



2020

Individual and Consolidated
Annual Report



REPORT ON AUDIT OF CONSISTENCY



ADDENDUM TO THE INDEPENDENT AUDITOR'S REPORTS (unofficial translation)

**on the individual and consolidated annual report with the individual financial statements
and consolidated financial statements
prepared as of December 31, 2020
as required by paragraph 6 of Section 27 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")**

of company

Slovenská elektrizačná prenosová sústava, a.s.

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REPORT ON AUDIT OF CONSISTENCY



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amended (hereinafter the "Act on Statutory Audit")**

**To the Shareholder, Board of Directors, Supervisory Board and Audit Committee
of company Slovenská elektrizačná prenosová sústava, a.s.**

- I. We have audited the individual financial statements of Slovenská elektrizačná prenosová sústava, a.s. (the "Company") as at 31 December 2020 presented as Appendix of the accompanying annual report of the Company. We issued an Auditor's Report on the Audit of Financial Statements dated 15 February 2021 in the wording as follows:

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, 2020, 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 of December 31, 2020, 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 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

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REPORT ON AUDIT OF CONSISTENCY



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.

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REPORT ON AUDIT OF CONSISTENCY



- II. We have audited the consolidated financial statements of Slovenská elektrizačná prenosová sústava, a.s. (the "Group") as at 31 December 2020 presented as Appendix of the accompanying annual report of the Company. We issued an Auditor's Report on the Audit of consolidated Financial Statements dated 4 March 2021 in the wording as follows:

Report on the Audit of the consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Slovenská elektrizačná prenosová sústava, a.s. and its subsidiary (the "Group"), which comprise the statement of consolidated financial position as of December 31, 2020, the consolidated income statement and consolidated statement of comprehensive income for the year then ended, the consolidated statement of Changes in Equity for the year then ended and the consolidated statement of Cash Flows for the year then ended, and the notes, comprising a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Company as at 31 December 2020, and its consolidated financial performance for the year then ended and its consolidated 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 consolidated 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 consolidated 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 and persons charged with governance for the consolidated Financial Statements

Management is responsible for the preparation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 and whole group.

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REPORT ON AUDIT OF CONSISTENCY



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

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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.

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III. Report on Other Legal and Regulatory Requirements

Report on Information Disclosed in the Annual Report – Addendum to the Independent Auditor's 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 individual and consolidated financial statements stated above does not apply to other information in the annual report.

In connection with the audit of individual and consolidated 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 individual and consolidated financial statements or our knowledge obtained in the audit of the individual and consolidated financial statements, or otherwise appears to be materially misstated.

We evaluated whether the Company's annual report includes information whose disclosure is required by the Act on Accounting.

Based on procedures performed during the audit of the individual and consolidated financial statements, in our opinion:

- Information disclosed in the annual report prepared for 2020 is consistent with the individual and consolidated financial statements for the relevant year,
- The annual report includes information pursuant to the Act on Accounting.

Furthermore, based on our understanding of the Company and its position, obtained in the audit of the individual and consolidated financial statements, we are required to disclose whether material misstatements were identified in the annual report, which we received after the date of issuance of these auditor's reports. In this regard we have not found significant findings in the annual report.

In Bratislava, on March 19th, 2021
















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SKAU Licence No 278

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INTRODUCTION



Company Mission

Slovenská elektrizačná prenosová sústava, a. s., (hereinafter referred to as „SEPS“) guarantees safe, reliable, quality, and economically efficient operation of the transmission system and it ensures its sustainable development and technological progress while respecting the environment protection principles. As a recognized entity on the market in electricity, it participates in the development of the European market in electricity and provides quality services to the customers via active cooperation with foreign partners. Concurrently, it guarantees transparent and non-discriminatory approach to the system. The company respects the principles of the socially responsible business, cares for appreciation of assets, and creation of safe and healthy work environment.

Company Vision

Being aware of the responsibility towards the participants of the market in electricity in the Slovak Republic and specifics resulting from the geographical location, we are striving for being an active creator of the system development and market in electricity which takes part in preparation of the rules for the European electricity transmission system. Due to technological maturity and quality of the human potential, Slovenská elektrizačná prenosová sústava, a. s., is gradually becoming a key entity in the Central European System for Electricity Transmission, which is an important partner upon making fundamental decisions in the field of electricity transmission in the Central European region.

BOARD OF DIRECTORS CHAIRMAN'S LETTER



Dear shareholder, business partners, colleagues.

The year 2020 went down in history by the global COVID-19 pandemic phenomenon that affected majority of fields of working and social life across continents in a negative manner. In the situation when the measures against threat of spread of infection also in our country started to be fully applied, personal representation in the Board of Directors and in the top management of the company was replaced from the major part. New representatives thus could not introduce themselves to the colleagues – company employees in person, visits of the workplaces outside Bratislava became undesirable regarding the rules concerning preventive measures and, unfortunately, this state persisted for the entire year.

Based on the main authorization from the sole shareholder, the new management was perceived as the management of change right from the beginning and the leitmotiv of all our activities was to ensure efficient and transparent company functioning. After less than three quarters of the year of activities, new management managed to strengthen competition and increase efficiency of individual procurement events through establishing transparency in processes. The transparency of SEPS inwards and outwards was increased, for example against the past by the extended publication of contracts. The company introduces the compliance check which enables us to foresee certain aforementioned risks, works on Ethic Code and the material defining conflict of interests commenced along with re-evaluation of the marketing strategy of the company towards its higher transparency. Moreover, the management dealt with the human resource strategy management and, last but not least,

BOARD OF DIRECTORS CHAIRMAN'S LETTER

together with the Value for Money Department of the Ministry of Finance of the Slovak Republic sought for the potential and possibilities of further increase of investments and operating costs efficiency.

Due to pandemics related to coronavirus spreading, the economy of the Slovak Republic experienced attenuation of several economic activities which has resulted in the decrease of electricity transmission and end consumption of electricity by 6.7 %. Therefore on 21 April 2020, the Program for Reduction of Operating and Investment Costs was adopted by SEPS with the aim to partially compensate possible impacts which the pandemic situation will have on the company economy and decrease of the planned revenues.

In regard to the particular results in the year 2020, I do consider the achieved after-tax economic result amounting to EUR 59.306 million to be very good. According to the individual financial statements prepared in compliance with IFRS, our company recognized total revenues in the amount of EUR 360.788 million. The most important item of total revenues included revenues for services of the transmission system operator and for other services totalling EUR 353.633 million. In 2020, these dropped on a year-to-year basis especially due to lower tariffs for the reserved capacity and transmitted electricity, lower revenues related to cross-border electricity transmissions and lower revenues for the system services which dropped mainly due to the year-to-year decrease of permitted costs for ancillary services and the year-to-year decrease of the company share in cost saving for ancillary services.

The company went ahead very well in terms of investment projects implementation, the costs of investment activities in 2020 totalled EUR 95.417 million. The most significant investments of the year in terms of the volume included construction of the Slovak-Hungarian cross-border 400 kV connections, execution of the set of constructions 400/100 kV Transformation Bystričany and Transition from the 400 kV Podunajské Biskupice switchyard to the switchyard of a new type. The construction of cross-border connections to Hungary continued despite the problems caused due to the COVID-19 pandemics which were, however, with lack of capacities and delay of foreign supplies of materials due to pandemic reflected at the end of the year in shift of the deadline for commissioning of new high-voltage lines by four months – to April 2021.

Moreover, in our primary role of the transmission system operator we succeeded in 2020 – the transmission system operation was fluent and reliable in the entire year 2020 and we continued in slightly decreasing failure rate state. Increased efforts of the SEPS involved employees and suppliers resulted in execution of the maintenance activities and elimination of defects and failures in a way not affecting electricity transmission in TS. Execution

BOARD OF DIRECTORS CHAIRMAN'S LETTER

of some repairs was postponed from 2020 to 2021 under the programme in regard to expectation of unavailability of revenues due to pandemic, however, these were the events the postponement of which did not threaten reliability and safety of the system operation.

In 2020, our subsidiary, OKTE, a. s., where SEPS is a sole shareholder, focused on the successful launch of new performed activities and development of already established activities in the company. The significant milestone for the company was the successful implementation of the information system for settlement of promotion of electricity production from RES and VÚKV since the beginning of 2020, as well as the launch of the system for administration of guarantees of origin in February and the first auction in November 2020. In the area of a day-ahead market in electricity, OKTE, a. s. has participated actively in gradual extension of the product portfolio and in the international projects aimed at creation of a single European market. On 1 January 2020, within the intraday market in electricity, OKTE, a. s., together with SEPS concluded a contractual framework for single coupling of the intraday markets within the EU and started works within the local implementation project.

Less pleasant events of the year 2020 include solution of the historically first economic problems of OKTE, a. s. which recognized the loss of approx. EUR 92 million in the field of settlement of promotion of electricity production from RES and VÚKVET. The loss is a result of the balance of revenues and costs in the promotion system while the revenues were not sufficient to cover the costs in the course of the year 2020. In addition to the loss in the promotion system, the financial deficit occurred which was at the end of the year 2020 covered from the resources used by SEPS to subsidize the OKTE, a. s., equity in the amount of EUR 130 million. This solution ensured sufficient OKTE capitalization and enabled it to fulfil all obligations against the endorsed producers.

The most influential phenomenon for the company in 2020 that complicated its functioning was the corona crisis and I have mentioned it right at the beginning. We form a part of the critical infrastructure thus great attention had to be paid to ensuring trouble-free functioning of the operation, maintenance and dispatching in a way so as not to affect our partners. Internal crisis committee had been dealing with the situation on a regular basis and took preventive measures helping reduce current threats or possible consequences of the extraordinary, unexpected events. These included temperature measurement, regular testing of employees, disinfection of premises by means of germicidal emitters, dry fog etc. I would like to express thanks to all colleagues for respecting the committee regulations and recommendations, for identifying with them and despite the hindered conditions for performing working task duly to extraordinarily.

BOARD OF DIRECTORS CHAIRMAN'S LETTER

Our common mission will be to further provide for reliable and safe transmission system, its development, moreover, to supervise over the company economics and cost efficiency and create space for good work and personal fulfilment of employees, their expert and professional growth. I am aware of the fact that our working team includes lots of skilful professionals, experts in their field therefore I am persuaded the company with new management will be a trusted and active partner of our sole shareholder, state regulator, ministry of economy as well as all customers, suppliers and partners at home and abroad. I do realize our social responsibility and inevitability to mitigate negative impacts on environment of Slovakia while our priorities, apart from making our company more efficient and transparent as referred to herein for several times include also better establishment of our company in the European area in the field of environmental burden reduction and support of renewable sources of green energy.

Ing. Peter Dovhun

Chairman of the Board of Directors and Chief Executive Officer (from February 2021)

YEAR IN BRIEF

In 2020, the changes in the composition of the Board of Directors, the Supervisory Board, and top management of Slovenská elektrizačná prenosová sústava, a.s. occurred.

Pursuant to Art. 12 par. 11 of the company Articles of Association and in compliance with Art. 200 par. 5 and 6 of the Commercial Code, on 19 February 2020, the term of office of the Supervisory Board members elected on behalf of the employees expired for Michal Sokoli, Ing. Dušan Chvíľa, Ing. Vladimír Beňo and Ing. Ján Oráč. Based on elections, on 20 February 2020, JUDr. Eva Murínová, Ing. Marek Šimlašík, Michal Sokoli and Ing. Dušan Chvíľa became members of the company Supervisory Board who represent the employees. Based on the resolution of the Supervisory Board of 27 February 2020, Michal Sokoli was approved for the function of the second Vice-Chairman of the Supervisory Board.

On 16 April 2020, by the decision of the sole shareholder, the following persons were dismissed from the function of the member of the Board of Directors: Ing. Miroslav Obert, Ing. Miroslav Kolník, Ing. Emil Krondiak, PhD., Ing. Martin Malaník, Ing. Martin Golis and Ing. Vladimír Palko.

Concurrently, according to the decision of the sole shareholder, on 17 April 2020, Ing. Jaroslav Vach, MBA, Mgr. Martin Riegel and Ing. Svetozár Krnáč were elected members of the company Board of Directors. Ing. Jaroslav Vach, MBA was assigned to the post of the Chairman of the company Board of Directors and Mgr. Martin Riegel was assigned to the post of the Vice-Chairman of the company Board of Directors.

On 16 April 2020, by the decision of the sole shareholder, Ing. Vladimír Burdan, JUDr. Peter Pandý, LL.M., Ing. Rastislav Januščák, Ing. Kristián Jecko, JUDr. Pavol Kollár, Ing. Mikuláš Koščo, Ing. Peter Matejíček and JUDr. Ondrej Urban, MBA were dismissed from the function of the member of the company Supervisory Board. Concurrently, according to the decision of the sole shareholder, on 17 April 2020, Ing. Miroslav Bartoš, Ing. Ľuboš Jančík, PhD., Mgr. Marek Kaľavský, Ing. Róbert Király and Ing. Marcel Klimek were elected new members of the company Supervisory Board. Ing. Miroslav Bartoš was assigned a post of the Chairman of the company Supervisory Board and in compliance with the decision of the sole shareholder of 15 May 2020, Ing. Marcel Klimek was assigned a post of the first Vice-Chairman of the Supervisory Board.

Pursuant to the Resolution of the company Board of Directors, the changes in the company top management took place, as of 20 April 2020, the following persons were dismissed: Ing. Miroslav Obert, Chief Executive Officer, Ing. Emil Krondiak, PhD., Managing Director of the Division of Operations, Ing. Martin Malaník, Managing Director of the Division of Economics, Ing. Miroslav Kolník, Managing Director of the Division of Development,

Investments and Procurement and Ing. Vladimír Palko, Managing Director of the Division of Strategy and International Cooperation. On 21 April 2020, pursuant to the resolution of the Board of Directors, new top managers of the company were appointed: Ing. Jaroslav Vach, MBA, Chief Executive Officer, Ing. Svetozár Krnáč, Managing Director of the Division of Operations and Mgr. Martin Riegel, Managing Director of the Division of Development, Investments and Procurement. Due to performed organisational changes in the company and pursuant to the resolution of the Board of Directors, as of 21 April 2020, Ing. Jaroslav Vach, MBA, Chief Executive Officer, was assigned to management of the Division of Economics and Ing. Michal Pokorný, Managing Director of the Division of SED and Commerce and Trade, was assigned to management of the Division of Strategy and International Cooperation.

With effect from 15 May 2020, Ing. Svetozár Krnáč, presented his resignation as the member of the company Board of Directors in writing. Moreover, by the resolution of the Board of Directors of 15 May 2020, he was dismissed from the post of the Managing Director of the Division of Operations.

On 16 May 2020, pursuant to the resolution of the Board of Directors, Mgr. Jana Ambrošová was appointed to the post of the Managing Director of the Division of Operations.

Furthermore, there was a change in composition of the Supervisory Board of OKTE, a. s., as of 31 December 2020, Ing. František Pecho resigned from his post of a member and, concurrently, the Chairman of the Supervisory Board of OKTE, a.s.

Significant investment and operational projects

The aggregate amount of the costs incurred for investments in 2020 was EUR 95.417 million. The most significant investments of the year 2020 in terms of the meaning and volume included construction of the Slovak-Hungarian cross-border 400 kV connections, execution of the set of constructions 400/100 kV Transformation Bystričany and Transition of the 400 kV Podunajské Biskupice switchyard to the switchyard of a new type.

Construction of all three cross-border connections to Hungary continued further despite the problems caused by the COVID-19 pandemic what, however, affected the shift of the deadline for commissioning.

Despite the same problems, the construction of the decisive part of the 2x400 kV Križovany – Bystričany line was executed including commissioning a new part of the substation (EST) and 400/110 kV Bystričany transformation.

The completion of disassembly of the 220 kV line V073 in the corridor between ESt Križovany and EBO V1 and V 284 connection in the area and in the surroundings of the Jaslovské Bohunice power plant means further significant milestone in the agenda of liquidation of the 220 kV voltage level in Slovakia.

Completion of reconstruction of the 400 kV switchyard Podunajské Biskupice ended the phase of transition into distance control from the Slovak Load Dispatching Office in substations operated by the Section of Operational Administration West.

Tab. 1: Overview of Key Technical Indicators for the Period 2011 – 2020

Lines - km	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
400 kV	1,835	1,870	1,951	1,953	1,953	2,138	2,138	2,138	2,138	2,138
220 kV	902	867	832	826	826	826	826	790	790	772
110 kV	80	80	80	80	80	80	80	80	80	80
Total	2,817	2,817	2,863	2,859	2,859	3,044	3,044	3,008	3,008	2,990
Transformers - MVA										
400/220 kV	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400
400/110 kV	6,410	7,210	7,910	8,710	8,710	8,710	8,630	8,730	8,730	8,980
220/110 kV	2,200	2,000	1,800	1,600	1,600	1,600	1,600	1,600	1,600	1,600
Total	10,010	10,610	11,110	11,710	11,710	11,710	11,630	11,730	11,730	11,980
Switchyards - number										
400 kV	16	17	17	18	18	19	19	19	19	20
220 kV	8	8	7	6	6	6	6	6	6	6
Total	24	25	24	24	24	25	25	25	25	26

Electricity Production and Consumption in the Electricity System of the Slovak Republic in the Year 2020

In 2020, the trend of the electricity production increase continued at slower pace than in 2019. In 2020, the amount of the produced electricity from the resources on the territory of Slovakia achieved 29,010 GWh what means increase by 401 GWh compared to 2019 (year-to-year index is 101.1 %).

Electricity consumption in 2020 was at non-negligibly lower level compared to the year 2019. After four years, electricity consumption dropped below the limit of 30 TWh. In 2020, the volume of electricity consumption in Slovakia was 29,328 GWh what means decrease compared to 2019 by 981 GWh (year-to-year index is 96.5 %). This consumption includes the consumption from pump-fed hydroelectric power plants (380 GWh, 1.3 % of the Slovak Republic consumption). The share of electricity import from abroad in the total electricity consumption in Slovakia compared to 2019 was significantly decreased to the value of 1.1 % (in 2019 it was 5.6 %).

Tab. 2: Year-To-Year Quarterly Indices of Electricity Production and Consumption in Slovakia

2020/2019	I. Q	II. Q	III. Q	IV. Q
Production (%)	99.4	95.1	104.0	105.3
Consumption (%)	96.8	89.6	96.5	102.0

Tab. 3: Electricity Production and Consumption in Slovakia in 2019 and 2020 in GWh

- GWh -	2019	2020	Index (%) 2020/2019	Share in production 2019 (%)	Share in production 2020 (%)
Nuclear power plants	15,369	15,444	100.2	53.7	53.2
Fossil-fuel power plants	6,221	6,251	100.2	21.7	21.5
Water power	4,613	4,871	105.3	16.1	16.8
Renewable energy sources	2,325	2,334	100.1	8.1	8.0
Other	82	110	134.7	0.3	0.4
Production	28,610	29,010	101.1		
Balance (Import +)	1,700	318	18.7		
Consumption	30,309	29,328	96.5		

Note: all mentioned values of electricity production and consumption are gross data. Calculation of inter-annual indices considers the fact that the year 2020 was a leap year.

In 2020, similarly as in the previous years, there was a high share of the produced electricity from the nuclear fuel (53.2 %). The second biggest share in the produced electricity was formed again from fossil fuels (21.5 %). The biggest share in electricity production from fossil fuels (without nuclear fuel) was attributed to natural gas (60.5 %), brown coal (18.8 %), and black coal (8.3 %) what is the same order as in the year 2019. Increase of electricity production from fossil fuels was significant in production from natural gas (122.2 %). The decrease of electricity production in 2019 was decreased again also in

2020 in the electricity production from metallurgical gas (91.8 %), brown coal (82.7 %), and especially black coal (58.7 %). Compared to the year 2019, the electricity production from heavy furnace oil decreased (92.5 %).

