amendments to IAS 8 clarifying how to distinguish changes in accounting policies from changes in estimates. The distinction is important as changes in accounting policies are generally applied retrospectively while changes in estimates are accounted for in the period in which the change occurs.

The amendments did not have a material impact effect on these financial statements when they were first applied.

2.3. Investments

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

2.4. Foreign currency transactions and translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

2.5. Property, plant and equipment

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

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

The most significant part of property, plant and equipment is represented by the network. The network mainly includes power lines, pylons and switching stations. Useful life of networks assets varies between 5 and 60 years (2022: between 5 and 60 years).

(i) Revaluation of assets

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

Subsequently, the land, buildings, halls, lines and structures, machinery and equipment and other revalued assets reported in the balance sheet at revalued amount, which represents the fair value at the date of revaluation after deducting any subsequent accumulated depreciation and subsequent accumulated impairment losses. Other classes of property, plant and equipment are subsequently evaluated at historical acquisition costs less accumulated depreciation and accumulated impairment losses.

Revaluation is carried out by an independent expert. Revaluations are performed regularly in sufficient intervals (at least every five years), so that the carrying amount does not differ materially from the value, which would have been reported as at the balance sheet date using fair values.

(ii) Depreciation

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

	2023	2022
Buildings, halls, networks and constructions	10 – 60 years	10 – 60 years
Machines, equipment and vehicles	4- 50 years	4 - 50 years
Other property, plant and equipment	4 years	4 years

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

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

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

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

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

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

In accordance with IAS 36, as at the date of preparation of financial statements, an assessment of impairment indicators is made that would indicate the recoverable amount of property, plant and equipment would be less than its carrying value The discount rates used in calculating the present value of future cash flows comes from the position of the Company as well as from economic environment of the Slovak Republic as at the balance sheet date. In case the Company decides to stop the investment project or significantly delay its scheduled termination, it considers any reduction of its value and, where appropriate, record the impairment loss.

2.6. Intangible assets

The Company does not have intangible assets with indefinite useful lives. Intangible assets are amortized on the straight-line basis over their useful lives. The amortization of an intangible asset starts in the month when the intangible asset is put in use. Intangible assets are depreciated in line with the approved depreciation plan using the straight-line method. Monthly depreciation charge is determined as the difference between acquisition costs and residual value, divided by estimated useful life of the intangible assets. Residual value of intangible assets is assumed to be zero unless (a) there is a commitment by a third party to purchase the asset at the end of its useful life, or (b) there is an active market for the asset and residual value can be determined by the reference to that market and it is probable that such a market will exist at the end of the asset's useful life.

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

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

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

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

2.7. Financial assets

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

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

Management determines the classification of its investments at initial recognition.

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

Loans and receivables

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

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

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

2.8. Leases

a) Leases – IFRS 16

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

i. Leased asset (Company as a lessee)

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

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

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

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

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

2.9. Trade and other receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, net of provision for impairment.

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

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

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

2.10. Cash and cash equivalents

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

2.11. Share Capital

Registered shares are classified as Share Capital.

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

2.12. Current and deferred income tax

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

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

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

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

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

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

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

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

2.14. Borrowings

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

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

2.15. Provisions

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

Where there are number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be in a low value.
The amount recognized as a provision represents the best estimate of the expenditure required to settle the present obligation at the reporting date, i.e. the amount that the Company would rationally pay to settle the obligation. The estimate is determined by the judgement of the management and the Company's lawyers. The provision represents the individual most likely outcome as the best estimate of the liability.

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

2.16. Contingent liabilities

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

2.17. Trade payables

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

2.18. Employee benefits

The Company has both defined benefit and defined contribution plans.

Pension plans

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

Unfunded defined benefit pension plan

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

According to the Collective Agreement for the years 2023-2025, the Company was obliged in 2023 to pay its employees the following multiples of their average monthly salary upon early retirement pension, old-age pension or disability pension, depending on the number of years of service with the employer SEPS (the number of years of service with the predecessors of SEPS, i.e. prior to the date of January 21, 2002, is no longer taken into account as of January 1, 2023):

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

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

Other benefits

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

- A contribution in the amount of EUR 650 for an employee who reaches the age of 50 and 60 years (2022: 598 EUR)

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

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

The defined obligation is calculated annually by independent actuaries using the Projected Unit Credit Method. The present value of the defined benefit obligation is determined (a) by discounting the estimated future cash outflows using interest rates of government bonds which have terms to maturity approximating the terms of the related pension liability and (b) the attributing the calculated present values to the periods of Service based on the plan's benefit formula.
Actuarial gains and losses are recognized in equity as incurred. Past-service costs are recognized immediately as an expense, unless the changes to the pension plan are conditional on the employees remaining in the Service for a specified period of time (the vesting period). Otherwise, the past-service costs are amortized on a straight-line basis over the vesting period.

According to a decision published by the IFRS Committee during 2021, service costs are allocated from the date on which the employee is entitled to the benefit (criteria: length of service, condition of continuity, etc.).

Defined contribution pension plans

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

The Company makes contributions to the government health, retirement benefit, accidental and guarantee insurance and unemployment schemes at the statutory rates in force during the year, based on gross salary wages paid.
During the year, the company made contributions amounting to 35,2% (2022: 35.2%) of gross salaries up to a monthly salary ceiling, which is defined by the relevant law for such schemes together with contributions by employees of a further 13,4% (2022: 13.4%). The cost of these payments is charged to the Statement of Profit or Loss in the same period as the related salary cost.

In addition, with respect to employees who have chosen to participate in a supplementary pension scheme, the Company makes contributions to the supplementary scheme of 6% of the total of monthly wages, excluding severance payment and payments at retirement up to maximum of EUR 175.

Profit sharing and bonus plans

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

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

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

2.19. Revenue recognition

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

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

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

The revenue is recognized when the respective Service is rendered.

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

Dividend income is recognized when the right to receive the payment is established and inflow of economic benefits is probable.
Interest income is recognized in the period when it is earned on a time proportion basis using the effective interest method.

2.20. Dividend distribution

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

2.21. Hedging Accounting

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

Cash Flow Hedge

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve (line item "Gains or losses from revaluation of derivatives"), limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

If hedging of an expected transaction subsequently results in reporting of a financial asset or liability, the related profits or losses reported directly in other comprehensive income are reclassified in the profit and loss statement in the same period or in the periods during which the newly acquired asset or liability affects profit/loss. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

As of 31 December 2023, the Company classified all existing hedging relationships as cash flow hedges.

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

Hedge Termination

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

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

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

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

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

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

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

Effective for annual periods beginning on or after 1 January 2024. Early application is permitted.

The amendments affect only the presentation of liabilities in the statement of financial situation.

The amendments clarify that the classification of liabilities as current or non-current shall be based solely on the Entity's right to defer settlement at the end of the reporting period. The Company's right to defer settlement for at least 12 months from the reporting date need not be unconditional but must have substance.

The classification is not affected by management's intentions or expectations about whether and when the Entity will exercise its right. The amendments also clarify the situations that are considered settlement of a liability.
The Company does not expect the amendments to have a material effect on its financial statements when they are first applied.

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

Effective for annual periods beginning on or after 1 January 2024. Early application is permitted.

Amendments to IFRS 16 Leases impact how a seller-lessee accounts for variable lease payments in a sale-and-leaseback transaction. The amendments introduce a new accounting model for variable payments and will require seller-lessees to reassess and potentially restate sale-and-leaseback transactions entered into since 2019.

The amendments confirm the following:

- on initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction;
- after initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognises no gain or loss relating to the right of use it retains.

A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement.
These amendments do not change the accounting for leases other than those arising in a sale and leaseback transaction.

The Company does not expect the amendments to have a material effect on its financial statements when they are first applied.

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

Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of exchangeability

Effective for annual reporting periods beginning on or after 1 January 2025. Earlier application is permitted.

Under IAS 21 The Effects of Changes in Foreign Exchange Rates, a company uses a spot exchange rate when translating a foreign currency transaction. In some jurisdictions, no spot rate is available because a currency cannot be exchanged into another currency.

"IAS 21 was amended to clarify:
- when a currency is exchangeable into another currency; and
- how a company estimates a spot rate when a currency lacks exchangeability."

The amendments also include additional disclosure requirements to help users to assess the impact of using an estimated exchange rate on the financial statements.

The Company does not expect the amendments to have a material effect on its financial statements when they are first applied.

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements

Effective for annual periods beginning on or after 1 January 2024. Disclosure of comparative information for any reporting periods presented before, and information as at the beginning of, the annual reporting period in which the entity first applies those amendments is not required. Also, an entity is not required to disclose the information otherwise required by the amendments for any interim period presented within the annual reporting period in which the entity first applies those amendments. Early application is permitted.

The amendments introduce additional disclosure requirements for a company to provide information about its supplier finance arrangements that would enable users (investors) to assess the effects of these arrangements on the company's liabilities and cash flows, and the company's exposure to liquidity risk.
"The amendments apply to supplier finance arrangements (also referred to as supply chain finance, payables finance or reverse factoring arrangements) that have all of the following characteristics:
- a finance provider (also referred to as the factor) pays amounts a company (the buyer) owes its suppliers;
- a company agrees to pay under the terms and conditions of the arrangements on the same date or at a later date than its suppliers are paid;
- the company is provided with extended payment terms or suppliers benefit from early payment terms, compared with the related invoice payment due date."

However, the amendments do not apply to arrangements for financing receivables or inventory.

The Company does not expect the amendments to have a material effect on its financial statements when they are first applied.

3 Financial Risk Management

3.1. Financial risk factors

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

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

(i) Market risk

(a) Foreign exchange risk

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

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

	Liabilities as at		Assets as at	
	31 December 2023	31 December 2022	31. December 2023	31. December 2022
CZK	4 872	53	3 009	1 667

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

Based upon the sensitivity analysis of financial assets and liabilities recognized as of 31 December 2023, a 10 % strengthening/weakening, in the EUR against CZK would result in an increase/decrease in the Company's profit by 169 EUR. Management considers the risk is not significant as at reporting date.

(b) Price risk

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

(c) Operating risks - prices of Services

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

The year 2023 is part of regulatory period 2023 - 2028. During this regulatory period is used the determination of prices for access to the transmission system and electricity transmission based on the price cap and tariffs for losses and system Services are determined on the basis of maximum permitted costs. The main part of cost for the providing system Services are costs for support Services, and at the different types of the support Services sets maximum prices of purchased Services or the maximum allowable cost. Part of the cost for the providing of system Services is assured by payment of fixed prices for regulated electricity procured within the framework of the IGCC (International Grid Control Cooperation), which is used to prevent the supply of regulation electricity in opposite directions through the cross-border connections. Part of the cost of support services was included in the tariff for operating the system.

