INDEPENDENT AUDITOR'S REPORT

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

as at 31 December 2023

Slovenská elektrizačná prenosová sústava, a.s.

Group seat:

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

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

CONTENTS

Face to Face Business

INDEPENDENT AUDITOR´S REPORT

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

Report from the audit of consolidated financial statements

Opinion

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

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

Basis for opinion

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

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

4. The Statutory Representatives are responsible for the preparation and fair presentation of the consolidated financial information in accordance with the International Financial Reporting Standards ("IFRS") valid for preparation of balance sheet and income statement and for such internal controls as management determines necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. In preparing the consolidated financial information, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and the use of the going concern basis of accounting: unless management intends to, either, liquidate the Group or to cease its operations, or has no realistic alternative but to do so.

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

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

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

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

   - Identify and assess the risks of material misstatement in the consolidated financial information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than that for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, and / or the override of internal controls.

- Obtain an understanding of the internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.
- Evaluate the appropriateness of accounting principles and policies used, the reasonableness of accounting estimates and the related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention, in our audit report, to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial information, including the disclosures, and whether the consolidated financial information represent the underlying transactions and events in a manner that achieves a fair presentation

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

Report on other requirements of Slovak Acts and other legal regulations

Report on information presented in the annual report

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

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

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

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

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

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

Bratislava, 18 March 2024

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

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

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

Slovenská elektrizačná prenosová sústava, a. s.

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

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

(all amounts are in thousands of EUR unless stated otherwise)

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

(all amounts are in thousands of EUR unless stated otherwise)

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

Profit/loss attributable to:		
Owners of the parent company	62 062	70 018
Profit for the year	**62 062**	**70 018**
Total comprehensive income attributable to:		
Owners of the parent company	56 662	68 708
Total comprehensive income for the period	**56 662**	**68 708**

Consolidated 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 thousands of EUR unless stated otherwise)

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

(all amounts are in thousands of EUR unless stated otherwise)

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

1 General Information

Slovenská elektrizačná prenosová sústava, a.s. ("the parent 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 ("SE").

Consolidated financial statements comprise of the financial statements of the Group and the sole subsidiary OKTE, a s. (hereinafter "the subsidiary"), which has been controlled as at 31 December 2023 and during the year then ended 31 December 2023 (hereinafter "the Group"). OKTE, a s. is 100% subsidiary SEPS. OKTE, a.s. was established on 20 July 2010 by separation of deviation settlement and short-term electricity market administrator in accordance with Act No. 656/2004 Coll, on Energy. OKTE, a.s. was included for the first time to be Consolidated Financial Statements as at 31 December 2011. Parent company SEPS prepares a Consolidated Financial Statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union ("EU").

The main activities of the Group 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 Group 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 Group operates in accordance with the Act of Energy and the relevant legislation. Office of Network Industries of the Slovak Republic (hereinafter "URSO") controls particular aspects of the relationship of the parent company and subsidiary and with its customers, including ratesof the services provided.

The structure of the parent company's shareholders as at 31 December 2023 was as follows:

	Absolute amount in thousands of EUR	**Ownership interest and voting rights %**
Slovak Republic represented by Ministry of Finance	235 000	100%
Total	**235 000**	**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 parent 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 parent company as well as 100% of voting rights.

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

(all amounts are in thousands of EUR unless stated otherwise)

The members of the parent 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

(all amounts are in thousands of EUR unless stated otherwise)

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 Group employed 626 personnel on average during 2023 (2022: 603), 13 of which were management (2022: 11).

Registered address and Identification number

Mlynské nivy 59/A
824 84 Bratislava
Slovak Republic

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

Registered address of the subsidiary company

OKTE, a. s.
Mlynské nivy 48
821 09 Bratislava
Slovak Republic

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 of the Consolidated Financial Statements

Legal reasons for preparing the Financial Statements:
The Group's Financial Statements at 31 December 2023 have been prepared as Consolidated Financial Statements under § 22 (2) of the 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 Group 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").

The Consolidated Financial Statements have been prepared in accordance with IFRS as adopted by the European Union. The Group applies all IFRS and interpretations issued by International Accounting Standards Board (hereinafter "IASB") as amended by the European Union, which were in force as of 31 December 2023.

These Consolidated Financial Statements have been prepared on the historical cost basis, except for the valuation of property, plant and equipment, which were revalued using the revaluation model under IAS 16 and except for derivate financial instruments that are valued at fair value as at the reporting date.

The Consolidated Financial Statements were prepared on accrual basis and under the going concern principle.

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

In connection with the war conflict in Ukraine, the parent company's management has analysed the possible effects and consequences on the Group and concluded that currently they do not have significant adverse impact on the Group (apart from rising input prices, especially fuels, energy, materials, goods and services). The parent 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 Consolidated Financial Statements of the Group for the previous period were approved by the Decision of the Ministry of Finance of the Slovak Republic made within the scope of the General Meeting of the parent company held on 26 May 2023.

These consolidated financial statements have been prepared in thousands of euros ("thousands of EUR").

2.2. Changes in the accounting policies

During the year ended 31 December 2023, the Group 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 verified the accounting principles and updated the published information in accordance with the additions.

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. Consolidation principles

Subsidiaries are those companies in which the Group, directly or indirectly, has an interest of more than 50% in the voting rights or otherwise has power to exercise control over their operations; and are included in the Consolidated Financial Statements. Subsidiaries are consolidated as of the date when the Group gained control. All receivables and payables, disposals and purchases, as well as expenses, revenues, profits and losses on transactions within the Group are eliminated.

All acquisitions of subsidiaries are accounted at cost. The cost of the business combination is measured as the aggregate of the fair value (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquire, plus any costs directly attributable to the business combination. If the cost of the business combination exceeds the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognized, the difference is disclosed as goodwill.

2.4. Securities and shares

Securities and shares are reported at their acquisition cost. The acquisition cost is expressed either as the value of cash payments made, cash equivalents, or the fair value of contributed assets and liabilities at the time of acquiring ownership interests in enterprises.

2.5. Foreign currency transaction and translation

(i) Functional and presentation currency of the Consolidated Financial Statements

Items included in these Consolidated Financial Statements are presented in thousands of euro, which is the currency of the primary economic environment in which the entity operates ("the functional currency"). The Consolidated Financial Statements are presented in thousands of euro.

(ii) Transaction and balances of the Consolidated Statement of Financial Position

Transactions in foreign currency are translated into the functional currency using the reference exchange rated determined and declared by the European Central Bank or National Bank of Slovakia as at the date preceding the date of the accounting transaction or at any other day if required by special regulation. At the reporting date preceding the date, the assets and liabilities (except advance payments made and advance payments received) 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 foreign currency are retranslated into the functional currency using the exchange rate valid at the date of the accounting transaction. Foreign Exchange gains and losses resulting from settlement of such transactions and from the translation at year-end exchange rates monetary assets and liabilities denominated in foreign currencies are recognized in the Consolidated Income Statement.

(all amounts are in thousands of EUR unless stated otherwise)

2.6. Property, plant and equipment

The property, plant and equipment is carried at cost less accumulated depreciation out 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 Group 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).

(ii) Revaluation

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.

(iii) Depreciation and impairment of fixed assets

The depreciation of property, plant and equipment starts in the month when the property, plant and equipment is available for use. Property, plant and equipment is 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 property, plant and equipment. The estimated useful lives of individual groups of assets 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 Group 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 Group 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 Group 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's carrying amount is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

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

2.7. Intangible assets

The Group 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 Group 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;
- management intends to complete the software product and use or sell it;
- group has an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- group has 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.

2.8. Financial assets

The Group 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 Group derecognizes financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expired or (b) the Group 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 consolidated profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through income statement. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term or to mitigate risks. This category includes derivative financial Instruments entered into by the Group 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 Consolidated Statement of Financial Position.

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

2.9. Leases

a) Leases - IFRS 16

The Group applied the new IFRS 16 standard to all contracts concluded before 1 Janury 2019.

i. Leased asset (Group 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 Group shall consider all relevant facts and circumstances providing economic stimuli 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 Group is sufficiently certain that the prolongation shall be applied.

The Group has applied an optional derogation 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 Group has also applied an optional derogation 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 Group assumes that it is a new asset. If the asset value cannot be determined reliably, the optional derogation shall not be applied.

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

2.10. 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 Group manages the risk of customers' insolvency by financial guarantees received from customers which can be used in case the customers 'debts are not settled when became due.

Value adjustment of trade receivables is established when there is objective evidence that the Group will be not able to collect all the amount 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 are trade receivable is impaired. The amount of the value adjustment is the difference between the asset's carrying amount and the present values of the estimated future cash flow discounted by the original effective interest rate.

Value adjustment of trade receivables is recognized through an allowance account. Impairment losses and their reversals, if any, are recognized in the Consolidated Statement of Comprehensive Income 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 Consolidated Statement of Comprehensive Income within other operating income.

2.11. 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.

2.12. Share capital

Ordinary 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.

2.13. 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 Consolidated 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 or loss. Deferred tax is determined using tax rates 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 Group 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 Group offsets deferred tax assets and deferred tax liabilities where the Group 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 parent company is obliged to pay special levy from business activities in regulated sectors. The levy 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".

2.14. 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 Group would comply with all attached conditions. Grants and contributions relating to acquisition of property 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 EBRD for the Reconstruction - Structure 2, Part 2 an Structure 3 in Križovany, with the grant approved by EBRD for Lemešany - Košice - Moldava- Structure 4, for reconstruction of "switching station 400/110 kV in Bystričany". The Group also has a grant approved by Danube InGrid for project, which is result of cooperation between the Group, 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.

2.15. 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 Consolidated Statement of Comprehensive Income over the period of the borrowings using the effective interest method.

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

2.16. Provisions

If there is an onerous contract presented at the Group, 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 includd 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 Group would rationally pay to settle the obligation. The estimate is determined by the judgement of the management and the Group'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 recognizes as interest expense.

2.17. Contingent liabilities

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

2.18. 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.