In 2020 a new type of fuel was introduced, liquids obtained from biomass which formed 19.7 % of electricity production from renewable resources. The biggest share in electricity production from renewable resources was biomass (28.1 %), photovoltaics (25.6 %) and biogas (23.2 %).

Economic Results in Brief – Individual Financial Statements (year 2020)

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

Data for parent company (in EUR thous.)	2016	2017	2018	2019	2020
Revenues	360,830	413,408	359,781	365,565	353,633
Profit/(loss) after tax	57,360	74,255	50,308	69,305	59,306
EBITDA	136,942	163,088	128,969	146,093	140,623
ROA	6.4 %	7.9 %	5.3 %	7.1 %	5.1 %
Total indebtedness	31.2 %	31.9 %	33.2 %	33.3 %	27.3 %
Balance amount	902,815	937,079	942,633	971,541	1,154,218
Long-term assets	820,368	818,802	825,219	853,143	891,161
Equity	621,066	638,440	629,992	648,322	838,910
Investments	62,302	55,342	65,503	74,576	95,417
Average number of employees	509	521	539	546	548

EBITDA = Profit before tax plus interest costs plus depreciation and adjusting items to assets minus interest revenues

ROA = Profit after tax / balance amount

Total indebtedness = Total payables/assets

Total revenues of the company in 2020 amounted to EUR 360.788 million including the financial revenues. Total costs (including income tax) amounted to EUR 301.482 million. The biggest volume from the achieved company revenues consisted of the revenues for services of the transmission system operation and for other services totalling EUR 353.633 million. The after-tax profit was EUR 59.306 million.

As of 31 December 2020, the company managed the net assets in the amount of EUR 1,154.218 million. The balance amount was compared to the year 2019 higher mainly due to increase of long-term assets on the asset side of the balance sheet and equity and deferred revenues on the liability side of the balance sheet. The increase was related especially to the contribution of the shareholder to the company capital fund and to increase of the capital fund in the OKTE subsidiary.

In 2020, the company invested total of EUR 95.417 million in restoration and development of the transmission system which were prevalingly financed from own resources and partially also from foreign resources. The average number of employees was 548.

Economic Results in Brief – Consolidated Financial Statements (year 2020)

Tab. 5: Key Group Consolidated Economic Indicators

Consolidated data (in EUR thous.)	2016	2017	2018	2019	2020
Revenues	946,628	1,082,819	543,793	461,582	453,308
Profit/(loss) after tax	58,028	74,728	50,958	69,302	(31,713)
EBITDA	141,546	168,023	133,613	148,590	52,564
ROA	5.9 %	7.4 %	5.0 %	6.5 %	-2.7 %
Total indebtedness	36.4 %	36.8 %	37.4 %	38.5 %	35.2 %
Balance amount	979,312	1,014,608	1,011,415	1,058,781	1,158,704
Long-term assets	828,428	824,617	829,944	861,481	900,288
Equity	623,163	641,010	633,212	651,533	751,102
Investments	65,363	57,340	68,123	79,639	99,000
Average number of employees	542	554	573	581	591

EBITDA = Profit before tax plus interest costs plus depreciation and adjusting items to assets minus interest revenues

ROA = Profit after tax / balance amount

Total indebtedness = Total payables/assets

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

In 2020, the SEPS group achieved the consolidated revenues amounting to EUR 460.312 million including the financial revenues and the consolidated loss of EUR -31.713 million. The loss of the group was incurred as a deficit from the promotion system for electricity production from RES and VÚKVET which is organized and billed by the OKTE, a. s.,

subsidiary. The profit or loss of the group in the regulatory period is determined based on the RONI decision which lays down prices of the regulated activities of the Group according to Decree No. 18/2017 Coll. The Group's opinion is that the 2020 loss will be compensated through the correction mechanism according to this Decree and it will be implemented by considering the deficit in prices for the year 2022.

Total consolidated assets of the Group as of 31 December 2020 were EUR 1,158.704 million. The balance amount was higher compared to 2019, especially due to increase of cash and non-current assets on the asset side and equity and deferred revenues on the liability side of the financial statements. Equity was increased especially due to increase of the capital fund from the shareholder contributions.

Legislative Environment – Energy Legislation

In terms of development of the European and national legislation in the power engineering sector, the significant changes on the European internal market in electricity resulting from implementation of so called Clean Energy for All Europeans package started to be introduced in the application practice of electricity system operators in the year 2020. These changes have significant impact also on SEPS as a transmission system operator.

In the field of update of the operating documentation which is concurrently legislatively binding for the market participants, the application of the European Commission regulations laying down Network Codes and guidelines in the form of further methodologies approved by the Regulatory Office for Network Industries and the Agency for Cooperation of Energy Regulators in Europe – ACER continued.

Based on the aforementioned processes, the Operation Rules of the transmission system operator – SEPS was updated twice in the course of the year. The changes resulted especially due to the need to harmonize procedures and obligations of the transmission system operator and market participants with the new European legislation. Due to the mentioned reasons, for several times in the course of the year, the changes were also applied to the documents of the Technical Conditions for Access and Connection, Transmission System Operation Rules which are binding for the market participants.

Integrated Management System

SEPS has the certified Integrated Management System (hereinafter referred to as "IMS") consisting of Quality Management (ISO 9001), Environmental Management (ISO 14001), Information Security Management (ISO/IEC 27001) and Occupational Safety and Health Management (ISO 45001) in place.

In April and August 2020, auditors of the certification company DNV GL Business Assurance Slovakia, s. r. o. (hereinafter referred to as "DNV") conducted a periodical audit in the field of Quality Management System according to the requirements of ISO 9001:2015 and environmental management according to the requirements of ISO 14001:2015. External auditors stated compliance of SEPS IMS with the requirements of the mentioned standards and certification criteria and they recommended continuation of validity of the relevant certificates by another year. The certificates are valid by March 2021, i.e. in that year the recertification audit of ISO 14001:2015 and ISO 14001:2015 will be conducted.

In October 2020, auditors of the aforementioned certification company conducted a periodical audit of the information security management system (ISMS) according to ISO/IEC 27001:2013. Moreover, auditors stated compliance of SEPS IMS with the requirements of the mentioned standard and certification criteria and they recommended continuation of validity of the relevant certificates by another year. Similarly, as with the two aforementioned standards, the recertification audit of ISO/IEC 27001:2013 will be conducted in 2021.

In November 2020, auditors of the certification company Technická inšpekcia, a. s., conducted a periodical audit in the field of OHS management system according to the requirements of the ISO 45001:2018 standard. In the audit report, the auditors stated compliance of SEPS IMS with the requirements of the mentioned standard and certification criteria and the relevant certificate was maintained in force.

In the field of quality management apart from other activities, monitoring of satisfaction of the SEPS customers – participants of the market in electricity is performed. After its evaluation, SEPS takes measures to increase satisfaction of its customers. Performance of internal IMS audits is aimed at detection of weaknesses in IMS. Based on the findings from audits, the measures are proposed and implemented which contribute to permanent IMS improvement.

SEPS implements environmental protection by introduction of up-to-date technologies and by management of its waste thus continuing in the process of improvement of the company environmental profile in the field of water and waste management, air protection and nature and landscape protection.

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

The efforts in the field of information security are aimed at efficient elimination or reduction of risks related to disturbing availability, integrity, and confidentiality of the company assets by launching new modern procedures, information systems, and technologies.

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

Ensuring the Procurement Process at SEPS in 2020

Public procurement was carried out in full compliance with Act No. 343/2015 Coll. on Public Procurement and on amendment of certain acts as amended.

Communication with the interested parties and tenderers in the public procurement was carried out electronically using the SEPS communication interface PORTÁL VO in compliance with Art. 20 of Act No. 343/2015 Coll. on Public Procurement and on amendment of certain acts as amended.

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

COMPANY BODIES

OF SEPS

Shareholder

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

Body	Function	Name
Board of Directors by 16/04/2020	Chairman	Ing. Miroslav Obert
	Vice Chairman	Ing. Miroslav Kolník
	Member	Ing. Emil Krondiak, PhD.
	Member	Ing. Michal Pokorný
	Member	Ing. Martin Malaník
	Member	Ing. Martin Golis
Board of Directors from 17/04/2020	Member	Ing. Vladimír Palko
	Chairman	Ing. Jaroslav Vach, MBA
	Vice Chairman	Mgr. Martin Riegel
	Member	Ing. Svetozár Krnáč (by 15/05/2020)
Supervisory Board by 16/04/2020	Member	Ing. Michal Pokorný
	Chairman	Ing. Vladimír Burdan
	Vice Chairman	JUDr. Peter Pandý, LL.M.
	Vice Chairman	Michal Sokoli (from 27/02/2020)
	Member	Ing. Vladimír Beňo (by 19/02/2020)
	Member	Ing. Dušan Chvíľa
	Member	Ing. Rastislav Januščák
	Member	Ing. Kristián Jecko
	Member	Ing. Mikuláš Koščo
	Member	JUDr. Pavol Kollár
	Member	Ing. Peter Matejíček
	Member	Ing. Ján Oráč (by 19/02/2020)
	Member	Michal Sokoli (by 26/02/2020)
	Member	JUDr. Ondrej Urban, MBA
	Member	JUDr. Eva Murínová (from 20/02/2020)
	Member	Ing. Marek Šimlašík (from 20/02/2020)
Supervisory Board from 17/04/2020	Chairman	Ing. Miroslav Bartoš
	Vice Chairman	Ing. Marcel Klimek (from 15/05/2020)
	Vice Chairman	Michal Sokoli
	Member	Ing. Dušan Chvíľa
	Member	Ing. Ľuboš Jančík, PhD.
	Member	Mgr. Marek Kaľavský
	Member	Ing. Róbert Király
	Member	Ing. Marcel Klimek (by 15/05/2020)
	Member	JUDr. Eva Murínová
	Member	Ing. Marek Šimlašík

ORGÁNY SPOLOČNOSTI

Body	Function	Name
Top Management by 20/04/2020	Chief Executive Officer	Ing. Miroslav Obert
	Managing Director of the Division of Management Support	Mgr. Igor Gallo, MBA
	Managing Director of the Division of Operations	Ing. Emil Krondiak, PhD.
	Managing Director of the Division of SED and Commerce and Trade	Ing. Michal Pokorný
	Managing Director of the Division of Economics	Ing. Martin Malaník
	Managing Director of the Division of Development, Investments and Procurement	Ing. Miroslav Kolník
	Managing Director of ICT Division	Ing. Martin Golis
	Managing Director of the Division of Strategy and International Cooperation	Ing. Vladimír Palko
Top Management from 21/04/2020	Chief Executive Officer, assigned to management of the Division of Economics	Ing. Jaroslav Vach, MBA
	Managing Director of the Division of Management Support	Mgr. Igor Gallo, MBA
	Managing Director of the Division of Operations	Ing. Svetozár Krnáč (by 15/05/2020) Mgr. Jana Ambrošová (from 16/05/2020)
	Managing Director of the Division of SED and Commerce and Trade assigned to management of the Division of Strategy and International Cooperation	Ing. Michal Pokorný
	Managing Director of the Division of Development, Investments and Procurement	Mgr. Martin Riegel
	Managing Director of ICT Division	Ing. Martin Golis

OKTE, a. s.

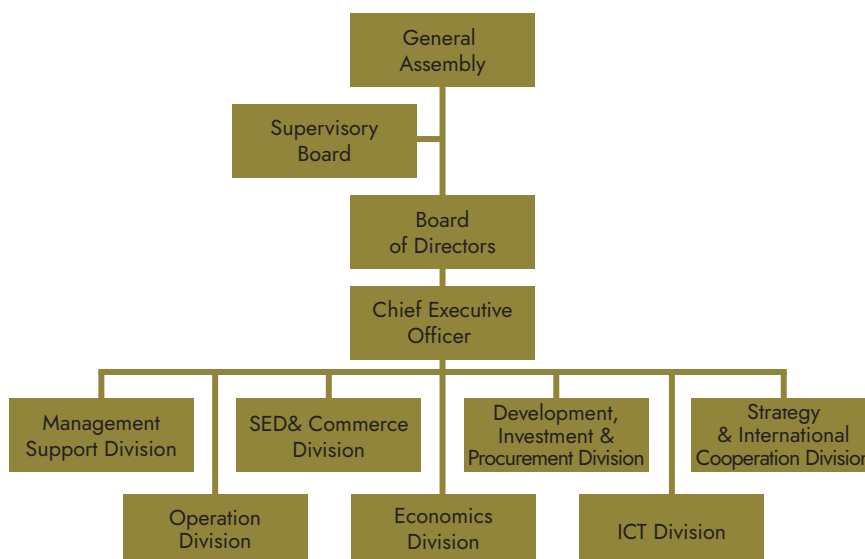
Shareholder

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

Body	Function	Name
Board of Directors	Chairman	Ing. Michal Cabala, PhD.
	Member	Ing. Milan Lodňanek
	Member	Ing. Milan Lipovský
Supervisory Board	Chairman	Ing. František Pecho (by 31/12/2020)
	Vice Chairman	Ing. Ján Petrovič
	Member	JUDr. Milan Švec
Top Management	Executive Director	Ing. Michal Cabala, PhD.
	Manager for Services	Ing. Milan Lipovský
	Manager for Economics and Finance	Ing. Ivan Lovíšek

COMPANY STRUCTURE

Organisational Structure as of 31 December 2020



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

Ownership Share of SEPS in Other Companies as of 31 December 2020



SEPS – Slovenská elektrizačná prenosová sústava, a. s.	Ownership share in %
OKTE, a. s. – short-term electricity market operator	100 %
JAO (Joint Allocation Office S.A. – Spoločná alokačná kancelária)	4 %
TSCNET Services GmbH	6.66 %

TRANSMISSION SYSTEM OPERATION

SEPS as the transmission system operator adhered to the overall required level of standards for electricity transmission quality standards pursuant to Decree No. 236/2016 Coll. in 2020. Moreover, all partial standards were fulfilled.

The transmission system (TS) operation was smooth and reliable during the entire year 2020 what is also being documented by the steady up to mildly decreasing long-term trend of the failure rate. The amount of the non-supplied electricity reflects many variable factors during the failure and in 2020 it was deeply below the long-term average (see Charts 1 and 2).

Chart 1: Specific failure rate

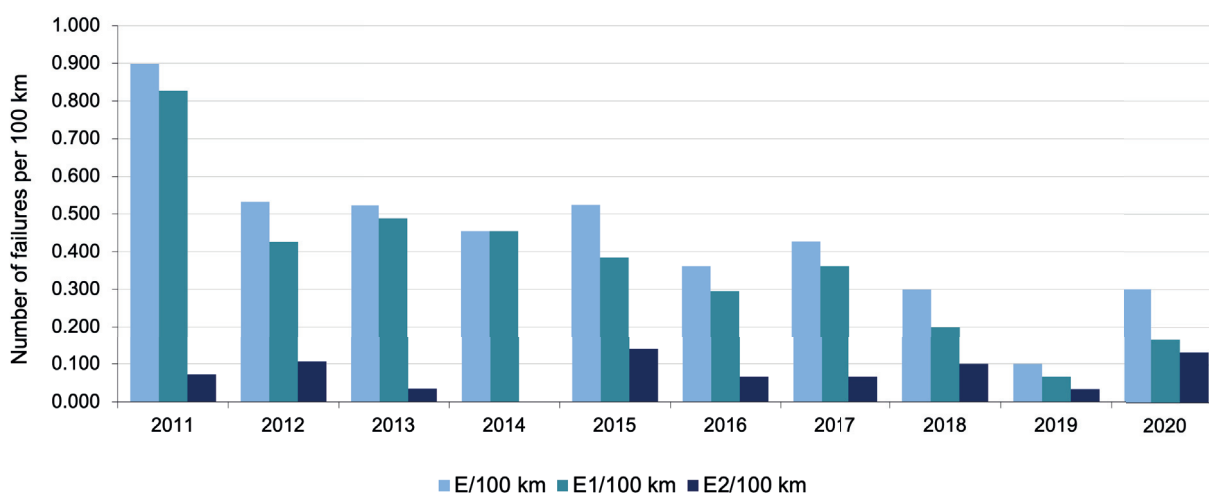
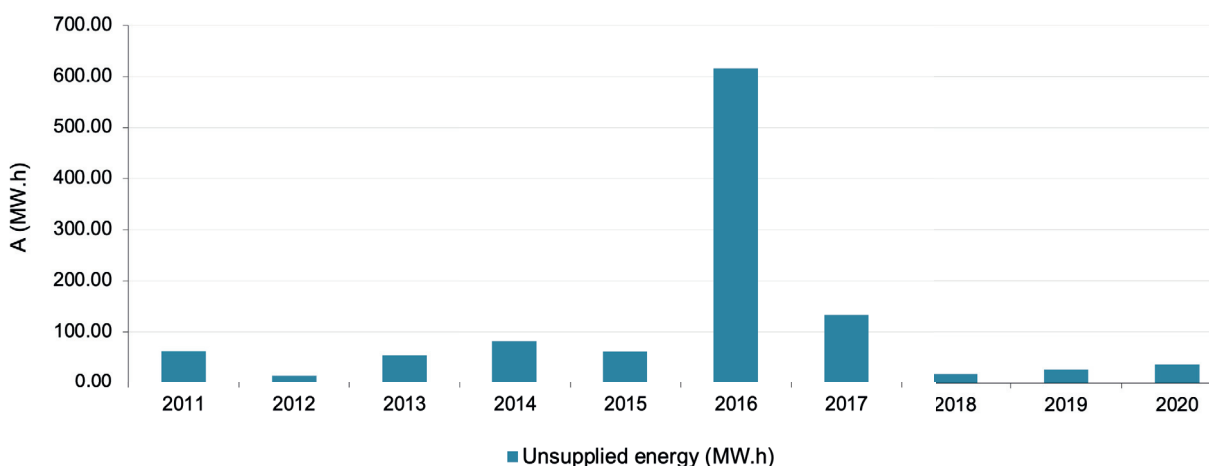


Chart 2: Development of Non-Supplied Energy



TRANSMISSION SYSTEM OPERATION

In 2020, the TS operation was influenced the most by the long-term decommissioning of the V427 Rimavská Sobota – Moldava line due to the line re-insulation, change of end of this line in ESt Rimavská Sobota and construction of the 2x400 kV (V447) line on the SK-HU profile. Moreover, the V480 Gabčíkovo – Veľký Ďur line was tripped for long time in regard to the change of end of the line to ESt Gönyű (MAVIR). In 2020, the V274 Križovany – Bystričany line was subject to long-term decommissioning on which the reconstruction was carried out to the 400 kV voltage level. In 2020, refurbishment of the 220 kV bays No. 2-5 in ESt Sučany was carried out while gradually the T401 and T201 transformers were tripped for long time and the ends of the V271, V273 lines were led from the original into refurbished bays. In 2020, re-insulation of the entire 400 kV switchyard was carried out in ESt Levice what required long-term decommissioning of the V491, V426 lines, of the T401 transformer as well as the change of the TS configuration by connection of the V490 and V449 lines.

Attenuation of operation of a part of the transmission system with operating voltage of 220 kV continued also in 2020 by completion of disassembly of redundant V073 and V284 lines which ensured export of power from the JEBO V1 nuclear power plant in the past or supply of self-consumption despite the complications attributable to the COVID-19 pandemics.

Maintenance and Repairs

Maintenance of ultra high voltage (UHV), very high voltage (VHV), self-consumption equipment and secondary technique in substations was prevalingly ensured via outsourcing. All required maintenance and diagnostic activities were performed according to the approved tripping plan and Preventive Action Rules for y. 2020. Walkway and climbing inspections on the lines managed by SEPS were used to detect individual failures and they were eliminated according to their seriousness and possibility of decommissioning of individual lines.