Since June 2022, the Company has been part of the single daily market Flow-Based Market Coupling project, which optimizes the daily European electricity market for 13 countries within the Core Capacity Calculation Region. Relevant revenues and costs of the Company consists of payments for electricity transmitted through the cross-border links within the interconnection of electricity markets.

Revenues of the Company consist primarily of revenues from tariffs determined by the Office in the respective resolutions (revenues from energy transmission and capacity reserves, revenues from losses in energy transmission, revenues from system Services and revenues from balancing energy acquired within the IGCC system) as well as revenues related to cross-border energy transmission, where the prices for the transmission are not determined by the Office (revenues from the settlement of cross-border transmissions between the operators of transmission networks within the ITC mechanism, revenues from transmission capacity auctions and revenues from MC). Based on the regulatory authority's price decisions for 2024, the revenues from IGCC, revenues from the ITC mechanism, and auction and MC revenues for 2023 were utilized to reduce regulated tariffs in 2024 or 2025. Additionally, the auction and MC revenues from 2022 were similarly used to lower tariffs in 2023.

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

At the end of 2023, the regulatory authority revised the cost structure for support services funded from the tariff for system operation (hereinafter referred to as TSO) and changed TSO to a negative value. As a result, the company incurred operating costs that were lower than the revenues from the positive TSO, which had been in effect since the beginning of 2023.

(d) Cash flow interest rate risk

The Company repaid the last loan with a variable rate on 3 December 2015. As of 31 December 2023 the Company did not have unpaid loan. For this reason, the Company is not exposed to interest rate risk in consequence of long- term loans.

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

(ii) Credit risk

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

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

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

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

Maximum exposure related to trade and other receivables is the nominal value of trade receivables adjusted by individual impairment of EUR 22 439 (Note 11). The Company created the impairment provision of EUR 205 000 for the expected loss on trade receivables that are not yet due after 31 December 2023 (2022: EUR 127 591).

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

		Balance as at 31 December	
Counterparty	**Rating**[2]	**2023**	**2022**
Banks[1]			
Všeobecná úverová banka, a. s.	A2	177 789 387	151 105 313
Tatra banka, a. s.	A2	88 880 129	109 235 007
Československá obchodná banka, a. s.	A2	70 028 462	40 061 691
Slovenská sporiteľňa, a. s.	A2	98 791 874	40 446 851
Štátna pokladnica	-	2 053	25 126 913
365 Banka, a. s. (Poštová banka, a. s.)	Ba1	2 712	85 876
UniCredit Bank Czech Republic and Slovakia, a. s. pobočka zahraničnej banky	A3	20 506 532	17 182 596
HypoVereinsbank	A2	12 881 370	32 385 185
Other	n/a	95 035	72 025
Total		**468 977 554**	**415 701 457**

[1] The amount of cash and short-term deposits at banks as at 31 December 2023 amounts to EUR 190 977 554 (2022: EUR 160 701 457). Short-term financial assets in the amount of EUR 278 000 000 as at 31 December 2023 represents deposits in banks with a commitment period of more than three months (2022: EUR 255 000 000). The Company has bank borrowings as at 31 December 2023 of EUR 34 (2022: EUR 5 341).
[2] The Company uses the independent rating of Moody's, Fitch Ratings and Standard & Poor's.

As a part of cash and cash equivalents, the Company reports bank accounts in the amount of EUR 9 344 287, which secure trading on the spot market and the commodity futures market in a form of variable collateral (2022: EUR 17 681 111).

(iii) Liquidity risk

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

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

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

Expected cash flow is prepared as follows:
- expected future cash inflows from main operations of the Company,
- expected future cash outflows securing operations of the Company and leading to settlement of all liabilities of the Company, including tax payables.

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

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

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

	Less than 1	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At 31 December 2023				
Bank loans	34	0	0	0
Finance lease	112 305	102 088	158 240	15 608
Trade and other payables excluding liabilities not falling under IFRS 7	195 296 271	2 159 489	0	0
Total	**195 408 610**	**2 261 577**	**158 240**	**15 608**
At 31 December 2022				
Bank loans	5 341	0	0	0
Finance lease	176 414	110 831	213 878	47 704
Trade and other payables excluding liabilities not falling under IFRS 7	75 727 111	0	0	0
Total	**75 908 866**	**110 831**	**213 878**	**47 704**

	Less than 1	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
As at 31 December 2023	0	989 267	0	0
Short term financial liabilities - hedging derivative Instruments	7 343 814	0	0	0
Total	**7 343 814**	**989 267**	**0**	**0**
As at 31 December 2022				
Short term financial liabilities - hedging derivative Instruments	2 164 731	0	0	0
Total	**2 164 731**	**0**	**0**	**0**

Fair value of a hedging derivative does not differ from its accounting value as of 31 December 2023 and 31 December 2022.

Overview of movements in liabilities from financing activities:

Liabilities from financing activities	**As at 31 December 2022**	**Cash-flow from financing activities**	**Other changes**	**As at 31 December 2023**
Bank loans	5 341	-5 307	0	34
Liabilities from lease	548 827	-160 586	0	388 241
Dividends	0	-55 673 627	55 673 627	0
Interests	0	-67 299	67 299	0
Total	**554 168**	**-55 906 819**	**55 740 926**	**388 275**

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

(iv) Commodity risk

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

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

Electricity Commodity Derivative Sensitivity Analysis

Sensitivity to Changes in Fair Value of Electricity

Electricity Commodity Derivatives	Net Fair value	Change
10% decrease	18 266 219	-2 273 972
Balance as at 31 December 2023	20 540 191	
10% increase	22 814 163	2 273 972

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

Sensitivity to Changes in Market Prices of Electricity

Electricity Commodity Derivatives	Net Fair Value	Change
10% decrease	18 486 172	-2 054 019
Balance as at 31 December 2023	20 540 191	
10% increase	22 594 210	2 054 019

Electricity Commodity Derivatives	Net Fair Value	Change
10% decrease	22 652 818	-2 516 980
Balance as at 31 December 2022	25 169 798	
10% increase	27 686 778	2 516 980

Effectivity of hedging is on the level of 100%.

3.2. Capital risk management

The Company's objectives of managing Capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of Capital. The Company's management manages shareholders' capital reported under IFRS adopted by the European Union at 31 December 2023 in value EUR 960 833 240 (2022 EUR 974 513 965).

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio.

The calculation of ratio is as follows:

	31 December 2023	31 December 2022
Total equity and liabilities	1 543 792 870	1 484 118 471
Equity (Note 13)	960 833 240	974 513 965
The ratio of Equity to Total liabilities and equity	62%	66%

The Company's strategy did not changed compare to 2022.

3.3. Fair value estimation

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

- Fair value of cash and short-term deposits, trading receivables, trading payables and other short-term liabilities are approximately equal to their accounting value, basically due to the short-term maturity of these Instruments.
- Long-term receivables with fixed or variable interest rate are assessed by the Company on the basis of parameters such as interest rates, risk factors specific for the given country, individual customer creditworthiness and the risk connected with the financed project. On the basis of such assessment, adjustments are used in accounting to cover expected losses from such receivables. As of 31 December 2023 and 31 December 2022, accounting value of receivables, after the adjustment is deducted, does not significantly differ from the fair value of such receivables.
- The fair value of quoted Instruments is based on bid prices as at the balance sheet date. Fair value of unquoted Instruments, bank loans and other financial liabilities, financial leasing liabilities and other non-financial liabilities is estimated by discounting any future cash flows using a rate that is currently available for loans with similar conditions, credit risk and remaining maturity.
- Fair value of financial assets intended for a sale is determined on the basis of market price quoted on active market, if any such price is available.
- Value of derivatives is determined using valuation techniques and inputs that can be observed on the market, primarily in the form of commodity futures. Valuation techniques that are used most often include the so-called forward valuation model.

Hierarchy of Fair Values

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

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

Fair value of financial Instruments is based on inputs other than their quoted market price at the date of preparation of the financial statements.

Accounting value of trading receivables and payables, after a deduction by adjustments, is approximately equal to their fair value.

Financial liabilities measured at fair value	31 December 2023	Level 1	Level 2	Level 3
Hedging derivatives	20 540 191	0	20 540 191	0

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

4 Critical accounting estimates and judgements

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

(i) Regulated revenues

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

The Company's revenues comprise primarily revenues from tariffs determined by the Office in the respective resolutions (revenues from energy transmission and capacity reserves, revenues from losses in energy transmission, revenues from system Services and revenues from balancing energy acquired within the IGCC system) as well as revenues related to cross-border energy transmission, where the prices for the transmission are not determined by the Office (revenues from the settlement of cross-border transmissions between the operators of transmission networks within the ITC mechanism, revenues from transmission capacity auctions and revenues from MC). Based on the regulatory authority's price decisions for 2024, the revenues from IGCC, the ITC mechanism, and auction revenues for 2023 were utilized to reduce regulated tariffs in 2024 or 2025. Additionally, the auction and MC revenues from 2022 were similarly used to lower tariffs in 2023.

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

(ii) Pension benefits

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

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

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

(iii) Revaluation of property, plant and equipment

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

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

	2023	**2022**
Buildings, halls, networks, constructions	10 – 60 years	10 – 60 years
Machinery, equipment and vehicles	4 - 50 years	4 - 50 years
Other non-current tangible assets	4 years	4 years

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

(iv) Impairment test

As of 31 December 2023, the Company performed a revaluation of the impairment losses for property, plant and equipment in accordance with IAS 36 on the basis of assessment of their future use, disposal or sale. The Company concluded that all assets used in the regulated activities relating to the transmission of electricity represent as a whole one cash generating unit. Based on the analysis, the Company concluded that the assets used for regulated activities related to electricity transmission are not impaired.

