

**INDEPENDENT AUDITOR'S REPORT  
(unofficial translation)**

**on the financial statements prepared  
as of December 31, 2019**

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

**of company**

**Slovenská elektrizačná prenosová sústava, a.s.**

**ID: 35 829 141**

**Mlynské nivy 59/A  
824 84 Bratislava**

**Independent Auditor's report on the financial statements for the Shareholder, Board of Directors, Supervisory Board and Audit Committee of company Slovenská elektrizačná prenosová sústava, a.s.**

**Report on the Audit of the Financial Statements**

*Opinion*

We have audited the financial statements of Slovenská elektrizačná prenosová sústava, a.s. (the "Company"), which comprise the statement of financial position as of December 31, 2019, the income statement and statement of comprehensive income for the year then ended, the statement of Changes in Equity for the year then ended and the statement of Cash Flows for the year then ended, and the notes, comprising a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, and its financial performance for the year then ended and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by European Union as amended.

*Basis for Opinion*

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the provisions of Act No. 423/2015 Coll. on Statutory Audit and on Amendment to and Supplementation of Act No. 431/2002 Coll. on Accounting, as amended (hereinafter the "Act on Statutory Audit") related to ethical requirements, including the Code of Ethics for Auditors that are relevant to our audit of the financial statements, and we have fulfilled our other ethical 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 opinion.

*Management's Responsibility for the Financial Statements and persons charged with governance for the Financial Statements*

Management is responsible for the preparation of the financial statements to give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by European Union as amended and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those persons charged with governance are responsible for the supervising of the Company's financial reporting process.

*Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect

a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We inform the persons charged with governance about, including, but not limited to, the planned scope and schedule of the audit and about any significant audit findings, including any significant deficiencies of internal controls weaknesses identified during the audit.

We also provide the persons charged with governance with a declaration that we have met the relevant requirements relating to independence, and we inform them about any relationships and other facts that can be reasonably believed to affect our independence, as well as on any related protective measures.

## **Report on Other Legal and Regulatory Requirements**

### *Report on Information disclosed in the Annual Report*

The statutory body is responsible for information disclosed in the annual report prepared under the requirements of the Act on Accounting. Our opinion on the financial statements stated above does not apply to other information in the annual report.

In connection with the audit of financial statements, our responsibility is to gain an understanding of the information disclosed in the annual report and consider whether such information is materially inconsistent with the financial statements or our knowledge obtained in the audit of the financial

statements, or otherwise appears to be materially misstated.

As at the issuance date of the auditor's report on the audit of financial statements, the annual report was not available to us.

When we obtain the annual report, we will evaluate whether the Company's annual report includes information whose disclosure is required under the Act on Accounting, and based on procedures performed during the audit of the financial statements, we will express an opinion on whether:

- Information disclosed in the annual report prepared for 2019 is consistent with the financial statements for the relevant year,
- The annual report includes information pursuant to the Act on Accounting.

Furthermore, we will disclose whether material misstatements were identified in the annual report based on our understanding of the Company and its position, obtained in the audit of the financial statements.

Bratislava, on February 13<sup>th</sup>, 2020

MANDAT AUDIT, s.r.o.  
Námestie SNP 15, 811 01 Bratislava  
SKAU licence nr. 278

Ing. Martin Dubai  
Responsible auditor  
SKAU licence nr. 1090



**Slovenská elektrizačná prenosová sústava, a.s.**

Individual Financial Statements as at 31 December 2019 prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union  
(All amounts are in Euros unless stated otherwise)

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**Index to the Financial Statements**

	<b>Page</b>
Independent Auditor's Report to the Shareholder, Supervisory Board and Board of Directors of Slovenská elektrizačná prenosová sústava, a. s.	
Statement of Financial Position	1
Income Statement and Statement of Comprehension Income	3
Statement of Changes in Equity	4
Statement of Cash Flows	5
 Notes to the Financial Statements:	
1 General Information	6
2 Summary of significant accounting policy	8
3 Financial Risk Management	24
4 Critical accounting estimates and judgements	28
5 Property, plant and equipment	31
6 Intangible assets	37
7 Shares in subsidiaries and other investments	38
8 Assets representing the right of use	39
9 Financial instruments by category	39
10 Inventories	40
11 Trade and other receivables	41
12 Cash and cash equivalents	43
13 Shareholder's Equity	43
14 Trade and other payables	45
15 Bank loans and finance lease liabilities	45
16 Lease payables	48
17 Grants and deferred revenues	48
18 Deferred tax	51
19 Provisions for liabilities and charges	52
20 Revenues	55
21 Consumed materials and services	56
22 Personnel costs	57
23 Other operating expenses	57
24 Other operating income	57
25 Finance expense, net	57
26 Income tax expense	58
27 Contingencies	58
28 Commitments	59
29 Cash generated from operations	60
30 Related party transactions	61
31 Events after the reporting period	64


	Note	As at 31 December 2019	2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	843 541 487	816 547 144
Intangible assets	6	8 944 833	8 671 630
Assets representing right of use	8	657 107	0
Other investment	7	5 278 315	5 278 315
Receivables	11	10 120 884	8 255 700
		<b>868 542 626</b>	<b>838 752 789</b>
<b>Current assets</b>			
Inventories	10	2 564 624	858 171
Trade and other receivables	11	28 739 197	42 510 176
Cash and cash equivalents	12	71 694 993	51 967 693
Current income tax receivable		0	8 543 922
		<b>102 998 814</b>	<b>103 879 962</b>
<b>Total assets</b>		<b>971 541 440</b>	<b>942 632 751</b>
<b>EQUITY</b>			
<b>Share capital and reserves</b>			
Share capital	13	105 000 000	105 000 000
Legal reserve fund	13	21 000 000	21 000 000
Other reserves	13	175 405 425	160 150 795
Revaluation of financial investment		109 020	109 020
Actuarial gains/loss		-2 081 650	-1 088 620
Revaluation reserve	13	81 311 849	91 102 032
Retained earnings		267 577 789	253 718 368
<b>Total equity</b>		<b>648 322 433</b>	<b>629 991 595</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Non-current bank loans	15	30 098 232	32 297 222
Non-current finance lease liabilities	16	509 762	0
Non-current portion of grants and other deferred revenues	17	100 405 139	94 109 018
Deferred tax liability	18	60 469 862	59 173 987
Other non-current liabilities	14	0	359 441
Non-current provisions for liabilities and charges	19	11 014 325	9 441 325
		<b>202 497 320</b>	<b>195 380 993</b>
<b>Current liabilities</b>			
Current bank loans	15	17 205 046	11 744 599
Current finance lease liabilities	16	196 003	0
Trade and other payables	14	85 335 343	89 113 577
Current portion of grants and other deferred revenue	17	13 810 239	16 329 744
Provisions for current liabilities and charges	19	68 761	72 243
Current income tax payable		4 106 295	0
		<b>120 721 687</b>	<b>117 260 163</b>
<b>Total liabilities</b>		<b>323 219 007</b>	<b>312 641 156</b>
<b>Total equity and liabilities</b>		<b>971 541 440</b>	<b>942 632 751</b>


The Financial Statements for the year ended 31 December 2019 prepared in accordance with International Financial Reporting Standards as adopted by the European Union were prepared and authorized for issue on 13 February 2020 by the Board of Directors.

**Slovenská elektrizačná  
prenosová sústava, a.s.**

Mlynské nivy 59/A  
824 84 Bratislava 26

-02-

  
.....  
Ing. Miroslav Obert  
Chairman of the Board of Directors

  
.....  
Ing. Martin Malaník  
Member of the Board of Directors

Income Statement and Statement of Comprehensive Income as at 31 December 2019 prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (All amounts are in Euros unless stated otherwise)

			Year ended 31 December 2018
	Note	2019	
Revenues	20	365 564 670	359 781 475
Capitalized costs		1 168 536	1 065 073
Consumables and services	21	-190 298 117	-203 071 790
Personnel costs	22	-31 796 844	-29 903 350
Depreciation and amortization	5,6	-50 659 322	-56 252 736
Impairment of fixed assets	5	0	4 399
Other operating income	24	4 767 566	4 335 751
Other operating expense	23	-3 358 744	-3 288 293
<b>Operating profit</b>		<b>95 387 745</b>	<b>72 670 529</b>
Interest income	25	90 428	115 113
Interest expense	25	-548 273	-657 423
Other finance income/(expense)	25	46 373	50 233
<b>Finance cost, net</b>		<b>-411 472</b>	<b>-492 077</b>
<b>Profit before tax</b>		<b>94 976 273</b>	<b>72 178 452</b>
Income tax expense	26	-25 670 916	-21 870 894
<b>Profit for the year</b>		<b>69 305 357</b>	<b>50 307 558</b>
<b>Other comprehensive income</b>			
Items that will not be reclassified:			
Retirement benefit – actuarial gains/loss			
Impact of IFRS		-993 030	-568 800
Revaluation of financial investment		-69 163	0
Revaluation of property, plant and equipment fund		0	0
Deferred tax from revaluation of property, plant and equipment		87 674	813 208
<b>Total comprehensive income</b>		<b>68 330 838</b>	<b>50 551 966</b>
Profit attributable to:			
Owners of the parent		69 305 357	50 307 558
Non-controlling interest		0	0
<b>Profit for the year</b>		<b>69 305 357</b>	<b>50 307 558</b>
Total comprehensive income attributable to:			
Owners of the parent		68 330 838	50 551 966
Non-controlling interest		0	0
<b>Total comprehensive income for the period</b>		<b>68 330 838</b>	<b>50 551 966</b>



	Share capital	Legal reserve fund	Other funds	Revaluation of financial investment	Actuarial gains/loss	Revaluation of property, plant and equipment fund	Retained earnings	Equity in total
<b>Balance as at 1 January 2018</b>	105 000 000	21 000 000	160 150 795	109 020	-519 820	105 659 922	247 039 712	638 439 629
Net profit for the year 2018	0	0	0	0	0	0	50 307 558	50 307 558
Other comprehensive income	0	0	0	0	-568 800	-14 557 890	15 371 098	244 408
<b>Total comprehensive income for the year 2018</b>	0	0	0	0	-568 800	-14 557 890	65 678 656	50 551 966
Dividends paid (Note 13)	0	0	0	0	0	0	-59 000 000	-59 000 000
Profit appropriation to Legal Fund (Note 13)	0	0	0	0	0	0	0	0
Profit appropriation to Statutor Fund (Note 13)	0	0	0	0	0	0	0	0
<b>Balance as at 31 December 2018</b>	105 000 000	21 000 000	160 150 795	109 020	-1 088 620	91 102 032	253 718 368	629 991 595
<b>Balance as at 1 January 2019</b>	105 000 000	21 000 000	160 150 795	109 020	-1 088 620	91 102 032	253 718 368	629 991 595
Net profit for the year 2019	0	0	0	0	0	0	69 305 357	69 305 357
Other comprehensive income	0	0	0	0	-993 030	-9 790 183	9 808 694	-974 519
<b>Total comprehensive income for the year 2019</b>	0	0	0	0	-993 030	-9 790 183	79 114 051	68 330 838
Dividends paid (Note 13)	0	0	0	0	0	0	-50 000 000	-50 000 000
Profit appropriation to Legal Fund (Note 13)	0	0	0	0	0	0	0	0
Profit appropriation to Statutory Fund (Note 13)	0	0	15 254 630	0	0	0	-15 254 630	0
<b>Balance as at 31 December 2019</b>	105 000 000	21 000 000	175 405 425	109 020	-2 081 650	81 311 849	267 577 789	648 322 433

The notes 6 to 64 form an integral part on these Financial Statements.

	Note	Year ended 31 December	
		2019	2018
<b>Cash flows from operating activities</b>			
Cash generated from operations	29	155 471 629	151 516 384
Income tax paid		-11 354 795	-32 125 079
Interest received		80 558	143 199
<b>Net cash generated from operating activities</b>		<b>144 197 392</b>	<b>119 534 504</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment and intangible assets		-78 467 909	-75 164 749
Proceeds from the sale of property, plant and equipment and intangible assets	29	489 780	477 631
Purchase of financial assets		0	-430 500
<b>Net cash used in investing activities</b>		<b>-77 978 129</b>	<b>-75 117 618</b>
<b>Cash flows from financing activities</b>			
Proceeds / (repayment) of loans		3 967 222	-13 569 290
Interest paid		-534 980	-785 697
Income from subscribed shares and participations		0	0
Dividends received	25	75 795	56 729
Dividends paid	13	-50 000 000	-59 000 000
<b>Net cash used in financing activities</b>		<b>-46 491 963</b>	<b>-73 298 258</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>19 727 300</b>	<b>-28 881 372</b>
<b>Cash and cash equivalents at the beginning of the year</b>	12	<b>51 967 693</b>	<b>80 849 065</b>
<b>Cash and cash equivalents at the end of the year</b>	12	<b>71 694 993</b>	<b>51 967 693</b>

## 1 General Information

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

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

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

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

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

The structure of the Company's shareholders as at 31 December 2019 was as follows:

	Absolute amount EUR	Ownership interest and voting rights %
Slovak Republic represented by Ministry of Finance	105 000 000	100%
<b>Total</b>	<b>105 000 000</b>	<b>100%</b>

According to the Decree of Slovak government Nr. 481 dated 19 September 2012, The National Property Fund of the Slovak Republic, transferred the shares of the Company without compensation to the Slovak Republic, on behalf of which acts the Ministry of finance of the Slovak Republic. As a result of this, effective 2 October 2012, the Slovak Republic, on behalf of which acts the Ministry of finance of the Slovak Republic, became the sole shareholder, who owns 100% of shares of the Company as well as 100% of voting rights.