Implementation of the plan of repairs of the transmission system assets contributes to maintaining and further enhancement of reliability and safety of assets. We focused in particular on repairs of steel structure of towers and replacement of damaged conductors and combined earth ropes in the selected anchoring sections of lines. Repair of coatings of steel structures helps prevents degradation of steel structures of lines and substations due to corrosion. On several lines warning coatings were renewed or created thus reducing probability of collisions of aviation means of transport and the transmission system lines. Repairs of protections for lines, transformers, and switchyards in several substations of the transmission system we achieved increase in electricity transmission reliability.

PREVÁDZKA PRENOSOVEJ SÚSTAVY

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

In 2020, there were 49 activations of protections (with tripping) recorded in the Slovak transmission system, of which 24x it was on the lines operated at the 400 kV voltage level and 18x on the lines with the 220 kV voltage level; as for the remaining system elements, 2x on 400 kV bus bars, 2x on 400/110 kV transformers and 3x on 33 kV reactors.

Automatics of reclosing (OZ) used for tripping of transition states on lines were activated for 35x, of which 31 were successful and 4 were unsuccessful, what means 89 % success rate of OZ automatics.

Table: Overview of Operation of Protections and Network Automatics

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Number of protection actuation with tripping	66	78	58	60	101	65	70	66	40	49
Number of automatic reclosing actuations	51	64	41	49	65	37	25	43	17	35
Automatic reclosing success rate percentage	84.3	82.8	97.5	97.9	83.1	78.7	72	93	94	89

Diagnostics

During the entire year 2020, diagnostic measurements of power transformers and substation primary technique equipment were provided in full extent under the Diagnostic Action Plan. Great attention was paid especially to development of defect of the 400 kV bushing of the T401 Varín transformer.

Due to problems concerning obtaining visual inspection and thermographic measurements of the 400 kV, 220 kV, and 110 kV lines, only walkway and climbing inspections of the selected lines and thermographic measurements of phase conductor joints were carried out. The detected failures threatening line operation reliability were repaired operatively within the time intervals according to the classification of severity.

ELECTRICITY SYSTEM MANAGEMENT

The electricity system of the Slovak Republic (hereinafter referred to as “ES of the SR”) was operated in parallel within the interconnected European system ENTSO-E in 2020. The operation of the ES SR was reliable and all ENTSO-E key criteria and recommendations in primary and secondary regulation, voltage control, and cross-border transmission balance regulation were continuously evaluated and fulfilled.

Automated dispatch management system – ADMS

The operation of the ADMS equipment in the SEPS substations and in the Load Dispatching Office in Žilina (hereinafter referred to as “SED”) in 2020 was reliable and safe without any loss of information disturbing the real-time management of the electricity system of the SR, cooperation with foreign partners and production management.

In the field of data exchange with foreign partners, we continued in extension and update of the data in RIS SED with neighbouring operators (due to reconstructions of their own objects) of the transmission systems via the ENTSO-E Electronic Highway.

Moreover, the data volume between SEPS and distribution energy companies in Slovakia was extended. The main reason is to map procedural information required for testing and preparation of the “Black Start” ancillary service in detail in order to provide a complex view of the topological model of lower voltage levels required for this service. Extension of data exchange provided by distribution companies was related to the need of extension of the observability area according to the European Union regulation.

Within international groups we cooperated on the AMICA, OPDE, EAS, CORE CC Tool, MARI and PICASSO projects. The IGCC project which deals with mechanism of mutual balancing of ACE (Area Control Error) within ENTSO-E and which fully replaced eGCC (project of Grid Control Cooperation with the participation of ČEPS, SEPS, and MAVIR) was put into operation.

In 2020, the ES SR management was fully provided for by a new RIS SED Monarch management and information system. In the course of the year, there were meetings of the project team arranged with the participation of experts of the supplier and SEPS where operatively the operation events, requirements of end users and the resulting tasks were dealt with. Moreover, in compliance with the contract on technical support, the supplier executed the activities aimed at maintaining continuous and safe operation of RIS SED Monarch in which databases were added and data exchanges were extended along with the topological model according to the requirements of end users, development of the electricity system and development on the market in electricity upon management of ancillary services (PpS).

ELECTRICITY SYSTEM MANAGEMENT

Within transition to the asymmetrical SRV, the changes of the Automatic Generation Control (AGC) and preparation of the PpS operation were executed in cooperation with the supplier. For the needs of independent testing of new changes, the RIS SED test environment was extended by communication with the business system and communication in real time with the MES system (Manufacturing Execution System). Further use of these testing communications is expected upon implementation of international platforms of aFRR and mFRR.

The MES (Manufacturing Execution System) factory information system was supplemented from time to time by new visual views which assist expert units in accessing various data from the ES SR operation. The MES system was in the course of the entire year in full operation while it processed the data from RIS SED Monarch but also from the cooperating systems such as DaE or ISOM. In order to increase reliability of transmission and archiving of data entering the MES system from the Monarch system, the parallel independent communication interfaces for data transmission were implemented.

In relation to the implementation of asymmetrical SRV, modifications of PpS quality calculations occurred in the MES system as well as the changes in displaying, output sets and data transmission in the business system.

In the course of the year, connection to new international PCN network for the planned data exchange among individual TSOs was built.

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

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

The commissioning of a new management system led to the significant change of the SEPS technical conditions caused by the change of concept for data transmission and processing at the main and backup workplace in the RIS SED Monarch system. The changes affected the certification process of the ancillary service provider equipment and, moreover, the detailed specification of the IEC-101 series protocol for communication with the RIS SED Monarch system was supplemented.

In regard to the projects concerning ESt SEPS reconstructions, modifications were executed in the course of the year on the SED and ESt management information systems due to

ELECTRICITY SYSTEM MANAGEMENT

installation of new RIS parts in ESt Podunajské Biskupice, Rimavská Sobota, Bystričany, Horná Ždaňa and Košice switching station within the investment projects:

- Transition from the 400 kV Podunajské Biskupice switchyard to the switchyard of a new type,
- R400 kV Rimavská Sobota switchyard - extension,
- Innovation of RIS - central office in the Košice switching station,
- Transformation of 400/110 kV Bystričany – T401, 402
- Innovation of RIS facilities for management of R110 kV in ESt Horná Ždaňa.

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

- Innovation of RIS facilities for control of R110 kV in Est Horná Ždaňa,
- Refurbishment of secondary technology and RIS innovation - central office in ESt Horná Ždaňa 400 kV
- Refurbishment of secondary technology in R400 kV and R220 kV Lemešany - replacement of protections and RIS innovation,
- Refurbishment of secondary technology in R400 kV Bošáca - replacement of protections and RIS innovation,
- Refurbishment of secondary technology in ESt Križovany - protection and RIS innovation,
- Refurbishment of secondary technology and ESt Stupava RIS central office innovation,
- Innovation of RIS - central office in ESt Veľké Kapušany and refurbishment of secondary technology,
- Innovation of RIS - central office in ESt Levice,
- Innovation of RIS - central office in ESt Medzibrod,
- Innovation of RIS - central office in ESt Veľký Ďur,
- 8th construction – 400 kV Križovany switchyard - extension (bay 15)
- Replacement of T402 transformer and installation of peaking coils in ESt Podunajské Biskupice,
- Compensation in ESt Varín,
- Compensation of reactive power in the Liptovská Mara substation,
- Transition of ESt Sučany to the distance control,
- Transformation of 400/110 kV Bystričany – T401, 402
- 400/110 kV Senica transformer station,
- Change of connection of FORTISCHEM a.s. to TS in ESt Bystričany,
- Adjustments in the related facilities in the Gabčíkovo switching station and ESt Veľký Ďur - 4th construction,
- Increase of RIS ESt SEPS security.

ELECTRICITY SYSTEM MANAGEMENT

Operation and Information-Communication Technology Management

A reliable operation of ICT technologies was in 2020 provided for in the required quality in full extent without restrictions what was also reflected in the smooth system management and trouble-free communication of individual management systems and protective automatics of lines.

The year 2020 was demanding for the Operation and Information-Communication Technology Management Section since within the pending “Transformation of ICT SEPS” new processes for conceptual, systematic and economic management of ICT assets were introduced in the company. In order to enhance the quality, efficiency and safety, insourcing of telecommunication services for the area of operation and maintenance of telecommunication networks (SDH, F-MUX, DWDM, MPLS), networks of facilities for transmission of protection signals (ABB FOX and TTC Marconi PCM30OCH) was successfully executed. In the second half-year, preparatory activities for ensuring insourcing of services for providing operation and maintenance of the integrated information system (IIS) started.

Within the investment project “Innovation of Facilities for Transmission of Protection Orders of ESt Križovany – ESt Bošáca – EBO”, new transmission facilities of protections PCM30U-OCH in the ESt Križovany and ESt Bošáca objects were commissioned in the course of the year 2020. For the purpose of enhancement of quality and safety, migration of individual telecommunication circuits and services into new MPLS SEPS access telecommunication network was launched.

In 2020, several successful projects were commissioned in the field of development and innovation of IT systems which helped our company set up the processes in more efficient and prompter manner to introduce home office for the purpose of minimizing spreading of the COVID19 infection.

- Innovation of the video-conference system which enabled integration to the existing technology for the extended coverage by video-conferences as well as for external applications and communication from the external environment via the Microsoft SKYPE and Cisco WEBEX applications.
- Implementation of the new Cisco VPN technology of remote access which enables users from the domestic environment to have full access through the working PC to the SEPS network thus increase comfort and efficiency of work during its performance from home in compliance with the information security.

ELECTRICITY SYSTEM MANAGEMENT

- Implementation and deployment of new applications in the course of the year 2020 which enabled optimization of the process of electronic approval (e.g. electronic forms, liquidation of invoices in the SAP environment, personal protective equipment etc.).

Our long-term strategic goal is the proposal and implementation of procedural, application and technological changes in the ICT environment which will enable the company to face the current challenges, so called Digital Energy.

INVESTMENTS

As far as the investments in 2020 are concerned, the preparation and implementation of investment projects within the SEPS Business Plan and Financial Budget for the Period 2020 – 2024 was ensured. Out of the total planned investments amounting to EUR 103.915 million for the year 2020, the actually used amount was EUR 95.417 million what means 91.82 %.

Chart 1: Structure of Incurred Investment Costs in 2020

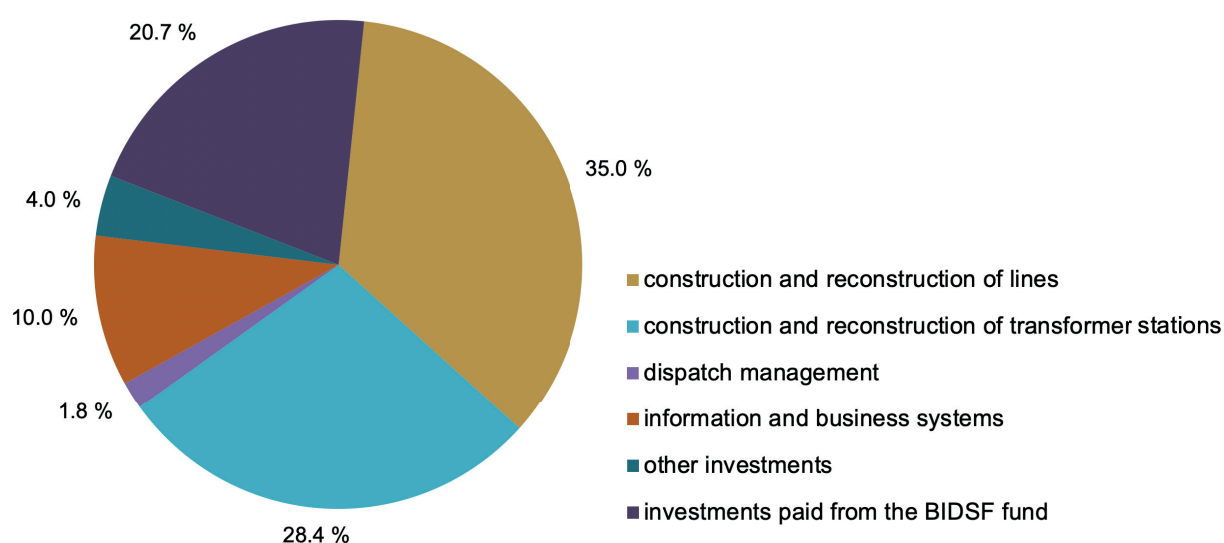


Table: Fulfilment of the Plan in 2020 According to Investment Areas

Order No.	Investment project	Costs in EUR		% of fulfilment
		Plan	Reality	
1	construction and reconstruction of lines	39,890,992	33,414,975	83.77
2	construction and reconstruction of transformer stations	26,501,707	27,124,777	102.35
3	dispatch management	1,751,250	1,748,250	99.83
4	information and business systems	9,277,287	9,514,414	102.56
5	other investments	5,464,393	3,831,878	70.12
6	investments paid from the BIDSF fund	21,029,756	19,782,762	94.07
Total		103,915,385	95,417,056	91.82

The most significant investment projects in 2020 include construction of the Slovak-Hungarian cross-border 400 kV connections. They have the statute of the Projects of Common Interest and they are co-financed from the Connecting Europe Facility/CEF instrument of the European Union. At present, there is execution of construction-assembly works in this set of constructions and these lines should be in operation in the first half of 2021. An important aspect of the successful implementation is a coordinated and efficient cooperation with the Hungarian transmission system operator.

In 2020, the works concerning transition of the Podunajské Biskupice substation to the switchyard of a new type were completed. The purpose of this investment is refurbishment of the switchyard and its rebuilding to the modern, operator-free operation with remote control. In addition to the fact that this will provide for sustainable, reliable, and safe operation of the 400/110 kV transformation in the Podunajské Biskupice substation for the corresponding 110 kV node areas of Podunajské Biskupice – Stupava and Podunajské Biskupice – Gabčíkovo, also reliable electricity supply of the capital city of Bratislava and its surroundings at the assumed growing load will be provided.

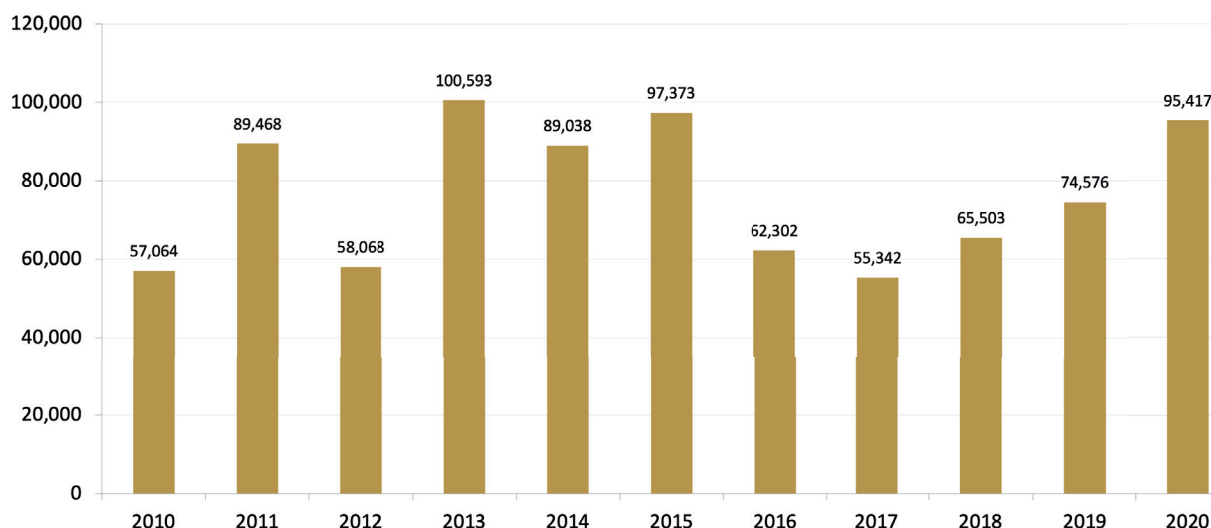
The most significant investment projects in 2020 included execution of the set of constructions 400/110kV Transformation Bystričany which is co-financed from the Bohunice International Decommissioning Support Fund (BIDSF) for JE V1 decommissioning and should be completed within the horizon of the year 2021. Certain parts of the set of constructions are at various level of the work in progress within the execution. Implementation of this set of constructions plays an important role at transformation of the Horná Nitra region.

According to the approved plan for risk management for the period 2019 and 2020, the projects related to fulfilment of the legislative obligations were executed whether in the field of the critical infrastructure protection or in the field of cyber security.

Refurbishment of mechanical restraint means was executed in the field of optimization of physical protection of the critical infrastructure elements in the selected objects and the technological replacement of obsolete components of intelligent measuring systems that are not endorsed by the producers.

Within fulfilment of the legislative obligations resulting from the requirements of the Cyber Security Act, the most significant technical measure was executed in the form of implementation of the technology for encrypting the bearing DWDM telecommunication network.

The development of investment cost drawdown in the last 10 years is shown in Chart 2.

Chart 2: Development of Investment Cost in the Period 2010 – 2020 in EUR thousand

Danube InGrid Project

The common goal of the European Union is to increase production of energy from renewable resources. Ensuring of safe and reliable electricity supply with constantly increasing share of renewable energy sources (RES) is one of the greatest challenges of the current power engineering sector to which the need to strengthen resistance and reliability of systems is related in order to be able to manage the increased installation of new RES despite unstable (volatile) electricity production.

Sharp growth of the number of RES leads to further challenges since the increase/decrease of production from RES not always corresponds to the increase/decrease in electricity consumption. This causes further challenges concerning management of electricity systems especially for the transmission and distribution systems operators. For the purpose of resolving these challenges, in 2019, the companies E.ON Észak-dunántúli Áramhálózati Zrt., Západoslovenská distribučná, a.s., (distribution system operators in Hungary and in Slovakia) and Slovenská elektrizačná prenosová sústava, a.s., came together and they created the Danube InGrid project with the assumed budget of EUR 291.2 million in order to assert it as the Project of Common Interest in the category of intelligent networks and subsequently, acquire funds from the Connecting Europe Facility (CEF) fund for its implementation. The INEA agency allocated the total grant of EUR 101,931,000 for the Danube InGrid project of which EUR 15,908,140 was for SEPS.

ENVIRONMENTAL POLICY

By means of the introduced environmental management system Slovenská elektrizačná prenosová sústava, a. s. significantly contributes to mitigation or elimination of adverse impacts of the company on environment. The company supports systemic approach at fulfilment of binding requirements and continuously improves environmental behaviour. Being aware of its significant impact on environment, in 2020, the company successfully conducted external periodical audit in compliance with the requirements of the STN EN ISO 14 001:2016 standard. In the final report, the certification company pointed out two opportunities in the field of environment for enhancement of the environmental behaviour of the company and provided one observation in this field.

Within the Integrated Management System (ISM) maintaining and development, the company conducted eleven internal audits in 2020 which verified also conformity with the requirements of the STN EN ISO 14 001:2016 standard. No discrepancies in the field of environment were identified during internal audits. At the same time, the employees of the environment department conducted ten internal audits in the selected substations during this period. The audits were aimed at observing legal requirements in the field of water and waste management, protection of the air and fluorinated greenhouse gas treatment. No serious shortcomings were identified by the audits.

In the monitored period, the ordinary operation was provided by the company, i.e. waste disposal, drinking and service water supply, service of hydraulic structures and the related facilities.

In 2020, an independent organisation elaborated the "Analysis of the SEPS State of Management in the Field of Environment Creation and Protection" which was aimed especially at:

- assessment of conformity of the executed activities with the legislative requirements,
- analysis of management of the company activities in the field of environment protection,
- assessment of ensuring check and planning.

Based on the collected data from inquiry in plants, provided documentation and communication with the SEPS employees, the analysis resulted in four positive findings, several recommendations and a summary statement that setting of the company management in the field of environment creation and protection is satisfactory at present.