2.19. Employee benefits

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

According to the Collective Agreement the Group is obliged, starting from year 2023 – 2025 , the parent company was obligated in 2023 to pay its employees upon departure to early retirement, old-age or disability pension, depending on the years worked at the employer SEPS the following multiples of their average monthly salary (for the time worked at the legal predecessors of SEPS, i.e. before date of 21 Januray 2002, it has not been taken into account since 1 January 2023):

(all amounts are in thousands of EUR unless stated otherwise)

Number of year in service	Multiples of average monthly earnings
0-5 included	7
Over 5 - 10 included	9
Over 10-15 included	10
Over 15-20 included	11
Over 20	12

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

Other benefits

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

- benefit is in the amount of EUR 650 when the employee reaches the age of 50 and 60 (2022: 598 EUR)

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

The liability recognized in the Consolidated 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 the Consolidated Statement of Changes 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 Group contributes to the government and private defined contribution pension plans.

The Group makes contributions to the government health, retirement benefit and accidental and guarantee insurance and unemployment schemes at the statutory rates in force during the year based on gross salary payments.
Throughout the year, the Group 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 Income Statement in the same period as the related salary cost.

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

Profit sharing and bonus plans

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

- there is a formal plan and the amounts to be paid are determinable before the Consolidated 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 the amount can be determined before the Consolidated Financial Statements are authorized for issue
- bonuses or profit sharing may be determined before the Consolidated 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.

2.20. Revenue recognition

The Group recognizes revenue when the amount of revenue can be reliably measured, it is probable that the future economic benefits will flow to the Group and specific criteria will be met for each of the Group'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 Group's activities. Revenues is shown, net of value-added tax, estimated returns, rebates and discounts.

Revenues should be posted at transaction prices at the time when the goods or services are transferred to the customer. Any promised goods or services that are distinct shall be charged separately and discounts or returns from the sales price must be allocated to individual items, if the price is variable for any reason, a minimum value that is highly unlikely to be derecognized must be posted.

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.

Net revenue recognition

If the Group acts as an agent (the person responsible for management of goods and services provision, agent) and not as a principal, revenue is recognised net after deduction of related costs. The management of the parent company considers following factors which indicate that the Group operates like an agent, and therefore does not take overall control of the goods and services:

- The Group does not have the freedom to set the price for the services provided,
- The Group cannot modify the goods or provide part of the service,
- The Group cannot determine the specification of the goods,
- Reward is set as a fixed amount or percentage of the value of the consideration.

2.21. Dividend distribution

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

2.22. Hedging Accounting

The Group holds derivative financial instruments in order to hedge commodity price risks. A hedged item is other receivable or other liability reported by the Group 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 Group has determined that the following derivative instruments are used for hedging: short-term commodity futures. Hedging derivative instruments are initially valued at the acquisition costs and the respective transaction costs are reported in the consolidated profit and loss statement upon their origination. Subsequently, after their first accounting, hedging derivatives are valued at fair value and their changes are accounted in a manner described below.

Cash Flow Hedge

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 Group 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 Group 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 consolidated profit and loss statement for the period in which the hedged item affects the consolidated 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 Group 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.

2.23. 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 Group did not apply them early.

Amendments to IAS 1 Presentation of financial statements, classification of liabilities as current and non-current

The Amendments are effective for annual reporting periods beginning on or after 1 January 2024, with early application permitted.

The Amendments clarify that the classification of liabilities as current and non-current should be based solely on the existence of a right of the Company to defer settlement of the liabilities as the end of the accounting period. The Companys´ right to defer settlement for at least twelve months from the date on which the financial statements are prepared doues not have to by unconditional, but it must be substantiated.

The classification is not influenced by the intentions or expectations of management, whether and when the Company will exercise its right to defer settlement of the liability. The amendments also clarify what is considered to be the settlement of liability.

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

Amendments to IFRS 16 Leases: Lease liabilities in sale and leaseback transactions

The Amendments are effective for annual reporting periods beginning on or after 1 January 2024, with early application permitted.

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

The amendments confirm 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 does not recognises no gain or loss relating to the right of use it retains.

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

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

2.24. Offsetting

Financial assets and liabilities are set off and the net amount is presented in the consolidated statement of financial position only if the Group has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.
Revenues and expenses are presented on a net basis only when permitted by the reporting standards, or for gains and losses arising from a group of similar transactions.

2.25. 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 Group does not expect these amendments to have a significant impact on the presentation of its financial statements upon their initial application.

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments Dislosures: 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."

(all amounts are in thousands of EUR unless stated otherwise)

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

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

3 Financial Risk Management

3.1. Financial risk factors

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

Risk management is carried out by the Group under policies approved by the Board of Directors. The Group identifies, evaluates and hedges financial risks in cooperation with the Group'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 Group provides electricity transit services and auctions in which payments are denominated in EUR. Similarly, the Group recognizes part of purchases and credit financing with payments denominated in EUR.

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

	Liabilities		Assets	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
CZK	5	0	3	1

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

Based upon the sensitivity analysis of financial assets and liabilities recognized as at 31 December 2023 a 10 % strengthening/weakening, in the EUR against CZK would result in an increase/decrease in the Group's profit by EUR 0 thousand. The Group considers the risk is not significant as at reporting date.

(b) Price risk

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

(c) Operating risks - prices of services

The Group provides the electricity transmission of the Slovak Republic and directly associated activities. Moreover, the Group carries out activities as organizer of spot electricity market, which also includes the settlement of deviations, central invoicing of fees related to the operation of the electricity system and the organization and settlement of support for electricity production from renewable energy sources and from high-efficiency cogeneration.

Activities of the Group are subject to regulation by The Regulatory Office of Network Industries of the Slovak Republic (hereinafter the „URSO"), which in its decisions determines tariffs, prices and costs allowed the Group. URSO applies in its determinations procedures and formulas describe in the URSO ordinance based on the principles established by the Regulation Committee for the regulatory period. The year 2023 belongs to 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.

The main part of the Group's revenue consists of revenues from tariffs that have been approved and issued in its ordinances (electricity transmission and reserved capacity revenues, revenues from tariffs for electricity losses in transmission, system services revenues and revenues from balancing energy acquired within the IGCC system). Furthermore, the Group generates revenues related to cross border electricity transmission (clearing of international transfers revenues - ITC mechanism, from auctions and revenues from electricity transmitted through cross border connections within the links to electricity markets - Market Coupling) and revenues related to electricity on the daily market, for which the URSO does not set prices. 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.The Group's costs consists mainly costs for purchase of support services needed to provide system services, the cost of system operating, electricity purchase costs to cover losses and own consumption, the cost for payments related to deviations of billing subjects, the costs associated with cross-border electricity transmission and other costs needed for transmission system operation and operation of the Group.

(d) Cash flow interest rate risk

The Group repaid the last loan with a variable rate on 2019. As at 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 Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions and alternative financing. Operating revenues and operating cash flows of the Group are independent, to a large extent, of the changes in interest rates on the market. The Group does not have material 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 Group has implemented individual assessment of major customers credit risk. 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.

(all amounts are in thousands of EUR unless stated otherwise)

The Group is managing risk of non-payment of customers through advance payment and guarantees. As for the trade receivables, the Group carries out its activities with a few significant counterparties. Although the receivables of the Group 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 engaged in the electricity business, most of them with an influence by the state.

The Group secures its credit risk with customers and partners operating on short-term electricity market and with participants of deviation settlement based on regulation rules through received bank guarantees or financial warranties. The Group can use them in case of customers' insolvency.

Maximum exposure related to trade and other receivables is the nominal value of trade receivables adjusted by individual impairment of EUR 5 385 thousand (Note 11).

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

		Balance as at 31 December	
Counterparty	**Rating[2]**	**2023**	**2022**
Banks[1]			
Všeobecná úverová banka, a.s.	A2	186 125	151 105
Tatra banka, a.s.	A2	268 249	462 163
Československá obchodná banka, a.s.	A2	70 028	40 062
Slovenská sporiteľňa, a.s.	A2	98 792	40 447
Štátna pokladnica		2	25 527
UniCredit Bank Czech Republic and Slovakia, a. s. pobočka zahraničnej banky	A3	20 507	17 183
365 Banka, a. s. (Poštová Banka, a. s.)	Ba1	3	86
HypoVereinsbank	A2	12 881	32 385
Other	n/a	95	72
Total		**656 682**	**769 030**

[1]The amount of cash and short-term deposits at banks as at 31 December 2023 amounts to EUR 378 682 thousand (2022: EUR 514 030 thousand). As at 31 December 2023, cash and cash equivalents are at the Group's full disposal. Short-term financial assets in the amount of EUR 278 000 thousand as at 31 December 2023 represents deposits in banks with a commitment period of more than three months (2022: EUR 255 000). The Group has bank borrowings as at 31 December 2023 of EUR 0 thousand (2022: EUR 5 thousand).
[2] The Group uses the independent rating of Moody's and Standard & Poor's.

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

(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 Group aims to maintain flexibility in funding by keeping committed credit lines available.

(all amounts are in thousands of EUR unless stated otherwise)

The Group manages liquidity risk by having an option to utilize bank overdrafts, which should cover an immediate shortage of cash. The Group regularly monitors its liquidity position and uses overdrafts only in exceptional cases. The Group also uses the advantages of commercial terms between the Group 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 Group 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 Group, and
- expected future cash outflows securing operation of the Group and leading to settlement of all liabilities of the Group, 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 Group to make term deposits and other investments.

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

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the Statement of Financial Position to the contractual maturity date. 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 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At 31 December 2023				
Bank loans	0	0	0	0
Finance lease	340	217	158	16
Trade and other payables excluding liabilities not falling under IFRS 7	165 599	2 159	0	0
Total	**165 939**	**2 376**	**158**	**16**
At 31 December 2022				
Bank loans	5	0	0	0
Finance lease	393	439	214	48
Trade and other payables excluding liabilities not falling under IFRS 7	365 532	0	0	0
Total	**365 930**	**439**	**214**	**48**

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
As at 31 December 2023				
Long term financial liabilities - hedging derivative instruments	0	989	0	0
Short term financial liabilities - hedging derivative instruments	7 344	0	0	0
Total	**7 344**	**989**	**0**	**0**
As at 31 December 2022				
Short term financial liabilities - hedging derivative instruments	2 165	0	0	0
Total	**2 165**	**0**	**0**	**0**

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

(all amounts are in thousands of EUR unless stated otherwise)

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	-5	0	0
Liabilities from lease	1 094	-363	0	731
Other finance liabilities	0	0	0	0
Dividends	0	-79 338	79 338	0
Interests	0	-76	76	0
Total	**1 099**	**-79 782**	**79 414**	**731**

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	-5 470	0	5
Liabilities from lease	963	131	0	1 094
Other finance liabilities	0	0	0	0
Dividends	0	0	0	0
Interests	0	-338	338	0
Total	**6 438**	**-5 677**	**338**	**1 099**

(iv) Commodity risk

The Parent 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 parent company uses commodity futures.
Managing processes related to commodity price change risk in the parent 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 parent 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 parent 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	-2 274
Balance as at 31 December 2023	20 540	
10% increase	22 814	2 274

Electricity Commodity Derivatives	Net Fair Value	Change
10% decrease	23 966	-1 204
Balance as at 31 December 2022	25 170	
10% increase	26 374	1 204

(all amounts are in thousands of EUR unless stated otherwise)

Sensitivity to Changes in Market Prices of Electricity

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

Electricity Commodity Derivatives	Net Fair Value	Change
10% decrease	22 653	-2 517
Balance as at 31 December 2022	25 170	
10% increase	27 687	2 517

Effectivity of hedging is on the level of 100%.