5 Property, plant and equipment

	Land (revaluated)	Buildings, halls and construction (revaluated)	Machinery and equipment** (revaluated)	Vehicles and other assets *** (cost))	Capital work in progress including advances (cost)	Total
At 1 January 2022						
Cost	16 140 375	582 090 179	201 187 673	145 581 922	14 117 154	959 117 303
Accumulated depreciation and impairment charges	0	-21 390 913	-4 482 553	-39 358 144	0	-65 231 610
Net book value	**16 140 375**	**560 699 266**	**196 705 120**	**106 223 778**	**14 117 154**	**893 885 693**
Year ended 31 December 2022						
Opening net book value	16 140 375	560 699 266	196 705 120	106 223 778	14 117 154	893 885 693
Additions	4 197 321	20 716 726	4 260 026	473 337	14 436 751	44 084 161
Transfers	0	3 384 373	6 879 269	764 362	-11 028 004	0
Disposals	-912	-209 901	-3 656	-406	0	-214 875
Depreciation charge	0	-22 557 600	-34 624 211	-3 847 135	0	-61 028 946
Net book value at the end of period	**20 336 784**	**562 032 864**	**173 216 548**	**103 613 936**	**17 525 901**	**876 726 033**
At 31 December 2022 after revaluation						
Cost	20 336 784	605 863 755	208 897 427	146 438 562	17 525 901	999 062 429
Accumulated depreciation and impairment charges	0	-43 830 891	-35 680 879	-42 824 626	0	-122 336 396
Net book value	**20 336 784**	**562 032 864**	**173 216 548**	**103 613 936**	**17 525 901**	**876 726 033**
At 31 December 2022 in historical costs						
Cost	13 052 736	790 662 879	551 476 566	35 212 430	17 525 901	1 407 930 512
Accumulated depreciation and impairment charges	0	-283 539 451	-335 447 579	-10 374 667	0	-629 361 697
Net book value	**13 052 736**	**507 123 428**	**216 028 987**	**24 837 763**	**17 525 901**	**778 568 815**
Year ended 31 December 2023						
Opening net book value	20 336 784	562 032 864	173 216 548	103 613 936	17 525 901	876 726 033
Additions	424 988	19 343 841	5 910 743	806 011	6 898 605	33 384 188
Transfers	682 951	781 310	2 435 770	332 150	-4 232 181	0
Disposals	0	-105 591	-198 888	-135 841	0	-440 320
Depreciation charge	0	-24 124 984	-29 270 632	-3 882 730	0	-57 278 346
Impairment charge	0	0	0	-22 626	0	-22 626
Net book value at the end of period	**21 444 723**	**557 927 440**	**152 093 541**	**100 710 900**	**20 192 325**	**852 368 929**

	Land (revaluated)	Buildings, halls and construction (revaluated)	Machinery and equipment** (revaluated)	Vehicles and other assets *** (cost))	Capital work in progress including advances (cost)	Total
At 31 December 2023 after revaluation						
Cost	21 444 723	625 580 162	213 199 921	147 025 267	20 192 325	1 027 442 398
Accumulated depreciation and impairment charges	0	-67 652 722	-61 106 380	-46 314 367	0	-175 073 469
Net book value	**21 444 723**	**557 927 440**	**152 093 541**	**100 710 900**	**20 192 325**	**852 368 929**
At 31 December 2023 in historical costs						
Cost	14 160 675	809 707 399	535 935 057	46 614 846	20 192 325	1 426 610 302
Accumulated depreciation and impairment charges	0	-301 521 393	-328 355 423	-28 575 271	0	-658 452 087
Net book value	**14 160 675**	**508 186 006**	**207 579 634**	**18 039 575**	**20 192 325**	**768 158 215**

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

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

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

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

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

As at 31 December 2023, the Company reassessed the impairment of property, plant and equipment in accordance with IAS 36 based on an assessment of their future use, disposal or sale. The Company has determined that all assets used in the regulated electricity transmission activities as a whole form a single cash generating unit. Based on the performed analysis, the company came to the conclusion that the assets used for regulated activities related to the transmission of electricity are not impaired.

As at 31 December 2023, the most significant items within property, plant and equipment represent: switching stations and administrative buildings in revalued net book value of EUR 380 100 995, in historical net book value of EUR 333 940 958 (2022: revalued net book value of EUR 408 291 494, historical net book value of EUR 352 288 025); transmission lines at revalued net book value of EUR 396 609 685, in historical net book value of EUR 368 098 630 (2022: revalued net book value of EUR 395 303 559, in historical net book value of EUR 362 986 674).

As at 31 December 2023, the Company assessed all internal and external indicators. The Company did not find any indicators that would require that the impairment test be carried out on a group of assets as of 31 December 2023.

Non-current assets under construction consists mainly of EUR 3 170 936 for a backup data centre in Podunajské Biskupice (2022: EUR 3 153 833), EUR 2 377 689 for 2x400kV line Bystričany - Horná Žďaňa (2022: EUR 2 292 852), EUR 1 575 072 for the 400/110 kV substation in Senica (2022: EUR 1 564 205), EUR 1 138 952 for changing the connection Fortischem, a. s. to ES Bystričany (2022: EUR 1 035 352), EUR 1 558 645 for the transition of ESt Sučany to remote control (2022: EUR 669 272 EUR). These assets are not available for use at the reporting date.

In 2023, borrowing costs are capitalized in accordance with accounting policies of the Company, borrowing costs EUR 0 (2022: EUR 0) as a part of the acquisition cost of non-current assets. The effective interest rate related to capitalization as of 31 December 2023 amounted 0% p.a. (2022: 0% p.a.).

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

	Land, buildings and structures	Plant, machinery and equipment	Total
As at 31 December 2023			
Cost	17 881 664	847	17 882 511
Accumulated depreciation	-2 169 439	-508	- 2 169 947
Net book value As at 31 December 2023	**15 712 225**	**339**	**15 712 564**
As at 31 December 2023			
Historical acquisition cost	24 670 269	8 468	24 678 737
Accumulated depreciation historical	-9 269 377	-8 468	-9 277 845
Net book value As at 31 December 2023	**15 400 892**	**0**	**15 400 892**
As at 31 December 2022			
Cost	17 781 261	0	17 781 261
Accumulated depreciation	-1 441 902	0	-1 441 902
Net book value As at 31 December 2022	**16 339 359**	**0**	**16 339 359**
As at 31 December 2022			
Historical acquisition cost	24 566 421	0	24 566 421
Accumulated depreciation historical	-8 581 398	0	-8 581 398
Net book value As at 31 December 2022	**15 985 023**	**0**	**15 985 023**

The Company also leases optic fibres and circuits. The value of such fibres and circuits is difficult to determine, as they are part of other assets that are used by the Company.
There are no restrictions of ownership relating to property, plant and equipment other than those disclosed in these Notes to the Financial Statements. No property, plant and equipment has been pledged.

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

The long-term tangible assets and planned investments, as well as the automatic coverage for new assets, are insured against damage or destruction due to natural events (such as disasters) in the amount of EUR 2 907 570 714. The long-term tangible assets are insured for damages caused by theft, burglary, robbery, theft during transportation of insured items, and vandalism, with coverage in amount of EUR 689 293. The machinery, equipment, devices, cables, and planned investments are insured under the machinery and equipment insurance (machine breakdown), with coverage up to EUR 175 035 329.

6 Intangible assets

	Software and other intangible assets	Intangible assets not yet in use	Total
At 1 January 2022			
Cost	62 340 863	5 842 454	68 183 317
Amortisation charge	-49 680 787	0	-49 680 787
Net book value	**12 660 076**	**5 842 454**	**18 502 530**
Year ended 31 December 2022			
Opening net book amount	12 660 076	5 842 454	18 502 530
Additions	8 328 806	16 594	8 345 400
Transfers	5 491 825	-5 491 825	0
Disposals	0	0	0
Amortisation charges	-5 104 234	0	-5 104 234
Closing net book value	**21 376 473**	**367 223**	**21 743 696**
At 31 December 2022			
Cost	76 152 338	367 223	76 519 561
Amortisation charges	-54 775 865	0	-54 775 865
Net book value	**21 376 473**	**367 223**	**21 743 696**
Year ended 31 December 2023			
Opening net book amount	21 376 473	367 223	21 743 696
Additions	5 598 858	2 220 177	7 819 035
Transfers	2 412	-2 412	0
Disposals	0	0	0
Amortisation charge	-6 026 511	0	-6 026 511
Closing net book value	**20 951 232**	**2 584 988**	**23 536 220**
At 31 December 2023			
Cost	81 753 607	2 584 988	84 338 595
Amortisation charges	-60 802 375	0	-60 802 375
Net book value	**20 951 232**	**2 584 988**	**23 536 220**

The Computer Software consists mainly of Software SAP, Software for registry and Damas Energy and MONARCH RIS SED. Net book value of SAP is EUR 178 601 (2022: EUR 253 181), remaining amortization period is 3 years. Net book value of Damas Energy is EUR 2 915 171 (2022: EUR 3 982 271), remaining amortization period is 3 years. Net book value of MONARCH RIS SED is EUR 915 558 (2022: EUR 4 170 365), remaining amortization period is 1 years.

Intangible assets not yet in use include EUR 248 500 for improvement of RIS safety (2022: EUR 248 500), EUR 1 197 774 for update and upgrade of MARI/PICASSO (2022: EUR 79 511), EUR 717 108 for upgrade of safety system (2022: EUR 0).

Internally generated intangible assets are immaterial.

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

7 Shares in subsidiaries and other investments

	Share in subsidiary accounting unit	Other equity interests	Total
At the beginning of the year 1 January 2023	**43 701 117**	**631 000**	**44 332 117**
Additions	0	0	0
Disposals	0	0	0
At the end of the year 31 December 2023	**43 701 117**	**631 000**	**44 332 117**

	Share in subsidiary accounting unit	Other equity interests	Total
At the beginning of the year 1 January 2022	**43 701 117**	**631 000**	**44 332 117**
Additions	0	0	0
Disposals	0	0	0
At the end of the year 31 December 2022	**43 701 117**	**631 000**	**44 332 117**

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

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

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

New allocation platform was established on 1 September 2015. Following the merger until the end of 2015, both agencies operated in parallel to ensure the uninterrupted implementation of monthly and daily auctions on all relevant borders. All acts and activities are fully moved to Luxembourg in the first quarter of 2016. For the year 2023 are not available data about equity and profit/loss yet. The Company does not expect that the investment is impaired.

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

TSCNET shareholders are also the organization's major customers. At present, the following 15 transmission system operators from eleven European countries are the organization's shareholders: 50Hertz (Germany), Amprion (Germany), APG (Austria), ČEPS (Czech Republic), ELES (Slovenia), HOPS (Croatia), MAVIR (Hungary), PSE (Poland), SEPS (Slovakia), Swissgrid (Switzerland), TenneT (Germany), TenneT (Netherlands), TransnetBW (Germany) and Transelectrica (Romania). For 2023, data on equity and profit or loss is not yet available. The Company does not expect any impairment of the investment.

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

In the case of compensation of loss from Other capital funds, the Company waived the right to pay out back Other capital funds from OKTE, a. s., as it is possible in the case of Other capital funds. For this reason, the assets of the Company decreased and this was accounted as a write-off of the value of the financial investment in the amount of EUR 90 946 198 as of 31 December 2021.