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

The members of the Company's statutory bodies during the year ended 31 December 2019 were as follows:

Body	Function	Name
Board of Directors	Chairman	Ing. Miroslav Obert
	Vice Chairman	Ing. Miroslav Kolník from 9 December 2019
	Vice-Chairman	Ing. Miroslav Stejskal till 6 December 2019
	Member	Ing. Martin Malaník
	Member	Ing. Michal Pokorný
	Member	Ing. Martin Golis
	Member	Ing. Emil Krondiak, PhD.
	Member	Ing. Vladimír Palko
Supervisory Board	Chairman	Ing. Vladimír Burdan
	Vice-Chairman	JUDr. Peter Pandý
	Vice Chairman	Michal Sokoli from 22 August 2019
	Vice-Chairman	Ing. Jaroslav Mikla till 30 June 2019
	Member	Michal Sokoli till 22 August 2019
	Member	Ing. Ján Oráč
	Member	Ing. Vladimír Beňo
	Member	Ing. Dušan Chvíľa
	Member	Ing. Peter Matejíček
	Member	Ing. Rastislav Januščák
	Member	JUDr. Ondrej Urban, MBA
	Member	Mgr. Ján Buocik till 21 March 2019
	Member	Ing. Mikuláš Koščo
	Member	Ing. Jura Kovács, MBA – from 22 March 2019 till 6 December 2019
	Member	JUDR. Pavol Kollár – from 1 July 2019
	Member	Ing. Kristián Jecko – from 9 December 2019
Executive management	General Director	Ing. Miroslav Obert
	Managing Director of Support for Operating	Mgr. Igor Gallo
	Managing Director of Operating	Ing. Emil Krondiak, PhD.
	Managing Director of SED and Commerce	Ing. Michal Pokorný
	Managing Director of Economics	Ing. Martin Malaník
	Managing Director of Development and Capital Investment	Ing. Miroslav Kolník from 11 December till 31 December 2019
	Managing Director of Development Capital Investment and Procurement	Ing. Miroslav Kolník from 1 January 2020
	Managing Director of Development and Capital Investment	Ing. Miroslav Stejskal till 10 December 2019
	Managing Director of Information and Communication Technologies	Ing. Martin Golis
	Managing Director of Strategy and International Cooperation	Ing. Vladimír Palko

The Company employed 546 personnel on average during 2019 (2018: 539), 8 of which were management (2018: 8).

#### Registered address and identification number

Mlynské nivy 59/A  
824 84 Bratislava  
Slovak Republic

Identification number (IČO) of the Company is: 358 291 41

Tax identification number (IČ DPH) of the Company is: SK 2020261342

## **2 Summary of significant accounting policy**

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

### **2.1. Basis for preparation**

Legal reasons for preparing the Financial Statements:

The Company's Financial Statements at 31 December 2019 have been prepared as ordinary Financial Statements under § 17 (6) of Slovak Act. No 431/2002 Coll. ("Accounting Act") for the accounting period from 1 January 2019 to 31 December 2019.

The Accounting Act requires the Company to prepare Financial Statements for the year ended 31 December 2019 in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU").

These financial statements have been prepared in accordance with IFRS as adopted by the European Union. The Company applies all IFRS and interpretations issued by International Accounting Standards Board (hereinafter "IASB"), as amended by the European Union, which were effective as of 31 December 2019.

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

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

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

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

The Financial Statements of the Company for the previous period were approved by the ordinary Annual General Meeting of the Company held on 16 May 2019.

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

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

### **2.2. Changes in the accounting policies**

During the year ended 31 December 2019, the Company applied the following new and revised IFRS and IFRIC interpretations:

## IFRS 16 Lease

IFRS 16 replaces the IAS 17 Leases and related interpretations. The Company applied the new standard from 1 January 2019 using the modified retrospective method. The cumulative effect of the adoption of IFRS 16 was therefore reported as a change in the opening balance of equity as of 1 January 2019, without modifying any comparable data.

The new standard has also introduced several exceptions for the lessee, which include:

- Leases with a lease term of 12 months or less, which do not include a purchase option
- Leases where the subject of the lease is of low value (the so-called small-ticket leases)

Introduction of the new standard has primarily affected the operating lease reported earlier. The standard has removed the dual accounting model at the lessee according to IAS 17, eliminating the distinction between operating and financial lease. Under IFRS 16, a contract is a lease or contains lease if it transfers the right to control the use of an identified asset for a certain period for consideration. Under such contracts, the new model requires the lessee to recognize the asset with the right of use and the liability from the lease. Asset with the right of use is amortized and the liability is subject to interest. To perform valuation of liabilities from the lease (determination of the current value of leasing payments), that had been previously recognized as operating lease, an average weighted discounted rate (determined as an incremental rate of the lessee) of 1,9% was used by the Company as of 1 January 2019.

As of 1 January 2019, changes due to IFRS 16 affected:

- Initial value of undistributed profits of EUR 69 163
- Initial value of liabilities of EUR 1 120 981
- Initial value of deferred tax receivable of EUR 18 385
- Initial value of the right of use of the asset of EUR 1 033 432

Following the initial application of IFRS 16, the Company applied the following practical derogations (in compliance with IFRS 16):

- A unified discount rate was used for sets of leasing contracts.
- Costs of leases with residual lease periods under 12 months from the day of the initial application (i.e. from 1 January 2019) were reported similarly to short-term leases as part of operational costs, evenly over the lease period.

## Amendments to IFRS 9: Financial Instruments Prepayment Features with Negative Compensation

Effective for accounting periods beginning on or after 1 January 2019; they should be applied retrospectively. Delayed application is permitted. If a company applies additions in an earlier period, the respective information must be disclosed.

These amendments allow companies to measure certain financial assets that allow for early repayment with negative compensation at amortized cost. These assets, which represent some loans and debt securities, would otherwise be measured at fair value through profit or loss.

The negative compensation arises, when the contractual terms allow a repayment of the instrument by the borrower before the contractual maturity date, where such early payment might be lower than the unpaid value of the principal and interest. In order for the company to use the valuation at amortized cost, negative compensation must be a "reasonable compensation for the early contract termination".



### **IFRIC 23 Uncertainty over Income Tax Treatments**

Effective for accounting periods beginning on or after 1 January 2019.

This interpretation should be applied when determining a taxable profit (tax loss), tax base, unused tax losses, unused tax credits and tax rates in cases where there is an uncertainty about the approach to taxation under IAS 12. When determining whether each tax approach should be considered independently or whether certain tax approaches should be considered together, a company should use its judgement.

A company must assess whether it is likely that the relevant authorities will accept any tax approach or a set of tax approaches that have been applied or are planned to be applied in the company's tax returns.

### **Amendments to IAS 28 – Investments in Associates and Joint Ventures**

Effective for accounting periods beginning on or after 1 January 2019; they should be applied prospectively. Delayed application is permitted.

These amendments clarify that the Company applies IFRS 9 Financial Instruments for Long-term Investments in Affiliates and Joint Ventures which, in essence, form a part of net investments in affiliates or joint ventures to which the equity method does not apply. The Company applies IFRS 9 in relation to these long-term investments before the application of IAS 28. When the Company applies IFRS 9, it does not take into account any adjustments to the carrying amount of the long-term investment that arise from the application of IAS 28.

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

### **Improvements to IFRS – cycle 2015 – 2017**

The improvements introduce additions to four standards and resulting amendments to other standards and interpretations that result in accounting changes accounting related to presentation, recognition, or measurement. Most of these improvements should be applied to accounting periods beginning on or after 1 January 2019; they should be applied retrospectively.

The Company does not expect these amendments to have a material impact on its financial statements.

### **Amendments to IAS 19 – Change, limitation or settlement of a plan**

The amendment sets out how companies should determine costs of retirement benefits if any changes in the defined benefit plan are made. The additions require the company to use the updated assumptions from this revaluation to determine the current service costs and net interest for the remainder of the period after the plan change. Previously, IAS 19 did not specify how these costs should be determined at the time after the plan change. Effective for accounting periods beginning on or after 1 January 2019.

## **2.3. Investments**

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

## **2.4. Foreign currency transactions and translation**

### **(i) Functional and presentation currency**

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

### **(ii) Transactions and balances**

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

## **2.5. 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.

### **(i) Cost**

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

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

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

The most significant part of property, plant and equipment is represented by the network. The network mainly includes power lines, pylons and switching stations. Useful life of networks assets varies between 5 and 60 years (2018: between 5 and 60 years).

### **(ii) Revaluation of assets**

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

Subsequently, the land, buildings, halls, lines and structures, machinery and equipment and other revalued assets reported in the balance sheet at revalued amount, which represents the fair value at the date of revaluation after deducting any subsequent accumulated depreciation and subsequent



accumulated impairment losses. Other classes of property, plant and equipment are subsequently evaluated at historical acquisition costs less accumulated depreciation and accumulated impairment losses.

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

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

### (iii) Depreciation

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

	2019	2018
Buildings, halls, networks and constructions	10 – 60 years	10 – 60 years
Machines, equipment and vehicles	2 - 50 years	4 - 50 years
Other property, plant and equipment	4 years	4 years

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

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

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

Land and assets under construction are not depreciated.

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

Expenditures to acquire the property, plant and equipment subsequent to initial recognition are recognized as an item of property, plant and equipment only if it is probable that they will enhance the

future economic benefits beyond its original performance. All other expenses are recognized as repair and maintenance costs in the period to which it is incurred.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. The Company allocates the amount initially recognizes in respect of an item of property, plant and equipment proportionally to its significant parts and depreciates separately each such part.

An asset's carrying amount is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.7).

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

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

## **2.6. Intangible assets**

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

The amortization of an intangible asset starts in the month when the intangible asset is put in use. Intangible assets are depreciated in line with the approved depreciation plan using the straight-line method. Monthly depreciation charge is determined as the difference between acquisition costs and residual value, divided by estimated useful life of the intangible assets.

Residual value of intangible assets is assumed to be zero unless (a) there is a commitment by a third party to purchase the asset at the end of its useful life, or (b) there is an active market for the asset and residual value can be determined by the reference to that market and it is probable that such a market will exist at the end of the asset's useful life.

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

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

- the expenditure attributable to the software product during its development can be reliably measured.

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

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

## **2.7. Impairment of non-financial assets**

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

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

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

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

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

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

## **2.9. Financial assets**

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

A financial asset is valued at amortized cost when the following two conditions are met:

- a) financial asset is held in a business model where there is intention to hold the financial asset in order to collect contractual cash flows; and
- b) financial asset's contractual terms and conditions result, on specified dates, in cash flows that represent payments of principal and interest on the outstanding principal only.

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

- a) financial asset is held in a business model, where there is intention both to collect contractual cash flows and to sell the financial asset; and
- b) financial asset's contractual terms and conditions result, on specified dates, in cash flows that represent payments of principal and interest on the outstanding principal only.

A financial asset is valued at fair value through profit or loss, unless it is valued at amortized cost or fair value through other comprehensive income. For certain investments in equity instruments that would otherwise be valued at fair value through profit or loss, an entity may, however, when initially recognizing them, irrevocably decide to present any subsequent changes in fair value through other comprehensive income.

**Initial valuation:**

Apart from trade receivables that do not include a significant financing component, a financial asset or financial liability is initially recognized by a company at its fair value plus or minus (if the financial asset or financial liability is not valued at fair value through profit or loss) transaction costs attributable to acquisition of the financial asset or issuance of the financial liability.

If, however, the fair value of the financial asset or financial liability at initial recognition differs from the transaction price, an accounting entity applies the fair-value method and recognizes the difference between the fair value and the transaction price as a profit or loss.

If an accounting entity uses trade date accounting in relation to the asset that is subsequently valued at amortized cost, such an asset shall be initially recognized at its fair value at the date of the transaction.

**Subsequent valuation:**

After its initial recognition, an accounting entity recognizes a financial asset at: (a) amortized cost; (b) fair value through other comprehensive income; or (c) fair value through profit or loss.

An accounting entity applies impairment requirements to financial assets that are valued at amortized cost and to financial assets that are valued at fair value through other comprehensive income.

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

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

Management determines the classification of its investments at initial recognition.

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

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

**Loans and receivables**

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

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

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

## 2.10. Leases

### a) Leases – IFRS 16

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

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

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

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

#### i. Leased asset (Company as a lessee)

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

When determining the period of lease, the duration of the agreed lease and the option of early termination and/or prolongation is primarily evaluated. When assessing the probability of application of the option of prolongation and/or early termination of the lease period, the Company shall consider all relevant facts and circumstances providing economic 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 Company is sufficiently certain that the prolongation shall be applied.

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

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



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

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

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

b) Leases – IAS 17 (comparable period)

i. Leased asset (Company as a lessee)

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

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

ii. Lease payments

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

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

The following new standards and interpretations have not yet become applicable as of 31 December 2019 and have not been used when preparing these financial statements. The Company does not expect these standards to have a material impact on its financial statements.

## 2.11. Inventories

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

## 2.12. Trade and other receivables

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

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

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

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

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

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

## 2.13. Cash and cash equivalents

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

## 2.14. Share capital

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.

## 2.15. Current and deferred income tax

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

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

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

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

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

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

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

Grants and contributions are recognized at their nominal value where there is a reasonable certainty that the grant or contribution would be received and the Company would comply with all attached conditions. Grants and contributions relating to acquisition of property 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. The Company also has a grant approved by EBRD in the amount of EUR 76 million for Reconstruction of switching station 400/110 kV in Bystričany and for transmission lines in Horná Ždaňa – Križovany. This grant has been drawn partially in 2019.