3.2. Capital risk management

The parent company's objectives of managing capital are to safeguard the Group'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 parent company's management manages shareholders capital reported under IFRS adopted by the European Union at 31 December 2023 in value EUR 979 171 (2022: EUR 1 001 847 thousand).

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

	31 December 2023	31 December 2022
Total equity and liabilities	1 710 992	1 837 228
Equity (Note 13)	979 171	1 001 847
The ratio of Equity to Total liabilities and equity	57%	55%

The parent company's strategy was unchanged from 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 is 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 Group on the basis of parameters such as interest rates, risk factors specific for the given country, individual customer creditworthiness and the risk connected with the financed project. On the basis of such assessment, adjustments are used in accounting to cover expected losses from such receivables. As at 31 December 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.

(all amounts are in thousands of EUR unless stated otherwise)

- 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 Group 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.

The carrying value less impairment provision of trade financial assets and liabilities are assumed to approximate their fair values.

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

Financial liabilities measured at fair value	31 December 2022	Level 1	Level 2	Level 3
Hedging derivatives	25 170	0	25 170	0

4 Critical accounting estimates and judgements

The Group 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 Group provides the electricity transmission of the Slovak Republic and directly associated activities. Moreover, the Group carries out activities as organizer of spot electricity market, which also includes the settlement of deviations, central invoicing of fees related to the operation of the electricity system and the organization and settlement of support for electricity production from renewable energy sources and from high-efficiency cogeneration.

The Group's activities are regulated by The Regulatory Office of Network industries of Slovakia (hereinafter the „URSO), which in its decisions determines tariffs, prices, allowed costs and allowed revenues of the Group. URSO applies in its determinations procedures and formulas described in the URSO ordinance based on the principles established by the Regulation Committee for the regulatory period.

The year 2023 belongs to the 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, 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.

The main part of the Group's revenue consists of revenues from URSO's tariffs that have been approved and issued in its ordinances (electricity transmission and reserved capacity revenues, revenues from tariffs for electricity losses in transmission, system services revenues and revenues from balancing energy acquired within the IGCC system). Furthermore, the Group generates revenues related to cross border electricity transmission (clearing of international transfers revenues - ITC mechanism, from auctions and revenues from electricity transmitted through cross border connections within the links to electricity markets - Market Coupling) revenues related to electricity on the daily market, for which the URSO does not set prices. 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.

The Group'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 Group.

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 affect the carrying amount of pension obligations.

The Group 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. In determining the appropriate discount rate, the Group 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 Group are assets used tor electricity transmission, in the past, the Group valued assets at the historical acquisition costs. As at 31 December 2011 and 2016 and 2021 the Group applied the revaluation model to fair value according to IAS 16 for property, plant and equipment, except for the classes of assets containing vehicles, inventory and artwork. Revaluation of property 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 result of the revaluation was an increase of the assets and 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.

(all amounts are in thousands of EUR unless stated otherwise)

The Group 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 Group in the future.

(iv) Impairment test

As at 31 December 2023, the parent 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 and was 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 Group concluded that the assets used for regulated activities related to electricity transmission are not impaired.

(all amounts are in thousands of EUR unless stated otherwise)

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	582 090	201 188	147 387	14 118	960 923
Accumulated depreciation and impairment charges	0	-21 391	-4 482	-40 287	0	-66 160
Net book value	**16 140**	**560 699**	**196 706**	**107 100**	**14 118**	**894 763**
Year ended 31 December 2022						
Opening net book value	16 140	560 699	196 706	107 100	14 118	894 763
Additions	4 197	20 717	4 260	477	14 437	44 088
Transfers	0	3 385	6 879	764	-11 028	0
Disposals	0	-210	-4	-1	0	-215
Depreciation charge	0	-22 558	-34 624	-4 243	0	-61 425
Impairment charge	0	0	0	0	0	0
Net book value at the end of period	**20 337**	**562 033**	**173 217**	**104 097**	**17 527**	**877 211**
At 31 December 2022 after revaluation						
Cost	20 337	605 864	208 898	147 992	17 527	1 000 618
Accumulated depreciation and impairment charges	0	-43 831	-35 681	-43 895	0	-123 407
Net book value	**20 337**	**562 033**	**173 217**	**104 097**	**17 527**	**877 211**
At 31 December 2022 in historical costs						
Costs	13 053	790 663	551 477	36 765	17 526	1 409 484
Accumulated depreciation and impairment charges	0	-283 539	-335 448	-11 445	0	-630 432
Net book value	**13 053**	**507 124**	**216 029**	**25 320**	**17 526**	**779 052**
Year ended 31 December 2023						
Opening net book value	20 337	562 033	173 217	104 097	17 527	877 211
Additions	425	19 344	5 911	1 391	6 899	33 970
Transfers	683	781	2 436	332	-4 232	0
Disposals	0	-106	-199	-145	0	-450
Depreciation charge	0	-24 125	-29 271	-4 369	0	-57 765
Impairment charge	0	0	0	-22	0	-22
Net book value at the end of period	**21 445**	**557 927**	**152 094**	**101 284**	**20 194**	**852 944**

(all amounts are in thousands of EUR unless stated otherwise)

	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						
Costs	21 445	625 580	213 200	149 145	20 194	1 029 564
Accumulated depreciation and impairment charges	0	-67 653	-61 106	-47 861	0	-176 620
Net book value	**21 445**	**557 927**	**152 094**	**101 284**	**20 194**	**852 944**
At 31 December 2023 in historical costs						
Costs	14 160	809 707	535 935	48 734	20 194	1 428 730
Accumulated depreciation and impairment charges	0	-301 521	-328 355	-30 122	0	-659 998
Net book value	**14 160**	**508 186**	**207 580**	**18 612**	**20 194**	**768 732**

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

The first revaluation of property, buildings, halls, lines and structures took place on 1 January 2011. As at 1 January 2016 and as at 1 January 2021 an independent expert who is in no way related to the Group 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).

The Group updated the revaluation as at 1 January 2021. The revaluation resulted in increase of the accounting value of property, plant and equipment by EUR 44 732 thousand,(of which an increase in comprehensive income by EUR 49 800 thousand and a decrease in operating profit by EUR 5 068 thousand) increase of the deferred tax liability by EUR 9 394 thousand, decrease of profits by EUR 3 412 thousand and increase of revaluation gains in other comprehensive income accumulated as a revaluation surplus within equity in the amount of EUR 39 342 thousand after taking the effect of deferred taxes into account.

Revaluation of assets to fair value was performed by an independent expert using a net realizable value; he also assessed the useful life of each asset item. The revaluation resulted in a reduction of annual depreciation by EUR 11 694 thousand in 2021 compared to the previous accounting period.

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

As at 31 December 2023, the Group reviewed all internal and external impairment indicators. The Group did not identify such indicators that would require performing of impairment test as at 31 December 2023.

As at 31 December 2023, the most significant items within property, plant and equipment represent: substations and administrative buildings in revalued net book value of EUR 380 101 thousand, in historical net book value of EUR 333 941 thousand (2022: revalued net book value of EUR 408 291 thousand, historical net book value of EUR 352 288 thousand); transmission lines at revalued net book value of EUR 396 610 thousand, in historical net book value of EUR 368 099 thousand (2022: revalued net book value of EUR 395 304 thousand, in historical net book value of EUR 362 987 thousand).

(all amounts are in thousands of EUR unless stated otherwise)

Non-current assets under construction consists mainly of EUR 3 171 thousand for a backup data centre in Podunajské Biskupice (2022: EUR 3 154 thousand), EUR 2 378 thousand for 2x400kV line Bystričany - Horná Ždaňa (2022: EUR 2 293 thousand), EUR 1 575 thousand for the 400/110 kV substation in Senica (2022: EUR 1 564 thousand), EUR 1 139 thousand for changing the connection Fortischem, a. s. to ES Bystričany (2022: EUR 1 035 thousand), EUR 1 559 thousand for transition ESt Sučany to remote control (2022: EUR 669 thousand. These assets are not available for use at the reporting date.

In accordance with the accounting procedures of the Group, borrowing costs are capitalized but the Group did not capitalize any interest in 2023 (2022: EUR 0) that would be part of the borrowing costs of long-term assets. The effective interest rate related to capitalization as at 31 December 2023 amounted 0% p.a. (2022: 0% p.a.).

The following table includes property leased by the Group as lessors under operating lease agreements:

	Land, buildings and structures	Plant, machinery and equipment	Total
As at 31 December 2023			
Cost	17 881	1	17 882
Accumulated depreciation	-2 169	-1	-2 170
Net value as at 31 December 2023	**15 712**	**0**	**15 712**
As at 31 December 2023			
Historical acquisition cost	24 670	8	24 678
Accumulated depreciation historical	-9 269	-8	-9 277
Historical net book value as at 31 December 2023	**15 401**	**0**	**15 401**
As at 31 December 2022			
Cost	17 781	0	17 781
Accumulated depreciation	-1 442	0	-1 442
Net value as at 31 December 2022	**16 339**	**0**	**16 339**
As at 31 December 2022			
Historical acquisition cost	24 566	0	24 566
Accumulated depreciation historical	-8 581	0	-8 581
Historical net book value as at 31 December 2022	**15 985**	**0**	**15 985**

The Group also leases optic fibres and circuits. The value of such fibres and circuits cannot be reasonably estimated, as they are part of other assets that are used by the Group. 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 Group has insured its assets against the following risks:

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 2 907 571 thousand. 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 thousand. 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 thousand.