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

8 Assets representing the right of use

Company as lessee

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

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

	Land, buildings and structures	**Machines and equipment**	**Total**
As at 1 January 2023	**71 278**	**440 096**	**511 374**
Additions	18 469	0	18 469
Adjustments due to contract modifications	5 154	-5 154	0
Depreciation	-33 545	-142 722	-176 267
Disposals	0	0	0
As at 31 December 2023	**61 356**	**299 220**	**353 576**

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

9 Financial Instruments by category

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

As at 31 December 2023	Financial assets at fair value through profit or loss	Financial assets - carried at amortized cost	Total
Assets as per Statement of Financial Position			
Trade receivables (before impairment provision)		37 385 607	37 385 607
Other receivables	0	650 170	650 170
Variable collateral from commodity futures	0	7 143 506	7 143 506
Short-term financial asset	0	278 000 000	278 000 000
Cash on bank accounts and cash in hand	0	190 977 554	190 977 554
Total	**0**	**514 156 837**	**514 156 837**

As at 31 December 2023	Financial liabilities at fair value through equity	Financial liabilities at fair value through profit and loss	Other financial liabilities - carried at amortized cost	Total
Liabilities as per Statement of Financial Position				
Trade and other payables	0	0	186 682 455	186 682 455
Received guarantees	0	0	9 925 665	9 925 665
Payables due to employees	0	0	1 282 390	1 282 390
Social security	0	0	1 281 054	1 281 054
Liabilities from derivatives	8 333 081	0	0	8 333 081
Other payables	0	0	847 640	847 640
Bank loans	0	0	388 275	388 275
Total	**8 333 081**	**0**	**200 407 479**	**208 740 560**

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

	Financial liabilities at fair	Other financial liabilities -

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

10 Inventories

	As at 31 December 2023	2022
Materials and spare parts	1 277 578	1 139 584
Goods	0	329 587
	1 277 578	**1 469 171**

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

In 2023, a property held for sale, valued at 329 587 EUR as of 31 December 2022, was sold. This property was accounted for in expenses in amount of EUR 329 587 and in revenues in amount of EUR 329 587 as of 31 December 2023. In the Statement of Profit or Loss, both costs and revenues are presented in net value.

11 Trade and other receivables

	As at 31 December 2023	2022
Current receivables and prepayments:		
Neither past due nor impaired trade receivables	37 161 175	58 863 757
Past due but not impaired trade receivables	201 993	6 513
Individually impaired receivables	22 439	22 744
Trade receivables (before provision for impairment)	**37 385 607**	**58 893 014**
Less: Provision for impairment of receivables	-227 439	-127 591
Trade receivables – net	**37 158 168**	**58 765 423**
VAT – receivable	41 352 219	1 028 187
Grant claims	3 194 651	774 720
Prepayments	17 735	5 307
Provided guarantee	5 500 000	5 500 000
Other receivables	650 170	539 050
Variable collateral from spot trades	7 143 506	0
Prepaid expenses and accrued income	8 199 010	2 003 677
Other receivables – net	**66 057 291**	**9 850 941**
Total trade and other receivables	**103 215 459**	**68 616 364**

	As at 31 December 2023	2022
Long-term receivables:		
Financial collateral for commodity futures	867 240	0
Entitlement to a subsidy	42 445 910	44 802 898
Total long-term receivables	**43 313 150**	**44 802 898**

Short-term financial guarantees from commodity futures in the amount of EUR 7 143 506 are provided prepayments related to commodity futures settlements during the year 2024 as at 31 December 2023 (2022: liability from received advances in amount EUR 1 097 340).
Long-term financial guarantees from commodity futures and spot trades is in the total amount of EUR 867 240 as at 31 December 2023 (2022: EUR 0). As of 31 December 2023, hedging of trading on the commodity futures market and the spot market is carried out through bank accounts that fulfil the function of short-term hedging (Note 3.1).
All fees related to EEX exchange trading are covered through the clearing account maintained by the clearing bank, namely UniCredit Bank Czech Republic and Slovakia, a. s.. This account is also used for exercising financial settlement of purchase financial products at the EEX exchange. In relation to the future contracts in question, the parties apply exclusively a financial settlement, no commodity is supplied. Financial settlement is carried out on ongoing basis (on a daily basis), i.e. using a variable margin. Settlement is performed through ECC (European Commodity Clearing AG) clearing centre. Losses are covered from the initial deposit. In case that the level of the deposit gets under a certain amount, it must be supplemented.

Long-term receivables include the amount of EUR 1 079 061 related to the refinancing of costs of Capital construction within the Podunajské Biskupice power station incurred by Západoslovenská distribučná, a. s. (2022: EUR 1 079 061), the amount of EUR 4 269 000, of which the short-term part is EUR 0, related to the refinancing of costs of Capital construction within the Senica power station incurred by Západoslovenská distribučná, a. s. (2022: EUR 4 269 000), the amount of EUR 1 309 037, of which the short-term part is EUR 0, related to the refinancing of costs for the construction in the electrical station in Stupava (2022: EUR 1 309 037), the amount of EUR 15 455 217, of which the short-term part is EUR 774 720 related to the refinancing of costs for the construction in the electrical station in Vajnory (2022: EUR 16 229 937), the amount of EUR 2 280 996, of which the short-term part is EUR 0, related to the refinancing of costs of Capital construction within the Est Bystričany power station incurred by Fortischem, a. s. (2022: EUR 2 124 875) the amount of EUR 1 788 229, of which the short-term part is EUR 0, related to the refinancing of the costs of Západoslovenská distribučná, a. s. for investment construction in the power station in Križovany (2022: EUR 1 788 229), the amount of EUR 2 988 753, of which the short-term part is EUR 0, related to the refinancing of the costs of Duslo Šaľa, a. s. for investment construction in the power station in Križovany (2022: EUR 2 988 753), and the amount of EUR 13 256 128, of which the short-term part is EUR 2 419 931, related to the Danube InGrid grant (2022: EUR 15 788 726) and the amount of EUR 19 489, of which the short-term part is EUR 0, related to the refinancing of the construction costs of the V429 and V448 lines under the Life Danube project (2022: EUR 0). The Danube InGrid project is the result of cooperation between the Company, Západoslovenská distribučná a.s., and the Hungarian distribution system operator E.ON Észak-dunántúli Áramhálózati Zrt. PCI projects are key infrastructure projects aimed at interconnecting European energy systems and achieving the EU's energy and climate goals.

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

	As at 31 December 2023	2022
Receivables within due date	37 161 175	58 863 757
Overdue receivables	224 432	29 257
Total	**37 385 607**	**58 893 014**

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

	As at 31 December	
	2023	**2022**
OKTE, a. s.	13 276 709	16 039 198
Slovenské elektrárne, a. s.	393 795	299 556
Západoslovenská distribučná, a .s.	3 144 109	2 819 750
Stredoslovenská distribučná, a. s.	1 836 051	1 831 582
Východoslovenská distribučná, a. s.	1 447 693	1 305 114
ČEPS, a. s.	96 408	69 762
MAVIR	5 659 955	5 111 599
Joint Allocation Office, SA	3 101 739	18 764 768
Other	8 204 716	12 622 428
Neither past due nor impaired trade receivables	**37 161 175**	**58 863 757**

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

As at 31 December 2023 trade receivables of EUR 201 993 (2022: EUR 6 513) were past due but not impaired. Their ageing analysis is as follows:

	As at 31 December	
	2023	**2022**
1 to 90 days	201 993	5 078
91 to 180 days	-	1 435
Total past due but not impaired trade receivables	**201 993**	**6 513**

The balance of trading receivables as at the end of period includes overdue receivables of the carrying value of EUR 201 993 (2022: EUR 6 513) for which the Company has not created adjustments, as no significant changes in the credibility of debtors have occurred and therefore the receivables are still deemed recoverable. The company has created an adjustment of EUR 205 000 to cover overdue trade receivables, which as not individually impaired as of 31 December 2023 (2022: EUR 105 000).

The Company recorded no collateralized receivables.

As at 31 December 2023, trade receivables of EUR 22 439 (2022: EUR 22 744) were individually impaired. As at 31 December 2023, the Company recorded an impairment provision of EUR 22 439 (2022: EUR 22 591).

The ageing of these receivables is as follows:

	As at 31 December	
	2023	**2022**
Od 181 to 360 days	0	0
Over 361 days	22 439	22 744
Total individually impaired receivables	**22 439**	**22 744**

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

	2023	2022
At the beginning of the year	127 591	127 500
Additional provision for receivables impairment	100 000	91
Release of unused provision	0	0
Receivables written -off during the year as uncollectible	-152	0
At the end of the year	**227 439**	**127 591**

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

12 Cash and cash equivalents

	As at 31 December 2023	2022
Cash at bank and in hand	95 034	50 367 957
Short-term bank deposits	190 882 520	110 333 500
	190 977 554	**160 701 457**

At 31 December 2023 cash and cash equivalents were fully available for the Company's use.

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

	As at 31 December 2023	2022
Cash and bank balances and deposits with original maturities of less than three months:	190 977 554	160 701 457
	190 977 554	**160 701 457**

The carrying amounts of cash and cash equivalents as of 31 December 2023 are not substantially different from their fair value. The maximum exposure to credit risk is limited by the carrying value of cash and cash equivalents.

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

As at 31 December 2023, the Company had deposits in banks with a commitment period longer than three months in the amount of EUR 278 000 000 (2022: EUR 255 000 000) recognised as current financial assets.

13 Shareholder's Equity

As of 31 December 2023, the registered capital consisted of 235 bearer shares at a nominal value of EUR 1 000 000 (2022: 235 bearer shares at a nominal value of EUR 1 000 000). The Company has no subscribed capital that has not been entered in the Commercial Register. Shares are associated with equal rights. Legal reserve fund has not attained the minimum amount of mandatory contribution under Commercial Code as of 31 December 2023, due to the fact that the registered capital was increased during the year 2021.

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

Legal reserve fund is obligatorily created from profit of the Company in accordance with the Slovak. According to the Commercial Code, the Company is obliged to create a legal reserve fund in the amount of 10% of the share capital at the time of the incorporation of the Company. This amount must be increased annually by at least 10 % from net profit, until the legal reserve fund achieves 20% of the share capital. Use of this fund is restricted under the Commercial Code only to cover losses of the Company and it is not a distributable reserve. Legal reserve fund amounted to EUR 39 278 736 as of 31 December 2023 (2022: EUR 28 764 514).

Other capital reserves comprise statutory fund of EUR 196 184 498 to finance capital expenditure activities (2022: EUR 196 184 498), congestion revenue fund of EUR 73 544 361 (2022: EUR 58 254 724) and differences from revaluation of assets in amount of EUR 72 326 295 (2022: EUR 83 845 735). The company contributed from the undistributed profit to the congestion income fund in the amount of EUR 15 289 637 EUR in 2023.

The statutory fund to finance future Capital expenditures is used to accumulate internal funds of the Company allocated from profit dedicated to cover future Capital expenditures. The rules for the use of funds allocated to the statutory fund for Capital expenditures are governed by the general financing principles of the Company in relation to Capital expenditures, and by the acquisition guidelines. Funds in the statutory fund for financing Capital expenditures are accumulated from the amounts allocated to the statutory fund based on the decision of General Meeting. In 2023, the Company contributed to this fund the amount of EUR 0 from the congestion income fund (2022: EUR 20 779 073).
All shares are associated with the same rights for shareholders.