## **2.17. Borrowings**

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

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

## **2.18. Provisions**

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

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



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

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

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

## 2.19. Contingent liabilities

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

## 2.20. Trade payables

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

## 2.21. Employee benefits

The Company has both defined benefit and defined contribution plans.

### Pension plans

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

### Unfunded defined benefit pension plan

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

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

#### Number of year in service

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0 – 5 included	7
Over 6 – 10 included	9
Over 11 – 15 included	10
Over 16 – 20 included	11
Over 21	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 Company also pays the following life and work jubilee benefits:

- compensation of electricity costs in amount of EUR 150 (2018: EUR 150) yearly for employees on retirement working for the Company for at least three years;
- benefit is in the amount of EUR 500 when the employee reaches the age of 50 and 60 (2018: 500 EUR )

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

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

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

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

#### Defined contribution pension plans

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

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

During the year, the Company made contributions amounting to 35.2% (2018: 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% (2018: 13.4%). The cost of these payments is charged to the Income Statement in the same period as the related salary cost.

In addition, with respect to employees who have chosen to participate in a supplementary pension scheme, the Company makes contributions to the supplementary scheme of 3% 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 to settle the liability and at least one of the following conditions is met:

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

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

## **2.22. Revenue recognition**

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

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

The revenue is recognized when the respective service is rendered.

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

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

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

## **2.23. Dividend distribution**

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

## **2.24. Standards issued but not yet effective**

The following new standards and interpretations have not yet become applicable as of 31 December 2019 and have not been used when preparing these financial statements. The Company does not expect these standards to have a material impact on its financial statements.

### **Standards and interpretations adopted by the European Union**

#### **Additions to the conceptual framework**

The conceptual framework sets out:

- Objective of IFRS-based accounting
- Qualitative characteristics of useful financial information
- Definition of reporting unit
- Definitions of assets, liabilities, equity, income and expense
- Criteria for the recognition of assets and liabilities in the accounting statements and/or the procedure of their derecognition
- Valuation bases and instructions on when and how to use them
- Concept and approach to the presentation and disclosure of financial information

Reasons for revising:

- Fill in gaps in the current version – new arrangement concerning presentation, disclosure and valuation, definition of reporting unit
- Update the current arrangement – definition of assets and liabilities
- Clarify the current arrangement – role of uncertainty in valuation

Effective for accounting periods beginning on or after 1 January 2020.

### **Additions to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (definition of Material)**

Effective for accounting periods beginning on or after 1 January 2020.

These additions explain and unify the definition of significance in order to improve consistency when using this principle in individual IFRS standards.

The Company does not expect that these additions, upon their initial application, shall have material impact on its financial accounts

### **Changes and additions to IFRS 9, IAS 39 and IFRS 7 Interest Rate Benchmark Reform**

Effective from 1 January 2020. Delayed application is permitted. The additions deal with issues affecting financial reporting in the period before the IBOR reform; they are mandatory and apply to all hedging relations directly affected by uncertainties related to the IBOR reform. All companies with hedging affected by the IBOR reform, are required to comply with the following requirements:

- When assessing whether or not future cash flows are highly probable, the IBOR reform shall not change the interest rate reference value underlying the hedged cash flows. In case of any completed hedging relationships, the same assumption is used to determine whether it is expected that future cash flows will be hedged.
- Companies have to assess whether the economic relationship between the hedged item and the hedging instrument exists on the basis of assumptions that the interest rate reference value underlying the hedged item and the hedging instrument shall not change following the IBOR reform.
- Companies must not discontinue hedging relationships during the uncertainty period resulting from the IBOR reform solely due to the fact that the actual hedging results are not within the 80–125% range.
- Companies may apply any individually identifiable requirements only in the beginning of hedging relationship. A similar exception is also available for redesigned hedging items in hedging that are often redesigned, e.g. for macro hedging.

The accounting entity does not expect that the additions, when applied for the first time, will have any material impact on its financial statements.

### **Standards and interpretations that have not yet been adopted by the European Union**

#### **IFRS 17 Insurance Contracts**

Effective for accounting periods beginning on or after 1 January 2021; it should be applied prospectively.

Delayed application is permitted. IFRS 17 replaces IFRS 4, adopted in 2004 as a temporary standard. IFRS 4 granted an exception for companies, allowing them to account for insurance contracts pursuant to national accounting standards, which resulted in a large diversity of methods. IFRS 17 deals with comparability issues caused by IFRS 4 and requires that all insurance contracts are accounted for consistently, which is beneficial for both investors and insurance companies. Liabilities from insurance shall be accounted for in their current value instead of their historical value.

The Company does not expect that these additions, when they are first applied, will have a significant impact on the presentation of its financial statements, because the Company is not an insurance provider.

### **Amendments to IFRS 3 Business Combination**

Effective for accounting periods beginning on or after 1 January 2020. The additions narrow down the definition of enterprise and make it clearer. Furthermore, they allow for a simpler assessment whether or not an acquired set of activities and assets represents a set of assets or an enterprise. The Company does not expect that these additions, upon their initial application, shall have material impact on its financial accounts.

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

The Amendments were issued on 23 January 2020. The amendments clarify some IAS 1 requirements relating to materiality, order of the notes, subtotals, accounting policies and disaggregation.

The Company is currently assessing the impact of the new standard on its financial statements.

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

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

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

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

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

The Company does not plan to apply the above-mentioned new standards, additions to standards and interpretations before their effective date. All new standards, amendments to standards and interpretations that are relevant to the Company will be applied by the Company when they become effective.

## **3 Financial Risk Management**

### **3.1. Financial risk factors**

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

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



**(i) Market risk****(a) Foreign exchange risk**

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

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

	<b>Liabilities</b>		<b>Assets</b>	
	<b>31 December 2019</b>	<b>31 December 2018</b>	<b>31 December 2019</b>	<b>31 December 2018</b>
USD/CZK and other	0	-27 074	1 157	183

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

Based upon the sensitivity analysis of financial assets and liabilities recognized as at 31 December 2019, a 10 % strengthening/weakening, in the EUR against CZK and USD would result in an increase/decrease in the Company's profit by EUR 105. Management considers the risk is not significant as at reporting date.

**(b) Price risk**

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

**(c) Operating risks – prices of services**

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

The year 2019 is the second year of regulatory period 2017 – 2021. 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 GCC, which the Company together with operators in Czech and Hungarian transmission system use to prevent the supply of regulation electricity in opposite directions through the cross-border connections.

Within Czech, Slovak, Hungarian and Romanian electricity market interconnection the Company acts as shipping agent. Relevant revenues and costs of Company are from payments for electricity transmitted through the cross-border links within the interconnection of electricity markets.

Company revenues comprise primarily revenues from tariffs determined by the Office in the respective resolutions (revenues from energy transmission and capacity reserves, revenues from losses in energy transmission, revenues from system services and revenues from balancing energy acquired within the GCC system) as well as revenues related to cross-border energy transmission, where the prices for the transmission are not determined by the Office (revenues from the settlement of cross-border

transmissions between the operators of transmission networks within the ITC mechanism, revenues from transmission capacity auctions and revenues from MC).

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

**(d) Cash flow interest rate risk**

The Company repaid the last loan with a variable rate on 3 December 2015. In the period from 1 January 2019 to 31 December 2019 it has two outstanding long-term investment loans with fixed interest rates. For this reason the Company is not exposed to interest rate risk in consequence of long-term loans.

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

**(ii) Credit risk**

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

The Company has implemented individual 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.

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

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

Maximum exposure related to trade and other receivables is the nominal value of trade receivables adjusted by individual impairment of EUR 23 575 (Note 11). The Company created the impairment provision of EUR 55 000 for the expected loss on trade receivables that are not yet due after 31 December 2019.

The table below shows the balances of receivables due from bank and other cash at the reporting date:

Counterparty	Rating <sup>2</sup>	Balance as at 31 December	
		2019	2018
Banks <sup>1</sup>			
Všeobecná úverová banka, a.s.	A2	7 160 025	8 027 917
Tatra banka, a.s.	A3	27 924 974	26 138 926
Československá obchodná banka, a.s.	Baa1	10 006 386	6 545
Slovenská sporiteľňa, a.s.	A2	6 456 674	7 674 962
J & T Banka, a. s.	-	10 000 000	10 000 000
Poštová banka, a. s.	-	10 018 251	4 170
Other	n/a	128 683	115 173
<b>Total</b>		<b>71 694 993</b>	<b>51 967 693</b>

<sup>1</sup> The amount of cash and short-term deposits at banks as at 31 December 2019 amounts to EUR 71 694 993 (31 December 2018: EUR 51 967 693). Furthermore, the Company has agreed with those banks on credit lines on current accounts totalling EUR 3 550 000 (31 December 2018: EUR 18 550 000), which were not utilized. The Company has bank borrowings as at 31 December 2019 of EUR 47 303 278 (31 December 2018: EUR 44 041 821), and these credit lines were utilized.

<sup>2</sup> The Company uses the independent rating of Moody's, Fitch Ratings and Standard & Poor's.

### (iii) Liquidity risk

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

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

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

Expected cash flow is prepared as follows:

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

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

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

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



	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
<b>At 31 December 2019</b>				
Bank loans	17 205 046	17 198 990	12 899 242	0
Finance lease	196 003	134 042	200 366	175 354
Trade and other payables excluding liabilities not falling under IFRS 7	79 194 898	0	0	0
<b>Total</b>	<b>96 595 947</b>	<b>17 333 032</b>	<b>13 099 608</b>	<b>175 354</b>
<b>At 31 December 2018</b>				
Bank loans	11 744 599	32 297 222	0	0
Finance lease	0	0	0	0
Trade and other payables excluding liabilities not falling under IFRS 7	82 661 283	0	0	0
<b>Total</b>	<b>94 405 882</b>	<b>32 297 222</b>	<b>0</b>	<b>0</b>

The Company has not financial derivatives.

### 3.2. Capital risk management

The Company's objectives of managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company's management manages shareholders' capital reported under IFRS adopted by the European Union at 31 December 2019 in value EUR 648 322 433 (31 December 2018: EUR 629 991 595 EUR).

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

This ratio is calculated as follows:

	31 December 2019	31 December 2018
Total equity and liabilities	971 541 440	942 632 751
Equity (Note 13)	648 322 433	629 991 595
Equity to Total equity and liabilities ratio	67%	67%

The Company's strategy was not changed against 2018, i.e. to maintain equity to total liabilities and equity ratio above 35%, which is compliant with externally imposed capital requirements. During 2019 and 2018, the Company complied with the externally imposed capital requirements (Note 15).

### 3.3. Fair value estimation

The fair value of financial instruments is based on inputs other than quoted market prices as at the reporting date.

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

## 4 Critical accounting estimates and judgements

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

### (i) Regulated revenues

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

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

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

### (ii) Pension benefits

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

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

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

### (iii) Revaluation of property, plant and equipment

The main operating assets of the Company are assets used for electricity transmission. In the past, the Company valued assets at the historical acquisition costs. As at 31 December 2011 and 2016 the Company applied the revaluation model to fair value according to IAS 16 for property, plant and equipment, except for the classes of property containing vehicles, inventory and artwork. Revaluation of property 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.

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

	2019	2018
Buildings, halls, networks, constructions	10 – 60 years	10 – 60 years
Machinery, equipment and vehicles	2 - 50 years	4 - 50 years
Other non-current tangible assets	4 years	4 years

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

**(iv) Impairment test**

As at 31 December 2019, the Company performed a revaluation of the impairment losses for property, plant and equipment in accordance with IAS 36 on the basis of assessment of their future use, disposal or sale. The Company concluded that all assets used in the regulated activities relating to the transmission of electricity represent as a whole one cash generating unit. Due to the increase in the value of assets on its revaluation, an estimate of discounted future cash flows was also carried out based on currently valid regulation by URSO. Based on the analysis, the Company concluded that the assets used for regulated activities related to electricity transmission are not impaired.