(all amounts are in thousands of EUR unless stated otherwise)

6 Intangible assets

	Software and other intangible assets	Intangible assets not yet in use	Total
At 1 January 2022			
Cost	85 744	7 007	92 751
Accumulated amortisation	-67 950	0	-67 950
Net book value	**17 794**	**7 007**	**24 801**
Year ended 31 December 2022			
Opening net book amount	17 794	7 007	24 801
Additions	8 998	326	9 324
Transfers	6 511	-6 511	0
Disposals	0	0	0
Amortisation charge	-6 977	0	-6 977
Closing net book value	**26 326**	**822**	**27 148**
At 31 December 2022			
Cost	101 056	822	101 878
Amortisation charge	-74 730	0	-74 730
Net book value	**26 326**	**822**	**27 148**
Year ended 31 December 2023			
Opening net book amount	26 326	822	27 148
Additions	8 183	2 912	11 095
Transfers	457	-457	0
Disposals	0	0	0
Amortisation charge	-7 685	0	-7 685
Closing net book value	**27 281**	**3 277**	**30 558**
At 31 December 2023			
Cost	109 696	3 277	112 973
Accumulated amortisation	-82 415	0	-82 415
Net book value	**27 281**	**3 277**	**30 558**

The computer software consists mainly of software SAP, Damas Energy, MONARCH RIS SED, ISZO, ISOT, ISOM, ISCF and RRM. Net book value of SAP is EUR 179 thousand (2022: EUR 253 thousand), remaining amortization period is 3 years. Net book value of Damas Energy is EUR 2 915 thousand (2022: EUR 3 982 thousand), remaining amortization period is 3 years. Net book value of MONARCH RIS SED is EUR 916 thousand (2022: EUR 4 170 thousand), remaining amortization period is 1 year. Net book value of ISZO and ISOT are EUR 1 014 thousand (2022: 1 480 thousand), remaining amortization period is 3 years.

(all amounts are in thousands of EUR unless stated otherwise)

Intangible assets not yet in use include EUR 249 thousand for improvement of RIS safety (2022: EUR 249 thousand), EUR 1 198 thousand for update and upgrade of MARI/PICASSO (2022: EUR 80 thousand), EUR 717 for legislative upgrade of trading system (2022: EUR 0 thousand).

Internally generated intangible assets are immaterial.

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

7 Shares and other investments

	2023	2022
At the beginning of the year	**631**	**631**
Additions	0	0
Disposals	0	0
At the end of the year	**631**	**631**

Eight providers of transmission systems: Verbund - Austrian Power Grid AG, CEPS, 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, in 2008, Central Auction Office (CAO) based in Gute Änger 15, Freising, Germany for the purpose of introducing regional coordinated management of network overloading. In year 2013, the Group had share on the capital 12.5 %. On 23 May 2014 was entered in the German Register a new partner - Croatian provider HOPS d. o. o. and Group'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), CEPS (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 Sistement Operator EAD (Bulgaria) and 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 in Europe and act as backup for the European Market Coupling.

New allocative 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 Group does not expect that the investment is impaired.

In June 2018, parent company 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 16 transmission system operators from eleven European countries are the organization's shareholders:

(all amounts are in thousands of EUR unless stated otherwise)

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), Transelectrica (Romania) and Vorarlberg Ubertragungsnetz GmbH (Austria). For 2023, data on equity and profit or loss are not yet available. The Group does not expect any impairment of the investment.

8 Assets representing the right of use

Group as lessee

The Group 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, property, plant and equipment	Total
As at 1 January 2023	**1 053**	**1 053**
Adjustments due to contract modifications	0	0
Additions	33	33
Depreciation	-394	-394
Disposals	0	0
Balance as at 31 December 2023	**692**	**692**

	Land, property, plant and equipment	Total
As at 1 January 2022	**915**	**915**
Adjustments due to contract modifications	-64	-64
Additions	646	646
Depreciation	-433	-433
Disposals	-11	-11
Balance as at 31 December 2022	**1 053**	**1 053**

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 and loss	Financial assets - carried at amortized cost	Total
Assets as per Consolidated Statement of Financial Position			
Trade receivables (before impairment provision)	0	82 410	82 410
Trade receivables from derivative financial instruments	0	7 144	7 144
Other receivables	0	1 489	1 489
Cash on bank accounts and cash in hand	0	378 682	378 682
Short-term bank deposits	0	278 000	278 000
Total	**0**	**747 725**	**747 725**

(all amounts are in thousands of EUR unless stated otherwise)

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 Consolidated Statement of Financial Position				
Trade and other payables	0	0	104 435	104 435
Received guarantees	0	0	59 156	59 156
Liabilities from derivatives	8 333	0	0	8 333
Payables to employees	0	0	1 538	1 538
Social security	0	0	1 475	1 475
Other payables	0	0	4 167	4 167
Bank loans and financial leasing	0	0	731	731
Total	**8 333**	**0**	**171 502**	**179 835**

As at 31 December 2022	Financial assets at fair value trough profit and loss	Financial assets - carried at amortized cost	Total
Assets as per Consolidated Statement of Financial Position			
Trade receivables (before impairment provision)	0	75 418	75 418
Other receivables	0	848	848
Cash on bank accounts and cash in hand	0	514 030	514 030
Short-term bank deposits	0	255 000	255 000
Total	**0**	**845 296**	**845 296**

As at 31 December 2022	Financial liabilities at fair value through equity	Financial liabilities at fair value through profit/loss	Other financial liabilities- carried at amortized cost	Total
Liabilities as per Consolidated Statement of Financial Position				
Trade and other payables	0	0	283 415	283 415
Received guarantees	0	0	68 647	68 647
instruments	2 165	0	0	2 165
Payables to employees	0	0	1 568	1 568
Social security	0	0	947	947
Other payables	0	0	13 470	13 470
Bank loans and financial leasing	0	0	1 099	1 099
Total	**2 165**	**0**	**369 146**	**371 311**

10 Inventories

	As at 31 December 2023	2022
Goods	0	330
Materials and spare parts	1 278	1 139
Total	**1 278**	**1 469**

(all amounts are in thousands of EUR unless stated otherwise)

The Group has no limited right to dispose with inventory and does not use them to guarantee its liabilities.

In 2023, a property designated for sale, valued at 330 thousand EUR as of 31 December 2022, was sold. The same property was accounted for in expenses in amount EUR 330 thousand and in revenues in amount EUR 330 thousand as of 31 December 2023. In the income statement, 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 not impaired trade receivables	77 028	70 210
Past due but not impaired trade receivables	202	7
Individually impaired trade receivables	5 180	5 201
Trade receivables (before provision for impairment)	**82 410**	**75 418**
Less: Provision for impairment of receivables	-5 385	-4 760
Trade receivables - net	**77 025**	**70 658**
VAT receivable	19 817	29 537
Claim on grant	3 195	775
Prepaymants	18	5
Other receivables	1 489	848
Variable collateral from commodity futures	7 144	0
Prepaid expenses and accrued income	8 521	2 101
Other receivables - net	40 184	33 266
Total trade and other receivables	**117 209**	**103 924**

	As at 31 December	
	2023	**2022**
Long-term receivables:		
Financial collateral from comodity futures	867	0
Claim on grant	42 446	44 803
Other receivables	26	26
Total long-term receivables	**43 339**	**44 829**

Short-term financial guarantees from commodity futures in the amount of EUR 7 144 thousand are provided, relating to commodity futures settlements during the year 2024 by 31 December 2023 (2022: liability from received advances in amount EUR 1 097 thousand).
Long-term financial guarantees from commodity futures with settlement dates during 2025 and spot trades is in the total amount of EUR 867 thousand as of 31 December 2023 (Note 3.1 and 3.3). As at 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 HypoVereinsbank. 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 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

(all amounts are in thousands of EUR unless stated otherwise)

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 thousand 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 thousand), the amount of EUR 4 269 thousand 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 thousand),the amount of EUR 1 309 thousand 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 thousand), the amount of EUR 15 455 thousand of which the short-term part is EUR 775 thousand related to the refinancing of costs of Západoslovenská distribučná, a.s. for the construction in the electrical station in Vajnory (2022: EUR 16 230 thousand), the amount EUR 2 281 thousand, the amount of EUR 0 thousand related to the refinancing of costs of Capital construction within the Est Bystričany power station incurred by Fortischem, a. s. (2022: EUR 2 125 thousand), the amount of EUR 1 788 thousand, 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), the amount of EUR 2 989 thousand, of which the short-term part is EUR 0, is related to the refinancing of the costs of Duslo Šaľa, a. s. for investment construction in the power station in Križovany (2022: EUR 2 989),and the amount of EUR 13 256 thousand of which the short-term part is EUR 2 420 thousand related to the Danube InGrid grant (2022: EUR 15 789 thousand), the amount EUR 19 thousand of which the short-term part is EUR 0 related to the refinancing of the costs line construction V429 and V448 as a part of 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	77 028	70 210
Overdue receivables	5 382	5 208
Total	**82 410**	**75 418**

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**
Slovenské elektrárne, a.s.	663	399
Západoslovenská distribučná, a. s.	5 851	2 820
Západoslovenská energetika Energia, a. s.	12 359	5 323
Stredoslovenská energetika, a. s.	10 370	4 359
Stredoslovenská distribučná, a. s.	10 036	1 832
Východoslovenská energetika, a. s.	5 804	2 914
Východoslovenská distribučná, a. s.	1 448	1 305
ČEPS, a. s.	96	72
MAVIR	5 660	5 112
Joint Allocation Office	3 102	18 765
Other	21 639	27 309
Neither past due nor impaired trade receivables	**77 028**	**70 210**

(all amounts are in thousands of EUR unless stated otherwise)

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 parent company. Although the receivables of the Group are generated from a few customers only, the credit risk is limited due to character of the counterparties. Most of the customers are strategic Slovak companies, most of them engaged in electricity business, with an influence by the state.

Credit risk of participant on electricity short-term market and deviation settlement participant is covered by received guarantee or financial warranty.

As at 31 December 2023 trade receivables of EUR 202 thousand (2022: EUR 7 thousand) were past due but not impaired. Their ageing analysis is as follows:

	As at 31 December	
	2023	2022
1 to 90 days	202	5
91 to 180 days	0	2
Total past due but not impaired trade receivables	**202**	**7**

The balance of trading receivables as at the end of period includes overdue receivables of the accounting value of EUR 202 thousand (2022: EUR 7 thousand) for which the Group has not created adjustments, as no significant changes in the credibility of debtors have occurred and therefore the receivables are still deemed recoverable. The group has created an adjustment of EUR 205 thousand to cover overdue trade receivables, which are not individually impaired as of 31 December 2023 (2022: EUR 105 thousand).