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

	2023
Opening amount	83 845 735
Revaluation surplus reclassified to retained earnings as of 31 December 2023	-14 678 661
Deferred tax on revaluation surplus as of 31 December 2023	3 082 520
Deferred tax related to special levy from business activities in regulated sectors	76 701
At the end of the period	**72 326 295**

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

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

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

The General Meeting held on 26 May 2023 approved the Financial Statements for 2022. In 2023 were approved dividends for financial year 2022 in the amount of EUR 337 610,03 (rounded) per share at the nominal value of EUR 1 000 000 (in 2022: dividends were not approved for financial year 2021).

The profit for the year 2022 in amount of EUR 105 142 215 was distributed as follows:

	2022 profit distribution	**2021 profit distribution**
Dividends	79 338 356	0
Appropriation to the Legal Fund	10 514 222	1 833 944
Transfer to retained earnings	15 289 637	16 505 499
Total	**105 142 215**	**18 339 443**

The Company's retained earnings (including profit for the current accounting period and revaluation surpluses reclassified to retained earnings) as of 31 December 2023 amounted to EUR 348 754 932 (2022: EUR 371 242 530).

As at the date of authorization of these Financial Statements for issue, the statutory body has not yet proposed the distribution of profit for 2023.

14 Trade and other payables

	As at 31 December	
	2023	**2022**
Trade payables	184 522 966	66 591 042
Received guarantees	9 925 665	7 155 108
Payables due to employees	1 282 390	1 396 114
Social security	1 281 054	850 272
Accrued personnel expenses	3 275 200	3 441 967
Social fund	402 606	467 435
Other payables	847 640	1 980 961
Total	**201 537 521**	**81 882 899**

	As at 31 December	
	2023	**2022**
Other non-current liabilities		
Received long-term advances	2 159 489	0
Total non-current liabilities	**2 159 489**	**0**

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

Trade liabilities include the amount of EUR 467 814 relating to deliveries for investment actions not invoiced as of 31 December 2023 (2022: EUR 1 085 874).

No payables are secured by a lien or other collateral.

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

	As at 31 December	
	2023	**2022**
Payables not yet due	200 529 820	81 416 482
Overdue payables	1 007 701	466 417
Total	**201 537 521**	**81 882 899**

Social fund

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

	2023	**2022**
Opening balance at 1 January	**467 435**	**319 898**
Appropriations expensed	1 049 174	1 083 462
Usage	-1 114 003	-935 925
Closing balance at 31 December	**402 606**	**467 435**

15 Bank loans

	As at 31 December	
	2023	**2022**
Current portion of bank loans	34	5 341
Total	**34**	**5 341**

The maturity of bank loans is as follows:

Maturity	As at 31 December 2023	2022
Short term portion of bank loans	34	5 341
Long term portion of bank loans		
1 - 5 years	0	0
Over 5 years	0	0
Total	**34**	**5 341**

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

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

	2023	2022
Bank loans	0,00%	0,00%

Structure of bank loans as at 31 December 2023 is as follows:

Bank/Creditor	Type	Currency	Amount in EUR as at December 2023	2022	Interest rate % p. a.	Maturity	Collateral	Part due in next 12 months	Part due after 12 months
Credit card Tatra Banka, a. s.	operating	EUR	34	5 341	X	January 2024	0	34	0
Total	X	X	34	5 341	X	X	X	34	0

16 Lease payables

	As at 31 December 2023	As at 31 December 2022
Long term		
Long term portion of lease	275 936	372 413
	275 936	**372 413**
Short-term		
Short term portion of lease	112 305	176 414
	112 305	**176 414**

Overview of movements of leasing liabilities during the period:

As at 31 December 2021	**824 976**
Cost interests	10 371
Increases (+)/ Decreases (-)	-75 430
Payments for rents	-211 676
As at 31 December 2022	**548 241**
Cost interests	10 200
Increases (+)/ Decreases (-)	19 227
Payments for rents	-189 427
As at 31 December 2023	**388 241**

The maturity of lease payables is as follows:

	As at 31 December 2023	2022
Less than one year	112 305	176 414
1 - 5 years	260 328	324 709
More than 5 years	15 608	47 704
Total	**388 241**	**548 827**

17 Grants and deferred revenues

Deferred revenues include the following items:

Deferred revenues	As at 31 December 2023	2022
EBRD grant Križovany – long-term portion (a)	6 929 109	7 418 841
– current portion (a)	489 733	489 733
EBRD grant Lemešany – long-term portion (b)	26 058 787	27 370 080
– current portion (b)	1 292 777	1 301 376
EBRD grant Bystričany – long-term portion (c)	47 607 762	49 603 019
– current portion (c)	1 940 139	1 891 968
US Steel – long-term portion (d)	2 454 781	2 649 456
– current portion (d)	198 492	202 309
EU TEN-E – long-term portion (e)	573 604	602 294
– current portion (e)	28 690	28 690
E.On – long-term portion (f)	1 841 176	1 941 974
– current portion (f)	100 798	100 797
Slovenské elektrárne, a. s. – long-term portion (g)	2 068 189	2 216 044
– current portion (g)	147 856	149 500
EU TEN-E – long-term portion (h)	625 110	653 509
– current portion (h)	28 399	28 399
EU TEN-E – long-term portion (i)	1 568 136	1 633 450
– current portion (i)	65 314	65 314
EU TEN-E – long-term portion (j)	1 802 368	1 869 442
– current portion (j)	67 074	67 074
Západoslovenská distribučná - Stupava– long-term portion (k)	3 530 051	3 650 235
– current portion (k)	120 183	120 183
Východoslovenská distribučná – long-term portion (l)	3 122 841	3 294 311
– current portion (l)	171 365	171 260
INEA Veľký Meder – long-term portion (m)	321 965	333 602
– current portion (m)	11 637	11 637
INEA Rimavská Sobota – long-term portion (n)	573 229	591 333
– current portion (n)	18 104	18 104
Západoslovenská distribučná - Podunajské Biskupice– long-term portion (o)	2 792 457	2 863 994
– current portion (o)	71 537	71 537
Západoslovenská distribučná - Senica– long-term portion (p)	4 269 000	4 269 000
– current portion (p)	0	0
Fortischem – long-term portion (q)	3 419 948	3 160 227
– current portion (q)	0	0
INEA Danube InGrid – long-term portion (s)	15 814 307	15 820 436
– current portion (s)	0	17 150
Západoslovenská distribučná - Vajnory– long-term portion (t)	16 229 937	16 229 937
– current portion (t)	0	0
1Západoslovenská distribučná – Križovany – long-term portion (u)	1 788 229	1 788 229
– current portion (u)	0	0
Duslo, a. s. - Križovany– long-term portion (v)	2 988 756	2 988 753
– current portion (v)	0	0
EK Life Danube – long term position (v)	18 659	0
Current position (v)	693	0
Others – long-term portion (x)	16 284 296	24 807 568
– current portion (x)	127 157 507	172 406 842
Total	**294 592 995**	**352 897 607**

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

The amount of EUR 7 418 842 (2022: EUR 7 908 574) was recognized in deferred revenue related to the grant.

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

b)
On 18 December 2007 the Company concluded a grant contract with the European Bank for Reconstruction and Development (EBRD), under which the EBRD undertook to provide a grant of EUR 43.9 million for extension IPR Bošáca 400 kV, transformer station 400/110kV Medzibrod - 2. construction, transformer station 400/110kV Medzibrod - 3. construction, power lines 2 x 400kV Lemešany - Košice - Moldava - 4. construction. The contract became effective on 4 July 2008.

The amount of EUR 27 351 564 (2022: EUR 28 671 456) was recognized in deferred revenue related to the subsidy.

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

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

The amount of EUR 49 547 901 (2022: EUR 51 494 987) was recognized in deferred revenue related to the subsidy.

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

d)
Deferred revenues include an amount EUR 2 653 273 (2022: EUR 2 851 765), related to investment in the substation in Košice, which remains in property of the Company, however, the company US Steel however, the company US Steel paid the half of the substation's acquisition costs.

e)
Amount of EUR 602 294 represents a co-finance provided to the Company from an European Commission's program EU TEN-E (Trans - European NetWork) in the amount of 10% of the value of transmission lines EK-Moldava - SS Košice (2022: EUR 630 984).

f)
Deferred revenue of EUR 1 941 974 included in deferred revenues is related to construction field 13 in ES Križovaný that was 100 % financed by company E.On Elektrárne s.r.o., Trakovice (2022: EUR 2 042 771).

g)
Amount of EUR 2 216 045 relates to refinancing of cost of Slovenské elektrárne, a.s. for connecting to transmission systems EMO 3 and 4 in Veľký Ďur (2022: EUR 2 365 544).

h)
Amount of EUR 653 509 represents co-finance provided to Company from European Commission for the transmission line SS Košice - Lemešany (2022: EUR 681 908).

i)
Amount of EUR 1 633 450 represents co-finance provided from European Commission for the meshing V 409 line to the new transformer station 400 /110kV in electric station Vôľa (2022: EUR 1 698 764).

j)
Amount of EUR 1 869 442 represents co-finance provided to Company from European Commission for the transmission line 400 kV Gabčíkovo - Veľký Ďur (2022: EUR 1 936 516).

k)
Amount EUR 3 650 234 is related to the refinancing of Západoslovenská distribučná a.s. costs for enlargement the electric station in Stupava by second transformer (2022: EUR 3 770 418).

l)
Amount EUR 3 294 206 is related to the refinancing of Východoslovenská distribučná a.s. costs for the construction of devices necessary to connect R 400/110 kV Vôľa into electric transmission system (2022: EUR 3 465 571).

m)
Amount of EUR 333 602 represents the financial contribution from INEA agency intended for design and engineering work for the project of 2x400 kV line Veľký Meder - State Border of the Slovak Republic - Hungary (2022: EUR 345 239).

n)
Amount of EUR 591 333 represents the financial contribution from INEA agency intended for design and engineering work for the project of 2x400 kV line Rimavská Sobota - State Border of the Slovak Republic - Hungary (2022: EUR 609 437).

o)
The amount of EUR 2 863 994 relates to the refinancing of costs of Capital construction within the Podunajské Biskupice power station incurred by Západoslovenská distribučná, a. s. (2022: EUR 2 935 531).

p)
The amount of EUR 4 269 000 relates to the refinancing of costs of Capital construction within the Senica power station incurred by Západoslovenská distribučná, a. s. (2022: EUR 4 269 000).

q)
The amount of EUR 3 419 948 relates to the refinancing of costs of Capital construction within the Est Bystričany power station incurred by Fortischem, a. s. (2022: EUR 3 160 227).

r)
The amount of EUR 15 814 307 relates to the Danube InGrid grant (2022: EUR 15 837 586). The Danube InGrid project is the result of cooperation between the Company, Západoslovenská distribučná, a. s. and the Hungarian distribution system operator E.ON Észak-dunántúli Áramhálózati Zrt. PCI projects are key infrastructure projects aimed at interconnecting European energy systems and achieving the EU's energy and climate goals.

s)
The amount of EUR 16 229 937 relates to the refinancing of costs of Capital construction within the Vajnory power station incurred by Západoslovenská distribučná, a. s. (2022: EUR 16 229 937).

t)
The amount of EUR 1 788 229 relates to the refinancing of costs of Capital construction within the Križovany power station incurred by Západoslovenská distribučná, a. s. (2022: EUR 1 788 229).

u)
The amount of EUR 2 988 756 relates to the refinancing of costs of Capital construction within the Križovany power station incurred by Duslo Šaľa, a. s. (2022: EUR 2 988 753).

v)
The amount of EUR 19 352 related to the refinancing of the construction costs of the V429 and V448 lines within the Life Danube project (2022: 0 EUR).

x)
In other deferred income is recognized then amount of EUR 193 392 (2022: EUR 203 960), which relates to the joint procedure agreement for connection of company's En-Invest, a. s. facilities to the transmission system SR at the Moldava power station.