ENVIRONMENTAL POLICY

In the coming period, upon adhering to the fundamental principles of the environmental policy and based on the analysis conclusions, the company will focus especially on three main areas:

- performance of own independent audit activity in the field of environment protection,
- following the environment protection interests with investment projects of the company, repairs and maintenance of the existing equipment,
- providing for effective mutual communication at both internal and external level.

COMPANY DEVELOPMENT

In 2020, preparation of investment projects providing for increase of the compensation power in the northern part of TS SR continued and their designing started in order to eliminate exceeding of the permitted voltage values in the system. The same applies also to the projects aimed at transition of the SEPS substations into distance control, replacement of obsolete TS assets and to continuous attenuation of the 220 kV transmission system. The negotiations with Stredoslovenská distribučná, a. s., (SSD) continued focusing on optimal technical solution for implementation of new transformation of 400/110 kV Ladce (as a substitute for the existing transformation of 220/110 kV Považská Bystrica) and the execution of the project concerning the project of new ESt Vajnory with the 400/110 kV transformation was agreed with Západoslovenská distribučná, a. s., (ZSD). There were negotiations also with other TS users carried out on their future method of connection to TS.

The construction of lines to Hungary, 2x400 kV Gabčíkovo (SK) – Gönyű (HU) – Velký Ďur (SK) and 2x400 kV Rimavská Sobota (SK) – Sajóivánka (HU) was delayed on the Slovak side due to the COVID-19 pandemics. Thus based on the mutual agreement with the Hungarian partner, new deadlines for putting these Projects of Common Interests, i.e. PCI projects in the commercial operation were set to 5 April 2021.

Further SEPS investments to increase safety of the transmission infrastructure (such as the elements of critical infrastructure), investments in the secondary technology facilities (management and information system, billing measurement, telecommunications equipment etc.), as well in trading systems and ICT were prepared and implemented on a continuous basis. The works on the common study started in cooperation with the distribution system operators (ZSD, SSD, VSD) aimed at determining the causes of increased flows of reactive power between distribution systems (DS) and TS including defining the method of their elimination.

In October 2020, the common request of SEPS, ZSD and E.ON Észak-dunántúli Áramhálózati Zrt (operator of one from DS in Hungary) for allocation of grant for the Project of Common Interest in the field of Smart Grids called “Danube InGrid” (<https://danubeingrid.eu/>) was approved which, in addition, will bring also strengthening of the transformation relation between TS and DS in the western part of TS including the TS modernization what in the concerned location will contribute to development of decentralized production, smart technologies etc.

ASSUMED FUTURE DEVELOPMENT OF THE COMPANY ACTIVITIES

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

The company main line of business will be preserved in the future in the scope similar to the one in 2020, i.e. in the future, it will perform operation of transmission system of SR, electricity transmission, coverage of losses in the transmission system, management of the electricity system of SR via provision of the system services and collection of the efficient rate from the directly connected customers to cover levies for the National Nuclear Fund.

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

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

INTERNATIONAL COOPERATION

In the field of international cooperation, Slovenská elektrizačná prenosová sústava has managed to fast and successfully adapt to changes related to the coronavirus pandemic which were connected especially to the need to replace physical meetings and negotiations by new digital tools. Online teleconferencies have become a standard during negotiations at all levels of international cooperation. JAO and TSCNET Services GmbH as key entities on the European market in electricity and of operation safety of the interconnected European system reacted to the pandemic by strengthening protection of their employees by providing for material-technical equipment which enabled efficient teleworking and by increased IT security.

Another external factor which created certain rate of uncertainty on the international field was the topic of Brexit and the issue of concluding the agreement on business and cooperation between the United Kingdom and the EU. By adoption of agreement at the end of December 2020, a basic framework of cooperation was laid down which will be elaborated further in 2021.

In addition to the aforementioned factors, the activities of international cooperation were determined by the continued implementation of obligations of the transmission system operator resulting from the Network Codes and guidelines and the Clean Energy for All Europeans legislative package. The European Green Deal, the EC initiative which gradually brings the legislative changes concerning also already adopted legislation in order to reach the EU climate neutrality by 2050 is at least equally important.

In terms of international cooperation, in the context of safe system operation, in 2020, the first steps were carried out towards transformation of the institutional framework of regional security coordinators (RSC) into regional coordination centres (RCC) the existence of which is required by the provisions of the Clean Energy for All Europeans package. The ACER Decision from April 2020 laid down a geographic framework for performance of activities of the regional coordination centres, so called System Operation Regions (SOR) while SEPS became a part of the System Operation Region - Central Europe. In this region, TSCNET Services GmbH and CORESO SA will perform the function of regional coordination centres, i.e. based on the provisions approved by ACER in 2021.

Furthermore, the year 2020 brought about the changes of certain key positions in management of TSCNET Services GmbH and in the European Network of Transmission System Operators for Electricity (ENTSO-E). The ENTSO-E Secretary-General, Laurent Schmitt who as of 31 December 2020 terminated his four-year term of office, will be replaced by a new Secretary-General, Sonya Twohig who occupied the management post in ENTSO-E within the operation department. The change in TSCNET Services GmbH affected the current Executive Director for Trade and Finances, Maik Neubauer who was replaced from 15 October 2020, by Dieter Weiss who previously served as a financial director in TransnetBW, the German transmission system operator.

HUMAN RESOURCES

The year 2020 was a year of substantial changes concerning almost all company activities. In April 2020, the sole shareholder of SEPS – the Slovak Republic on behalf of which the Ministry of Finance of the Slovak Republic is acting, has carried out personal changes in occupation of the company top management as well as in the Supervisory Board except for the Board members elected by the employees.

The manner and methods of human resource management was significantly affected by the pandemic situation in the evaluated year. Similarly, as in the number of other companies, it was inevitable to modify accesses of individual alternatives that form a summary of human resource management. In the number of cases, the adopted changes represented a substantial intervention in work performance of the employees, however, also of the employer. In 2020, the method of work performance that was previously considered to be a bonus for employee became a standard in the activities where it was possible. Home office, education of employees, conferences, tenders, meetings, sessions of the company management as well as a number of other activities were moved to the online environment. Digitization started to be used in our work in more significant range than before the coronavirus pandemic.

In this regard, however, the company employees who performed the work at the workplace cannot be omitted since due to their job title they could not be moved to the extraordinary form work – home office. All employees were subject to the inevitability to respect pandemic measures to prevent the coronavirus spreading, especially in case of the employees performing work at the workplace.

Common efforts of our employees helped master the activities concerning reliable and safe electricity transmission as well as SEPS functioning in the course of the entire year 2020, what is documented by the financial results and the economic result as of 31 December 2020.

Employment rate

As of 31 December 2020, total of 561 employees had the employment contract of whom 552 were registered employees. Out of the registration number of employees there were 27 % of women and 73 % of men. The average age of an employee for the evaluated period was 46 years, as well as in the previous year.

HUMAN RESOURCES

Chart 1: Development of the Number of Employees Since the Company Establishment

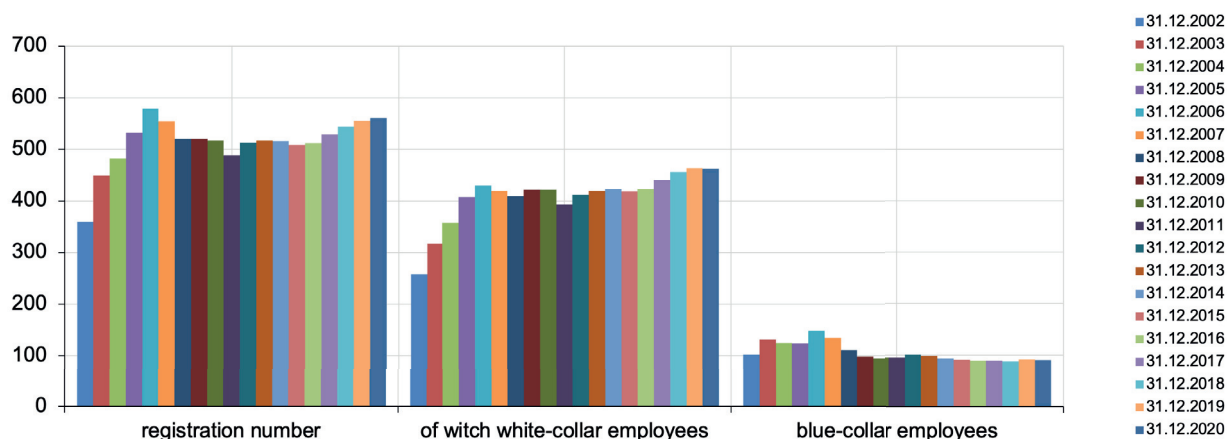


Chart 2: Share of Men and Women in 2020

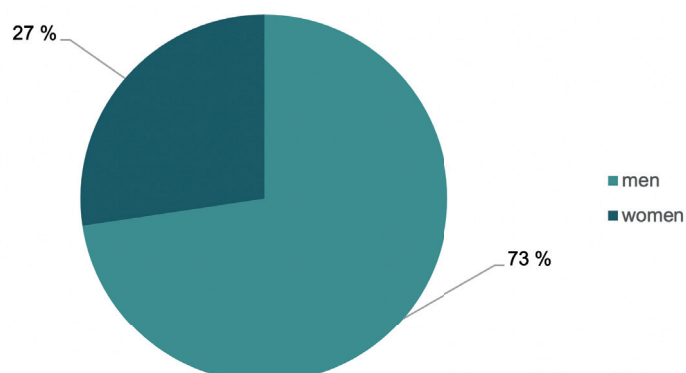
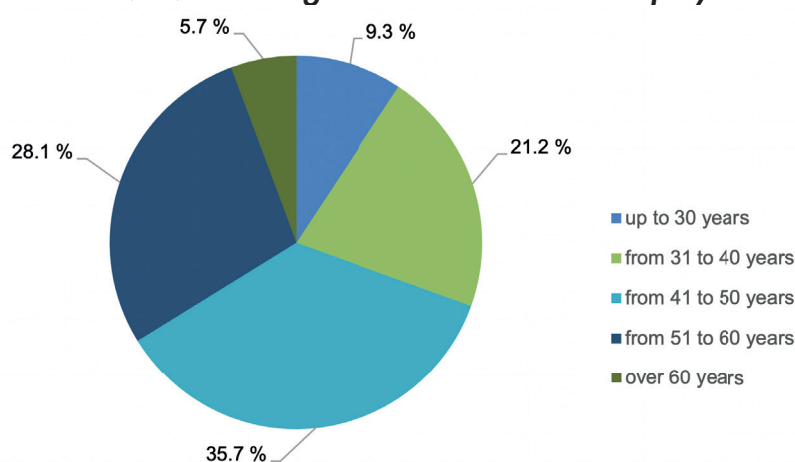


Chart 3: Overview of Age Structure of SEPS Employees in 2020



Turnover and Stability Index of Employees

Tab. 1: Turnover and Stability Index of Employees in 2020

Indicator	Turnover TAS group	Turnover W group	Total turn- over	Stability index TAS group	Stability index W group	Total stability index
Number of employees	36	3	39	x	x	x
Expression in %	6.57	0.55	7.11	92.63	96.67	91.64

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

SEPS is a stable employer in the power engineering sector as well as on the Slovak labour market. Our goal is to maintain this position also in the future periods.

The most frequent reason of the employment termination was leaving due to entitlement to old-age pension, to early old-age pension and maternity leave and parental leave.

Educational Structure of Employees

Tab. 2: Educational Structure of Employees as of 31 December 2020

Educational level	Registered employees	Non-registered employees	Employees with employment contract as of 31. 12. 2020
Primary education	0	0	0
Secondary education	198	2	200
University education	354	7	361
Total	552	9	561

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

The educational structure of the company employees is at a very good level, the employees with university education form slightly more than 64 % out of the total number of employees.

Education of Employees

The coronavirus pandemics suspended education of employees in the evaluated year significantly. Mostly compulsory trainings resulting from the relevant legislation and educational activities which could be executed in the form of online trainings were organized and attended; moreover, workshops and conferences were moved to the online environment.

Professional preparation included courses resulting from the legislative regulations, periodical, basic and update ones. Repeated trainings for drivers of motor vehicles, OHS and PPE were carried out in the form of e-learning for the first time.

The employees attended online seminars, webinars aimed at energy and economic legislation, human resources, environmental science and OHS, IT courses (MS Office, CISCO CCNA, Power BI, NOKIA IP MPLS management), technical courses (trainings for synchronized secondary tests and analysis of circuit breaker monitoring, training EBERLE RE DPA, IEC Station IEC Browser and other specific information systems).

In the first quarter 2020, in the field of personal development and development of managerial skills, trainings in the SEPS training room were arranged – educational activities aimed at efficient communication and addressing conflicts in the team, at team leadership and team motivation.

The language preparation (English language) was carried out in the “one to one” form or in the mini group, mostly in online form.

Remuneration and Employee Benefits

The year-to-year wage growth agreed in the SEPS collective agreement for the period of 2020 was observed. The employees remunerated by a tariff wage were apart from the basic monthly wage and the relevant allowances granted also the performance-personal remuneration as a form of individual appraisal of working performance in order to motivate employees to fulfil the tasks assigned and evaluated on the interim basis as best as possible by the direct superior employees.

A variable wage component was granted for fulfilment of quarterly operative tasks, individual and common key performance indicators defined for individual categories of employees (employees with the wage agreed on an individual basis), after evaluation of the task fulfilment and the performance indicators set in advance, however, always in relation to fulfilment of the company economic result.

Care of Employees

In the field of care of employees, the company employees were provided with employee advantages and benefits within the scope agreed in the SEPS collective agreement.

By the provision of Art. 152a, the Labour Code introduced an institute of an employer contribution for employee recreation. The contribution in maximum amount of EUR 270 for the relevant calendar year per employee, who meets the conditions for its payment, was provided by the company for its employees also in 2020, in the aggregate costs of the employer amounting to EUR 51,545.83.

Occupational Health and Safety and Fire Protection

The occupational health and safety can be characterized as a set of measures, principles, rules, attitudes, behaviour, and activities that help eliminate adverse consequences of work. The term "occupational health and safety" is known also as OHS, however, its content and application are far more wider than indicated by these words.

When fulfilling the requirements in the field of occupational health and safety, managing company employees play an important role who shall activate subordinate employees towards the work free of injuries, improvement of relationships in the workplace and fulfilment of principles of safe working procedures. Such approach strengthens prevention of occupational diseases. In 2020, our company did not record any occupational injury with their employees.

The level of occupational health and safety and fire protection in the company is assessed by the control in workplaces during which fulfilment of legal labour requirements and other related regulations is evaluated. The purpose of the control activity is to find out the facts, take measures, and eliminate the found drawbacks. In the OHS area, there were total of 890 audits performed and 44 shortcomings which were detected during them were eliminated in the course of the year.

Within the work health service SEPS ensures regular preventive medical check-ups for all employees and regular vaccination of employees who are professionally exposed to the increased danger of the selected infections. In 2020 there were 217 medical examinations in regard to work performed, six vaccinations against tick-borne encephalitis and two psychological examinations for employees professionally competent to drive a motor vehicle.

HUMAN RESOURCES

The company pays great attention to safety of our suppliers for whom we provide for training and updated information in the field of occupational health and safety and fire protection, access to the OHS documentation and counselling.

The company provides for the conditions of fire safety of the objects defined in the legislation via preventive control activity and by maintaining fire-technical means in the operational state. Within preventive fire inspections there were 15 shortcomings identified which were removed within the set dates. In 2020, our company recorded one fire in ESt Stupava where loss was quantified to EUR 100,000.

In the period from 25 November 2020 to 27 November 2020, there was an audit conducted at three SEPS workplaces by the certification authority of Technická inšpekcia a. s. The periodic audit conclusion was fulfilment of the requirements of the ISO 45001:2018 standard and issuance of the Certificate No. 1685/5/2019 for the OHS Management System with validity by 1 January 2023.

Since the COVID-19 pandemic outbreak in the Slovak Republic, our company is continuously taking measures to prevent spreading of this disease. It conducts testing of employees using the RT-PCR tests and it takes substantial measures which react to the guidelines of the Chief Medical Officer of the Slovak Republic, updated measures of the Public Health Authority of the Slovak Republic as well as to the current epidemiological situation in the Slovak Republic and at particular SEPS workplaces.

The results achieved in 2020 indicate that safety-technical service and managing employees of SEPS aimed their efforts in the field of OHS in a good direction regarding the results concerning injury rate. This trend can be continued only with the active participation of all SEPS employees so as to fulfil the requirements for ensuring OHS valid for this area.

ECONOMIC RESULTS

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

The data on the economic results and state of assets and liabilities are derived from the IFRS consolidated financial statements and from the IFRS individual financial statements for y. 2020. The detailed structure of revenues and costs may be presented in a different structure compared to the summary data in the Income Statement.

Shortened Statements of the Financial Position as of 31 December 2020 and as of 31 December 2019 (in EUR thous.)

	consolidated		individual	
	2020	2019	2020	2019
Assets	1,158,704	1,058,781	1,154,218	971,541
Non-current assets	908,605	872,265	1,034,093	868,542
Tangible assets	873,718	843,955	872,732	843,541
Non-tangible assets and other assets	34,887	28,310	161,361	25,001
Current assets	250,099	186,516	120,125	102,999
Inventories	1,396	2,564	1,396	2,565
Trade receivables and other receivables	47,564	42,660	38,737	28,739
Short-term Cash and Investments	0	0	50,000	0
Cash and cash equivalents	198,778	141,292	27,702	71,695
Receivables from income tax	2,361	0	2,290	0
Assets intended for sale	0	0	0	0

ECONOMIC RESULTS

	consolidated		individual	
	2020	2019	2020	2019
Equity and liabilities	1,158,704	1,058,781	1,154,218	971,541
Equity	751,102	651,533	838,910	648,322
Share capital	105,000	105,000	105,000	105,000
Legal reserve fund	21,407	21,395	21,000	21,000
Capital fund from shareholder contributions	130,000	0	130,000	0
Other funds	178,145	178,103	175,405	175,405
Revaluation of the financial investment	109	109	109	109
Actuarial profits/losses	(969)	(2,082)	(969)	(2,082)
Fund from asset revaluation	72,136	81,312	72,136	81,312
Undistributed profit	245,274	267,696	336,229	267,578
Liabilities	407,602	407,248	315,308	323,219
Long-term liabilities	208,943	204,666	207,762	202,497
Short-term liabilities	198,659	202,582	107,546	120,722

Shortened Profit and Loss Accounts for the Years Ending on 31 December 2020 and 2019 (in EUR thous.)

	consolidated		individual	
	2020	2019	2020	2019
Revenues	460,266	467,518	360,591	371,501
Operating costs	(467,465)	(371,968)	(277,022)	(276,113)
Pre-interest and pre-tax profit/(loss)	(7,199)	95,550	83,569	95,388
Financial revenues/(costs)	(609)	(511)	(367)	(412)
Pre-tax profit/(loss)	(7,808)	95,039	83,202	94,976
Income tax	(23,905)	(25,737)	(23,896)	(25,671)
Net profit/(loss)	(31,713)	69,302	59,306	69,305

The accounting entity was in 2020 exposed to the risk due to deficit in the promotion system for electricity production from RES and VÚKVET which is organized and billed by the OKTE, a. s., subsidiary. Due to deficit in 2020, OKTE, a. s., incurred loss which was reflected also in the consolidated statements. The OKTE, a. s., loss in regard to its high amount and low amount of equity caused the state of extension and bankruptcy of OKTE, a. s. In order to ensure short-term coverage of liabilities, OKTE, a. s., took a commercial

loan which was later replaced by the loan from SEPS. Subsequently, by the Decision of the Ministry of Finance of the Slovak Republic of 17 December 2020, a contribution in the SEPS capital funds amounting to EUR 130 million was provided while SEPS used these resources for capital injection of EUR 130 million in the OKTE, a. s., capital funds thus increasing its equity, ensuring funds to cover the liabilities and, moreover, securing that the equity to liabilities ratio exceeds the 8/100 ratio what means that OKTE, a. s., is no longer in extension and bankruptcy

The most significant data according to the individual financial statements

In 2020, according to the individual financial statements prepared pursuant to IFRS, SEPS revenues totalled EUR 360.788 million with total costs (including the income tax) of EUR 301.482 million and the after-tax profit amounting to EUR 59.306 million.