As at 31 December 2023, the Group recorded individually impaired trade receivables in the gross amount of EUR 5 180 thousand (2022: EUR 5 201 thousand). As at 31 December 2023 was created provision in the amount of EUR 5 180 thousand (2022: EUR 4 655 thousand).

The ageing of these receivables is as follows:

	As at 31 December	
	2023	2022
from 180 to 360 days	0	670
over 361 days	5 180	4 531
Total individually impaired receivables	**5 180**	**5 201**

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

	2023	2022
At the beginning of the year	4 760	4 085
Additional provision for receivables impairment	625	675
Unused amounts released	0	0
Receivables written-off as uncollectible	0	0
At the end of the year	**5 385**	**4 760**

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

(all amounts are in thousands of EUR unless stated otherwise)

12 Cash and cash equivalents

	As at 31 December	
	2023	**2022**
Cash at bank and in hand	187 800	403 696
Short-term bank deposits	190 882	110 334
	378 682	**514 030**

As at 31 December 2023, cash and cash equivalents were fully available for the Group's use.

For the purposes of the Consolidated 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	378 682	514 030
	378 682	**514 030**

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 Group had deposits in banks with a commitment period longer than three months in the amount of EUR 278 000 thousand (2022: EUR 255 000 thousand).

13 Shareholder's Equity

As at 31 December 2023, the registered capital consisted of 235 bearer shares at a nominal value of EUR 1 000 000. Legal reserve fund has not attained the minimum amount of mandatory contribution under Commercial Code as at 31 December 2023, due to the fact that the registered capital was increased during the year 2021.

The parent company has no subscribed capital that has not been entered in the Commercial Register.

Shares are associated with equal rights.

As a sole shareholder of the parent 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 thousand and this contribution was paid up as at 31 December 2020 in full. On 21 September 2021, capital fund from shareholder contribution in amount of EUR 130 000 thousand was used to increase the Parent Company's share capital.

Legal reserve fund is obligatorily created from profit of the parent company in accordance with the Slovak Commercial Code. According to the Commercial Code, the parent 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 parent 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 parent company and it is not a distributable reserve. Legal reserve fund amounted to EUR 40 204 thousand as at 31 December 2023 (2022: EUR 29 690 thousand).
Other capital reserves comprise statutory fund of EUR

(all amounts are in thousands of EUR unless stated otherwise)

198 924 thousand (2022: EUR 198 924 thousand), cognition revenue fond of EUR 73 545 thousand (2022: EUR 58 255 thousand) and differences from revaluation of assets amounted to EUR 72 326 thousand (2022: EUR 83 846 thousand). The Group contributed during the year 2023 in amount of EUR 15 290 thousand to the congnition income fund from retained earnings.

The statutory fund to finance future capital expenditures is used to accumulate internal funds of the parent company generated 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 parent company in relation to capital expenditures, and by the acquisition guidelines. Funds on the statutory fund to finance capital expenditures are accumulated from amounts allocated to the statutory fund based on the decision of General Meeting.

The movements in revaluation assets fund are presented in the table below:

	2023
At the start of the period	83 846
Revaluation surplus reclassified to retained earnings as at 31 December 2023	-14 680
Deferred tax on revaluation surplus as at 31 December 2023	3 083
Deferred tax related to special levy from business activities in regulated sectors	77
At the end of the period	**72 326**

	2022
At the start of the period	96 382
Revaluation surplus reclassified to retained earnings as at 31 December 2022	-16 000
Deferred tax on revaluation surplus as at 31 December 2022	3 360
Deferred tax related to special levy from business activities in regulated sectors	104
At the end of the period	**83 846**

The parent 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 financial statements of the parent company for the year 2022 were approved by the decision of the Ministry of Finance of the Slovak Republic within the scope of the company's general meeting dated 26 May 2023.

In 2023, dividends were approved for 2022 in the amount of EUR 337 610 (rounded) per share at the nominal value of EUR 1 000 000 (in 2022: EUR 0).

The group achieved an accounting profit of EUR 70 018 thousand for 2022 and the profit was distributed as follows:

	2023 profit distribution	**2022 profit distribution**
Dividends paid	79 338	0
Appropriation to the Reserve Fund	10 514	2 352
Transfer to and (from) retained earnings	-19 834	166 251
Total	**70 018**	**168 603**

Approved dividens in the amount of EUR 79 338 thousand were paid out to shareholders from the profit of the parent company for the year 2022

(all amounts are in thousands of EUR unless stated otherwise)

Distribution of the profit of the parent company in the individual finanical statement of the parent company.

	2023 profit distribution	2022 profit distribution
Dividends	79 338	0
Allocation to reserve fund	10 514	1 834
Transfer to retained earnings	15 290	16 505
Total	**105 142**	**18 339**

14 Trade and other payables

	As at 31 December 2023	2022
Trade payables	102 276	283 415
Received guarantees	59 156	68 647
Payables to employees	1 538	1 568
Social security	1 475	947
Accrued personnel expenses	3 664	3 739
Social fund	446	489
Other payables	4 167	13 470
Total	**172 722**	**372 275**

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

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

Trade liabilities include the amount of EUR 468 thousand relating to deliveries for investment actions not invoiced as of 31 December 2023 (2022: EUR 1 086 thousand).

No payables are secured by a lien or other collateral.

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

	Ast at 31 December 2023	2022
Payables not yet due	171 681	371 808
Overdue payables	1 041	467
Total	**172 722**	**372 275**

(all amounts are in thousands of EUR unless stated otherwise)

Social Fund

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

	As at 31 December	
	2023	**2022**
Opening balance at 1 January	**489**	**356**
Creation	1 178	1 137
Usage	-1 221	-1 004
Closing balance at 31 December	**446**	**489**

15 Bank loans and finance lease liabilities

	As at 31 December	
	2023	**2022**
Non-current		
Long-term portion of bank loans (a)	0	0
	0	**0**
Current		
Short-term portion of bank loans (a)	0	5
	0	**5**

(a) Bank loans

The maturity of bank loans is as follows:

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

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 borrowings	0%	0%

(all amounts are in thousands of EUR unless stated otherwise)

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

Bank/Creditor	Type	Currency	Amount in EUR as at 31 December 2023	2022	Interest rate % p. a.	Maturity	Collateral	Part due in next 12 months	Part due after 12 months
Tatra banka, a. s.	operating	EUR	0	5	x	x	x	0	0
Total	**x**	**x**	**0**	**5**	**x**	**x**	**x**	**0**	**0**

16 Finance lease liabilities

	As at 31 December 2023	2022
Long term		
Long term portion of finance lease	391	701
	391	**701**
Short-term		
Short term portion of finance lease	340	393
	340	**393**

The structure of lease liabilities by residual maturity is provided in the following table:

	Balance as at 31 December 2023	2022
Less than one year	340	393
1-5 years	375	653
More than 5 years	16	48
Total	**731**	**1 094**

Overview of movements of leasing liabilities during the period:

As at 31 December 2020	**1 153**
Cost interests	17
Increases (+)/ Decreases (-)	301
Payments for rents	-508
As at 31 December 2021	**963**
Cost interests	18
Increases (+)/ Decreases (-)	565
Payments for rents	-452
As at 31 December 2022	**1 094**
Cost interests	19
Increases (+)/ Decreases (-)	26
Payments for rents	-408
As at 31 December 2023	**731**

(all amounts are in thousands of EUR unless stated otherwise)

17 Grants and deferred revenues

Deferred revenues include the following items:

Deferred revenues	As at December 31 2023	2022
EBOR grant Križovany – long-term portion (a)	6 929	7 419
– short-term portion (a)	490	490
EBOR grant Lemešany – long-term portion (b)	26 059	27 370
– short-term portion (b)	1 293	1 301
EBOR grant Bystričany – long-term portion (c)	47 608	49 603
– short-term portion (c)	1 940	1 892
US Steel – long-term portion (d)	2 455	2 650
– short-term portion (d)	198	202
EU TEN-E – long-term portion (e)	574	602
– short-term portion (e)	29	29
E.On – long-term portion (f)	1 841	1 942
– short-term portion (f)	101	101
Slovenské elektrárne, a. s. – long-term portion (g)	2 068	2 216
– short-term portion (g)	148	150
EU TEN-E – long-term portion (h)	625	654
– short-term portion (h)	28	28
EU TEN-E – long-term portion (i)	1 568	1 634
– short-term portion (i)	65	65
EU TEN-E – long-term portion (j)	1 802	1 869
– short-term portion (j)	67	67
Západoslovenská distribučná, a. s. – long-term portion (k)	3 530	3 650
– short-term portion (k)	120	120
Východoslovenská distribučná, a. s. – long-term portion (l)	3 123	3 294
– short-term portion (l)	171	171
INEA Veľký Meder – long-term portion (m)	322	334
– short-term portion (m)	12	12
INEA Rimavská Sobota – long-term portion (n)	573	591
– short-term portion (n)	18	18
Západoslovenská distribučná, a. s. - Pod. Biskupice – long-term portion (o)	2 792	2 864
– short-term portion (o)	72	72
Západoslovenská distribučná, a. s. - Senica– long-term portion (p)	4 269	4 269
– short-term portion (p)	0	0
Fortischem, a. s. – long-term portion (q)	3 420	3 160
– short-term portion (q)	0	0
INEA Danube InGrid – long-term portion (r)	15 814	15 820
– short-term portion (r)	0	17
Západoslovenská distribučná, a. s. - Vajnory – long-term portion (s)	16 230	16 230
– short-term portion (s)	0	0
Západoslovenská distribučná, a. s. - Križovany – long-term portion (t)	1 788	1 788
– short-term portion (t)	0	0
Duslo, a. s. - Križovany - long-term portion (u)	2 989	2 989
– short-term portion (u)	0	0
EK Life Danube - long-term portion (v)	19	0
-short-term portion (v)	1	0
Deferred income from regulated tariffs - long-term portion (x)	16 294	35 045
– short-term portion (x)	302 689	196 236
Others – long-term portion (y)	933	1 146
– short-term portion (y)	1 163	1 032
Total	**472 230**	**389 142**

a)
On 10 December 2003, the parent company concluded a grant contract with the European Bank for Reconstruction and Development (EBOR), under which the EBOR 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.