As other long-term deferred income the Company is recorded an income in amount of EUR 15 352 914 representing the proceeds of regulated tariffs, which does not belong to the Company in 2023 according to regulatory accounting rules and procedures, but in 2025, when they will be realised.

As other short-term deferred income the Company is recorded an income in amount of EUR 126 968 550 representing the proceeds of regulated tariffs, which does not belong to the Company in 2023 according to regulatory accounting rules and procedures, but in 2024, when they will be realised.

18 Deferred tax

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

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

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

	As at 31 December 2022	Change (-) costs/ (+) benefits	Accounted to other parts of comprehensive results	As at 31 December 2023
Positive revaluation of fixed assets	-22 998 300	3 082 519	76 701	-19 839 080
Negative revaluation of fixed assets	-612 254	-137 103		-749 357
Tangible and intangible assets	-57 289 902	-2 782 225	0	-60 072 127
IFRS 16	7 865	-585	0	7 280
Financial investment	-28 980	0	0	-28 980
Retirement benefit	775 782	91 235	160 704	1 027 721
Provisions	3 340 566	-1 848 768	0	1 491 798
Revaluation of derivatives	454 593	0	1 295 355	1 749 948
Interests	-235 888	-1 004 252	0	-1 240 140
Other	8 215 787	210 459	0	8 426 246
Total	**-68 370 731**	**- 2 388 720**	**1 532 760**	**-69 226 691**

	As at 31 December 2021	Change (-) costs/ (+) benefits	Accounted to other parts of comprehensive results	As at 31 December 2022
Positive revaluation of fixed assets	-26 461 537	3 359 960	103 277	-22 998 300
Negative revaluation of fixed assets	-461 062	-151 192	0	-612 254
Tangible and intangible assets	-54 105 740	-3 184 162	0	-57 289 902
IFRS 16	9 337	-1 472	0	7 865
Financial investment	-28 980	0	0	-28 980
Retirement benefit	950 008	-95 642	-78 584	775 782
Provisions	1 464 523	1 876 043	0	3 340 566
Revaluation of derivatives	0	0	454 593	454 593
Interests	0	-235 888	0	-235 888
Other	7 674 093	541 694	0	8 215 787
Total	**-70 959 358**	**2 109 341**	**479 286**	**-68 370 731**

19 Provisions for liabilities and charges

	Pension benefits and other long-term benefits (a)	Legal claims (b)	Other Short-term liabilities (c)	Other Long-term Liabilities (c)	Total
As at 1 January 2023	**3 694 205**	**40 165**	**0**	**0**	**3 734 370**
Additional provisions	897 690	0	435 000	1 365 000	2 697 690
Dissolution of provision in equity	765 254	0	0	0	765 254
Provisions used	-463 236	0	0	0	-463 236
Reversals of unused provision	0	-12 500	0	0	-12 500
As at 31 December 2023	**4 893 913**	**27 665**	**435 000**	**1 365 000**	**6 721 578**

Analysis of total provisions	**2023**	**2022**
Non - current	6 258 913	3 694 205
Current	462 665	40 165
Total	**6 721 578**	**3 734 370**

According to a decision published by the IFRS Committee during 2021, service costs are allocated from the date on which the employee is entitled to the benefit (criteria: length of service, condition of continuity, etc.).

(a) Pension benefits and other long-term benefits

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

	As at 31 December 2023	2022
Present value of unfunded retirement obligations	4 465 826	3 453 824
Unrecognized actuarial gains/(losses) and portion of past Service costs	0	0
Obligation in the Statement of Financial Position	**4 465 826**	**3 453 824**

(i) Post-employment benefits

The amounts recognized in the Statement of Profit or Loss are as follows:

	2023	2022
Current Service cost	548 851	420 871
Past Service cost	-6 130	0
Interest cost	140 019	48 441
Pension (credit) / cost, included in personnel costs	**682 740**	**469 312**

Value recognized in Equity are as follows:

	2023	2022
Recognized actuarial gains from change in the method of calculating pension liabilities	765 254	-374 199
Total change recognized in equity	**765 254**	**-374 199**

Movements in the present value of defined benefit obligation are:

	2023	2022
Present value of unfunded retirement obligations at beginning of the year	3 453 824	4 212 680
Current Service cost	548 851	420 871
Interest cost	140 019	48 441
Benefits paid	-435 992	-853 969
Past Service cost	-6 130	0
Actuarial gain on changes in IAS 19	765 254	-374 199
Present value of unfunded retirement obligations at the end of the year	**4 465 826**	**3 453 824**

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

	As at 31 December 2023	2022
Present value of unfunded obligations	428 087	240 381
Obligation in the Statement of Financial Position	**428 087**	**240 381**

The amounts recognized in the Statement of Profit or Loss are as follows:

	2023	2022
Current Service cost	57 595	30 213
Recognized actuarial gains/loss	34 741	26 094
Reported actuarial gains / losses	113 232	-106 553
Interest expense	9 382	2 789
Pension (credit)/cost, included in personnel costs	**214 950**	**-47 457**

Value recognized in Equity are as follows:

	2023	2022
Present value of unfunded retirement obligations at beginning of the year	240 381	311 160
Current Service cost	57 595	30 213
Past Service cost	34 741	26 094
Interest cost	9 382	2 789
Benefits paid	-27 244	-23 322
Actuarial gains/losses	113 232	-106 553
Present value of unfunded retirement obligations at the end of the year	**428 087**	**240 381**

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

As at 31 December 2023	
Percentage of employees, who will terminate their employment with SEPS prior to retirement (fluctuation rate)	2,3%-4,3% p.a., based on age
Expected salary increases	4,30% p.a.
Discount rate	3,49% p.a.; 3,61% p.a.

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

The table below presents a sensitivity analysis related to significant assumptions as of 31 December 2023, calculated using a method that extrapolates the impact on employees' pension related liabilities, a subject of reasonable change in key assumptions at the year end.

Significant assumptions	Change	Result	Result %
Discount rate	0,50%	4 729 583	-3,4%
Discount rate	-0,50%	5 074 296	3,6%
Fluctuation of employees, yearly	-1,00%	4 544 762	-7,2%
Fluctuation of employees, yearly	1,00%	5 290 819	8,1%
Change in Remuneration	0,50%	5 051 762	3,2%
Change in Remuneration	-0,50%	4 748 905	-3,0%
Change in probability of death	-10,00%	4 856 187	-0,8%
Change in probability of death	10,00%	4 937 441	0,8%

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

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

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

	31 December 2023	31 December 2022
During the next 12 months (next annual reporting period)	525 480	205 479
From 2 to 5 years	2 492 926	2 128 278
From 6 to 10 years	4 276 716	3 952 454
Total expected payments	**7 299 122**	**6 286 211**

The average duration of obligation for the defined benefit program at the end of the reporting period is 10 years (in 2022: 10 years).

(b) Provision for legal claims

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

(c) Other provisions

The company is required under Section 28, paragraph 2, letter a) of Act No. 251/2012 Coll. on Energy and on Amendments to Certain Acts, in cooperation with operators of neighbouring transmission systems and operators of distribution systems connected to the transmission system, to ensure long-term reliable, safe, and efficient operation of the system under economic conditions while adhering to environmental protection conditions. The company is also a part of critical infrastructure. The transmission system naturally ages, and its renewal cannot always be fully ensured by new investment projects. Investment construction is currently influenced by many factors that slow down and prolong the commissioning of new facilities. These include agreements with new or existing system users, permitting processes, and, last but not least, public procurement. Therefore, it is highly likely that increased device failure rates will be expected in the future, resulting in increased resource loss. The company cannot avoid such expenses in the future, despite efforts to increase investments in the transmission system. It is neither technically nor economically possible for the investment renewal of the transmission system to proceed to such an extent that would ensure its complete renewal, let alone its faultless operation. In connection with failures, the company may be subject to compensation claims based on concluded contracts. The short-term portion of this provision amounts to EUR 435 000, and the long-term portion of the provision is in the amount of EUR 1 365 000.

20 Derivative transactions

Liabilities from derivatives classified as an effective hedging instrument in cash flow hedging.

	31 December 2023	31 December 2022
Non-current		
Hedging derivatives - Commodities	989 267	0
	989 267	**0**
Current		
Hedging derivatives - Commodities	7 343 814	2 164 731
	7 343 814	**2 164 731**

All hedging derivatives disclosed by the Company reports are classified as cash flow hedges. The company uses futures in risk management to hedge against the risk of price movements for future purchases of electricity denominated in EUR on the daily market to cover system losses and own consumption.