**5 Property, plant and equipment**

	Land (revaluated)	Buildings, halls and construction (revaluated)	Machinery and equipment** (revaluated)	Vehicles and other assets *** (cost)	Capital work in progress including advances (CIP) (cost)	Total
<b>At 1 January 2018</b>						
Cost	16 013 796	567 868 845	248 577 583	45 139 194	49 907 599	927 507 017
Accumulated depreciation and impairment charges	0	-59 571 980	-43 705 197	-13 489 883	0	-116 767 060
<b>Net book value</b>	<b>16 013 796</b>	<b>508 296 865</b>	<b>204 872 386</b>	<b>31 649 311</b>	<b>49 907 599</b>	<b>810 739 957</b>
<b>Year ended</b>						
<b>31 December 2018</b>						
Opening net book value	16 013 796	508 296 865	204 872 386	31 649 311	49 907 599	810 739 957
Additions	0	0	0	0	60 755 885	60 755 885
Transfers	89 145	16 829 474	2 741 681	32 857 770	-52 518 070	0
Disposals	-88 834	-156 538	-422 102	-9 207	0	-676 681
Depreciation charge		-29 633 407	-18 461 280	-6 181 729	0	-54 276 416
Impairment charge	0	0	0	4 399	0	4 399
<b>Closing net book value</b>	<b>16 014 107</b>	<b>495 336 394</b>	<b>188 730 685</b>	<b>58 320 544</b>	<b>58 145 414</b>	<b>816 547 144</b>
<b>At 31 December 2018 after revaluation</b>						
Cost	16 014 107	583 984 883	250 212 968	77 296 515	58 145 414	985 653 887
Accumulated depreciation and impairment charges	0	-88 648 489	-61 482 283	-18 975 971	0	-169 106 743
<b>Net book value</b>	<b>16 014 107</b>	<b>495 336 394</b>	<b>188 730 685</b>	<b>58 320 544</b>	<b>58 145 414</b>	<b>816 547 144</b>
<b>At 31 December 2018 in historical costs</b>						
Costs	8 726 716	627 770 832	443 537 064	82 013 040	58 180 971	1 220 228 623
Accumulated depreciation and impairment charges	0	-222 531 395	-268 508 992	-23 570 397	0	-514 610 784
<b>Net book value</b>	<b>8 726 716</b>	<b>405 239 437</b>	<b>175 028 072</b>	<b>58 442 643</b>	<b>58 180 971</b>	<b>705 617 839</b>
<b>Year ended</b>						
<b>31 December 2019</b>						
Opening net book value	16 014 107	495 336 394	188 730 685	58 320 544	58 145 414	816 547 144
Additions	0	0	0	0	76 577 834	76 577 834
Transfers	7 664	14 652 125	1 104 999	26 814 331	-42 579 119	0
Disposals	-32 356	-51 990	-595 217	0	0	-679 563
Depreciation charge		-24 397 007	-16 354 849	-8 152 072	0	-48 903 928
Impairment charge	0	0	0	0	0	0
<b>Net book value</b>	<b>15 989 415</b>	<b>485 539 522</b>	<b>172 885 618</b>	<b>76 982 803</b>	<b>92 144 129</b>	<b>843 541 487</b>

	Land (revaluated)	Buildings, halls and construction (revaluated)	Machinery and equipment** (revaluated)	Vehicles and other assets *** (cost)	Capital work in progress including advances (CIP) (cost)	Total
<b>At 31 December 2019 after revaluation</b>						
Costs	15 989 415	592 934 249	248 324 520	103 472 927	92 144 129	1 052 865 240
Accumulated depreciation and impairment charges	0	-107 394 727	-75 438 902	-26 490 124	0	-209 323 753
<b>Net book value</b>	<b>15 989 415</b>	<b>485 539 522</b>	<b>172 885 618</b>	<b>76 982 803</b>	<b>92 144 129</b>	<b>843 541 487</b>
<b>At 31 December 2019 in historical costs</b>						
Costs	8 705 215	640 771 117	431 392 464	107 695 027	92 009 218	1 280 573 041
Accumulated depreciation and impairment charges	0	-236 558 660	-269 032 992	-30 523 486	0	-536 115 138
<b>Net book value</b>	<b>8 705 215</b>	<b>404 212 457</b>	<b>162 359 472</b>	<b>77 171 541</b>	<b>92 009 218</b>	<b>744 457 903</b>

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

The Company updated the revaluation as at 1 January 2016. The revaluation resulted in increase in the accounting value of property, plant and equipment by EUR 20 875 876, increase of deferred tax liability by EUR 4 592 693, increase of profit by EUR 129 552 and increase of revaluation gains in other comprehensive income accumulated as a revaluation surplus within equity in the amount of EUR 16 153 632 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 2 297 021 in 2016 compared to the previous accounting period.

As at 31 December 2019, the most significant items within property, plant and equipment represent: substations and administrative buildings in revalued net book value of EUR 367 459 707, in historical net book value of EUR 341 604 084 (31 December 2018: revalued net book value of EUR 364 378 000, historical net book value of EUR 334 307 285 EUR); transmission lines at revalued net book value of EUR 339 908 109, in historical net book value of EUR 273 035 875 EUR (31 December 2018: revalued net book value of EUR 351 246 960, in historical net book value of EUR 276 395 323 EUR).

As at 31 December 2019, the Company assessed all internal and external indicators. The Company did not find any indicators that would require that the impairment test be carried out on a group of assets as at 31 December 2019.

Non-current assets under construction consists mainly of EUR 14 927 720 EUR for upgrade and innovation RIS SED Žilina (31 December 2018: EUR 7 930 700 EUR ), EUR 4 970 580 for 2x400kV transmission line ESt Rimavská Sobota – state border (31 December 2018: EUR 1 487 769), EUR, 9 521 436 for the Bystričany 400 kV substation from the grants (31 December 2018: EUR 6 704 960), EUR 12 242 703 for remote management of substation in ES Podunajské Biskupice (31. December 2018: EUR 3 318 625), EUR 7 839 368 for transformation 2x400 kV in Bystričany – Križovany (31 December 2018: EUR 6 741 348), EUR 2 265 635 for remote management of substation in ES Spišská Nová Ves (31 December 2018: EUR 11 725 110), 1 965 478 for transformation 2x400 kV Bystričany – Horná Ždaňa (31 December 2018: EUR 1 929 751), EUR 1 027 005 for Bystričany 400 kV substation (31 December 2018: EUR 904 843), EUR 1 212 798 for TR 400/110 kV Bystričany – T401 (31 December 2018: EUR 641 566), EUR 1 216 005 for the 2x400 kV line from Veľký Meder to Hungarian border (31 December 2018: EUR 1 179 060), EUR 1 507 579 for the 400 kV Križovany substation – enlargement financed using a grant (31 December 2018: EUR 634 804), EUR 3 033 939 for Rimavská Sobota 400 kV substation– extension (31 December 2018: EUR 266 156), EUR 16 551 842 for 400 kV double line Bystričany – Križovany financed using a grant (31 December 2018: EUR 882 207), EUR 0 for the upgrade of remote SCADA RIS clients (31 December 2018: EUR 836 624), EUR 0 for the upgrade of MUX equipment (31 December 2018: EUR 2 324 806), EUR 0 for extension of Horná Ždaňa 400 kV substation from grants (31 December 2018: EUR 4 051 438), and EUR 0 for Horná Ždaňa 400 kV substation– extension (31 December 2018: EUR 520 147), These assets are not available for use at the reporting date.

In 2019, borrowing costs are capitalized in accordance with accounting policies of the Company, borrowing costs EUR 0 (2018: EUR 0) as a part of the acquisition cost of non-current assets. The effective interest rate related to capitalization as at 31 December 2019 amounted 1.26% p.a. (31 December 2018: 1.28% p.a.).

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

	Land, buildings and structures	Plant, machinery and equipment	Total
As at 31 December 2019			
Cost	22 336 566	9 562	22 346 128
Accumulated depreciation	-3 300 832	-7 906	-3 308 738
Net book value as at 31 December 2019	<u>19 035 734</u>	<u>1 656</u>	<u>19 037 390</u>
As at 31 December 2019			
Historical acquisition cost	25 252 398	20 064	25 272 462
Accumulated depreciation historical	-6 901 778	-19 200	-6 920 978
Historical net book value as at 31 December 2019	<u>18 350 620</u>	<u>864</u>	<u>18 351 484</u>
As at 31 December 2018			
Cost	22 348 248	9 562	22 357 810
Accumulated depreciation	-2 495 507	-7 768	-2 503 275
Net book value as at 31 December 2018	<u>19 852 741</u>	<u>1 794</u>	<u>19 854 535</u>
As at 31 December 2018			
Historical acquisition cost	25 328 565	20 064	25 348 629
Accumulated depreciation historical	-6 293 069	-19 128	-6 312 197
Historical net book value as at 31 December 2018	<u>19 035 496</u>	<u>936</u>	<u>19 036 432</u>

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

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



### Type and amount of insurance of non-current intangible and tangible assets

The Company has insured its assets against the following risks:

Insured object	Type of insurance	Amount insured as at 31 Dec 2019	Name of the insurance company
Buildings, halls and constructions	Damage or total loss (natural disaster)	217 369 609	Lead insurer: Allianz - Slovenská poisťovňa, a.s. ( co-insurance: Kooperativa poisťovňa, a. s. Vienna Insurance Group, Colonnade Insurance S.A., Generali Poisťovňa, a. s.)
Machines, tools and equipment, vehicles without car licence plates, transformers, RRB – radio relay point, cables	Damage or total loss (natural disaster)	613 423 693	Lead insurer: Allianz - Slovenská poisťovňa, a.s. ( co-insurance: Kooperativa poisťovňa, a. s. Vienna Insurance Group, Colonnade Insurance S.A., Generali Poisťovňa, a. s.)
Elevated line	Damage or total loss (natural disaster)	731 367 633	Lead insurer: Allianz - Slovenská poisťovňa, a.s. ( co-insurance: Kooperativa poisťovňa, a. s. Vienna Insurance Group, Colonnade Insurance S.A., Generali Poisťovňa, a. s.)
Office equipment	Damage or total loss (natural disaster)	1 774 773	Lead insurer: Allianz - Slovenská poisťovňa, a.s. ( co-insurance: Kooperativa poisťovňa, a. s. Vienna Insurance Group, Colonnade Insurance S.A., Generali Poisťovňa, a. s.)
Inventory and other tangible assets	Damage or total loss (natural disaster)	1 331 080	Lead insurer: Allianz - Slovenská poisťovňa, a.s. ( co-insurance: Kooperativa poisťovňa, a. s. Vienna Insurance Group, Colonnade Insurance S.A., Generali Poisťovňa, a. s.)
Scheduled capital expenditures, automatic coverage of new assets	Damage or total loss (natural disaster)	93 745 591	Lead insurer: Allianz - Slovenská poisťovňa, a.s. ( co-insurance: Kooperativa poisťovňa, a. s. Vienna Insurance Group, Colonnade Insurance S.A., Generali Poisťovňa, a. s.)
Inventories	Damage or total loss (natural disaster)	1 500 000	Lead insurer: Allianz - Slovenská poisťovňa, a.s. ( co-insurance: Kooperativa poisťovňa, a. s. Vienna Insurance Group, Colonnade Insurance S.A., Generali Poisťovňa, a. s.)



Insured object	Type of insurance	Amount insured as at 31 Dec 2019	Name of the insurance company
Cash, valuables, stamps and vouchers, documentary securities deposited in the vaults and mailboxes	Insurance against theft, burglary and robbery, and robbery during transport and vandalism	16 597	Lead insurer: Allianz - Slovenská poisťovňa, a.s. ( co-insurance: Kooperativa insurance a. s. Vienna Insurance, Colonnade Insurance S.A., Generali Poisťovňa, a. s.)
Set of movable tangible fixed assets, cables, elevated power line	Insurance against theft, burglary and robbery, and robbery during transport and vandalism	331 939	Lead insurer: Allianz - Slovenská poisťovňa, a.s. ( co-insurance: Kooperativa insurance a. s. Vienna Insurance, Colonnade Insurance S.A., Generali Poisťovňa, a. s.)
Inventory and other TFA	Insurance against theft, burglary and robbery, and robbery during transport and vandalism	290 966	Lead insurer: Allianz - Slovenská poisťovňa, a.s. ( co-insurance: Kooperativa insurance a. s. Vienna Insurance, Colonnade Insurance S.A., Generali Poisťovňa, a. s.)
Inventories, construction components	Insurance against theft, burglary and robbery, and robbery during transport and vandalism	165 970	Lead insurer: Allianz - Slovenská poisťovňa, a.s. ( co-insurance: Kooperativa insurance a. s. Vienna Insurance, Colonnade Insurance S.A., Generali Poisťovňa, a. s.)
Measuring devices, cables, and laptops in motor vehicles	Insurance against theft, burglary and robbery, and robbery during transport and vandalism	66 388	Lead insurer: Allianz - Slovenská poisťovňa, a.s. ( co-insurance: Kooperativa insurance a. s. Vienna Insurance, Colonnade Insurance S.A., Generali Poisťovňa, a. s.)
Machinery, equipment and cables	Insurance of machinery and equipments (damage or destruction of machinery)	591 145 794	Lead insurer: Allianz - Slovenská poisťovňa, a.s. ( co-insurance: Kooperativa insurance a. s. Vienna Insurance, Colonnade Insurance S.A., Generali Poisťovňa, a. s.)
Scheduled capital expenditures	Insurance of machinery and equipments (damage or destruction of machinery)	65 000 000	Lead insurer: Allianz - Slovenská poisťovňa, a.s. ( co-insurance: Kooperativa insurance a. s. Vienna Insurance, Colonnade Insurance S.A., Generali Poisťovňa, a. s.)
Insurance of cybernetic risks		500 000	Lead insurer: Allianz - Slovenská poisťovňa, a.s. ( co-insurance: Kooperativa insurance a. s. Vienna Insurance, Colonnade Insurance S.A., Generali Poisťovňa, a. s.)

Insured object	Type of insurance	Amount insured as at 31 Dec 2019	Name of the insurance company
Terrorism		10 000 000	Lead insurer: Allianz - Slovenská poisťovňa, a.s. (co-insurance: Kooperativa poisťovňa, a. s. Vienna Insurance Group, Colonnade Insurance S.A, Generali Poisťovňa, a. s.)

Compared to 2018, there was a change in terrorism risk insurance and in one of the consortium insurance companies.