The most important item of total revenues were revenues for services of the transmission system operator and for other services totalling EUR 353.633 million. In 2020, these dropped on a year-to-year basis especially due to lower tariffs for the reserved capacity and transmitted electricity, lower revenues related to cross-border electricity transmissions and lower revenues for the system services which dropped mainly due to year-to-year decrease of permitted costs for ancillary services and a year-to-year decrease of the company share in costs saving for ancillary services.

The operating costs for securing provision of the regulated services, consumption of material and energy, repairs and maintenance, costs of services, staff costs, taxes and charges, other operating costs, depreciations, and financial costs formed the total costs (without the income tax) of EUR 277.586 million.

According to the individual financial statements, SEPS reported total assets in the net amount of EUR 1,154.218 million, liabilities of EUR 315.308 million and equity amounting to EUR 838.910 million as of 31 December 2020.

The long-term tangible assets amounting to EUR 872.732 million reported in their real value in compliance with IAS 16 represented the highest item of the total assets.

The company liabilities represented especially deferred revenues related to withdrawal of subsidies for long-term tangible assets in the amount of EUR 133.110 million, trade payables and other liabilities of EUR 78.612 million, deferred tax liability of EUR 63.048 million and bank loans amounting to EUR 30.099 million.

ECONOMIC RESULTS

Equity consisted especially of: the share capital amounting to EUR 105.000 million, legal reserve fund of EUR 21.000 million, capital fund from shareholder contributions of EUR 130.000 million, other funds of EUR 175.405 million, fund from the asset revaluation amounting to EUR 72.136 million and undistributed profit of EUR 336.228 million.

SEPS profit distribution

Item	Reality (EUR mil.)	Profit share (based on reality)
Net after-tax profit	59.306	100.00 %
Dividends	29.335	49.46 %
Legal reserve fund	5.931	10.00 %
Undistributed profit	24.040	40.54 %

The most significant data according to the consolidated financial statements

In the year ending on 31 December 2020, according to the consolidated financial statements, the SEPS group reported the consolidated loss amounting to EUR -31.713 million with total consolidated revenues of EUR 460.312 million. The loss of the Group was incurred as a deficit from the promotion system for electricity production from RES and VÚKVET which is organized and billed by the OKTE, a. s., subsidiary. The profit or loss of the Group in the regulatory period is substantially affected by the RONI decisions which lay down prices of the regulated activities of the Group according to Decree No. 18/2017 Coll. The Group's opinion is that the 2020 loss will be compensated through the correction mechanism according to this Decree and it will be implemented by considering the deficit in prices for the year 2022.

The SEPS Group reported total consolidated assets in the amount of EUR 1,158.704 million and equity amounting to EUR 751.102 million as of 31 December 2020. The most significant item of the financial statements position was formed by long-term tangible assets amounting to EUR 873.718 million.

TRADE AND DISPATCHING

Based on the Regulatory Office for Network Industries (RONI) license No. 2005E 0137 – 5th change of 18 March 2015 – SEPS is the sole operator of the transmission system in the Slovak Republic while having the character of a natural monopoly.

Within its core business activities, SEPS provides for transmission and system services, it provides for ancillary services, and it controls the transmission system components as a dispatcher as well as facilities providing ancillary services and supplies regulation electricity acquired within the Grid Control Cooperation (GCC).

The core business activity of SEPS is subject to regulation by RONI. The year 2020 belonged to the 2017 - 2021 regulatory period, while the legislative framework of regulation is defined by the RONI Decree No. 189/2011 of 22. 6. 2011, on the scope of the price regulation in network industries and on the method of its performance as amended. The parameters for the SEPS regulated activities were defined by Decree No. 18/2017 Coll. of 8 February 2017, laying down the price regulation in electrical engineering and some conditions for execution of regulated activities in electrical engineering, amended by Decrees No. 207/2018 Coll. of 27 June 2018, No. 178/2019 Coll. of 4 June 2019, and No. 309/2019 Coll. of 1 October 2019.

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

Market Coupling

No extraordinary operational conditions were recorded in 2020 within the processes of the Market Coupling successfully operated among the Czech Republic, Slovakia, Hungary, and Romania (4MMC) from y. 2014. Similarly, during 2020 no “decoupling”, i.e. disconnection of markets not even in one business hour occurred. SEPS contributes to the reliable operation of 4MMC by operation of the central module of TSO Management Function (mTMF) which forms the interface for communication and data exchange between the systems of all involved transmission system operators and the systems of national operators of the markets in electricity. In 2020, the works on a new project concerning extension of the current mTMF modulus continued in a way so as to cover the requirements resulting from the planned extension of the interconnected day-ahead market by further boundaries or areas. It is an extension of the current four-party 4MMC by the regions of Germany (50Hertz, TenneT-DE), Austria and Poland thus changing 4MMC with the regional meaning into DE-AT-PL-4MMC with the pan-European meaning. The project implementation or its full commissioning is expected in the course of the year 2021.

AMICA – coordinated safety analyses

From 2016, SEPS is a part of coordinated safety analyses within the region via the AMICA system operated by the regional security coordinator by TSCNET Services GmbH. The system serves for early diagnostics of potential risk situations including the proposal for their solution. In the course of the past year 2020, the AMICA system was operated without more significant problems and smaller updates of the mentioned system were performed.

Allocation of Cross-Border Transmission Capacities

The transmission capacities on the SEPS cross-border profiles are allocated in several time horizons – on annual, monthly, day-ahead, and intraday basis. The procedures of explicit auctions, implicit auctions and explicit allocations shall be applied using the FCFS (First Comes First Served) method to allocation of capacities in dependence on the respective time horizon and the respective cross-border profile – when the requirements for capacity allocation are evaluated from time to time in the order in which they are accepted by the allocation system.

Allocation of cross-border transmission capacities on the SK-PL cross-border profile on an annual, monthly, and daily basis and cross-border transmission capacities on the SK-CZ and SK-HU profile on an annual and monthly basis was performed in 2020 via the Joint Allocation Office S.A. (JAO) with the registered office in Luxembourg. The cross-border capacities were allocated in the form of explicit auctions.

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

The cross-border capacities on the SK-HU and SK-CZ profiles were allocated on a day-ahead basis implicitly within the procedure of the four-party Market Coupling CZ/SK/HU/RO.

Tab. 1: Overview of the Capacity Allocation Mode on SEPS Cross-Border Profiles in 2020

profile	annual auction	monthly auctions	daily auctions	intraday allocation
SK/CZ	explicit (SAP)	explicit (SAP)	implicit (market coupling CZ-SK-HU-RO)	explicit FCFS (allocation office ČEPS)
SK/HU	explicit (SAP)	explicit (SAP)	implicit (market coupling CZ-SK-HU-RO)	explicit FCFS (allocation office ČEPS)
SK/PL	explicit (SAP)	explicit (SAP)	explicit (JAO Auction Office)	explicit FCFS (allocation office ČEPS)
SK/UA	not applicable	explicit unilateral (allocation office SEPS)	explicit unilateral (allocation office SEPS)	not applicable

The SEPS Auction Office organized allocation of the transmission capacity rights only on the cross-border profile of the transmission system of the Slovak Republic with the Ukraine in 2020. Allocation of cross-border transmission capacities was executed in the form of monthly and daily explicit unilateral auctions according to the rules published on www.sepsas.sk. The successful participants of unilateral organized by SEPS must ensure the transmission capacity also on the Ukrainian part in order to be able to use the allocated capacities. In 2018, negotiations with the state enterprise National Power Company UKRENERGO regarding introduction of joint auctions of transmission capacities on the SK-UA profile were renewed. Introduction of the joint auctions will mean a step forward upon coordination of capacity allocation on the SK-UA profile thus simplifying access to cross-border capacity for the market participants. The negotiations with UKRENERGO continued also in 2020 in order to prepare the common rules of cross-border capacity allocation as well as the technical solution of allocation.

The cross-border capacities are on the SK-CZ, SK-HU, and SK-PL profiles allocated also on the intraday basis. The allocator function for capacities is performed by ČEPS. The capacities are being allocated free of charge, the requirements for capacity are evaluated in the order in which they are entered in the information system of the capacity allocator. The capacity rights are allocated as so called "rights with obligation", i.e. the market participant shall be obliged to use the allocated capacity rights in full extent. Intraday allocation on the SK-PL profile is carried out in a mode of six 4-hour seances during the business day, in case of the SK-CZ and SK-HU profiles there is a mode of 1-hour seance performed 24 times during a business day.

Intraday allocation of capacities was based on the Polish transmission system operator (PSE) Polish was temporarily suspended on 20 November 2019; it was renewed on 4 February 2020.

Securing Ancillary Services

mentioned, SEPS procures ancillary services (PpS). Procurement of the ancillary services for various time horizons in 2020 was carried out in compliance with the SEPS Operation Rules of the Transmission System Operator.

In September 2019, the missing volume of PpS was successfully provided for, i.e. additional purchase for the year 2020 in the form of the annual tender for the period of one calendar year from 1 January 2020 to 31 December 2020. The aforementioned volume for additional purchase was defined based on the operational requirements for the year 2020 and the results of availability procurement of individual PpS within a multi-year tender for the period 2019 - 2021 from August 2018 according to the "Strategy of ensuring sufficient volume of ancillary services for provision of system services and safe and reliable operation of ES SR for the period 2019 to 2021".

The missing volume of PpS availability for the year 2020, i.e. additional purchase considered the volume of contractually secured availabilities of PpS in 2018 and 2019 (primary regulation of active power 96.3 %, secondary regulation of active power positive 76.9 %, secondary regulation of active power negative 76.9 %, tertiary regulation of active power 3-minute positive 100 %, tertiary regulation of active power 3-minute negative 100 %, tertiary regulation of active power 10-minute positive 100 %, tertiary regulation of active power 10-minute negative 100 %, joint acquisition of tertiary regulation of active power 15-minute positive and reduction of demand 68.9 %, tertiary regulation of active power 15-minute negative and increase of demand 73.1 %).

From March 2020, the crisis caused due to coronavirus pandemic affected also the SEPS requirements for PpS procurement. In the second half of March, after recording a significant drop of electricity consumption and change of load in the electricity system of the Slovak Republic, the requirement for the PpS volume within the daily purchase was re-evaluated so as to reflect reduction of risk of imbalance states in the system in relation to reduction the industrial production in the period March to April 2020. The total incurred costs related to procurement of the PpS availability for the year 2020 amounting to EUR 130 million did not exceed the amount of permitted costs approved by RONI.

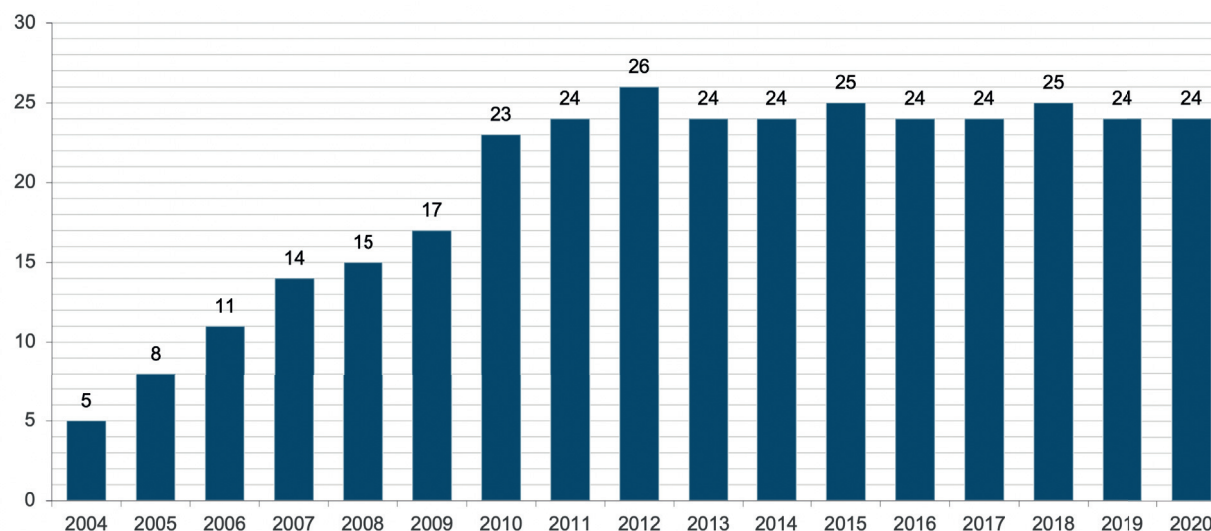
TRADE AND DISPATCHING

In May 2020, in regard to connection of SEPS to the European platform of imbalance netting pursuant to Article 22 par. 5 of the Commission Regulation (EU) 2017/2195 of 23 November 2017 establishing a guideline on electricity balancing (hereinafter referred to as "Commission Regulation (EU) 2017/2195"), the RONI Decision No. 0286/2020/E of 5 May 2020 changed the prices for supply of regulation electricity of the secondary regulation of power (SRV) procured in the IGCC system according to the multilateral contract "Cooperation Agreement on International Grid Control Cooperation".

On 1 October 2020, after expiry of the period of granted exception for the separated procurement of availability of the service of the SRV type in compliance with Article 32 of the Commission Regulation (EU) 2017/2195 based on the RONI Decision No. 0009/2018/E-EU of 6 September 2018 for the period from 18 December 2018 to 30 September 2020 for the PpS availability volume amounting to EUR 2,265,975 MWh, the conditions and technical parameters for provision of the service of the SRV+ and SRV- types including setting of the relevant information system of SEPS for ensuring management of the electricity system of the Slovak Republic as well as business and invoicing systems of SEPS.

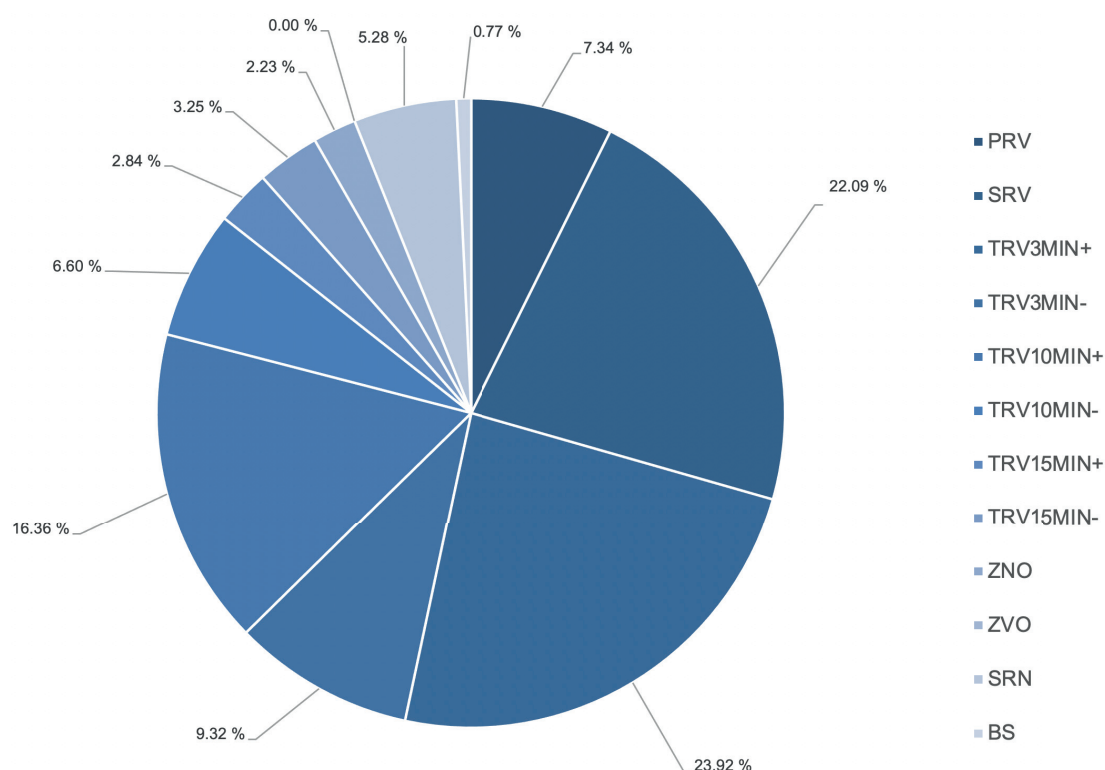
Graphic representation of cost withdrawal for individual types of PpS means a share in total costs incurred for PpS availability in 2020.

Chart 1: Number of Ancillary Service Providers from 2004



TRADE AND DISPATCHING

Chart 2: Share of Cost Drawdown for Particular PpS out of Total Cost Drawdown from January to September 2020



Legend:

PpS

PRV

SRV

TRV3MIN+

TRV3MIN-

TRV10MIN+

TRV10MIN-

TRV15MIN+

TRV15MIN-

ZNO

ZVO

SRN

BS

ancillary services

primary regulation of active(\pm) power and frequency

secondary regulation of active(\pm) power and frequency

tertiary regulation of active power and frequency, 3-minute positive

tertiary regulation of active power and frequency, 3-minute negative

tertiary regulation of active power and frequency, 10-minute positive

tertiary regulation of active power and frequency, 10-minute negative

tertiary regulation of active power and frequency, 15-minute positive

tertiary regulation of active power and frequency, 15-minute negative

takeoff reduction

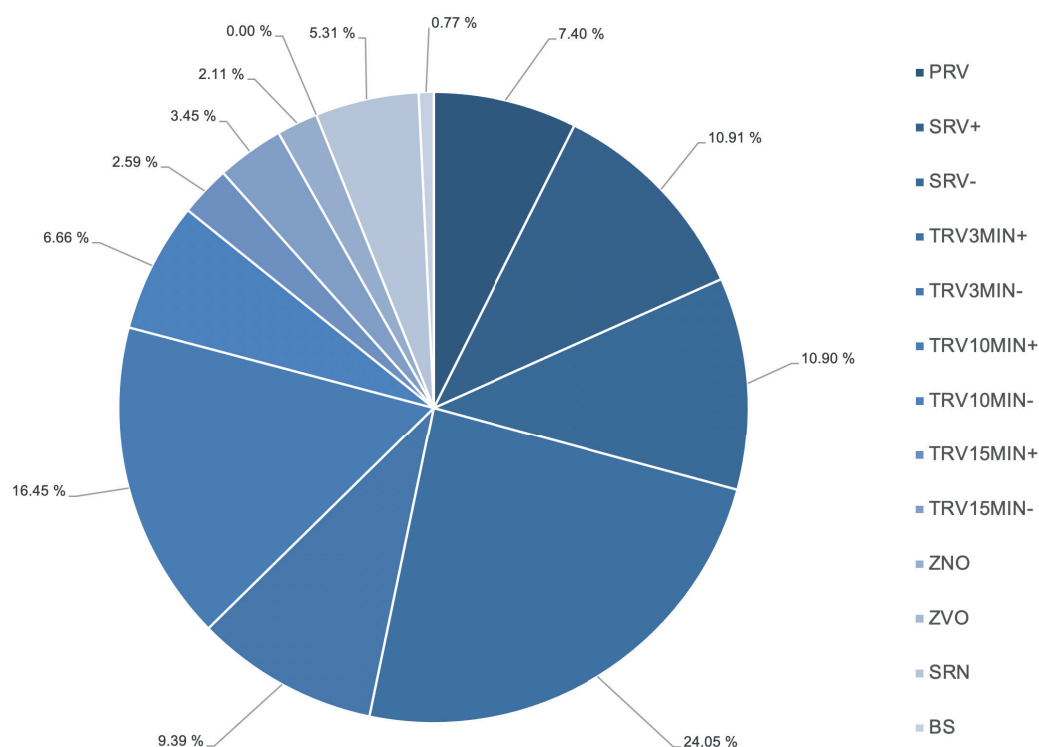
takeoff increase

secondary voltage regulator

black start

TRADE AND DISPATCHING

Chart 3: Share of Cost Drawdown for Particular PpS out of Total Cost Drawdown from October to December 2020