As at the balance sheet date, the Company had concluded the following derivative contracts classified as hedging instruments, depending on the type of underlying instrument:

As at 31 December 2023	Maturity within 12 months	Maturity over 12 months	Total
Electricity futures - purchase			
Notional value	21 659 412	7 213 860	28 873 272
Carrying amount	-7 343 814	-989 267	-8 333 081

As at 31 December 2022	Maturity within 12 months	Maturity over 12 months	Total
Electricity futures - purchase			
Notional value	27 334 529	0	27 334 529
Carrying amount	-2 164 731	0	-2 164 731

The change in the liability from unrealised hedging operations in the statement of other comprehensive income, before tax, was as follows during the period:

	Electricity futures	Total
As at 1 January 2023	**-1 710 138**	**-1 710 138**
Change in valuation of cash flow hedges	-4 872 996	-4 872 996
Cash flow hedge ineffectiveness reported in the Statement of Profit or Loss	0	0
Profit / (-loss) from completed trades	0	0
As at 31 December2023	**-6 583 134**	**-6 583 134**

	Electricity futures	Total
As at 1 January 2022	**0**	**0**
Change in valuation of cash flow hedges	- 1 710 138	-1 710 138
Cash flow hedge ineffectiveness reported in the Statement of Profit or Loss	0	0
Profit / (-loss) from completed trades	0	0
As at 31 December 2022	**-1 710 138**	**-1 710 138**

21 Revenues

Revenues include the following:

Revenues from electricity transmission and electricity transit:

	2023	2022
Access to transmission grid	93 838 184	120 515 548
Fee for connection to the transmission system	822 443	837 299
Covering losing	30 942 463	31 478 503
System operation	0	850 182
System Services	407 618 467	127 142 695
Auctions	53 891 404	30 595 404
Deviations and regulation energy	24 538 454	60 642 505
CBT (ITC) mechanism	19 146 044	9 119 152
Import & export	2 133 822	559 396
Cross-border emergency assistance	2 420 793	9 411 092
Unplanned electricity exchanges (FSkar)	2 935 290	7 233 039
Shipping	22 140 459	7 779 291
Other regulated revenues (mainly shipping and daily market)	2 445 561	1 189 013
Total revenues from electricity transmission and transit	**662 873 384**	**407 353 119**
Rental	733 871	597 905
Telecommunications Services	218 591	199 427
Other revenues	56 105	65 862
Total other revenues	**1 008 567**	**863 194**
Total revenues	**663 881 951**	**408 216 313**

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

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

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

In 2023 the Company realized transactions in total amount of EUR 1 524 098 927 and related costs were EUR 1 506 234 576 (2022: transactions in total amount of EUR 3 353 834 556 and related costs were in the amount of EUR 2 740 096 623). According to IFRS 15, costs related to implicit auctions in the amount of EUR 34 092 959 and also costs representing a collection for the benefit of a third party amounting to EUR 57 161 323, were deducted from these items as of 31 December 2023, as such collection does not form a part of the transaction price according to IFRS 15. Revenues related to the use of the OT profile amounting to EUR 57 499 391 are also included in shipping (in 2022, costs associated with the implicit auctions amounting to EUR 92 851 519, costs representing collection for the benefit of a third party in the amount of EUR 582 363 152; revenues related to the use of the OT profile in the amount of EUR 145 825 779). Revenues from shipping with negative prices in the amount of EUR 1 669 642 and costs of shipping with negative prices in the amount of EUR 1 513 672 are also included in the shipping. Costs related to congestion income in the amount of EUR 942 050 and revenues related to congestion income in the amount of EUR 38 817 079 are also included in shipping (in 2022: Revenues from shipping with negative prices in the amount of EUR 61 002 and costs of shipping with negative prices in the amount of EUR 13 311, costs related to congestion income in the amount of EUR 84 390 532 and revenues related to congestion income in the amount of EUR 7 773 091).

22 Consumed materials and Services

Consumed materials and Services included the following:

	2023	**2022**
Material and energy consumption	55 955 443	51 104 268
System IGCC	6 166 591	17 257 527
Unplanned electricity exchanges (FSkar)	3 685 404	14 515 086
Repair and maintenance	6 598 757	5 435 778
Travel expenses	313 072	259 279
Representation expenses	296 359	243 135
Rental	249 100	225 961
Communication Services	233 006	234 469
Substations Service	1 352 133	1 469 826
Protection and maintenance of area	1 112 326	1 112 433
Revisions, Controls, security Services	604 071	605 096
Technical advisory, technical support	75 793	111 700
Cleaning	248 458	235 986
Biological reclamations	183 150	158 024
Geodetic Services	55	31 300
Experts examinations, analysis, experts opinions, certifications	1 656 079	1 858 988
Information technology Services and advertisement	7 100 106	7 239 205
Expenses for ancillary Services	307 234 083	121 633 178
Expenses for system operation	106 216 695	804 349
Expenses for deviations	8 519 526	24 075 502
Expenses for auctions	284 496	265 316
Expenses for CBT/ITC	515 405	1 898
Audit of Financial Statements provided by auditor	36 000	36 000
Other services provided by auditor	0	0
Advisory Services	303 794	409 835
Tax advisory	17 925	17 925
Demolitions	629 748	107 310
Operating Services TSCNET Services GmbH	2 024 851	1 650 297
Recharges of shared costs	1 406 199	1 209 221
Other	1 293 913	1 258 839
Total	**514 312 538**	**253 567 731**

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

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

Together with the operator of the Czech transmission network, the Company has introduced a system to avoid simultaneous supplies of balancing energy in opposite directions using cross-border connections (hereinafter the IGCC system). Since 2013, the operator of the Hungarian transmission system has also participated in the system. The respective revenues and costs result from the volume of the balancing energy acquired within the IGCC system and fixed prices for this balancing energy determined by a resolution adopted by the Office. The Company reports revenues from these activities as part of the "sale of goods" and the "costs of goods sold". The net result is reported in the line "System IGCC". During 2023, transactions in total of EUR 7 373 429 were carried out and related costs amounted to EUR 13 471 220 (2022: transactions totalled to EUR 15 222 417 and the costs amounted to EUR 32 155 604). Revenues from negative prices from IGCC totalled to EUR 1 250 696 and costs of negative prices from IGCC totalled to EUR 1 319 496 (2022: Revenues from negative prices from IGCC totalled to EUR 2 452 703 and costs of negative prices from IGCC totalled to EUR 2 777 043).

23 Personnel costs

	2023	2022
Wages and salaries	23 668 374	20 394 456
Other personnel costs	3 237 290	2 256 693
Pension costs - defined contribution plans	9 550 000	8 532 960
Current Service costs	606 446	451 084
Past Service cost	28 611	26 094
Interest expense related to retirement and other employee benefits	149 401	51 230
Interest costs on pension and similar employee's benefits	113 232	-106 553
Total	**37 353 354**	**31 605 964**

24 Other operating expenses

	2023	2022
Insurance costs	2 271 541	2 118 793
Losses from sale of fixed assets and materials	100 000	91
Provision for impairment	207 809	185 040
Taxes and other fees	185 340	151 000
Gifts	0	164 455
Non-production compensation	941 785	670 368
Other operating expense	1 800 000	0
Total	**5 506 475**	**3 289 747**

The company is required under Section 28, paragraph 2, letter a) of Act No. 251/2012 Coll. on Energy and on Amendments to Certain Acts, in cooperation with operators of neighbouring transmission systems and operators of distribution systems connected to the transmission system, to ensure long-term reliable, safe, and efficient operation of the system under economic conditions while adhering to environmental protection conditions. The company is also a part of critical infrastructure. The transmission system naturally ages, and its renewal cannot always be fully ensured by new investment projects. Investment construction is currently influenced by many factors that slow down and prolong the commissioning of new facilities. These include agreements with new or existing system users, permitting processes, and, last but not least, public procurement. Therefore, it is highly likely that increased device failure rates will be expected in the future, resulting in increased resource loss. The company cannot avoid such expenses in the future, despite efforts to increase investments in the transmission system. It is neither technically nor economically possible for the investment renewal of the transmission system to proceed to such an extent that would ensure its complete renewal, let alone its faultless operation. In connection with failures, the company may be subject to compensation claims based on concluded contracts. The short-term portion of this provision amounts to EUR 435 000, and the long-term portion of the provision is in the amount of EUR 1 365 000.

25 Other operating income

	2023	2022
Profit from sold fixed assets	530 233	620 382
Release of deferred revenues from a grant from EBOR	3 756 711	3 825 210
Contractual penalties	2 242 649	4 391 109
Insurance	275 880	147 209
Excess material	0	249
Other operating income	580 511	606 252
Total	**7 385 984**	**9 590 411**

Income from the sale of fixed assets in the statement of cash flows includes:

	2023	**2022**
The residual value of the property sold	144 322	5 750
Profit/loss from the sale of long-term tangible assets	530 233	620 382
Income from the sale of long-term tangible assets	**674 555**	**626 132**

26 Finance income (costs), net

	2023	**2022**
Interest income	13 134 038	1 439 849
Interest expense from borrowings	-48 289	-318 295
Interest expense related to IFRS 16	-10 200	-10 957
Foreign Exchange gains	1 818	1
Foreign Exchange losses	-2 518	-2 965
Dividends from OKTE, a. s.	23 664 729	58 790 250
Other financial expense	-170 681	-221 208
Net finance expense	**36 568 897**	**59 676 675**

27 Income tax expense

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

	Year ended 31 December	
	2023	**2022**
Profit before tax	88 434 049	123 697 230
Theoretical income tax related to current period at 21% (2021:21%)	18 571 150	25 976 418
- Other income not subject to tax (permanent)	-7 147 244	-13 816 791
- Non-deductible expenses (permanent)	1 676 889	531 848
- Increase of tax due to charges for regulated subjects	4 289 187	5 820 997
- Additional income tax	-14 409	42 543
Income tax expense for the period	**17 375 573**	**18 555 015**
The tax charge for the period comprises:		
- Deferred tax charge - expense/(income) (Note 18)	2 388 720	-2 109 341
Deferred tax total	**2 388 720**	**-2 109 341**
- Special levy for regulated subjects	4 289 187	5 820 997
- Additional income tax	-14 409	42 543
- Current income tax expense	10 712 075	14 800 816
Income tax total	**14 986 853**	**20 664 356**
Total income tax expense for the period	**17 375 573**	**18 555 015**

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

28 Contingencies

(a) Taxation

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

(b) Regulation and liberalization in energy industry

Regulatory framework for the electricity market in the Slovak Republic.

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

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

(c) Litigation

The plaintiff Lumius Slovakia, s. r. o. 'In liquidation' claims to reopen the court proceedings in which the plaintiff claimed the payment in amount of EUR 3 792 188.01 with accessories because of the unreasonable beneficiation and damages by the illegitimate charging of the system Services on the cross-border transmission. The plaintiff paid to the defendant following the Contract of transmission of electricity through the interconnector from 16 January 2008 in accordance the legislation at the time. According to the opinion of the plaintiff, the illegitimate charging consists in the fact that such a fee is in the conflict with the European Union law. The Bratislava II District Court dismissed the claim, the plaintiff did not make an appeal against the judgment and the judgment became final. Because of the Court of Justice of the European Union evaluated the charge as conflicted with the European Union law in Case C-305/17, the plaintiff claims the reopening of the court proceedings within the statutory period. At the hearing on 20 May 2021, the court rejected the motion to reopen the proceedings, the plaintiff filed an appeal against the judgment, and the Company submitted a statement on the plaintiff's appeal. On 14 November 2022, the Regional Court in Bratislava annulled the first-instance judgment of the Bratislava II District Court and returned the matter to this court for further proceedings as the justification of the first-instance judgment does not contain reasons that would clearly and convincingly represent an explanation of the conclusion adopted by the court that there is no personal or material connection between the proceedings for the restoration of which the plaintiff is demanding and the decision of the Court of Justice of the European Union in Case C-305/17, thus the decision of the Court of Justice of the EU is not binding for the parties to this dispute. At the hearing on 7 February 2023, the court did not decide on the matter, adjourning the hearing to 23 March 2023. The first-instance court (City Court Bratislava III) by its judgment dated 22 June 2023, dismissed the reopening of the proceedings conducted at the former District Court Bratislava II in the respective case and awarded the defendant full reimbursement of costs. Subsequently, the plaintiff (Lumius Slovakia, Ltd. in liquidation) lodged an appeal against this court decision (10 August 2023).