## 6 Intangible assets

	Software and other intangible assets	Intangible assets not yet in use	Total
<b>At 1 January 2018</b>			
Cost	49 037 543	2 329 340	51 366 883
Accumulated amortisation and impairment charges	-43 305 242	0	-43 305 242
<b>Net book value</b>	<b>5 732 301</b>	<b>2 329 340</b>	<b>8 061 641</b>
<b>Year ended 31 December 2018</b>			
Opening net book amount	5 732 301	2 329 340	8 061 641
Additions	0	2 586 309	2 586 309
Transfers	1 190 264	-1 190 264	0
Disposals	0	0	0
Amortisation charge	-1 976 320	0	-1 976 320
<b>Closing net book value</b>	<b>4 946 245</b>	<b>3 725 385</b>	<b>8 671 630</b>
<b>At 31 December 2018</b>			
Cost	44 280 602	3 725 385	48 005 987
Accumulated amortisation and impairment charges	-39 334 357	0	-39 334 357
<b>Net book value</b>	<b>4 946 245</b>	<b>3 725 385</b>	<b>8 671 630</b>
<b>Year ended 31 December 2019</b>			
Opening net book amount	4 946 245	3 725 385	8 671 630
Additions	0	1 845 106	1 845 106
Transfers	2 907 327	-2 907 327	0
Disposals	0	0	0
Accumulated amortisation and impairment charges	-1 571 903	0	-1 571 903
<b>Closing net book value</b>	<b>6 281 669</b>	<b>2 663 164</b>	<b>8 944 833</b>
<b>At 31 December 2019</b>			
Cost	47 173 927	2 663 164	49 837 091
Accumulated amortisation and impairment charges	-40 892 258	0	-40 892 258
<b>Net book value</b>	<b>6 281 669</b>	<b>2 663 164</b>	<b>8 944 833</b>

The computer software consists mainly of software SAP, software for registry and Damas Energy. Net book value of SAP is EUR 326 081 (31 December 2018: EUR 319 610), remaining amortization period is 4 year. Net book value of Damas Energy is EUR 198 945 (31 December 2018: EUR 256 435), remaining amortization period is 1 year.

Intangible assets not yet in use include EUR 1 070 760 for upgrade and innovation RIS SED Žilina (31 December 2018: EUR 1 070 760), EUR 356 688 EUR for II. phase of implementation of new office information system, (31. December 2018: EUR 334 555 EUR), EUR 447 140 for implementation of security systems (31. December 2018: EUR 235 100 EUR), EUR 418 702 for digitalization process (31. December 2018: EUR 89 532 EUR), EUR 0 for a new registry management system (31 December 2018: EUR 781 544)

Internally generated intangible assets are immaterial.

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

## 7 Shares in subsidiaries and other investments

	2019	2018
<b>At the beginning of the year</b>	<b>5 278 315</b>	<b>4 847 815</b>
Additions	0	430 500
Disposals	0	0
<b>At the end of the year</b>	<b>5 278 315</b>	<b>5 278 315</b>

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

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

JAO is a service company founded by twenty-five transmission system operators of the twenty-two countries - 50Hertz (Germany), Admie (Greece), Amprion (Germany), APG (Austria), ČEPS (Czech Republic), CREOS (Luxembourg), ELES (Slovenia), ELIA (Belgium), EnerginetDK (Denmark), HOPS (Croatia) MAVIR (Hungary), PSE (Poland), RTE (France), Slovenská elektrizačná prenosová sústava, a.s./ SEPS, Statnett (Norway), Swissgrid (Switzerland) TenneT (Germany), TenneT (Netherlands), Terna (Italy), TransnetBW (Germany). Its main task is to conduct an annual, monthly and daily auctions of rights to transmit electricity across 29 borders in Europe and act as backup for the European Market Coupling.

New 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 2018 are not available data about equity and profit/loss yet. The Company does not expect that the investment is impaired.

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

TSCNET shareholders are also the organization's major customers. At present, the following 14 transmission system operators from eleven European countries are the organization's shareholders:

50Hertz (Germany), Amprion (Germany), APG (Austria), ČEPS (Czech Republic), ELES (Slovenia), HOPS (Croatia), MAVIR (Hungary), PSE (Poland), SEPS (Slovakia), Swissgrid (Switzerland), TenneT (Germany), TenneT (Netherlands), TransnetBW (Germany) and Transelectrica (Romania). For 2019, data on equity and profit or loss is not yet available. The Company does not expect any impairment of the investment.

On 11 August 2010 the Company OKTE, a.s. based in (Mlynské nivy 48, 824 84 Bratislava) has been incorporated in the Business Register. The sole shareholder of the company is Slovenská elektrizačná prenosová sústava, a.s. The share is being made up of 4 644 registered share at a nominal value of EUR 1 000 and legal reserve fund in amount EUR 3 315.

## 8 Assets representing the right of use

### Company as lessee

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

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

	Land, buildings and structures	Machines and equipment	Total
<b>As at 1 January 2019</b>	-	-	-
<b>Impact of IFRS 16</b>	<b>425 905</b>	<b>607 527</b>	<b>1 033 432</b>
Additions	147 581	12 471	160 052
Depreciation	-26 616	-156 875	-183 491
Disposals	-351 498	-1 388	-352 886
<b>As at 31 December 2019</b>	<b>195 372</b>	<b>461 735</b>	<b>657 107</b>

## 9 Financial instruments by category

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

<b>As at 31 December 2019</b>	<b>Financial assets at fair value through profit and loss</b>	<b>Loans and receivables</b>	<b>Total</b>
<b>Assets as per Statement of Financial Position</b>			
Trade receivables (before impairment provision)	0	25 962 769	25 962 769
Other receivables	0	906 031	906 031
Cash on bank accounts and cash in hand	0	71 694 993	71 694 993
<b>Total</b>	<b>0</b>	<b>98 563 793</b>	<b>98 563 793</b>

As at 31 December 2019	Financial liabilities at fair value through profit and loss	Other financial liabilities – carried at amortized cost	Total
<b>Liabilities as per Statement of Financial Position</b>			
Trade and other payables	0	56 626 417	56 626 417
Received guarantees	0	20 278 259	20 278 259
Payables due to employees	0	1 507 657	1 507 657
Social security	0	869 470	869 470
Other payables	0	2 290 222	2 290 222
Bank loans	0	48 009 043	48 009 043
<b>Total</b>	<b>0</b>	<b>129 581 068</b>	<b>129 581 068</b>

As at 31 December 2018	Financial assets at fair value through profit and loss	Loans and receivables	Total
<b>Assets as per Statement of Financial Position</b>			
Trade receivables (before impairment provision)	0	34 490 170	34 490 170
Other receivables	0	321 250	321 250
Cash on bank accounts and cash in hand	0	51 967 693	51 967 693
<b>Total</b>	<b>0</b>	<b>86 779 113</b>	<b>86 779 113</b>

As at 31 December 2018	Financial liabilities at fair value through profit and loss	Other financial liabilities – carried at amortized cost	Total
<b>Liabilities as per Statement of Financial Position</b>			
Trade and other payables	0	62 171 248	62 171 248
Received guarantees	0	19 850 008	19 850 008
Payables due to employees	0	1 223 362	1 223 362
Social security	0	777 725	777 725
Other payables	0	640 027	640 027
Bank loans	0	44 041 821	44 041 821
<b>Total</b>	<b>0</b>	<b>128 704 191</b>	<b>128 704 191</b>

## 10 Inventories

	As at 31 December	
	2019	2018
Prepayments shipper	1 514 684	0
Materials and spare parts	1 049 940	858 171
	<b>2 564 624</b>	<b>858 171</b>

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

**11 Trade and other receivables**

	<b>As at 31 December</b>	
	<b>2019</b>	<b>2018</b>
Current receivables and prepayments:		
Neither past due nor impaired trade receivables	25 838 619	34 315 773
Past due but not impaired trade receivables	99 483	149 730
Individually impaired receivables	24 667	24 667
Trade receivables (before provision for impairment)	<b>25 962 769</b>	<b>34 490 170</b>
Less: Provision for impairment of receivables	-78 575	-28 043
Trade receivables – net	<b>25 884 194</b>	<b>34 462 127</b>
VAT – receivable	0	4 898 098
Grant claims	0	662 589
Prepayments	1 005 137	1 016 651
Other receivables	906 031	321 250
Prepaid expenses and accrued income	943 835	1 149 461
<b>Other receivables – net</b>	<b>2 855 003</b>	<b>8 048 049</b>
<b>Total trade and other receivables</b>	<b>28 739 197</b>	<b>42 510 176</b>

The claim for grant represents the grant for project V480 / V481 Veľký Meder - SR border and V446 / V447 Rimavská Sobota - SR border in the amount of EUR 0 (31 December 2018: EUR 662 589).

Long-term receivables include the amount of EUR 2 467 700 related to the refinancing of costs of capital construction within the Podunajské Biskupice power station incurred by Západoslovenská distribučná, a. s. (31 December 2018: EUR 2 467 700 ), the amount of EUR 1 079 061 related to the refinancing of costs of capital construction within the Poddunajské Biskupice power station incurred by Západoslovenská distribučná, a. s. (31 December 2018: EUR 0), the amount of EUR 3 500 000 related to the refinancing of costs of capital construction within the Senica power station incurred by Západoslovenská distribučná, a. s. (31 December 2018: EUR 3 500 000) and the amount of EUR 2 288 000 related to the refinancing of costs of capital construction within the Est Bystričany power station incurred by Fortischem, a. s. (31 December 2018: EUR 2 288 000), the amount of 786 123 EUR related to the capital construction within the Est Bystričany (31 December 2018: 0 EUR)

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

	<b>As at 31 December</b>	
	<b>2019</b>	<b>2018</b>
Receivables within due date	25 838 619	34 315 773
Overdue receivables	124 150	174 397
<b>Total</b>	<b>25 962 767</b>	<b>34 490 170</b>

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

	<b>As at 31 December</b>	
	<b>2019</b>	<b>2018</b>
OKTE	11 037 829	13 552 550
Slovenské elektrárne, a.s.	178 483	80 978
Západoslovenská distribučná, a. s.	2 766 135	3 053 252
Stredoslovenská energetika Distribúcia, a. s.	1 835 646	1 830 584
Východoslovenská distribučná, a. s.	1 153 947	1 283 225
ČEPS, a. s.	2 761 928	3 721 757



MAVIR	1 939 222	7 501 608
Others	4 165 429	3 291 819
<b>Neither past due nor impaired trade receivables</b>	<b>25 838 619</b>	<b>34 315 773</b>

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

As at 31 December 2019 trade receivables of EUR 99 483 (31 December 2018: EUR 149 730 ) were past due but not impaired. Their ageing analysis is as follows:

	As at 31 December	
	2019	2018
1 to 90 days	44 364	149 730
91 to 180 days	55 119	0
<b>Total past due but not impaired trade receivables</b>	<b>99 483</b>	<b>149 730</b>

The balance of trading receivables as at the end of period includes overdue receivables of the accounting value of EUR 44 364 (2018: EUR 149 730), for which the Company has not created adjustments, as no significant changes in the credibility of debtors have occurred and therefore the receivables are still deemed recoverable. The Company has created an adjustment of EUR 55 000 to cover overdue receivables amounting to EUR 55 119 based on the expected loss from trading receivables not overdue as of 31 December 2019 (2018: EUR 5 000).

The Company recorded no collateralized receivables.

As at 31 December 2019, trade receivables of EUR 24 667 (2018: EUR 24 667) were individually impaired. As at 31 December 2019, the Company recorded an impairment provision of EUR 23 575 (2018: EUR 23 043).

The ageing of these receivables is as follows:

	As at 31 December	
	2019	2018
181 to 360 days	0	438
Over 361 days	24 667	24 229
<b>Total individually impaired receivables</b>	<b>24 667</b>	<b>24 667</b>

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

	2019	2018
At the beginning of the year	28 043	23 313
Additional provision for receivables impairment	532	296
Additional provision for receivables impairment under IFRS 9	50 000	5 000
Release of unused provision	0	-566
Receivables written –off during the year as uncollectible	0	0
<b>At the end of the year</b>	<b>78 575</b>	<b>28 043</b>

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

## 12 Cash and cash equivalents

	As at 31 December	
	2019	2018
Cash at bank and in hand	41 694 993	41 967 693
Short-term bank deposits	30 000 000	10 000 000
	<u>71 694 993</u>	<u>51 967 693</u>

At 31 December 2019 cash and cash equivalents were fully available for the Company's use.

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

	As at 31 December	
	2019	2018
Cash and bank balances and deposits with original maturities of less than three months:	71 694 993	51 967 693
	<u>71 694 993</u>	<u>51 967 693</u>

The carrying amounts of cash and cash equivalents as at 31 December 2019 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).

## 13 Shareholder's Equity

As at 31 December 2019, the registered capital consisted of: 105 bearer shares at a nominal value of EUR 1 000 000. The Company has no subscribed capital that has not been entered in the Commercial Register. Shares are associated with equal rights. Legal reserve fund has attained the the minimum amount of mandatory contribution under Commercial Code as at 31 December 2019.

Legal reserve fund is obligatorily created from profit of the Company in accordance with the Slovak. According to the Commercial Code, the Company is obliged to create a legal reserve fund in the amount of 10% of the share capital at the time of the incorporation of the Company. This amount must be increased annually by at least 10 % from net profit, until the legal reserve fund achieves 20% of the share capital. Use of this fund is restricted under the Commercial Code only to cover losses of the Company and it is not a distributable reserve. Legal reserve fund amounted to EUR 21 000 000 as at 31 December 2019 (as at 31 December 2018: EUR 21 000 000).

Other capital reserves comprise statutory fund of EUR 175 405 425 to finance capital expenditure activities (2018: EUR 160 150 795) and differences from revaluation of assets amounted to EUR 81 311 849 (2018: EUR 91 102 032).

The statutory fund to finance future capital expenditures is used to accumulate internal funds of the Company allocated from profit dedicated to cover future capital expenditures. In 2019, the Company contributed to this fund the amount of EUR 15 254 630 (31 December 2018: 0). The rules for the use of funds allocated to the statutory fund for capital expenditures are governed by the general financing principles of the Company in relation to capital expenditures, and by the acquisition guidelines. Funds 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 surplus are presented in the table below:

	2019
Opening amount	91 102 032
Revaluation surplus reclassified to retained earnings as at 31 December 2019	-12 503 616
Deferred tax on revaluation surplus as at 31 December 2019	2 625 759
Deferred tax related to special levy from business activities in regulated sectors	87 674
<b>At the end of the period</b>	<b>81 311 849</b>
	2018
Opening amount	105 659 922
Revaluation surplus reclassified to retained earnings as at 31 December 2018	-19 457 086
Deferred tax on revaluation surplus as at 31 December 2018	4 085 988
Deferred tax related to special levy from business activities in regulated sectors	813 208
<b>At the end of the period</b>	<b>91 102 032</b>

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

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

The General Meeting held on 16 May 2019 approved the Financial Statements for 2018. In 2019 were approved dividend for 2018 in the amount of EUR 476 190,48 (rounded) per share at the nominal value of EUR 1 000 000 (in 2018: EUR 561 904,76 rounded amount).