Legend:

PpS

PRV

SRV+

SRV-

TRV3MIN+

TRV3MIN-

TRV10MIN+

TRV10MIN-

TRV15MIN+

TRV15MIN-

ZNO

ZVO

SRN

BS

ancillary services

primary regulation of active(±) power and frequency

secondary regulation of active power and frequency, positive

secondary regulation of active power and frequency, negative

tertiary regulation of active power and frequency, 3-minute positive

tertiary regulation of active power and frequency, 3-minute negative

tertiary regulation of active power and frequency, 10-minute positive

tertiary regulation of active power and frequency, 10-minute negative

tertiary regulation of active power and frequency, 15-minute positive

tertiary regulation of active power and frequency, 15-minute negative

takeoff reduction

takeoff increase

secondary voltage regulator

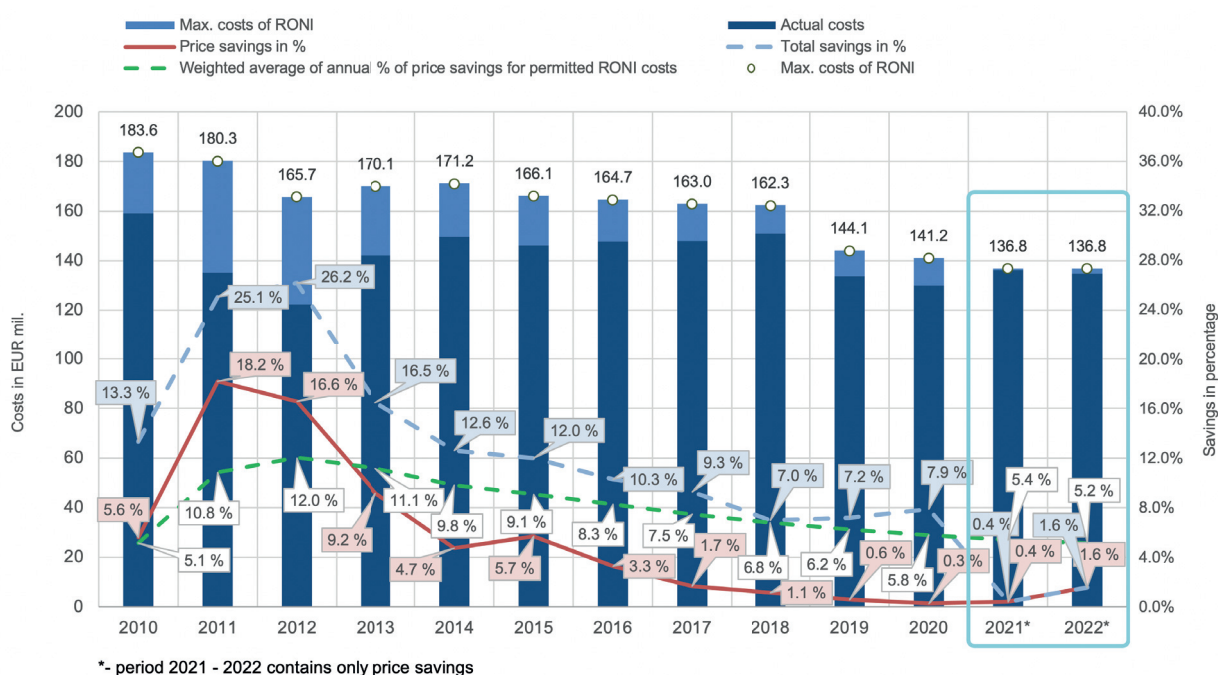
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TRADE AND DISPATCHING

On 21 September 2020, RONI issued the price decision No. 0296/2020/E for SEPS which changed maximum prices for the ancillary service provision for asymmetrical services of the SRV+ and SRV- type for the period from 1 October 2020 to 31 December 2021. The very conditions for provision of the mentioned services including their procurement were modified also in the document called Operational Rules of the Transmission System Operator, Slovenská elektrizačná prenosová sústava, a. s., approved by the RONI Decision No. 0010/2020/E-PP of 28 September 2020.

From 1 January 2020, in regard to implementation of the legislative requirements concerning PpS procurement resulting from the Regulation of the European Parliament and of the Council (EU) No. 2019/943 on the internal market for electricity, SEPS started harmonization of the rules for organizing daily tenders for the ancillary service procurement for the year 2020, for the period from 1 January 2020 to 31 December 2020 in the mode of 7 days which are published on the website www.sepsas.sk.

Chart 4: Overview of Savings at PpS Procurement in the Period 2010 to 2022

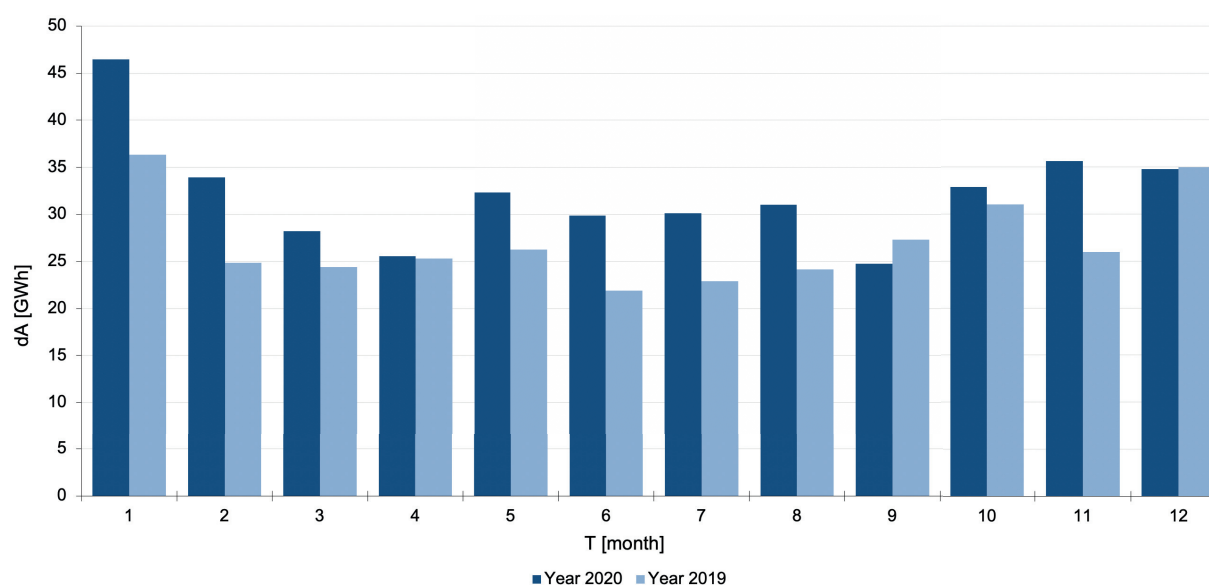


Electricity to Cover Losses at Electricity Transmission

Electricity transmitted via the transmission system is defined as a sum of all electricity inputs in the transmission system including import from the neighbouring systems. In 2020, the transmitted electricity through the transmission system totalled 31,524.325 GWh. It is a year-to-year increase of 0.4 % compared to y. 2019 when 31,394.915 GWh of electricity were transmitted via the transmission system. This increase was caused by the increased electricity production on entry to transmission system (+1.5 % against the previous year), as well as the volume of additional supplies from the distribution system (+32.7 % against the previous year) while the volume of the imported electricity via the transmission system dropped slightly (-1.9 % against the previous year).

Losses in the transmission system are evaluated as a difference between the electricity volume which enters the transmission system and the volume of electricity which exits the transmission system reduced by self-consumption of electricity of the transmission system operator. Losses in the transmission system in 2020 amounted to 385.644 GWh. Compared to the year 2019, it is a year-to-year increase by 18.5 %, when the losses in the transmission system amounted to 325.467 GWh. The share of losses in the transmitted electricity in 2020 was above the limit of 1 % (1.22 %). The highest monthly electricity losses in 2020 were reached in January (46.462 GWh) and the lowest ones in September (24.771 GWh).

Chart 5: Development of Losses in 2020 and 2019



From 1 April 2016, the platform for intraday trading in electricity in the Slovak area used by SEPS for specification of business positions of loss diagrams is available for accounting entities. In 2020, SEPS traded 19,763.2 MWh of electricity on the intraday market to cover losses in the transmission system of which purchase amounted to 10,353.6 MWh and sale amounted to 9,490.6 MWh. Compared to the year 2019, there was more than 1.2-multiple increase of the traded electricity volume on the intraday market.

In 2020, SEPS became a member of the EEX exchange while it financially hedged 3 MW of the quarterly product F PXE SK BL Q04-20 for the year 2020 in order to minimize an open position and risk of prices volatility on the market in electricity.

Dispatch Management

correct prediction of electricity flows and identification of bottlenecks. Based on the forecast models, SEPS performs complex N -1 calculations resulting from the relevant Network Codes and methodologies.

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

Reconfigurations (changes in topology) of transmission system of the Slovak Republic as a means for observation of the basic N-1 security criterion were not activated in 2020 by the SEPS dispatching centre. In 2020 some 400 kV lines were tripped in order to ensure fulfilment of the N-1 criterion in TS. It is especially the V406 Varín – Liptovská Mara line.

In order to observe the prescribed voltage limits and in the context of the valid European legislation, the SEPS dispatching uses all available voltage remedial measures affecting the voltage conditions in ES. The situation in 2020 gradually deteriorated and a small pace of construction of reactors in relation to the growing flows of reactive energy from the distribution systems results in the need of reactive energy dissipation also by means connected to the distribution systems and use of compensation operation of PVE Čierny Váh. The ongoing joint study of SEPS and of big distribution companies tries to describe the options of solution in detail. Pursuant to the European legislation the above-limit voltage must be reported within the interconnected system to other transmission system operators by transition into the state of emergency and resetting of signalling of the state of our system to the red light.

The European Alarm System was activated for several times in 2020. Yellow light (ALERT) of the EAS was activated on 4 September 2020 from 2:58 p.m. to 5:10 p.m. due to unavailability of the business system due to unavailability of internet and on 3 December 2020 from 10:55 a.m. to 12:40 p.m. due to failure to meet the N-1 criterion in ES SR because of unavailability of the 400 kV switchyard in Veľké Kapušany.

Red light (EMERGENCY) of the EAS system was activated on 30 March 2020 from 0:55 a.m. to 5:10 a.m., 11 April 2020 from 0:22 a.m. to 7:12 a.m., 12 April 2020 from 0:35 a.m. to 8:00 a.m., 15 April 2020 from 1:20 a.m. to 5:03 a.m., 30 May 2020 from 1:08 a.m. to 4:05 a.m., 20 June 2020 from 04:22 a.m. to 08:20 a.m., 20 June 2020 from 10:50 p.m. to 21 June 2020 9:20 a.m., 22 June 2020 from 00:20 a.m. to 03:15 a.m., 27 June 2020 from 02:55 a.m. to 06:30 a.m., 28 June 2020 from 1:20 a.m. to 7:25 a.m. due to high voltage in the 400 kV Varín switchyard.

In 2019, the preparation of the Black Start test was carried out which will be executed between the Gabčíkovo hydro-electric power plant (VE) and the Bohunice nuclear power plant (JE EBO), by self-consumption of 4th reactor in 2021. The original date was cancelled due to pandemic situation and the test was shifted to the year 2021.

In 2020, by their activity, the ASZD Department employees provided for reliable, safe, and continuous running of technology of the automated data collection system (ASZD) and information system of business measurement (ISOM) that provides the documents for electricity flow settlement through the transmission system. ISOM collected and provided all data for the needs of securing fulfilment of legislative obligations of TSO especially in the field of measurement, collection, and evaluation of the measured data in individual meter-transfer points of TS, calculation of losses in TS and TSO self-consumption as well as in the area of electricity quality measurement.

In 2020, the works continued within the IPDE system (International Phasor Data Exchange) whose founding members include ČEPS and SEPS and the system has been in routine operation since 2019). Within the organisational-technical security the negotiations were carried out with MAVIR that resulted in signing access forms in compliance with the valid IPDE MLA. With effect from 1 January 2021, MAVIR is another member of the IPDE system. Moreover, the Polish transmission system operator PSE proved interest in the participation in the system. Extension of members of the IPDE system continues by active promotion of the system among the European transmission system operators. Extension of the IPDE system will contribute to increase of the data volume on the current operational situation in the interconnected electricity systems at the time of increasingly growing demands for electricity transmission. It serves for the needs of analyses of various anomalies in the interconnected system and the ways are sought for its use also in real time.

New and refurbished measuring sets were commissioned within the ongoing investment project "400 kV switchyard Rimavská Sobota – extension". Within the project "Refurbishment of Rz 400 kV Bystričany" the measuring sets were embedded and the communication on new measuring points of the meter-transfer point of Bystričany T401 and T401 tert. was enlivened. The corresponding measuring sets were put in complex operation together with the T401, T401 tert., T31 and V483 technologies. Responsible employees of the department performed supervision over the performed works and secured the activities related to commissioning of measuring points.

Several modifications were performed in ISOM, the most significant ones include modifications performed in relation to joining of SEPS to the International Grid Control Cooperation (IGCC) system.

Cross-Border Exchanges

The measured electricity import to ES SR dropped by 2.1 % compared to 2019, the measured export was increased by 9.3 % in 2020. The balance of cross-border flows in ES SR has been in the import direction since 2007. The balance (import) in 2020 was much lower compared to the previous six years, it amounted to 318 GWh (year-to-year index is 18.7 %).

Tab. 2: Measured Cross-Border Electricity Transmissions in the Period 2013 to 2020 in GWh

- GWh -	2013	2014	2015	2016	2017	2018	2019	2020
Import	10,719	12,963	14,968	13,249	15,565	12,544	13,539	13,288
Export	10,628	11,862	12,611	10,598	12,535	8,747	11,839	12,970
Balance (import)	91	1,101	2,357	2,651	3,030	3,797	1,700	318

Procured Regulation Electricity.

By activation of the ancillary services SEPS provides for balance between the electricity production and consumption on the territory of Slovakia. It is one of the SEPS tasks as the TS operator. The result of the ancillary service activation is the procured regulation electricity. Similarly as in 2019, also in 2020 the volume of negative regulation electricity (RE) significantly prevailed over the volume of positive regulation electricity, more than two times. Monthly volumes of the negative RE prevailed over positive RE during the entire

year 2020. In 2020, the volume of positive RE was 89,256 MWh (year-to-year index is 82.3 %) and volume of negative RE was -199,875 MWh (index of 98.9 %). The volume of the procured positive RE in 2020 was the lowest since 2006 (beginning of RE volume evaluation).

Grid control cooperation (e-GCC/IGCC)

The goal of the e-GCC / IGCC systems is to optimize activations of the secondary regulation power of the cooperating TSOs. If the requirement for SRV activation is in the reverse direction than with participating operators, the exchange of the regulation electricity among operators occurs thus preventing reverse activation of SRV in the participating control areas.

In 2020, the operation of the e-GCC system was phased-out. At first, on 9 March 2020, MAVIR disconnected from the e-GCC system and ČEPS and SEPS continued in cooperation within e-GCC. On 12 May 2020 at 11:44 p.m. e-GCC system expired when SEPS terminated the long-term cooperation in the e-GCC system in order to get connected to the IGCC system. The e-GCC operation lasted for more than eight years without interruption. It officially commenced on 8 March 2012, by a trial operation preceded by a test operation from 19 January 2012. After termination of the successful trial operation in June 2013, the e-GCC system was operated further until the termination date. Primarily, the e-GCC system consisted of two TS operators (SEPS and ČEPS) to which MAVIR joined on 23 April 2013.

On 13 May 2020, at 10:00 a.m., SEPS connected to the IGCC system as the 17th participant (TSO). From that date, procurement of regulation electricity from the IGCC started in real time. The main objective of the IGCC system is optimization of the secondary regulation of power activation (SRV/aFRR) of the transmission system operators actively connected in the IGCC system (as well as it was in the e-GCC system).

In 2020, there were 51,410 MWh (positive RE) imported and 92,933 MWh exported into ES SR from the e-GCC and IGCC systems. Procurement of RE from the IGCC system in regard to the number of participating TSOs reached higher volumes of RE compared to the e-GCC system. Against the year 2019, these were approximately double monthly volumes of positive and negative RE. The year-to-year indices of procured RE from the e-GCC and IGCC systems were in case of positive RE 164.5 % and in case of negative RE they reached 156.1 %. The share of positive RE from the e-GCC and IGCC systems in total positive RE procured from SRV was in 2020 at the level of 62.4 % (in 2019 it was 31.6 %). Negative RE from the e-GCC and IGCC systems in total negative RE from SRV in 2020 formed

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48.5 % (in 2019 it was 30.8 %). Significantly higher shares of negative and positive RE from the e-GCC and IGCC systems in the total supplied RE from SRV in 2020 were caused due to connection of SEPS to the IGCC system.

Load of ES SR

In 2020, the peak load of ES SR was lower than in 2019. The inter-annual index of the annual peak load was 98.1 %. Annual maximum was similarly as in 2019 recorded in January. Annual minimum was in the same month as in 2019, in April, on the Easter Monday. The statistics of peak and minimum load serves for the purposes of comparison with the historical data based on the immediate hourly data.