An amount of EUR 7 419 thousand (2022: EUR 7 909 thousand) was recognized in deferred revenue related to the grant.

At the reporting date, the parent 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 parent company concluded a grant contract with the European Bank for Reconstruction and Development (EBOR), under which the EBOR 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.

An amount of EUR 27 352 thousand (2022: EUR 28 671 thousand) was recognized in deferred revenue related to the subsidy.

At the reporting date, the parent 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 (EBOR), in which the EBOR 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. Grant funds were drawn till 2020.

The amount of EUR 49 548 thousand (2022: EUR 51 495 thousand) was recognized in deferred revenue related to the subsidy.

At the reporting date, the parent 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 thousand (2022: EUR 2 852 thousand), related to investment in the substation in Košice, which remains in property of the parent company, however, the company US Steel paid the half of the substation's acquisition costs.

e)
Amount of EUR 603 thousand represents a co-finance provided to the parent 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 631 thousand).

f)
Amount of EUR 1 942 thousand included in deferred revenues is related to a 100 % co financing by company E.ON for construction field 13 in Križovany, (2022: EUR 2 043 thousand).

g)
Amount of EUR 2 216 thousand relates to refinancing of cost of Slovenské elektrárne, a.s. for connecting to transmission systems EMO 3 and 4 in Vel'ký Ďur (2022: EUR 2 366 thousand).

h)
Amount of EUR 653 thousand represents co-finance provided to Group from European Commission for the transmission line SS Košice - Lemešany (2022: EUR 682 thousand).

i)
Amount of EUR 1 633 thousand represents co-finance provided from European Commission for the meshing V 409 line to the new transformer station 400/110kV in Voľa electric station (2022: EUR 1 699 thousand).

j)
Amount of EUR 1 869 thousand represents co-finance provided to the parent company from European Commission for the transmission line 400 kV Gabčíkovo - Veľky Ďur (2022: EUR 1 936 thousand).

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

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

m)
Amount of EUR 334 thousand 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 346 thousand).

n)
Amount of EUR 591 thousand 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 thousand).

o)
The amount of EUR 2 864 thousand relates to the refinancing of costs of capital construction within the Podunajské Biskupice power station incurred by Západoslovenská distribučná, a. s. (2022: EUR 2 936 thousand).

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

q)
The amount of EUR 3 420 thousand relates to the refinancing of costs of capital construction within the Est Bystričany power station incurred by Fortischem, a. s. (2022: EUR 3 160 thousand).

r)
The amount of EUR 15 814 thousand relates to the Danube InGrid grant (2022: EUR 15 837). The Danube InGrid project is the result of cooperation between the parent company, 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 16 230 thousand relates to the refinancing of costs of Capital construction within the Vajnory power station incurred by Západoslovenská distribučná, a. s. (2022: EUR 16 230 thousand).

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

u)
The amount of EUR 2 989 thousand relates to the refinancing of costs of Capital construction within the Križovany power station incurred by Duslo Šaľa, a. s. (2022: EUR 2 989).

v)
The amount of EUR 20 thousand related to the refinancing of the construction costs of the V429 and V448 lines within the Life Danube project (2022: EUR 0).

x)
In other long-term deferred income is recognized an income in amount of EUR 16 294 thousand representing the 2023 revenues from regulated tariffs, which according to regulatory rules and accounting procedures, but in 2025, when they will be realised.

In other short-term deferred income is recognized an income in amount of EUR 302 689 thousand representing the 2023 revenues from regulated tariffs, which according to regulatory rules and accounting procedures, but in 2024, when they will be realised.

y)
In other deferred income is recognized then amount of EUR 193 thousand (2022: EUR 204 thousand), which relates to the joint procedure agreement for connection of facilities of the company En-Invest, a. s. to the transmission system SR at the Moldava power station.

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 2024 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.

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.

(all amounts are in thousands of EUR unless stated otherwise)

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

	At 31 December 2022	Change recognized as (-) expenses/(+) revenues	Accounted to other parts of comprehensive results	At 31 December 2023
Positive revaluation of fixed assets	-22 996	3 083	77	-19 836
Negative revaluation of fixed assets	-612	-137	0	-749
Receivables	171	42	0	213
Non-current tangible and intangible assets	-57 290	-2 782	0	-60 072
IFRS 16	9	-1	0	8
Financial investment	-29	0	0	-29
Retirement benefit	791	89	161	1 041
Provisions	3 476	-1 884	0	1 592
Revaluation of derivates	455	0	1 295	1 750
Interests	-236	-1 004	0	-1 240
Possibility to claim unused tax deductions	1 155	-1 123	0	32
Other	8 221	218	0	8 439
Total	**-66 885**	**-3 499**	**1 533**	**-68 851**

The movements in deferred tax assets and liabilities during previous year were as follows:

	At 31 December 2021	Change recognized as (-) expenses/(+) revenues	Accounted to other parts of comprehensive results	At 31 December 2022
Positive revaluation of fixed assets	-26 460	3 360	104	-22 996
Negative revaluation of fixed assets	-461	-151	0	-612
Receivables	624	-453	0	171
Non-current tangible and intangible assets	-54 106	-3 184	0	-57 290
IFRS 16	10	-1	0	9
Financial investment	-29	0	0	-29
Retirement benefit	966	-95	-80	791
Provisions	1 515	1 961	0	3 476
Revaluation of derivates	0	0	455	455
Interests	0	-236	0	-236
Possibility to claim unused tax deductions	2 940	-1 785	0	1 155
Other	7 679	542	0	8 221
Total	**-67 322**	**-42**	**479**	**-66 885**

(all amounts are in thousands of EUR unless stated otherwise)

19 Provisions for liabilities and charges

	Pension benefits and other long-term benefits	Legal claims	Other short-term reserves	Other long-term reserves	Total
At 1 January 2023	**3 775**	**40**	**0**	**0**	**3 815**
Creation of provisions	900	0	435	1 365	**2 700**
Reversals of provision to equity	765	0	0	0	**765**
Provisions used	-473	0	0	0	**-473**
Reversals of unused provision	0	-12	0	0	**-12**
At 31 December 2023	**4 967**	**28**	**435**	**1 365**	**6 795**

Analysis of total provisions	As at 31 December 2023	2022
Non-current	6 332	3 775
Current	463	40
Total	**6 795**	**3 815**

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:

Analysis of total provisions	2023	2022
Present value of unfunded retirement obligations	4 539	3 535
Unrecognized actuarial gains/(losses) and portion of past service cost	0	0
Obligation in the Statement of Financial Position	**4 539**	**3 535**

(i) Post employment benefits

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

Analysis of current provisions	2023	2022
Current service cost	552	446
Past service cost	-6	0
Interest cost	140	48
Pension (credit) / cost, included in personnel costs	**686**	**494**

(all amounts are in thousands of EUR unless stated otherwise)

Value recognized in Equity are as follows:

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

Movements in the present value of defined benefit obligation are:

	2023	**2022**
Present value of unfunded retirement obligation at the beginning of the year	3 535	4 289
Current service cost	552	446
Interest cost	140	48
Benefits paid	-447	-874
Cancelled	-6	0
Actuarial gain on changes in IAS 19	765	-374
Present value of unfunded retirement obligations at the end of the year	**4 539**	**3 535**

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

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

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

	2023	**2022**
Current service cost	57	30
Cost of past service	35	26
Recognized actuarial gains/(losses)	113	-107
Interest expense	9	3
Pension (credit)/ cost included in personnel costs	**214**	**-48**

(all amounts are in thousands of EUR unless stated otherwise)

Movements in the present value of defined benefit obligation are:

	2023	2022
Present value of unfunded retirement obligations at beginning of the year	240	311
Current service cost	57	30
Past service cost	35	26
Interest cost	9	3
Benefits paid	-26	-23
Actuarial gains/(losses)	113	-107
Present value of unfunded retirement obligations at the end of the year	**428**	**240**

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

As at 31 December 2023	
Percentage of employees, who will terminate their employment prior to retirement (fluctuation rate)	2.3 % - 4.3 % p.a., based on age
Expected salary increases	4.3 % 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 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 in thousand EUR	Result %
Discount rate	0,50%	4 730	-3,4%
Discount rate	-0,50%	5 074	3,6%
Fluctuation of employees, yearly	-1,00%	4 545	-7,2%
Fluctuation of employees, yearly	1,00%	5 291	8,1%
Change in Remuneration	0,50%	5 052	3,2%
Change in Remuneration	-0,50%	4 749	-3,0%
Change in probability of death	-10,00%	4 856	-0,8%
Change in probability of death	10,00%	4 937	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.

(all amounts are in thousands of EUR unless stated otherwise)

Significant assumptions	Change	Result	Result %
Discount rate	0,50%	3 563	-3,6%
Discount rate	-0,50%	3 839	3,8%
Fluctuation of employees, yearly	-1,00%	3 415	-7,6%
Fluctuation of employees, yearly	1,00%	4 011	8,5%
Change in Remuneration	0,50%	3 836	3,8%
Change in Remuneration	-0,50%	3 565	-3,6%
Change in probability of death	-10,00%	3 662	-0,9%
Change in probability of death	10,00%	3 732	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	205
From 2 to 5 years	2 497	2 128
From 6 to 10 years	4 277	3 952
Total expected payments	**7 299**	**6 285**

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 Group 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 Group'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 neighboring transmission systems and operators of distribution systems connected to the transmission system, to ensure the long-term reliable, safe, and efficient operation of the system under economic conditions while adhering to environmental protection conditions. The company is also 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 Group may be subject to compensation claims based on concluded contracts. The short-term portion of this provision amounts to EUR 435 thousand, and the long-term portion of the provision is in the amount of EUR 1 365 thousand.