The profit for the year 2018 of EUR 50 307 558 was distributed as follows:

	2018 profit distribution	2017 profit distribution
Dividends	0	0
Appropriation to the Legal Fund	0	0
Appropriation to the Statutory Fund	0	0
Transfer to retained earnings	50 307 558	74 254 630
<b>Total</b>	<b>50 307 558</b>	<b>74 254 630</b>

In 2019, the Company paid dividends for 2018 in the amount of EUR 50 000 000 from retained earnings. As at 31 December 2019 retained earnings of the Company (including profit of the current accounting period and revaluation surplus reclassified to retained earnings) amounted to EUR 267 577 789 (31 December 2018: EUR 253 718 368).

As at the date of authorization of these Financial Statements for issue, the statutory body has not yet proposed the distribution of profit for 2019.

**14 Trade and other payables**

	<b>As at 31 December</b>	
	<b>2019</b>	<b>2018</b>
Trade payables	56 626 417	62 171 248
Received guarantees	20 278 259	19 850 008
Payables due to employees	1 507 657	1 223 362
Social security	869 470	777 725
Accrued personnel expenses	3 530 000	4 258 800
Social fund	233 318	192 407
Other payables	2 290 222	640 027
<b>Total</b>	<b>85 335 343</b>	<b>89 113 577</b>

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

Liabilities include the amount of EUR 700 245 EUR relating to deliveries for investment shares not invoiced as of 31 December 2019 (31. December 2018: EUR 920 158 EUR).

The long-term part of this payables is recognized in other non-current liabilities in the amount of EUR 359 441 as of 31 December 2018.

No payables are secured by a lien or other collateral.

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

	<b>As at 31 December</b>	
	<b>2019</b>	<b>2018</b>
Payables not yet due	82 628 691	87 240 982
Overdue payables	2 706 652	1 872 595
<b>Total</b>	<b>85 335 343</b>	<b>89 113 577</b>

**Social fund**

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

	<b>2019</b>	<b>2018</b>
<b>Opening balance at 1 January</b>	<b>192 407</b>	<b>131 708</b>
Appropriations expensed	974 717	932 703
Usage	-933 806	-872 004
<b>Closing balance at 31 December</b>	<b>233 318</b>	<b>192 407</b>

**15 Bank loans and finance lease liabilities**

	<b>As at 31 December</b>	
	<b>2019</b>	<b>2018</b>
<b>Non-current</b>		
Long term portion of bank loans (a)	30 098 232	32 297 222
	<b>30 098 232</b>	<b>32 297 222</b>
<b>Current</b>		
Short term portion of bank loans (a)	17 205 046	11 744 599
	<b>17 205 046</b>	<b>11 744 599</b>

**(a) Bank loans**

The maturity of bank loans is as follows:

Maturity	As at 31 December	
	2019	2018
Short term portion of bank loans	17 205 046	11 744 599
Long term portion of bank loans		
1 - 5 years	30 098 232	32 297 222
over 5 years	0	0
<b>Total</b>	<b>47 303 278</b>	<b>44 041 821</b>

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

The Company has the following borrowing facilities which are not utilized:

	As at 31 December	
	2019	2018
Floating rate:		
- Expiring within one year	0	3 550 000
- Expiring beyond one year	3 550 000	0
Fixed rate		
- Expiring within one year	0	15 000 000
- Expiring beyond one year	0	0
<b>Total</b>	<b>3 550 000</b>	<b>18 550 000</b>

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

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

	2019	2018
Bank borrowings	1.26%	1.28%

Notes to the Financial Statements for the year ended 31 December 2019 prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union  
(All amount are in Euros unless stated otherwise)

Structure of bank loans as at 31 December 2019 is as follows:

Bank/Creditor	Typ	Currency	Amount in EUR		Interest rate a.	% p.	Maturity	Collateral	Part due in next 12 months	Part due after 12 months
			31 December 2019	31 December 2018						
Credit cards Tatra Banka, a. s.  Slovenská sporiteľňa, a. s.	operating	EUR	6 056	155	-		Január 2020	0	6 056	0
	investment	EUR	27 222 222	16 666 666	1,30%		31. 7. 2022	0	9 898 990	17 323 232
Všeobecná úverová banka, a. s.	investment	EUR	20 075 000	27 375 000	1,20% a 1,30% v závislosti od tranže		18. 9. 2022	0	7 300 000	12 775 000
	<b>Total</b>	<b>X</b>	<b>47 303 278</b>	<b>44 041 821</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>17 205 046</b>	<b>30 098 232</b>



Notes to the Financial Statements for the year ended 31 December 2019 prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union  
(All amount are in Euros unless stated otherwise)

## 16 Lease payables

	As at December 2019	As at 1 January 2019
<b>Long term</b>		
Long term portion of lease	509 762	877 905
	<b>509 762</b>	<b>877 905</b>
<b>Shortterm</b>		
Short term portion of lease	196 003	243 076
	<b>196 003</b>	<b>243 076</b>

The maturity of lease payables is as follows:

31. December 2019

Less than one year	196 003
1 – 5 years	334 408
More than 5 years	175 354
	<b>705 765</b>

## 17 Grants and deferred revenues

Deferred revenues include the following items:

	As at 31 December 2019	2018
<b>Deferred revenues</b>		
EBRD grant Križovany – long-term portion (a)	9 704 098	10 522 649
– current portion (a)	820 527	822 510
EBRD grant Lemešany – long-term portion (b)	31 376 477	33 010 109
– current portion (b)	1 628 369	1 629 182
EBRD grant Bystričany – long-term portion (c)	23 114 694	9 026 107
– current portion (c)	206 904	0
US Steel – long-term portion (d)	3 280 457	3 475 672
– current portion (d)	199 926	204 638
EU TEN-E – long-term portion (e)	688 363	716 914
– current portion (e)	28 551	28 551
E.On – long-term portion (f)	2 251 168	2 358 669
– current portion (f)	118 963	130 425
Slovenské elektrárne, a. s. – long-term portion (g)	2 716 093	2 908 213
– current portion (g)	192 118	192 120
EU TEN-E – long-term portion (h)	745 670	773 674
– current portion (h)	28 004	28 004
EU TEN-E – long-term portion (i)	1 829 405	1 896 553
– current portion (i)	67 148	67 148
EU TEN-E – long-term portion (j)	2 070 655	2 137 248
– current portion (j)	66 593	66 589
Západoslovenská distribučná – long-term portion (k)	2 706 102	2 873 035

Notes to the Financial Statements for the year ended 31 December 2019 prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union  
(All amount are in Euros unless stated otherwise)

– current portion (k)	166 933	166 934
Východoslovenská distribučná – long-term portion (l)	3 944 182	4 117 273
– current portion (l)	175 433	177 780
INEA Veľký Meder – long-term portion (m)	360 756	460 565
– current portion (m)	0	0
INEA Rimavská Sobota – long-term portion (n)	633 575	643 750
– current portion (n)	0	0
Západoslovenská distribučná – Pod. Biskupice– long-term portion (o)	3 322 649	2 333 487
– current portion (o)	89 807	89 715
Západoslovenská distribučná - Senica– long-term portion (p)	3 500 000	3 500 000
– current portion (p)	0	0
Fortischem – long-term portion (q)	3 074 123	2 288 000
– current portion (q)	0	0
Others – long-term portion (o)	5 086 672	11 067 100
– current portion (o)	10 020 963	12 726 148
<b>Total</b>	<b>114 215 378</b>	<b>110 438 762</b>

a)

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

The amount of EUR 10 524 625 (31 December 2018: EUR 11 345 159 ) was recognized in deferred revenue related to the grant.

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

b)

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

The amount of EUR 33 004 846 (31 December 2018: EUR 34 639 291) was recognized in deferred revenue related to the subsidy.

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

c)

On 14 December 2010 was concluded a grant agreement between Slovenská elektrizačná a prenosová sústava, a. s. and the European Bank for Reconstruction and Development (EBRD), in which the EBRD agreed to provide a grant of EUR 76 000 thousand. This agreement effected on 17 December 2014. The grant funds will be used to set of buildings Bystričany – transformation 400/110 kV, for expansion substation in Horná Ždaňa and Križovany crossing the 400 kV Križovany - Bystričany and 400 kV Oslany - Horná Ždaňa. Grant funds will be drawn till 2020.

The amount of EUR 23 321 598 (31 December 2018: EUR 9 026 107) was recognized in deferred revenue related to the subsidy.

Notes to the Financial Statements for the year ended 31 December 2019 prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union  
(All amount are in Euros unless stated otherwise)

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

d)

Deferred revenues include an amount 3 480 383 (31 December 2018: EUR 3 680 310 ), related to investment in the substation in Košice, which remains in property of the Company, however, the company US Steel however, the company US Steel paid the half of the substation's acquisition costs.

e)

Amount of EUR 716 914 represents a co-finance provided to the Company from an European Commission's program EU TEN-E (Trans – European Network ) in the amount of 10% of the value of transmission lines EK-Moldava – SS Košice (31 December 2018: EUR 745 465 EUR).

f)

Deferred revenue of EUR 2 370 131 included in deferred revenues is related to construction field 13 in ES Križovany that was 100 % financed by company E.On Trakovice (31 December 2018: EUR 2 489 094).

g)

Amount of EUR 2 908 211 relates to refinancing of cost of Slovenské elektrárne, a.s. for connecting to transmission systems EMO 3 and 4 in Veľký Ďur (31 December 2018: EUR 3 100 333).

h)

Amount of EUR 773 674 represents co-finance provided to Company from European Commission for the transmission line SS Košice – Lemešany (31 December 2018: EUR 801 678).

i)

Amount of EUR 1 896 553 represents co-finance provided from European Commission for the meshing V 409 line to the new transformer station 400 / 110kV in electric station Voľa (31 December 2018: EUR 1 963 701).

j)

Amount of EUR 2 137 248 represents co-finance provided to Company from European Commission for the transmission line 400 kV Gabčíkovo – Veľký Ďur (31 December 2018: 2 203 837 EUR).

k)

Amount EUR 2 873 035 is related to the refinancing of Západoslovenská distribučná a.s. costs for enlargement the electric station in Stupava by second transformer (31 December 2018: EUR: 3 039 969).

l)

Amount EUR 4 119 615 is related to the refinancing of Východoslovenská distribučná a.s. costs for the construction of devices necessary to connect R 400/110 kV Voľa into electric transmission system (31 December 2018: EUR 4 295 053).

m)

Amount of EUR 360 756 represents the financial contribution from INEA agency intended for design and engineering work for the project of 2x400 kV line Veľký Meder – State Border of the Slovak Republic – Hungary (31 December 2018: EUR 460 565).

n)

Amount of EUR 633 575 represents the financial contribution from INEA agency intended for design and engineering work for the project of 2x400 kV line Rimavská Sobota – State Border of the Slovak Republic – Hungary (31 December 2018: EUR 643 750).

Notes to the Financial Statements for the year ended 31 December 2019 prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union  
(All amount are in Euros unless stated otherwise)

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o)

The amount of EUR 3 412 456 relates to the refinancing of costs of capital construction within the Podunajské Biskupice power station incurred by Západoslovenská distribučná, a. s. (31 December 2018: EUR 2 423 202 ).

p)

The amount of EUR 3 500 000 relates to the refinancing of costs of capital construction within the Bystričany power station incurred by Západoslovenská distribučná, a. s. (31 December 2018: EUR 3 500 000 ).

q)

The amount of EUR 3 074 123 relates to the refinancing of costs of capital construction within the Est Senica power station incurred by Fortischem, a. s. (31 December 2018: EUR 2 288 000 ).

r)

In other deferred income is recognized then amount of EUR 242 104 (31 December 2018: 253 226 EUR), which relates to the joint procedure agreement for connection of company's En-Invest, a. s. facilities to the transmission system SR at the Moldava power station.

As other long-term deferred income the Company is recorded an income in amount of EUR 4 015 560 representing the proceeds of regulated tariffs, which does not belong to the Company in 2019 according to regulatory accounting rules and procedures, but in 2021, when they will be realised (31 December 2018: EUR : 9 943 091).

As other short-term deferred income the Company is recorded an income in amount of EUR 9 943 091 representing the proceeds of regulated tariffs, which does not belong to the Company in 2018 according to regulatory accounting rules and procedures, but in 2020, when they will be realised (31 December 2018: EUR 12 645 498).

## 18 Deferred tax

Deferred taxes are calculated on temporary differences under the balance sheet liability method using a principal tax rate of 21% (31 December 2018: 21%). As at 31 December 2019 tax rate will decrease by additional 6.5% for temporary differences in fixed assets due to charges for regulated subjects based on act No. 235/2012 Z.z. (31 December 2018: 6.5%). This levy increased the tax rate for temporary differences, which will offset by the end of 2020 related to fixed assets, as the value of the levy is calculated from profit before tax calculated according to the Slovak Act on Accounting, no taking into consideration temporary differences.