Tab. 3: Peak and Minimum Load of ES SR in 2020

	Date	Hour	Load	Difference /2020 – 2019/
Peak	24 January	09:00 a.m.	4,485 MW	-86 MW
Minimum	13 April	03:00 a.m.	2,009 MW	-240 MW

Chart 6: Share of Generators in the Electricity Generation of Slovakia in 2019 and 2020

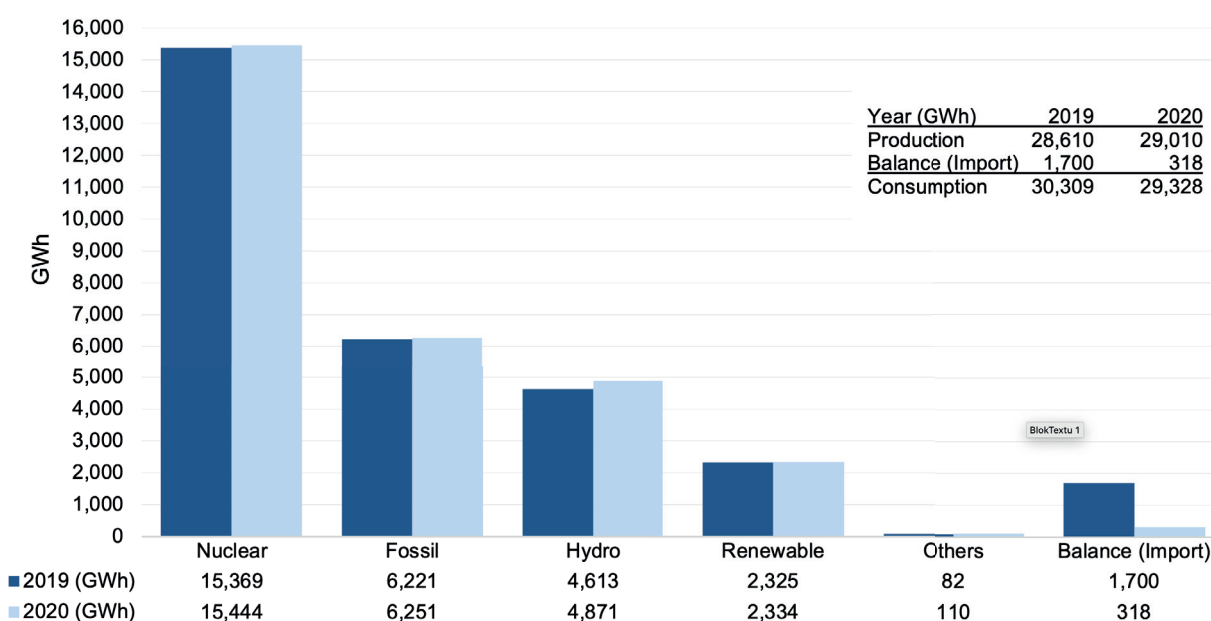


Chart 7: Share of Generators in the Electricity Generation of Slovakia in 2020

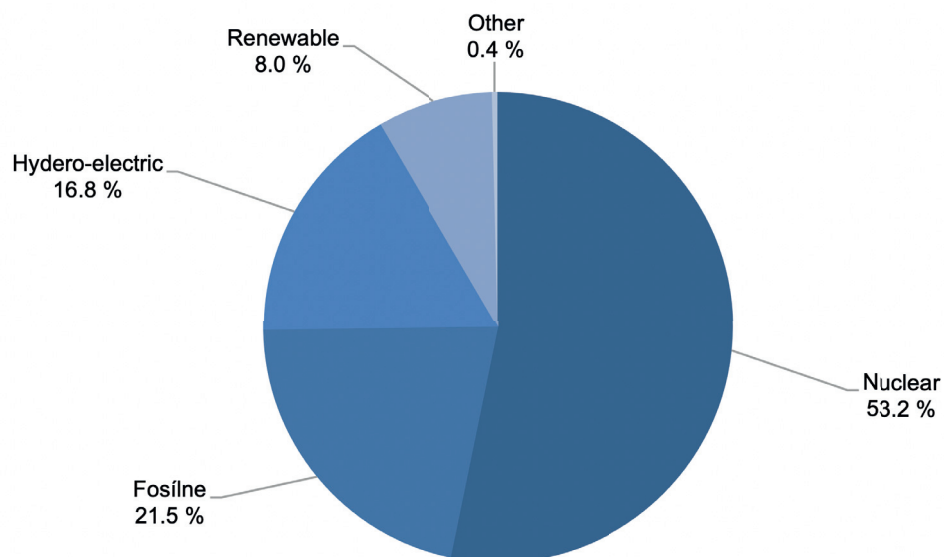
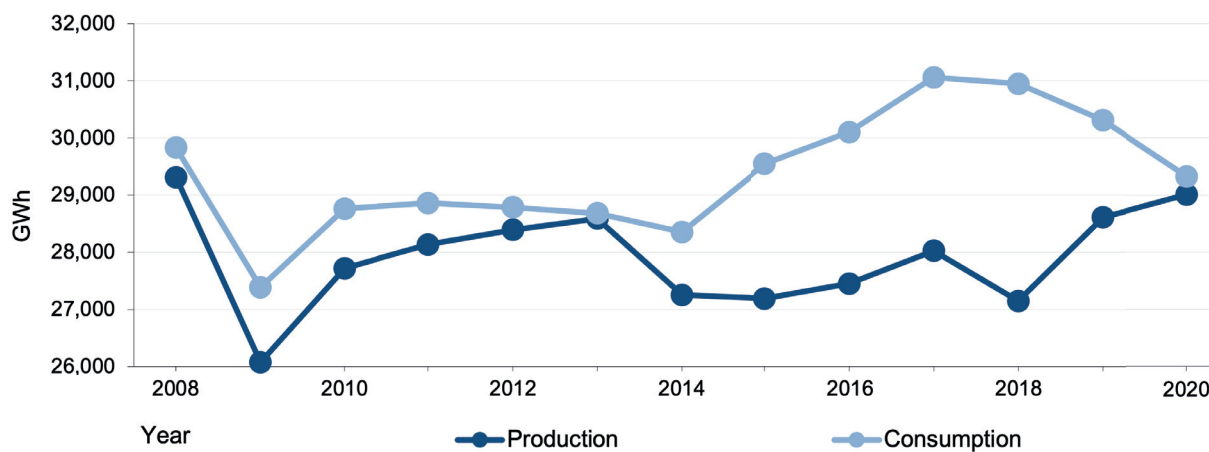


Chart 8: Annual Electricity Production and Consumption in Slovakia in the Period 2008 – 2020



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Chart 9: Weekly Peak Loads of ES SR in the Period 2018 – 2020

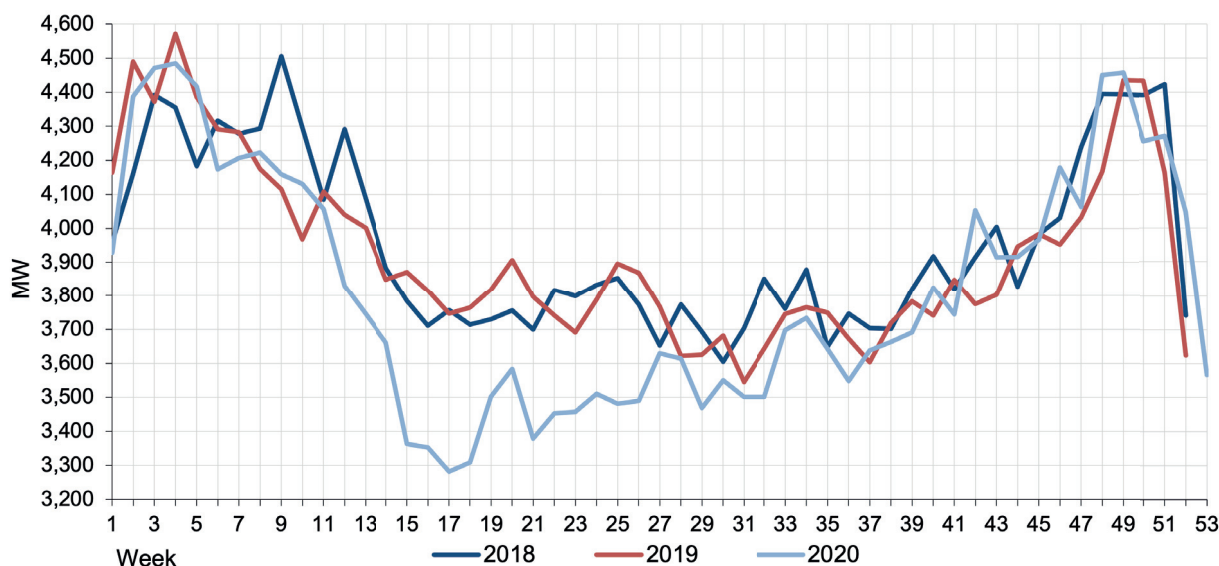
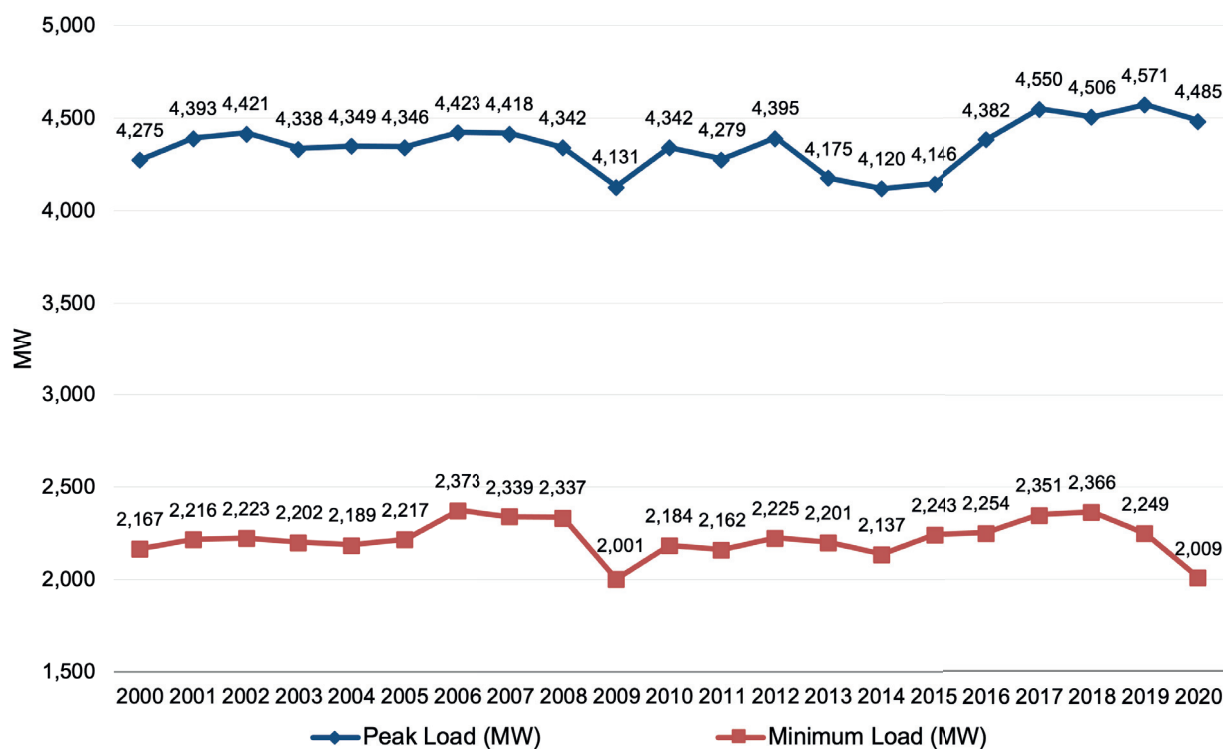


Chart 10: Annual Peak and Minimum Loads of ES SR in the Period 2000 – 2020



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Chart 11: Measured Monthly Cross-Border Balance in ES SR in the Period 2019 – 2020

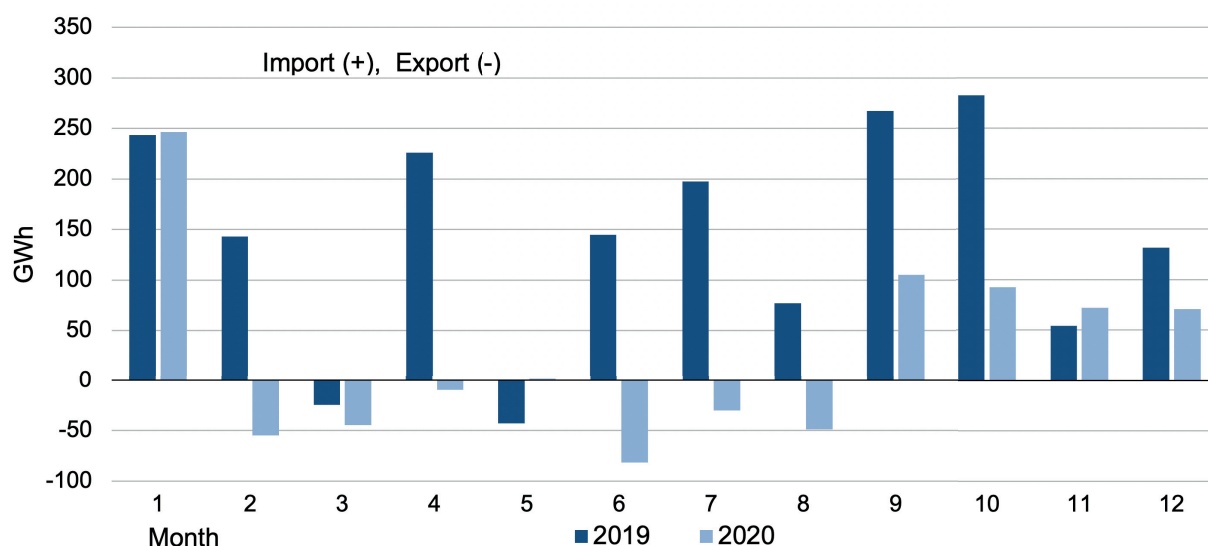
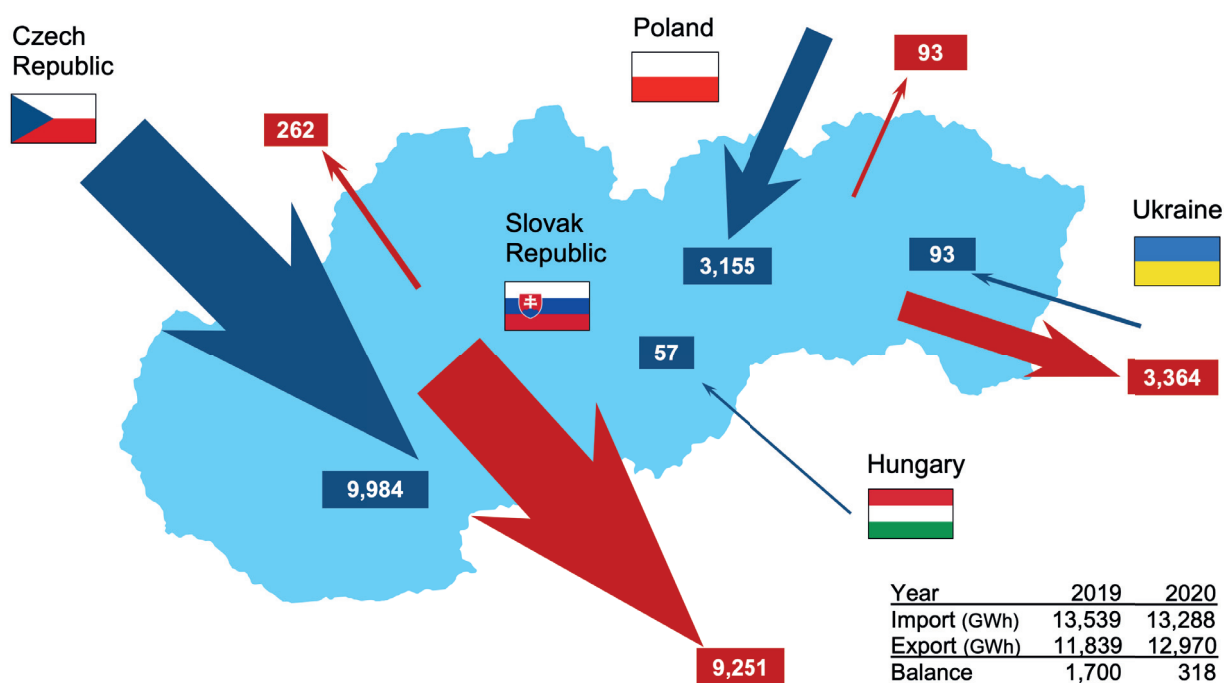


Chart 12: Measured Cross-Border Electricity Transmissions in ES SR in 2020 in GWh



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Chart 13: Measured Cross-Border Transmissions in ES SR in the Period 2008 – 2020

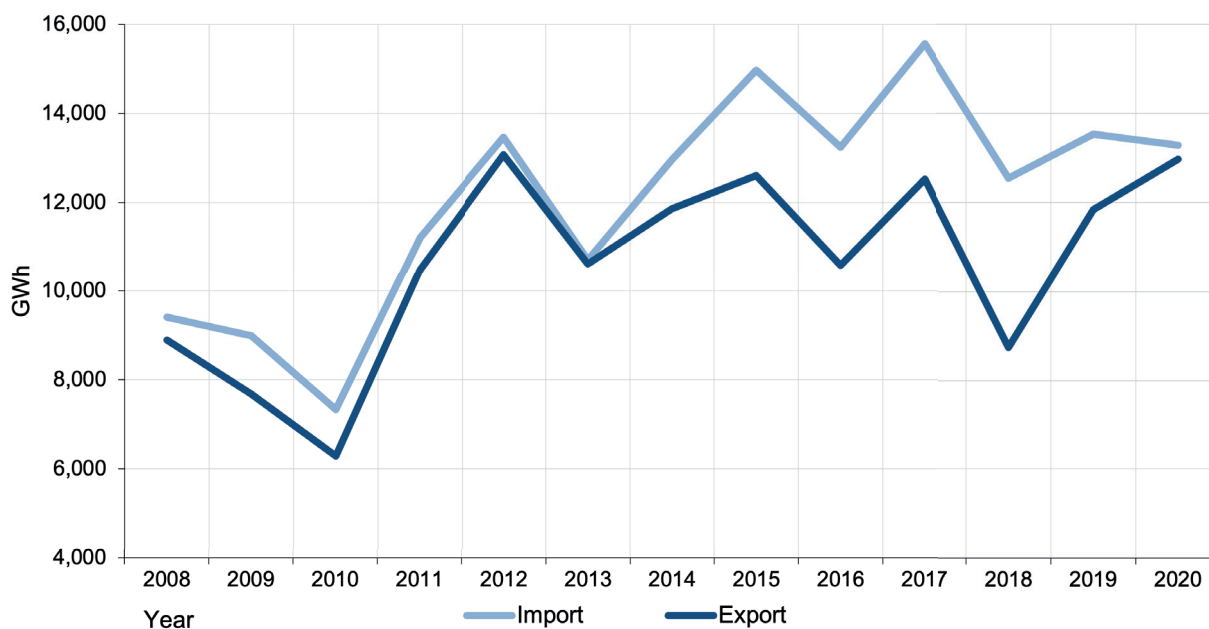


Chart 14: Monthly Volumes of Procured RE for ES SR in 2020

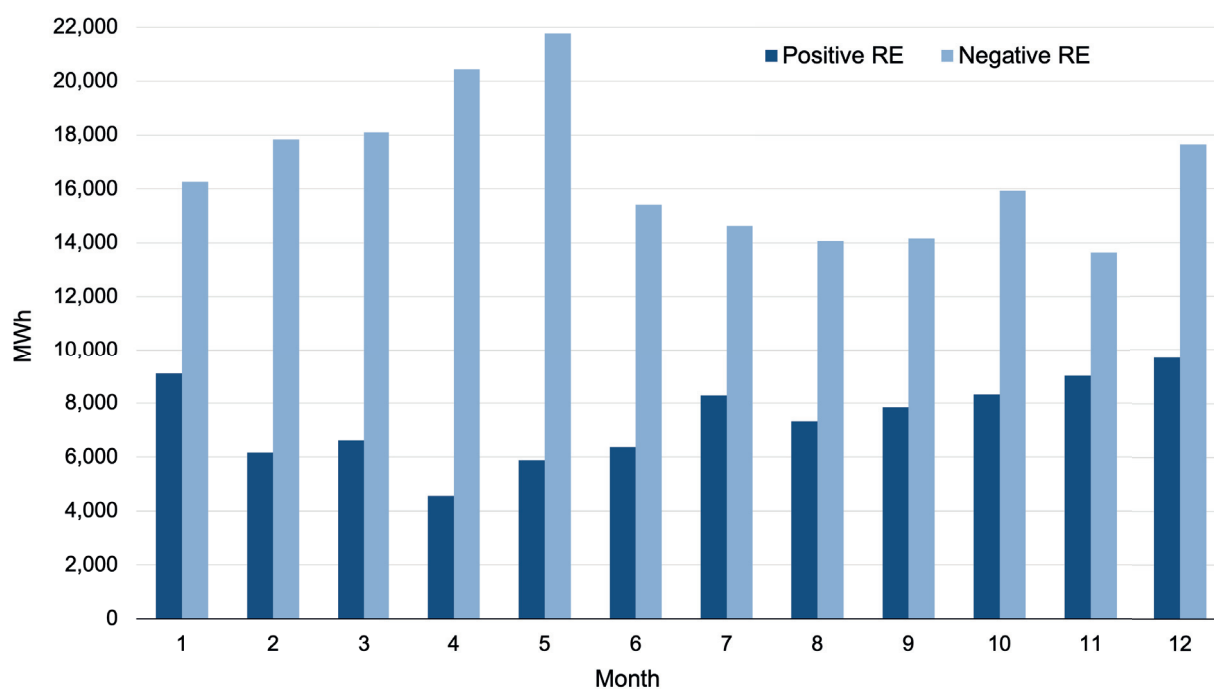
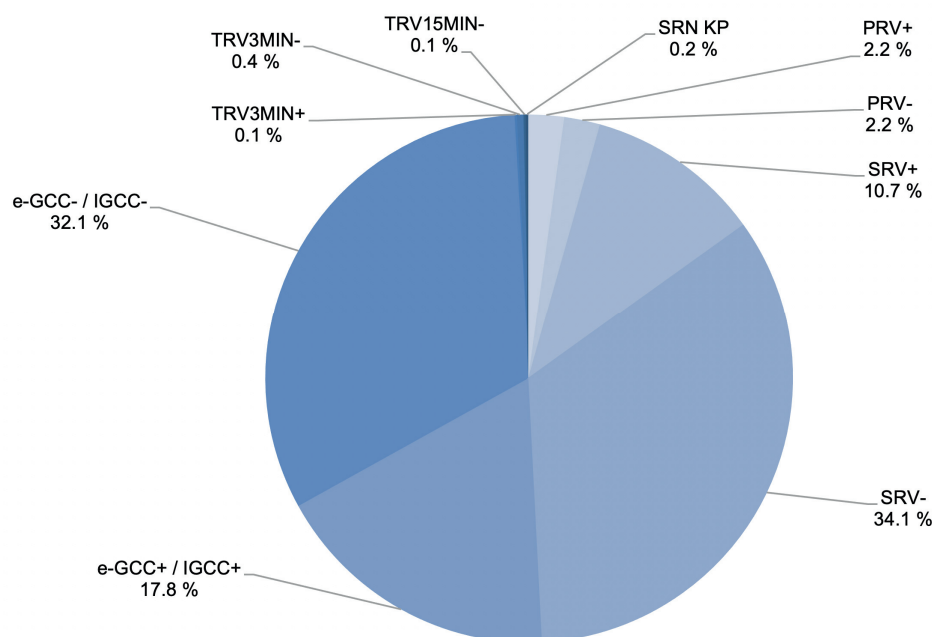


Chart 15: Share of Procured RE for ES SR in 2020 (%)



SUBSIDIARY OKTE, a. s.