(all amounts are in thousands of EUR unless stated otherwise)

20 Derivative transactions

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

	As at 31 December	
	2023	**2023**
Long-term		
Hedging derivates - commodities	989	0
	989	**0**
Short-term		
Hedging derivates - commodities	7 344	2 165
	7 344	**2 165**

All hedging derivatives that 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 of 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			
Nominal value	21 659	7 214	28 873
Book value	-7 344	-989	-8 333

As at 31 December 2022	Maturity within 12 months	Maturity over 12 months	Total
Electricity futures - purchase			
Nominal value	27 335	0	27 335
Book value	-2 165	0	-2 165

The change in the reserve from 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**	**-1 710**
Change in valuation of the cash flow hedges	-4 873	-4 873
Cash flow hedge ineffectiveness reported in income statement	0	0
Profit / (-loss) from completed trades	0	0
As at 31 December 2023	**-6 583**	**-6 583**

(all amounts are in thousands of EUR unless stated otherwise)

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

21 Revenues

Revenues include the following:

Revenues from electricity transmission and transit, deviation settlement and fees for organization of daily electricity market:

	2023	2022
Access to transmission grid	93 838	120 516
Covering losses	30 942	31 479
System operation	27 623	37 790
System services	300 932	127 147
Auctions	58 176	33 338
Deviations and regulated energy	18 097	39 014
Shipping	322 364	0
CBT (ITC) mechanism	19 146	9 119
Fee for connection to the transmission system	823	837
Import & export	2 134	559
Unplanned electricity exchanges (FSkar)	2 935	7 233
Sale of electricity on daily market	0	36 710
Cross-border emergency assistance	2 421	9 411
Other regulated services	1 209	554
Total revenues from electricity transmission and transit, deviation settlement and organization of daily electricity market	**880 640**	**453 707**
Rental	734	598
Telecommunications services	219	199
Other revenues	25	59
Total other revenues	**978**	**856**
Total revenues	**881 618**	**454 563**

Group 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 for the activities of the spot electricity market organizer). Moreover the Group generates revenues for regulated electricity, revenues related to deviations related to deviations of Subject's balancing group, revenues related to cross-border energy transmission (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) and revenues related to electricity on the daily market where the prices are not determined by the Office. 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.

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.

From 11 september 2012 the Group acts as shipping agent within Czech, Slovak and Hungarian electricity market. Based on the request of the Romanian transmission system operator and the Romanian Energy Exchange, a project to expand the tripartite Market Coupling operated between the Czech Republic, Slovakia and Hungary was launched. In accordance with the project plan, on 19 November 2014, the four-way Market Coupling (so-called 4MMC) was launched, that is, the operation of connected daily markets in the form of implicit allocation of cross-border capacities between the Czech, Slovak, Hungarian and Romanian market areas. The relevant revenues and expenses of the Group consist of payments for electricity transferred via cross-border connections from countries where there is a surplus of electricity on the market to countries where there was a shortage of electricity on the market. Relevant revenues and costs of the Group from this activity are recognized as sale of goods, resp. costs as costs of goods sold.

During the year 2023, transactions were carried out in the total amount of EUR 1 414 909 thousand and related costs were EUR 1 097 844 thousand (2022: transactions in the total amount of EUR 2 973 032 thousand and related costs were EUR 2 484 845 thousand reported in Consumption of materials and services). According to IFRS 15 these items were reduced by costs related to implicit auctions in the amount of EUR 34 093 thousand and also by costs representing zincation in favor of a third party in amount of EUR 57 161 thousand, as such zincation is not part of the shipping transaction price according to IFRS 15. Revenues related to the use of the OT in amount of EUR 57 499 thousand are also part of the shipping item (2022: costs related to implicit auctions in the amount of EUR 92 852 and also costs representing zincation in favor of a third party in amount of EUR 582 363 thousand, revenues related to the use of the OT in amount of EUR 145 826 thousand reported in note 21 Revenues). Revenues from shipping with negative prices in amount of EUR 1 980 thousand and costs from shipping with negative prices in amount of EUR 1 801 thousand, costs related to congestion income in amount of EUR 942 thousand and revenues related to congestion income in amount of EUR 38 817 thousand are also located of shipping item (2022: Revenues from shippint with negative prices in amount of EUR 74 thousand and costs from shipping with negative prices in amount of EUR 26 thousand, costs related to congestion income in amount of EUR 84 391 thousand and revenues related to congestion income in amount of EUR 7 773 thousand reported in note 22 Consumption of materials and services). The positive net balance of the Group from shipping in amount of EUR 322 364 thousand in 2023 was influenced by the decision of URSO in 2022 to use the excessive income from congestion resulting from the allocation of inter-area capacity achieved by the parent company in 2022 for the purpose of reducing regulated tariffs. In accordance with regulatory accounting rules and procedures, these revenues from regulated tariffs did not belong to the Group in 2022, only in 2023, in which they were realised (Note 17 Grants and deffered revenues of future periods, paragraph x). In 2022, the Group achieved a negative balance from shipping in amount of EUR 117 772 thousand, reported in note 22 Consumption of materials and services.

According to IFRS 15, costs and revenues for the operation of the system are reported on a net basis. During the year 2023, transactions were carried out in the total amount of EUR 267 473 thousand and related costs were EUR 133 948 thousand (2022: transactions in the total amount of EUR 373 874 thousand and related costs were EUR 308 941 thousand reported in Consumption of materials and services). As at 31 December 2023, these items were reduced by remuneration for the activities of the buyer in the amount of EUR 105 902 thousand (as at 31 December 2022: EUR 27 242 thousand). Other revenues from the operation of the system, which according to IFRS 15 are not reported in net value, are in amount of EUR 0 thousand (2022: EUR 99 thousand).
According to IFRS 15, costs and revenues for the provision of the deviation settlement service are reported on a net basis. During 2023, related revenues in the total amount of EUR 94 498 thousand and related costs were EUR 78 479 thousand (2022: transactions in the total amount of EUR 207 305

(all amounts are in thousands of EUR unless stated otherwise)

thousand and related costs were EUR 170 741 thousand reported in Consumption of materials and services). Other income for deviations, which according to IFRS 15 are not reported in net value, are in amount of EUR 2 078 thousand (2022: EUR 2 450 thousand).

According to IFRS 15, costs and revenues for the provision of the difference settlement service are reported on a net basis. During 2023, related revenues in the total amount of EUR 144 387 thousand (2022: related revenues and expenses were EUR 43 319 thousand).

22 Consumed materials and services

Consumed materials and services included the following:

	2023	**2022**
Shipping	0	117 772
Sale of electricity on daily market	335 575	0
System IGCC	6 164	17 224
Consumption of material, energy and other non-storable items	18 217	-38 861
Repair and maitenance	6 603	5 440
Travel expenses	320	263
Representation expenses	321	287
Rental	357	331
Communication lines outputs	258	254
Stations service	1 352	1 470
Protection and maintenance of area	1 112	1 112
Revisions, controls and security services	604	605
Technical advisory, technical support	76	112
Cleaning	248	236
Biological reclamations, ecological costs	183	158
Geodetic and engineering services	0	31
Experts examinations, analysis, experts opinions, certifications	1 752	1 972
Information technology services and advertisement	9 899	10 452
Expenses for support services	307 234	121 633
Expenses for auctions	284	265
Expenses for CBT/ITC	515	2
Unplanned electricity exchanges (Fskar)	3 685	14 515
Remuneration for the activity of the buyer	9 132	4 568
Audit of Financial Statements provided by auditor	82	88
Advisory services	577	614
Tax advisory	18	18
Other services provided by auditor	0	0
Operating services TSCNET Services GmbH	2 025	1 650
Demolations	630	107
Recharges of shared costs	1 406	1 209
Other	1 889	1 800
Total	**710 518**	**265 327**

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

(all amounts are in thousands of EUR unless stated otherwise)

In addition to the above, the Group reports revenues from the sale of electricity on the day-ahead market, or costs of purchasing electricity sold on the day-ahead market on a net basis (reported in Comsumption of materials and services as at 31 December 2022). During 2023, the Group realised revenues from the sale of electricity in the total amount of EUR 898 725 thousand (2022: EUR 1 908 727 thousand). Related costs were in 2023 in the amount of EUR 1 234 300 thousand (2022: EUR 1 872 017 thousand). As at 31 December 2022 individual items were reported in note 21 Revenues.

Together with the operator of the Czech transmission network, the Group has introduced a system to avoid simultaneous supplies of balancing energy in opposite directions using cross-border connections (hereinafter the IGCC system) on 19 January 2012. 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 URSO. The Group reports revenues from these activities as part of the "sale of goods" and the "costs of goods sold". During 2023, transactions in total amount of EUR 7 373 thousand were carried out and related costs amounted to EUR 13 471 thousand (2022: transactions totalled to EUR 15 223 thousand and the costs amounted to EUR 32 156 thousand). Revenues from negative prices from IGCC totalled to EUR 1 251 thousand costs of negative prices from IGCC totalled to EUR 1 317 thousand (As at 31 December 2022: Revenues from negative prices from IGCC totalled to EUR 2 453 thousand and costs of negative prices from IGCC totalled to EUR 2 744 thousand).

23 Personnel costs

	2023	2022
Wages and salaries	26 230	22 403
Other personnel costs	3 476	2 430
Pension costs - definite contribution plan	10 470	9 282
Current service cost	609	476
Past service cost	29	26
Reported actuarial loss/ (profit)	113	-107
Interest cost related to pension and other employee benefits	149	51
Total	**41 076**	**34 561**

24 Other operating expenses

	2023	2022
Insurance costs	2 284	2 162
Taxes and other fees	228	206
Gifts	186	158
Creation of adjustment	626	675
Non-production compensation	0	164
Creation of provision	1 800	0
Other operating expenses	1 033	708
Total	**6 157**	**4 073**

According to the Energy Act No. 251/2012 Coll., the company is obligated under Section 28(2)(a) to collaborate with operators of neighboring transmission systems and distribution system operators with which the transmission system is interconnected. The purpose is to ensure long-term reliable, safe, and efficient operation of the system under economic conditions while adhering to environmental protection requirements. Additionally, the company falls under the category of critical infrastructure. The natural aging of the transmission system means that its full-scale renewal cannot always be achieved solely through new investment projects. The current state of investment construction is influenced by several factors that slow down and prolong the commissioning of new facilities. These factors include agreements with new or existing system users, permitting processes, and, significantly, public procurement. As a result, it is highly likely that there will be an increased incidence of equipment failures in the future, leading to resource depletion. Despite efforts to increase investments in the transmission system, it is neither technically nor economically feasible to achieve complete renewal or flawless operation through investment alone. The Group may face claims for damages due to disruptions based on concluded contracts. The short-term portion of this provision amounts to EUR 435 thousand, and the long-term portion of the provision is in the amount of EUR 1 365 thousand.