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

Notes to the Financial Statements for the year ended 31 December 2019 prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union  
(All amount are in Euros unless stated otherwise)

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

	At 31 December 2018	(Change) (-) costs/ (+) benefits	Accounted to other parts of comprehensive results	At 31 December 2019
Positive revaluation of fixed assets	-25 295 089	2 625 759	87 674	-22 581 656
Negative revaluation of fixed assets	623 521	-92 169	0	531 352
Receivables	0	0	0	0
Tangible and intangible assets	-43 086 271	-4 740 674	0	-47 826 945
IFRS 16	0	-8 167	18 385	10 218
Financial investment	-28 980	0	0	-28 980
Retirement benefit	1 982 679	66 360	263 970	2 313 009
Provisions	637 844	-128 634	0	509 210
Other	5 992 309	611 621	0	6 603 930
<b>Total</b>	<b>-59 173 987</b>	<b>-1 665 904</b>	<b>370 029</b>	<b>-60 469 862</b>

	At 31 December 2017	(Change) (-) costs/ (+) benefits	Accounted to other parts of comprehensive results	At 31 December 2018
Positive revaluation of fixed assets	-30 194 285	4 085 988	813 208	-25 295 089
Negative revaluation of fixed assets	728 199	-104 678	0	623 521
Receivables	0	0	0	0
Tangible and intangible assets	-36 330 615	-6 755 656	0	-43 086 271
Financial investment	-28 980	0	0	-28 980
Retirement benefit	1 711 989	119 490	151 200	1 982 679
Provisions	520 934	116 910	0	637 844
Other	4 923 342	1 068 967	0	5 992 309
<b>Total</b>	<b>-58 669 416</b>	<b>-1 468 979</b>	<b>964 408</b>	<b>-59 173 987</b>

## 19 Provisions for liabilities and charges

	Pensions and other long- term benefits (a)	Legal claims (b)	Others (c)	Total
<b>At 1 January 2019</b>	<b>9 441 325</b>	<b>72 243</b>	<b>0</b>	<b>9 513 568</b>
Additional provisions	2 266 000	0	0	2 266 000
Provisions used	-693 000	0	0	-693 000
Reversals of unused provision	0	-3 482	0	0
<b>At 31 December 2019</b>	<b>11 014 325</b>	<b>68 761</b>	<b>0</b>	<b>11 083 086</b>

	As at 31 December	
Analysis of total provisions	2019	2018
Non - current	11 014 325	9 441 325
Current	68 761	72 243
<b>Total</b>	<b>11 083 086</b>	<b>9 513 568</b>

Notes to the Financial Statements for the year ended 31 December 2019 prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union  
(All amount are in Euros unless stated otherwise)

**(a) Pension benefits and other long-term benefits**

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

**(i) Post employment benefits**

	<b>As at 31 December</b>	
	<b>2019</b>	<b>2018</b>
Present value of unfunded retirement obligations	10 813 362	9 278 362
Unrecognized actuarial gains/(losses) and portion of past service costs	0	0
<b>Obligation in the Statement of Financial Position</b>	<b>10 813 362</b>	<b>9 278 362</b>

The amount recognized in the Income Statement are as follows:

	<b>2019</b>	<b>2018</b>
Current service cost	889 000	733 000
Past service cost	0	0
Interest cost	63 000	116 000
<b>Pension (credit) / cost, included in personnel costs</b>	<b>952 000</b>	<b>849 000</b>

Value recognized in Equity are as follows:

	<b>2019</b>	<b>2018</b>
Recognized actuarial gains/(losses)	1 258 000	709 000
<b>Total change recognized in equity</b>	<b>1 258 000</b>	<b>709 000</b>

Movements in the present value of defined benefit obligation are:

	<b>2019</b>	<b>2018</b>
Present value of unfunded retirement obligations at beginning of the year	9 278 362	7 997 362
Current service cost	889 000	733 000
Interest cost	63 000	116 000
Benefits paid	-675 000	-277 000
Past service cost	0	0
Cancelled	0	0
Actuarial gains/(losses)	1 258 000	709 000
<b>Present value of unfunded retirement obligations at the end of the year</b>	<b>10 813 362</b>	<b>9 278 362</b>

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

	<b>As at 31 December</b>	
	<b>2019</b>	<b>2018</b>
Present value of unfunded obligations	200 963	162 963
<b>Obligation in the Statement of Financial Position</b>	<b>200 963</b>	<b>162 963</b>



Notes to the Financial Statements for the year ended 31 December 2019 prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union  
(All amount are in Euros unless stated otherwise)

The amounts recognized in the Income Statement are as follows:

	2019	2018
Current service cost	38 000	15 000
Recognized actuarial gains/loss	18 000	0
Interest expense	1 000	2 000
<b>Pension (credit)/cost, included in personnel costs</b>	<b>57 000</b>	<b>17 000</b>

Value recognized in Equity are as follows:

	2019	2018
Recognized actuarial gains/(losses)	-1 000	11 000
<b>Total change recognized in equity</b>	<b>-1 000</b>	<b>11 000</b>

Movements in the present value of defined benefit obligation are:

	2019	2018
Present value of unfunded retirement obligations at beginning of the year	162 963	154 963
Current service cost	38 000	15 000
Past service cost	18 000	0
Interest cost	1 000	2 000
Benefits paid	-18 000	-20 000
Actuarial gains/losses	-1 000	11 000
<b>Present value of unfunded retirement obligations at the end of the year</b>	<b>200 963</b>	<b>162 963</b>

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

**As at 31 December 2019**

Percentage of employees, who will terminate their employment with SEPS prior to retirement (fluctuation rate)	1,7 – 4,7 % p. a., v závislosti od veku
Expected salary increases	5,00 – 5,10 % p. a.
Discount rate	0,40% p. a; 0,63%p.a..

**As at 31 December 2018**

Percentage of employees, who will terminate their employment with SEPS prior to retirement (fluctuation rate)	1,9 – 4,7 % p. a., v závislosti od veku
Expected salary increases	5,00 – 6,2 % p. a.
Discount rate	1,00% p. a; 1,45%p.a..

**(b) Provision for legal claims**

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

Notes to the Financial Statements for the year ended 31 December 2019 prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union  
(All amount are in Euros unless stated otherwise)

## 20 Revenues

Revenues include the following:

Revenues from electricity transmission and electricity transit:

	2019	2018
Accesss to transmission grid	137 922 199	140 537 635
Fee for connection to the transmission system	954 313	933 884
Covering lossing	14 797 671	10 572 948
System operation	26 550	26 550
System services	144 472 821	157 937 868
Auctions	29 376 183	15 923 391
Deviations and regulation energy	8 511 586	10 550 160
CBT mechanism	7 631 102	3 714 644
Import and export	1 225 662	249 934
Profil OT		
Shipping	17 134 740	18 103 362
Other regulated revenues (mainly shipping and daily market)	2 240 758	192 474
<b>Total revenues from electricity transmission and transit</b>	<b>364 293 585</b>	<b>358 742 850</b>
Rental	751 767	761 852
Telecommunications services	153 188	251 768
Other revenues	366 130	25 005
<b>Total other revenues</b>	<b>1 271 085</b>	<b>1 038 625</b>
<b>Total revenues</b>	<b>365 564 670</b>	<b>359 781 475</b>

The revenue from the Company's core activities mainly results from the regulatory framework and the URSO decisions that issued by this institution for the relevant year.

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 fiber optic and services of the management information system.

Since 11 September 2012 the Company is acting as a shipping agent in connecting Czech, Slovak and Hungarian electricity market. On 19 November 2014 was operated trilateral Market Coupling between the Czech Republic, the Slovak Republic and Hungary extended by Romania to the quadrilateral Market Coupling (ie. 4MMC), which integrates related daily electricity markets through an implicit allocation of cross-border capacity between the Czech, Slovak, Hungarian and Romanian markets. The Company recognizes the revenues from these activities under line Sales from merchandise respectively Costs for merchandise sold. In 2019 the Company realized transactions in total amount of EUR 365 750 967 and related costs were EUR 350 155 987 EUR (31 December 2018: transactions in amount of EUR 488 176 192 and related costs were in the amount of EUR 462 065 687). According to IFRS 15, costs of implicit auctions of EUR 22 824 397 and costs of collection for the benefit of a third party amounting to EUR 7 971 526, as such collection does not form a part of the transaction price according to IFRS 15, were deducted from these items as at

Notes to the Financial Statements for the year ended 31 December 2019 prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union  
(All amount are in Euros unless stated otherwise)

31 December 2019. Revenues related to the use of the OT profile amounting to EUR 32 335 683 are also included in shipping; as at 31 December 2019 they are reported on a separate line. (As at 31 December 2018, costs associated with the implicit auctions amounting to EUR 13 055 252, as well as costs of collection for the benefit of a third party in the amount of EUR 6 047 620 were included in service costs, revenues related to the use of the OT profile in the amount of EUR 11 095 729 EUR).

Together with the operator of the Czech transmission network, the Company has introduced a system to avoid simultaneous supplies of balancing energy in opposite directions using cross-border connections (hereinafter the GCC system). Since 2013, the operator of the Hungarian transmission system has also participated in the system. The respective revenues and costs result from the volume of the balancing energy acquired within the GCC system and fixed prices for this balancing energy determined by a resolution adopted by the Office. The Company reports revenues from these activities as part of the "sale of goods" and the "costs of goods sold". The net result is reported in the "other regulated revenues" line (as of 31 December 2018, the line "consumption of material and energy" was used). During 2019, transactions totalling to EUR 2 796 022 were carried out. Related costs amounted to EUR 1 385 382 (31 December 2018: transactions totalled to EUR 1 840 154 and the costs amounted to EUR 1 902 145).

## 21 Consumed materials and services

Consumed materials and services included the following:

	2019	2018
Material and energy consumption	16 515 430	14 143 072
Repair and maintenance	10 756 679	8 121 090
Travel expenses	394 358	541 161
Representation expenses	567 337	483 854
Rental	355 277	546 350
Communication services	220 734	223 139
Substations service	2 298 544	2 250 977
Protection and maintenance of area	1 873 296	908 505
Revisions, controls, security services	598 900	1 167 969
Technical advisory, technical support	198 007	33 812
Cleaning	318 384	291 258
Biological recultivations	237 932	582 430
Geodetic services	145 853	9 560
Experts examinations, analysis, experts opinions, certifications	3 112 800	3 022 136
Information technology services, advertisement	9 627 232	8 680 215
Expenses for ancillary services	133 766 690	151 006 389
Expenses for deviations	5 277 582	5 594 614
Expenses for auctions	258 715	217 090
Expenses for CBT/ITC	1 580	46 029
Bounded expenses	0	400 000
Securing of system services from SSE, a. s.	0	418 655
Audit of Financial Statements provided by auditor	40 000	40 000
Advisory services	470 180	387 308
Tax advisory	35 160	40 425
Demolitions	1 091 146	3 064 606
Operating services TSCNET Services GmbH	1 080 200	0
Other	1 056 101	851 346
<b>Total</b>	<b>190 298 117</b>	<b>203 071 790</b>

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

Notes to the Financial Statements for the year ended 31 December 2019 prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union  
(All amount are in Euros unless stated otherwise)

The Company'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 Company.

## 22 Personnel costs

	2019	2018
Wages and salaries	20 847 940	19 543 154
Other personnel costs	2 291 700	2 168 815
Pension costs – defined contribution plans	7 648 204	7 325 381
Current service costs	927 000	748 000
Past service cost	18 000	0
Interest costs on pension and similar employee's benefits	64 000	118 000
<b>Total</b>	<b>31 796 844</b>	<b>29 903 350</b>

## 23 Other operating expenses

	2019	2018
Insurance costs	2 201 716	2 159 221
Provision for impairment	50 532	5 000
Loss from sale of fixed assets	0	0
Taxes and other fees	182 005	185 892
Gifts	417 000	414 200
Other operating expense	507 491	523 980
<b>Total</b>	<b>3 358 744</b>	<b>3 288 293</b>

## 24 Other operating income

	2019	2018
Gain from sale of material	18 019	16 751
Profit from sold fixed assets	277 560	176 810
Release of deferred revenues from a grant from EBRD	2 541 502	2 477 973
Contractual penalties	1 399 286	1 310 127
Insurance	85 483	85 375
Excess material	156 649	350
Other operating income	289 067	268 365
<b>Total</b>	<b>4 767 566</b>	<b>4 335 751</b>

## 25 Finance expense, net

	2019	2018
Interest income	90 428	115 113
Interest expense from borrowings	-530 412	-657 423
Interest expense related to IFRS 16	-17 861	0
Foreign Exchange gains	57	4 098
Foreign Exchange losses	-5 135	-2 629
Dividends	75 795	56 729
Other financial expense	-24 344	-7 965
<b>Net finance expense</b>	<b>-411 472</b>	<b>-492 077</b>

Notes to the Financial Statements for the year ended 31 December 2019 prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union  
(All amount are in Euros unless stated otherwise)

## 26 Income tax expense

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

	Year ended 31 December	
	2019	2018
Profit before tax	94 976 273	72 178 452
Theoretical income tax related to current period at 21% (2018: 21%)	19 945 017	15 157 475
- Other income not subject to tax (permanent)	-1 474 669	-1 307 239
- Non-deductible expenses (permanent)	673 841	570 658
-Increase of tax due to charges for regulated subjects	6 526 727	7 450 828
-Deferred tax from temporary differences to which no deferred tax has been accounted historically	0	0
-Additional income tax	0	0
Changes in deferred taxes to 1 January due to change in tax rate	0	-828
	<b>25 670 916</b>	<b>21 870 894</b>
Income tax expense for the period		
The tax charge for the period comprises:		
- Deferred tax charge – expense/(income) (Note 18)	1 665 904	1 468 979
Deferred tax total	<b>1 665 904</b>	<b>1 468 979</b>
-Special levy for regulated subjects	6 526 727	7 450 828
-Additional income tax		
- Current income tax expense	17 478 285	12 951 087
Income tax total	<b>24 005 012</b>	<b>20 401 915</b>
Total income tax expense for the period	<b>25 670 916</b>	<b>21 870 894</b>
Effective tax rate	<b>27,03%</b>	<b>30,30%</b>

Deferred tax is provided, using the balance sheet liability method, on temporary differences using the basic tax rate of 21 % (31 December 2018: 21 %). This tax rate has been increased as at 31 December 2019 for additional 6.5 % for temporary differences in fixed assets because of special levy for regulated industry paid according to Act Nr. 235/2012 Coll. (31 December 2018: 6.5 %). This levy increased the tax rate for temporary differences, which will offset by the end of 2020 related to fixed assets only, as the value of the levy is calculated from profit before tax calculated according to the Slovak Act on Accounting, not taking into consideration temporary differences.