The plaintiff, Cooperative of Shareholders Včelince, filed a lawsuit with the District Court Bratislava II for the payment of the amount of EUR 3 984 528 with accessories as of 31 March 2023, regarding the compensation for the establishment of the construction "2x400 kV line Rimavská Sobota – Slovak Republic/Hungary border" on the land of the Cooperative of Shareholders Včelince. The lawsuit was served to the defendant on 2 May 2023, along with a request to respond to the lawsuit. The court granted the defendant a period of 15 days for this purpose. Due to the extent of the filed lawsuit, on 11 May 2023, the defendant requested an extension of the deadline to respond to the lawsuit from the court. The court granted this request and extended the deadline for the defendant until 26 June 2023. The court's response was sent via a law firm on 23 June 2023. The court sends the defendant's response to the plaintiff for a reply (known as a replication). After its delivery, SEPS will have the opportunity to respond again (known as „duplika"). After the change of the court's local jurisdiction, the case will be handled by the City Court Bratislava IV.

(d) Bank guarantees

As at 31 December 2023, the Company records issued bank guarantees in the amount of EUR 25 477 000 to third parties. (2022: 38 000 000 EUR)

29 Commitments

(a) Future investment commitments

The Company has contractual obligations under the contracts for the purchase of non-current assets entered into before 31 December 2023, the performance of which is scheduled only after 31 December 2023. The total obligation under the contracts amount to EUR 70 699 522 (2022: EUR 38 047 682). Capital expenditures are mainly related to the transformation in Senica, transformer replacement and installation of compensating reactors in Podunajské Biskupice, distribution in Vajnory, insulation of the Križovany – Bošáca line, merging of the line into the Senica substation, updating and upgrading the core for the transformation of the system to 15 minutes and connection to MARI/PICASSO, changing the connection of Fortischem, a. s. to the transmission system at the Bystričany substation, implementation of the Lemešany substation project – RIS innovation and protection replacement, and transformation of the Ladce substation.

The Company has approved a Capital expenditure budget for 2024 in the amount of EUR 57 128 644 (2023 capex budget: EUR 73 152 907). The Capital expenditures are related primarily to the insulation of lines, merging the 400 kV line V424 into the Senica substation, innovation of the RIS 220+400 kV (RIS central), replacement of protections in the Lemešany substation, transformer replacement and installation of compensating reactors in the Podunajské Biskupice and Varín substations, transformer replacement in the Stupava transformer station, remote control in electrical substations and ICT system, security ICT systems, and business systems.

(b) Future operating lease commitments - Company as lessee

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

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

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

	31 December 2023	**31 December 2022**
Due within 1 year	5	5
Due in 2 to 5 years	19	19
Due after 5 years	154	159
Total	**178**	**183**

The Company has also entered into an operating lease for an unlimited period of time with a possibility of termination with a 3-month termination period. The annual lease payments amount to EUR 9 188 (2022: EUR 8 785). The main items include the lease of telecommunications routes.

c) Future operating lease commitments - Company as lessor

The Company leases out mainly transformation and optic fibre cables.

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

	31 December 2023	31 December 2022
Due within 1 year	356 610	346 225
Due in 2 to 5 years	1 296 517	1 260 203
Due after 5 years	1 558 430	1 525 801
Total	**3 211 557**	**3 132 229**

The Company has also entered into an operating lease for an unlimited period of time for which the annual lease payments amount to EUR 473 636 (2022: EUR 430 574).

The Company leases 2x110kV power lines ESt Lemešany - ES SS Košice from supporting point in Bukovec to supporting point in Lemešany in length of 18,678 km. Lease expires in 50 years, rent is calculated every year according to Capital, investment and operating costs. Annual rent for 2024 as of 31 December 2023 amounts to EUR 334 902 (2022 for year 2023: EUR 328 970). The basic component of the rent will be paid to lessor for the time of 20 years and operating component of the rent will be paid to lessor for the time of 50 years. The minimal lease instalments include the basic component of the rent in amount of EUR 303 568 annually (2022: EUR 300 868).

30 Related party transactions

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

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

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

Ministry of Economy of Slovak Republic, is the 51 % shareholder of Západoslovenská energetika, a. s., Východoslovenská energetika Holding, a. s. and Stredoslovenská energetika, a. s.

Západoslovenská distribučná, a.s., Západoslovenská energetika - Energia, a. s., ZSE Elektrárne, s. r. o., Východoslovenská energetika, a. s., Východoslovenská distribučná, a. s. and Stredoslovenská distribučná, a. s. are 100% subsidiaries of these companies.

As at 31 December 2023, the outstanding balances with the subsidiary were as follows:

	Gross amount of trade receivable	Other receivables	Value adjustment to trade or other receivables	Trade and other payables
OKTE, a. s.	13 276 709	5 500 000	0	-139 855 333

As at 31 December 2023, the outstanding balances with joint venture were as follows:

	Gross amount of trade receivable	Other receivables	Value adjustment to trade or other receivables	Trade and other payables
Joint Allocation Office, S. A. Luxemburg	3 104 936	0	0	-2 509 566
TSCNET Services, GmbH	0	0	0	-41 000

As at 31 December 2023, the outstanding balances with the state-controlled entities and government bodies (other related parties) were as follows:

	Gross amount of trade receivable	Other receivables	Value adjustment to trade or other receivables	Trade and other payables
Slovenské elektrárne, a.s.	388 261	5 534	0	-12 391 654
ZSE Elektrárne, s.r.o.	51 095	0	0	-775 122
Západoslovenská energetika, a.s.	0	0	0	-89
Západoslovenská distribučná, a.s.	3 144 109	0	0	-2 196 546
Západoslovenská energetika –Energia, a.s.	167 623	0	0	0
Východoslovenská distribučná, a. s.	1 447 693	0	0	-46 150
Východoslovenská energetika, a. s.	366	0	0	0
Stredoslovenská energetika, a.s.	46	0	0	0
Stredoslovenská distribučná, a.s.	1 836 051	0	0	-39 548
Stredoslovenská energetika Project, Development, spol. s r.o.	4 852	0	0	-1 637 188
MH TH, a. s.	15 179	0	0	-2 223 424
Vodohospodárska výstavba, a. s.	56 061	0	0	-1 836 005
Slovenský plynárenský priemysel, a. s.	208	0	0	0

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

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

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

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

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

	Gross amount of trade receivable	Other receivables	Value adjustment to trade or other receivables	Trade and other payables
Slovenské elektrárne, a.s.	299 556	17 499	0	-6 476 226
ZSE Elektrárne, s.r.o.	0	0	0	-260 410
Západoslovenská energetika, a.s.	0	0	0	-139
Západoslovenská distribučná, a.s.	2 819 750	0	0	-45 281
Západoslovenská energetika – Energia, a.s.	0	0	0	-112 711
Východoslovenská distribučná, a. s.	1 305 114	0	0	-35 142
Východoslovenská energetika, a. s.	0	0	0	-76
Stredoslovenská energetika, a.s.	0	0	0	-60
Stredoslovenská distribučná, a.s.	1 835 951	0	0	-34 899
Stredoslovenská energetika Project, Development, spol. s r.o.	0	0	0	-525 600
MH TH, a. s.	7 630	0	0	-1 006 176
Vodohospodárska výstavba, a. s.	32 926	0	0	-1 105 001
Slovenský plynárenský priemysel, a. s.	90	0	0	0

The income and expense items with the subsidiary, joint venture, state-controlled entities and government bodies for the year ended 31 December 2023 were as follows:

	Sales of services	Purchase of services
OKTE, a. s.	-29 329 649	-152 574 061
Joint Allocation Office, S. A.	58 397 288	-10 775 056
TSCNET Services, GmbH	0	-2 049 000
Slovenské elektrárne, a.s.	9 100 361	-121 797 707
Slovenské elektrárne Energetické služby, s. r. o.		
Západoslovenská energetika, a. s.	0	-3 824
Západoslovenská distribučná, a. s.	60 527 158	-157 360
Západoslovenská energetika – Energia, a. s.	0	-535 890
ZSE Elektrárne, s. r. o.	1 127 508	-8 533 989
Východoslovenská distribučná, a. s.	26 770 295	-167 736
Stredoslovenská energetika, a. s.	-	-1 664
Stredoslovenská energetika Project Development, a.s.	23 655	-17 689 035
Stredoslovenská distribučná, a. s.	40 489 744	-390 738
MH Teplárenský holding, a. s.	331 935	-16 938 714
Východoslovenská energetika, a. s.	-	- 1 562
Vodohospodárska výstavba, a. s.	1 490 506	-19 210 924
Slovenský plynárenský priemysel, a. s.	-	-2 417

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

	Sales of services	Purchase of services
OKTE, a. s.	330 996 813	-114 994 193
Joint Allocation Office, S. A.	-333 799 435	-26 097 328
TSCNET Services, GmbH	0	-1 673 557
Slovenské elektrárne, a.s.	7 002 232	-73 298 231
Západoslovenská energetika, a. s.	0	-15
Západoslovenská distribučná, a. s.	60 483 485	-148 124
Západoslovenská energetika – Energia, a. s.	0	-785 401
ZSE Elektrárne, s. r. o.	1 024 614	-635 485
Východoslovenská distribučná, a. s.	26 259 530	-65 138
Stredoslovenská energetika, a. s.	0	-6 378
Stredoslovenská distribučná, a. s.	40 144 191	-365 288
MH Teplárenský holding, a. s.	0	-4 529 246
Žilinská teplárenská, a. s.	0	-263 652
Martinská teplárenská, a. s.	0	-291 762
Východoslovenská energetika, a. s.	0	-1 033
Vodohospodárska výstavba, a. s.	1 454 053	-5 426 095
Slovenský plynárenský priemysel, a. s.	0	-899

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

Key management personnel compensation

Salaries and bonuses paid to the Company's management, directors and other members of top management for the year ended 31 December 2023 and 31 December 2022, are as follows:

	Year ended 31 December 2023	**Year ended 31 December 2022**
Salaries and short-term employee benefits	1 256 916	1 302 378
Total	**1 256 916**	**1 302 378**

31 Events after the reporting period

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

Declaration of compliance

The Financial Statements for the year ended 31 December 2023 prepared in accordance with International Financial Reporting Standards as adopted by the European Union were prepared and authorized for issue on 6 March 2024.

....
Ing. Martin Magáth
Chairman of the Board of Directors

....
Ing. Miloš Bikár, PhD.
Vice Chairman of the Board of Directors

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

....
Ing. Ružena Kollárová
Person responsible for accounting