(all amounts are in thousands of EUR unless stated otherwise)

25 Other operating income

	2023	2022
Gain from sale of fixed assets	535	623
Gain from sale of material	2	1
Release of deferred revenues from grant	3 757	3 825
Contractual penalties	2 243	4 473
Insurance income	276	147
Other operating income	581	638
Total	**7 394**	**9 707**

In the consolidated cash flow statement, proceeds from sale of assets are as follows:

	2023	2022
The residual value of the sold assets	153	21
Profit / (loss) from the sale of long-term tangible assets	535	623
Income from the sale of long-term tangible assets	**688**	**644**

26 Finance income (costs) net

	2023	2022
Interest income	16 318	1 708
Interest expense from borrowings	-48	-318
Interest expense according IFRS 16	-19	-18
Foreign exchange gains	2	0
Foreign exchange losses	-3	-3
Other financial expenses	-187	-253
Net financial income (costs)	**16 063**	**1 116**

(all amounts are in thousands of EUR unless stated otherwise)

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/loss before tax	82 731	93 593
Theoretical income tax related to current period at 21% at parent company	17 374	19 655
- Other income not subject to tax (permanent)	-7 147	-13 816
- Non-deductible expenses (permanent)	6 868	13 084
- Tax Deductions	0	0
- Increase of tax due to charges for regulated subjects	4 289	5 821
- Deferred tax from temporary differences to which no Deferred tax has been accounted historically	-32	-1 155
- Income exempt from tax	-669	-56
Additional income tax	-14	42
Deferred tax increase to 1 January due to increase of tax rate	0	0
Total income tax for period	**20 669**	**23 575**
Income tax expense for the period		
The tax charge for the period comprises:		
- Deferred tax charge - expense/(income) (Note 18)	3 499	42
Deferred tax total	**3 499**	**42**
- Special levy for regulated industry	4 289	5 821
- Additional income tax	-14	42
- Current income tax expense	12 895	17 670
Income tax total	**17 170**	**23 533**
Total income tax for period	**20 669**	**23 575**
Effective tax rate	**24,98%**	**25,19%**

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 at 31 December 2023 by 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 (e.g. 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. Neither the parent company's management, nor the subsidiary management is aware of any circumstance 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 Group are subject to regulation by URSO.

(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 Group 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 make a decision 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 on 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 a duplica). 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 Group records issued bank guarantees in the amount of EUR 25 477 thousand to third parties (2022: EUR 38 000 thousand).

(all amounts are in thousands of EUR unless stated otherwise)

29 Commitments

(a) Future capital commitments

The Group 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 72 988 thousand (2022: EUR 39 730 thousand). 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 Group has approved a Capital expenditure budget for 2024 in the amount of EUR 63 549 thousand (2023 capex budget: EUR 80 158 thousand). 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 - Group as lessee

Using the database of contracts, the Group 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 Group applied the optional derogation, are listed below. The Group 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 Group 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 Group assumes that it is a new asset. If the asset value cannot be determined reliably, the optional exemption shall not be applied.

The Group 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	65	58
Due in 2 to 5 years	4	0
Due after 5 years	0	0
Total	**69**	**58**

The Group 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 thousand (2022: EUR 9 thousand). The main items include the lease of telecommunications routes.

(c) Future operating lease commitments - Group as lessor

The Group leases out mainly lines and optic fiber cables.

(all amounts are in thousands of EUR unless stated otherwise)

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

	31 December 2023	**31 December 2022**
Due within 1 year	357	346
Due in 2 to 5 years	1 297	1 260
Due after 5 years	1 558	1 526
Total	**3 212**	**3 132**

The Group has also entered into an operating lease for an unlimited period of time, for which the annual lease payments is in the amount of EUR 474 thousand (2022: EUR 431 thousands).

The Group 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 amounts to EUR 335 thousand (2022: year 2023: EUR 329 thousand). The basic component of the rent will be paid to lessee 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 payment includes the basic component of the rent in the amount of EUR 304 thousand annually (2022: EUR 301 thousand).

30 Contingent assets

Participants of spot electricity market and deviation settlement enclose the contract with banks on bank guarantees in favour of the Group that the Group has the right to use in case of insolvency. The amount of received bank guarantees as at 31 December 2023 is EUR 283 113 thousand (2022: EUR 317 912 thousand).

31 Related party transactions

Parties related to the Group include its sole shareholder, Joint Allocation Office, S. A. and TSCNET Services, GmbH and key management personnel of the Group or the shareholder.

The National Property Fund (FNM), an entity fully owned by the Slovak Republic was the sole shareholder of the parent company until 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.

The Ministry of Economy of Slovak Republic, an entity fully owned by the Slovak Republic, is the 51 % shareholder of Západoslovenské energetika, a. s., Východoslovenská energetika Holding, a. s. and Stredoslovenská energetika, a. s.

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

(all amounts are in thousands of EUR unless stated otherwise)

As at 31 December 2023, the outstanding balances with joint venture, state-controlled entities and government bodies were as follows:

	Gross amount of trade receivables	Other receivables	Value adjustment to trade and other receivables	Trade and other payables
Slovenské elektrárne, a.s.	657	6	0	-26 853
Západoslovenská distribučná, a.s.	5 851	0	0	-2 196
Západoslovenská energetika – Energia, a.s.	12 359	0	0	-7 885
ZSE Elektrárne, s. r. o.	51	0	0	-795
Východoslovenská energetika, a.s.	5 804	0	0	-3 664
Východoslovenská distribučná, a.s.	1 448	0	0	-62
Stredoslovenská energetika, a.s.	10 370	0	0	-7 627
Stredoslovenská distribučná, a.s.	10 036	0	0	-40
Stredoslovenská energetika Project Development, s. r. o.	5	0	0	-1 637
MH Teplárenský holding, a. s.	15	0	0	-2 223
Joint Allocation Office, S. A.	3 105	0	0	-2 510
Vodohospodárska výstavba, š.p.	162	0	0	-2 837
Slovenský plynárenský priemysel, a. s.	4 734	838	0	-5 290
TSCENT	0	0	0	-41

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

	Sales of services	Purchase of services
Slovenské elektrárne, a.s.	-147 178	1 006 868
Slovenské elektrárne-Energetické služby, s. r. o.	17 340	2 007
Západoslovenská energetika, a. s.	0	4
Západoslovenská distribučná, a.s.	62 625	157
Západoslovenská energetika – Energia, a.s.	120 777	-46 659
ZSE Elektrárne, s. r. o.	616	8 534
Východoslovenská energetika, a.s.	59 658	-26 010
Východoslovenská distribučná, a.s.	26 755	168
Stredoslovenská energetika, a.s.	100 234	-129 132
Stredoslovenská distribučná, a.s.	46 660	391
Stredoslovenská energetika Project Development, s.r.o.	-2	17 689
MH Teplárenský holding, a. s.	-83	10 203
Joint Allocation Office, S. A.	58 397	10 775
TSCNET, GmbH	0	2 049
Vodohospodárska výstavba, š. p.	-1 901	69 821
Slovenský plynárenský priemysel, a. s.	42 156	-4 488

(all amounts are in thousands of EUR unless stated otherwise)

Positive values in the service sales column result from the fact that costs and revenues are reported on a net basis, as required in notes 21 Revenues and 22 Consumed materials and services according to IFRS 15. In the given case, revenues from transactions carried out by individual companies were higher than the related costs, alternatively the costs were higher than the realized transactions of the companies in the sale of services.

As at 31 December 2022, the outstanding balances with joint venture, state-controlled entities and government bodies were as follows:

	Gross amount of trade receivables	Other receivables	Value adjustment to trade and other receivables	Trade and other payables
Slovenské elektrárne, a.s.	399	17	0	-27 930
Slovenské elektrárne-energetické služby, s.r.o.	536	0	0	-746
Západoslovenská distribučná, a.s.	2 820	0	0	-79 122
Západoslovenská energetika – Energia, a.s.	5 323	0	0	-6 364
ZSE Elektrárne, s. r. o.	0	0	0	-280
Východoslovenská energetika, a.s.	2 914	0	0	-1 762
Východoslovenská distribučná, a.s.	1 305	0	0	-29 845
Stredoslovenská energetika, a.s.	4 359	0	0	-2 217
Stredoslovenská distribučná, a.s.	1 836	0	0	-69 939
Stredoslovenská energetika Project Development, s. r. o.	0	0	0	-1 251
MH Teplárenský holding, a. s.	135	0	0	-1 006
Joint Allocation Office, S. A.	18 765	0	0	-18 298
Vodohospodárska výstavba, š.p.	80	0	0	-9 474
Slovenský plynárenský priemysel, a. s.	9 553	309	0	-4 818
TSCENT	0	0	0	-89

(all amounts are in thousands of EUR unless stated otherwise)

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

	Sales of services	Purchase of services
Slovenské elektrárne, a.s.	-1 394 822	-73 298
Slovenské elektrárne-Energetické služby, s. r. o.	18 863	0
Západoslovenská energetika, a. s.	0	0
Západoslovenská distribučná, a.s.	-10 058	-148
Západoslovenská energetika – Energia, a.s.	743 448	-777
ZSE Elektrárne, s. r. o.	1 001	-635
Východoslovenská energetika, a.s.	167 114	-1
Východoslovenská energetika Holding, a.s.	0	0
Východoslovenská distribučná, a.s.	1 363	-65
Stredoslovenská energetika, a.s.	499 298	-6
Stredoslovenská distribučná, a.s.	-37 623	-365
MH Teplárenský holding, a. s.	-3 188	-4 529
Žilinská teplárenská, a. s.	-30	-264
Martinská teplárenská, a. s.	2	-292
Zvolenská teplárenská, a. s.	15	0
Joint Allocation Office, S. A	53 022	-412 960
TSCNET, GmbH	0	-1 674
Vodohospodárska výstavba, š. p.	-92 147	-5 424
Bratislavská teplárenská, a. s.	0	0
Slovenský plynárenský priemysel, a. s.	60 104	-4 569

Positive values in the service sales column result from the fact that costs and revenues are reported on a net basis, as required in notes 21 Revenues and 22 Consumed materials and services according to IFRS 15. In the given case, revenues from transactions carried out by individual companies were higher than the related costs, alternatively the costs were higher than the realized transactions of the companies in the sale of services.

Key management personnel compensation

Salaries and bonuses paid to the parent 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	1 335	1 339
Total	**1 335**	**1 339**

32 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 Consolidated 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 14 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 Consolidated Financial Statements

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