## 27 Contingencies

### (a) Taxation

Many areas of Slovak tax law (such as transfer-pricing regulations) have not been sufficiently tested in practice, so there is some uncertainty as how the tax authorities would apply them. The extent of

this uncertainty cannot be quantified. It will be reduced only if legal precedents or official interpretations are available. The Company's management is not aware of any circumstances that may give rise to future material expense in this respect.

**(b) Regulation and liberalization in energy industry**

*Regulatory framework for the electricity market in the Slovak Republic*

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

Activities of the Company are subject to regulation by ÚRSO.

**28 Commitments**

**(a) Future investment commitments**

The Company has contractual obligations under the contracts for the purchase of non-current assets entered into before 31 December 2019, the performance of which is scheduled only after 31 December 2019. The total obligation under the contracts amount to EUR 82 857 537 (2018: EUR 50 192 651). The capital expenditure is related primarily to the changeover to the new type of substations, with the implementation of the following projects: 2x400 kV line from Rimavská Sobota station to Slovak-Hungarian border, 2x400 kV line from Veľký Meder to Slovak-Hungarian border, with 400/110 kV transformation (Bystričany), re-insulation and remote control, with RIS SED innovation and engineering and project activities for substations and lines.

The Company has approved a capital expenditure budget for 2020 in the amount of EUR 108 783 873 (2019 capex budget: EUR 83 328 660). Capital expenditure is related primarily to the 2x400 kV line from Križovany to Bystričany, with a group of constructions Gabčíkovo – Veľký Ďur – Rimavská Sobota – Hungarian border with a conductor exchange at Levice station, Rz 220 kV Sučany recovery, re-insulation, remote control in electricity stations and ICT systems.

It is expected that both internal and external funds will be used to finance these capital expenditures.

**(b) Future operating lease commitments – Company as lessee**

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

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



Notes to the Financial Statements for the year ended 31 December 2019 prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union  
(All amount are in Euros unless stated otherwise)

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

	31 December 2019	31 December 2018
Due within 1 year	257 052	390 455
Due in 2 to 5 years(inclusive)	171 384	628 927
Due after 5 years	173	4 789
<b>Total</b>	<b>428 609</b>	<b>1 024 171</b>

The Company has also entered into an operating lease for an unlimited period of time with a possibility of termination with a 3-month termination period. The annual lease payments amount to EUR 10 129 (31 December 2018: EUR 139 852). The main items include the lease of telecommunications routes.

### c) Future operating lease commitments – Company as lessor

The Company leases out mainly transformation and optic fibre cables.

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

	31 December 2019	31 December 2018
Due within 1 year	254 464	256 521
Due in 2 to 5 years (inclusive)	1 017 854	1 026 084
Due after 5 years	1 781 245	2 052 168
<b>Total</b>	<b>3 053 563</b>	<b>3 334 773</b>

The Company has also entered into an operating lease for an unlimited period of time for which the annual lease payments amount to EUR 396 418 (31 December 2018: EUR 381 472).

The Company leases 2x110kV power lines ESt Lemešany - ES SS Košice from supporting point in Bukovec to supporting point in Lemešany in length of 18,678 km. Lease expires in 50 years, rent is calculated every year according to capital, investment and operating costs. Annual rent for 2019 as at 31 December 2019 amounts to EUR 289 286 (31 December 2018 for year 2019: EUR 290 560 EUR). The basic component of the rent will be paid to lessor for the time of 20 years and operating component of the rent will be paid to lessor for the time of 50 years. The minimal lease instalments include the basic component of the rent in amount of EUR 254 464 annually (31 December 2018: EUR 256 521).

## 29 Cash generated from operations

	Note	2019	2018
Profit before income tax		94 976 273	72 178 452
Adjustments for:			
Depreciation	5	49 087 419	54 276 416
Amortization	6	1 571 903	1 976 320
Impairment charge for non-current assets	5	0	-4 399
Changes in provisions for receivables	11	50 532	4 730
(Gain) / loss on disposal of assets	24	-277 560	-176 810
Dividend income		-75 795	-56 729
Interest income/expense, net	25	457 845	542 310
Net movements in provisions	19	1 569 518	1 293 000
Changes in working capital:			
Inventories (gross)		-1 706 453	-17 478
Trade and other receivables		11 865 133	-19 058 796
Trade and other payables, deferred revenues		-2 047 186	40 559 368
<b>Cash generated from operations</b>		<b>155 471 629</b>	<b>151 516 384</b>

The notes 6 to 64 form an integral part on these Financial Statements.

Notes to the Financial Statements for the year ended 31 December 2019 prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union  
(All amount are in Euros unless stated otherwise)

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

	Note	Year ended 31 December 2019	2018
Net book value		212 220	300 821
Profit/(loss) from sale of tangible fixed assets	24	277 560	176 810
Proceeds from disposal of tangible fixed assets		<u>489 780</u>	<u>477 631</u>

### 30 Related party transactions

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

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

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

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

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

As at 31 December 2019, the outstanding balances with the subsidiary were as follows:

	Gross amount of trade receivables	Other receivables	Value adjustment to trade receivables	Trade and other payables
OKTE, a. s.	12 037 829	0	0	-3 162 210

As at 31 December 2019, the outstanding balances with joint venture were as follows:

	Gross amount of trade receivables	Other receivables	Value adjustment to trade receivables	Trade and other payables
Joint Allocation Office, S. A. Luxemburg	27 416	0	0	-1 913 023

As at 31 December 2019, the outstanding balances with the state-controlled entities and government bodies (other related parties) were as follows:

	Gross amount of trade receivables	Other receivables	Value adjustment to trade receivables	Trade and other payables
Slovenské elektrárne, a.s.	178 483	14 786	0	-16 365 185
ZSE Elektrárne, s.r.o	22 270	0	0	-205 674
Západoslovenská distribučná, a. s.	2 766 135	0	0	-228 708

Notes to the Financial Statements for the year ended 31 December 2019 prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union  
(All amount are in Euros unless stated otherwise)

	Gross amount of trade receivables	Other receivables	Value adjustment to trade receivables	Trade and other payables
Západoslovenská energetika – Energia, a.s.	0	0	0	-52 304
Východoslovenská distribučná, a. s.	1 153 947	0	0	-28 350
Stredoslovenská energetika, a.s.	0	0	0	-55
Stredoslovenská distribučná, a.s.	1 835 646	0	0	-61 788
Tepláreň Košice, a. s.	5 364	0	0	-386 313
Žilinská teplárenská, a. s.	585	0	0	-95 835
Martinská teplárenská, a. s.	482	0	0	-240 396
Zvolenská teplárenská, a. s.	1 728	0	0	-263 419
Vodohospodárska výstavba, a. s.	25 582	0	0	-845 123
Slovenský plynárenský priemysel, a. s.	0	0	0	-1 230

As at 31 December 2018, the outstanding balances with the subsidiary were as follows:

	Gross amount of trade receivables	Other receivables	Value adjustment to trade receivables	Trade and other payables
OKTE, a. s.	14 552 550	0	0	-17 774 474

As at 31 December 2018, the outstanding balances with joint venture were as follows:

	Gross amount of trade receivables	Other receivables	Value adjustment to trade receivables	Trade and other payables
Joint Allocation Office, S. A. Luxemburg	107 654	0	0	-3 028 443

As at 31 December 2018, the outstanding balances with the state-controlled entities and government bodies (other related parties) were as follows:

	Gross amount of trade receivables	Other receivables	Value adjustment to trade receivables	Trade and other payables
Slovenské elektrárne, a. s.	80 978	5 518	0	-14 645 343
ZSE Elektrárne, s.r.o.	743	0	0	-172 099
Západoslovenská distribučná, a. s.	3 053 252	0	0	-142 293
Západoslovenská energetika – Energia, a. s.	0	0	0	0
Východoslovenská energetika Holding, a. s.	0	0	0	0
Východoslovenská distribučná, a. s.	1 283 225	0	0	-44 295
Východoslovenská energetika, a. s.	59	0	0	0
Stredoslovenská energetika, a. s.	0	0	0	-1 367 509
Stredoslovenská distribučná, a. s.	1 830 584	0	0	-35 864
Tepláreň Košice, a. s.	12 831	0	0	-359 303
Žilinská teplárenská, a. s.	156	0	0	-146 594
Martinská teplárenská, a. s.	2 523	0	0	-285 144
Zvolenská teplárenská, a. s.	1 159	0	0	-357 837
Slovenské elektrárne Predaj, s. r. o.	0	0	0	0
Vodohospodárska výstavba, a. s.	668	0	0	-857 879
Bratislavská teplárenská, a. s.	0	0	0	0
Slovenský plynárenský priemysel, a. s.	0	0	0	-2 002

Notes to the Financial Statements for the year ended 31 December 2019 prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union  
(All amount are in Euros unless stated otherwise)

The income and expense items with the subsidiary, joint venture, state-controlled entities and government bodies for the year ended 31 December 2019 were as follows:

	Sale of services	Purchase of services
OKTE, a. s.	185 018 405	-13 024 888
Joint Allocation Office, S. A.	6 312 473	-285 020
TSCNET Services, GmbH	0	-1 113 866
Slovenské elektrárne, a.s.	6 560 704	-71 481 437
Západoslovenská distribučná, a. s.	59 702 155	-420 301
Západoslovenská energetika – Energia, a. s.	0	-411 072
ZSE Elektrárne, s. r. o.	1 140 370	-829 695
Východoslovenská distribučná, a. s.	26 166 539	-235 502
Stredoslovenská energetika, a. s.	0	-4 118
Stredoslovenská distribučná, a. s.	37 642 571	-364 484
Tepláreň Košice, a. s.	0	-2 961 079
Žilinská teplárenská, a. s.	0	-353 052
Martinská teplárenská, a. s.	0	-851 224
Zvolenská teplárenská, a. s.	0	-1 140 221
Východoslovenská energetika, a. s.	0	-703
Vodohospodárska výstavba, a. s.	1 399 869	-5 144 445
Slovenský plynárenský priemysel, a. s.	0	-31 464

The income and expense items with the subsidiary, joint venture, state-controlled entities and government bodies for the year ended 31 December 2018 were as follows:

	Sale of services	Purchase of services
OKTE, a. s.	71 894 027	-13 937 680
Joint Allocation Office, S. A.	9 843 184	-196 565
TSCNET Services, GmbH	0	-748 282
Slovenské elektrárne, a.s.	6 746 657	-82 243 989
Západoslovenská energetika, a. s.	0	0
Západoslovenská distribučná, a. s.	60 219 116	-453 344
Západoslovenská energetika – Energia, a. s.	0	0
ZSE Elektrárne, s. r. o.	330 829	-837 272
Východoslovenská energetika Holding, a. s.	0	0
Východoslovenská distribučná, a. s.	26 926 602	-233 038
Stredoslovenská energetika, a. s.	0	-4 319 448
Stredoslovenská distribučná, a. s.	35 693 089	-776 973
Tepláreň Košice, a. s.	0	-3 348 700
Žilinská teplárenská, a. s.	0	-433 571
Martinská teplárenská, a. s.	0	-961 114
Zvolenská teplárenská, a. s.	0	-1 471 780
Východoslovenská energetika, a. s.	0	-674
Slovenské elektrárne Predaj, s. r. o.	0	0
Vodohospodárska výstavba, a. s.	1 487 696	-4 677 706
Bratislavská teplárenská, a. s.	0	0
Slovenský plynárenský priemysel, a. s.	0	-26 767

### Key management personnel compensation

Salaries and bonuses paid to the Company's management, directors and other members of top management for the year ended 31 December 2019 and 31 December 2018, are as follows:

Notes to the Financial Statements for the year ended 31 December 2019 prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union  
(All amount are in Euros unless stated otherwise)

	Year ended 31 December 2019	Year ended 31 December 2018
Salaries and short term employee benefits	2 344 275	2 250 693
<b>Total</b>	<b>2 344 275</b>	<b>2 250 693</b>

### 31 Events after the reporting period

No events with a material impact on the true and fair presentation of facts subject to the accounting occurred after 31 December 2019.

The Financial Statements for the year ended 31 December 2019 prepared in accordance with International Financial Reporting Standards as adopted by the European Union were prepared and authorized for issue on 13 February 2020.

Slovenská elektrizačná  
prenosová sústava, a.s.

Mlynské nivy 59/A  
824 84 Bratislava 26

-02-

Ing. Miroslav Obert  
Chairman of the Board of Directors

Ing. Martin Malaník  
Member of the Board of Directors

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

Ing. Ružena Kollárová  
Person responsible for bookkeeping