OKTE, a. s., has been operating on the Slovak market in electricity for ten years. During this period its significance and activities were gradually extended up to the range of the current manifold portfolio of the provided services. After its establishment, the company took over from Slovenská elektrizačná prenosová sústava, a. s., the activities covering organization and evaluation of the short-term market in electricity and imbalance settlement. This resulted in full separation of activities of the market organizer from the activities of the transmission system operator. Based on the approaching tenth anniversary of the company incorporation, it is possible to evaluate OKTE, a. s., as an important entity on the Slovak market in electricity with broad coverage providing its services for all market participants including state administration bodies.

Portfolio of Services

The services provided by OKTE, a. s., on power engineering market unambiguously lead to increase of its significance. The services provided are defined by the European and Slovak legislation, especially by Act No. 251/2012 Coll. on Power Engineering and on amendment of certain acts, as amended (Energy Act), as well as by Act No. 309/2009 Coll. on Promotion of Renewable Energy Sources and High Efficiency Combined Generation and on amendment of certain acts, as amended (Act on RES Promotion) and by secondary and tertiary legislation.

Under the valid legislation, OKTE, a. s., shall be responsible for:

- organization and evaluation of the organized short-term cross-border market in electricity,
- administration and collection of the measured data,
- imbalance settlement and settlement or regulation electricity,
- central invoicing,
- organising and settlement of promotion of electricity production from renewable energy sources and electricity production by high efficiency combined generation,
- registration, transition and organising the market including guarantees of origin of electricity from renewable energy sources and guarantees of electricity produced by high efficiency combined generation (hereinafter referred to as "Guarantees of Origin").

At performance of its activities, OKTE, a. s., actively cooperates with several state institutions (Ministry of Economy of the Slovak Republic, Regulatory Office for Network Industries, Statistical Office of the Slovak Republic etc.), with the transmission system operator (Slovenská elektrizačná prenosová sústava, a. s.), with distribution system operators and with other market participants.

International Cooperation

In compliance with the requirements of the European Commission Regulation No. 2015/1222 establishing a guideline on capacity allocation and congestion management (so called CACM Regulation), OKTE, a. s., performs the function of the nominated electricity market organizer (hereinafter referred to as "NEMO") and it takes an active part in fulfilment of the requirements resulting from this Regulation related especially to development, implementation, and operation of the single coupling of the cross-border day-ahead and intraday market in electricity within the European Union. Upon performance of the NEMO function, the company actively cooperates with foreign partners across EU within various managing structures for the day-ahead and intraday market, as well as various regional projects aimed at development of the single market in electricity. One of the most significant associations within which OKTE, a. s., is an active member, is a committee associating all NEMOs within EU, i.e. NEMO Committee. Moreover, it communicates and cooperates with institutions in the Slovak Republic and the European Union, with the association of European transmission system operators (ENTSO-E), with the Agency for Cooperation of Energy Regulators (ACER) and others. OKTE, a. s., is from 22 November 2011 a significant member of the international association of exchanges and market organizers - Europex.

Transparency of the Wholesale Market

OKTE, a. s., operates so called registered reporting mechanism (RRM), from 20 August 2015. According to the European Commission Implementing Regulation No. 1348/2014 it is based directly on the applicable EU legislation on integrity and transparency of the wholesale energy market (so called REMIT) which imposes an obligation on the organized market places to provide for reporting of data on the traded transactions to ACER. At the same time, OKTE, a. s., provides for mediation of data reporting on wholesale contracts on behalf of the transmission system operator and participants of the market in electricity and gas.

Development of the Subsidiary Company

Development of the Day-Ahead Market Business Platform

Within enhancement of quality of the provided services, OKTE, a. s., started modification of the product portfolio provided within the business platform for the day-ahead market in electricity. From 1 June 2020, a new product – block purchase order is available for the day-ahead market in electricity participants.

Concurrently, in 2020, OKTE, a. s., commenced works on the larger modification of the product portfolio for the day-ahead market in electricity aimed at provision of the market participants with further options of trading by using more complex and more flexible products. New products the company implemented last year include simple block orders, flexible hourly orders, linked block orders and exclusive groups of block orders. Deployment of these products is planned in the first half of 2021.

Development of the Single Market in Electricity

In 2020, the company was actively participating in the activities related to development, implementation, and operation of the single coupling of cross-border day-ahead and intraday market in electricity within the European Union.

Moreover, last year, OKTE, a. s. actively participated in several projects in the field of the day-ahead market development leading to creation of a single day-ahead market in electricity which would allow the participants to trade in electricity within the entire EU. In order to meet this goal, two big wholes must be coupled that currently work as coupled day-ahead markets – 4M Market Coupling (4MMC) and so called Multi Regional Coupling (MRC) associating the countries from the West, North and South Europe.

Two projects follow this ambition: the project of the market coupling 4MMC with Germany, Austria and Poland and the Core Flow-based Market Coupling project. The first faced challenges in 2020 related to planning and availability of human resources of foreign partners due to concurrence of several projects at the European level. After thorough reworking of the plan of project activities, the time shift occurred in the project against the original plan and the project commissioning was shifted from 2020 to the second quarter 2021. In 2020, however, the implementation phase was successfully completed within the project while the project parties will start testing of individual systems already in January 2021.

Within the other project, Core Flow-Based Market Coupling, the implementation phase as well as many other activities related to the complex technical infrastructure of the project continued in 2020. Furthermore, this project was influenced by the demanding discussions on the project planning within a single day-ahead market in electricity in the EU while the planned commissioning was shifted to the first quarter 2022.

The development activities of OKTE, a. s. in 2020 covered also intraday market in electricity, especially with regard to further development of the platform of the interim intraday cross-border trading. In compliance with this development, OKTE, a. s., became a full member

of the association for implementation, development and operation of the single coupling of intraday markets (SIDC) with effect from 1 January 2020. On 7 July 2020, the decision committee, Intraday Steering Committee of the SIDC project approved creation of the Local Implementation Project 17 (LIP 17) through which implementation of the interim intraday trading on the borders of the SK-CZ, SK-PL and SK-HU bidding zones will be carried out. The members of LIP 17 are transmission system operators and nominated electricity market organizers from Slovakia, the Czech Republic, Poland and Hungary.

Human Resources

In the course of the year 2020, new activity of accounting and administration of promotion for RES and high efficiency combined production (VÚKV) and guarantees of electricity origin started. In regard to this fact, it was necessary to consider increase of human resources to ensure these legislative obligations. During the analyses of the need of new workforce, the company stemmed from the quantity and demandingness of the work planned for the year 2020 in the field of operation and support of the existing systems as well as qualified estimates of demandingness at operation security while it will be necessary to reorganize and in some cases to strengthen the existing units, especially in the area of international cooperation and data management. The average number of the company employees in 2020 was increased to 43.

Company Operation

Information Technologies

To ensure fulfilment of the main activities resulting from the legislation, OKTE, a. s., operates the XMtrade®/ISO information system which contains the following functions:

- ISZO – imbalance biller information system,
- ISOT – market organizer information system,
- ISOM – information system of measurement operator,
- ISCF – information system of central invoicing,
- IMS – information system for intelligent measurement systems,
- RRM – information system of registered reporting mechanism,
- ISOZE – information system of renewable sources of electricity,
- ISZPE – information system of guarantees of origin.

Except for the XMtrade®/ISO system, OKTE, a. s., uses also the SAP economic information system and the office information system based on MS SharePoint 2016 and Office 365.

Safety and reliability, fulfilment of ISO standards

In the field of ensuring safe and reliable operation of the information system, in compliance with the main strategic goals of the company, also in 2020, the OKTE management made maximum efforts to ensure trouble-free and safe operation of those systems. This goal has been fulfilled since the information system did not experience any unplanned failure of service provision during the entire year 2020. OKTE, a. s., ensures the reliability and sufficient security inter alia by thorough fulfilment of the technical, legislative and administrative requirements of the international ISO/IEC 27001:2013 standard. The company has successfully conducted another periodical audit the result of which is the guarantee of data protection stored and processed in the information systems against unauthorized access, damage, loss, misuse, or theft as well as the guarantee of fulfilment of the requirements from the ISO/IEC 9001:2015 standard thus contributing significantly to enhancement of quality of internal processes and quality of outputs from them.

Transfer of technical infrastructure to new data centres

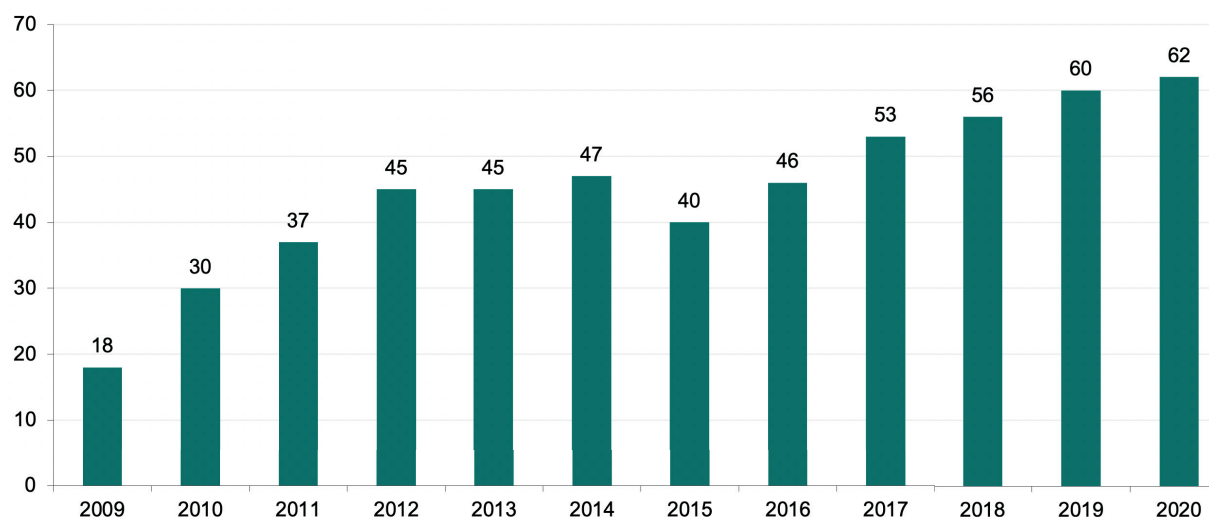
In the course of 2020, successful execution of the second phase of moving the technical infrastructure from the premises of the data centre of Slovenská elektrizačná prenosová sústava, a. s., to the premises of the professional data centre was executed. This activity was carried out without any interruption of the services provided.

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

OKTE, a. s., uses the ISOT information system for organization and evaluation of the short-term market designed especially for this function.

In 2020, there were 62 participants registered in the ISOT information system.

Chart 1: Development of the Number of Registered Participants of the Organized Short-Term Cross-Border Market in Electricity from the Year 2009



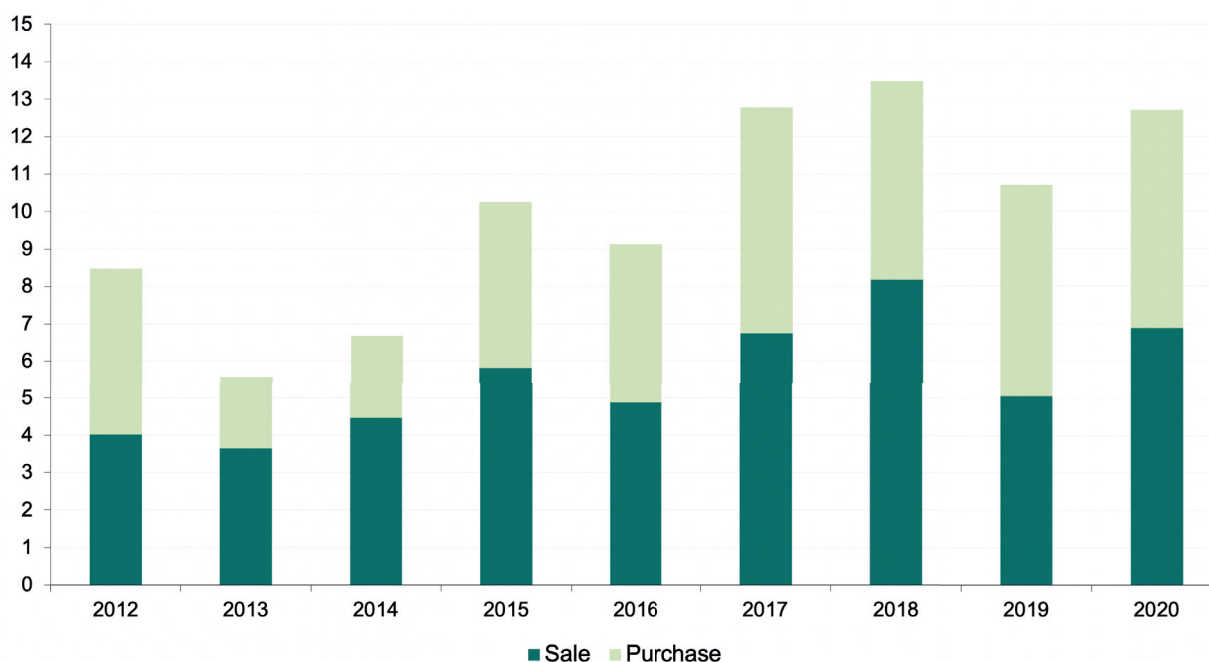
Day-Ahead Market in Electricity

On the day-ahead market in electricity, the market participant may sell or purchase electricity anonymously for each out of 24 hours of the following business day. Order registration is performed on the previous calendar day preceding the business day by 11 a.m.. The result of the order matching for every hour is a fixed marginal price. Average price of trades on the day-ahead market in 2020 was EUR 34.01.

Operation of the ISOT information system within 4MMC in 2020 was carried out without serious operating errors or incidents. Organization, evaluation, accounting, and settlement of the short-term market were carried out on a daily basis with the final monthly settlement.

The volume of the traded electricity on the short-term market in SR recorded an increase in 2020 compared to the previous year when the total volume of the traded electricity amounted to 12.710 TWh, what is by 2.007 TWh more than in 2019.

The traded amount for sale reached the level of 6.875 TWh and the traded volume of electricity for purchase reached the level of 5.834 TWh.

Chart 2: Development of the Total Traded Volume in TWh from the Year 2012

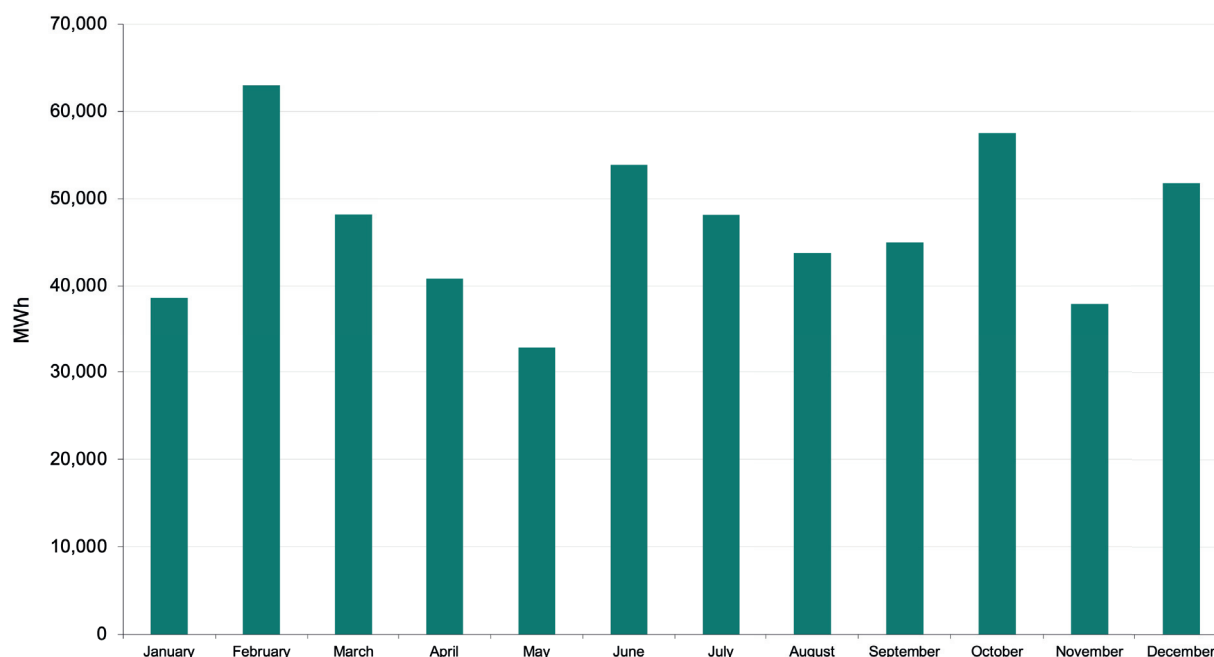
Intraday Market in Electricity

Within the interim intraday trading in the Slovak bidding area (hereinafter referred to as "intraday market") which is successfully operated by OKTE, a. s., since 2016, the orders are received from the market participants continuously and they are gradually matched anonymously using the intraday market evaluation algorithm.

Commencement of electricity trading with supply in business periods of the business day is at 3 p.m. of the calendar day prior to the business day. Termination of intraday trading for every business period is 60 minutes prior to commencement of electricity supply in the respective business period. If it is a block order, termination of intraday trading is 60 minutes prior to commencement of electricity supply for the first business period from the respective block.

The volume of trades concluded in 2020 amounted to 561,540 MWh while in 2019 it amounted to 376,430.8 MWh. The biggest traded volume of electricity was achieved in February, i.e. 63,004.6 MWh. An average price of the trade amounted to 35.08 €/MWh. The offered volume of electricity for purchase reached the value of 824,523.1 MWh and the value of 709,851.2 MWh for sale.

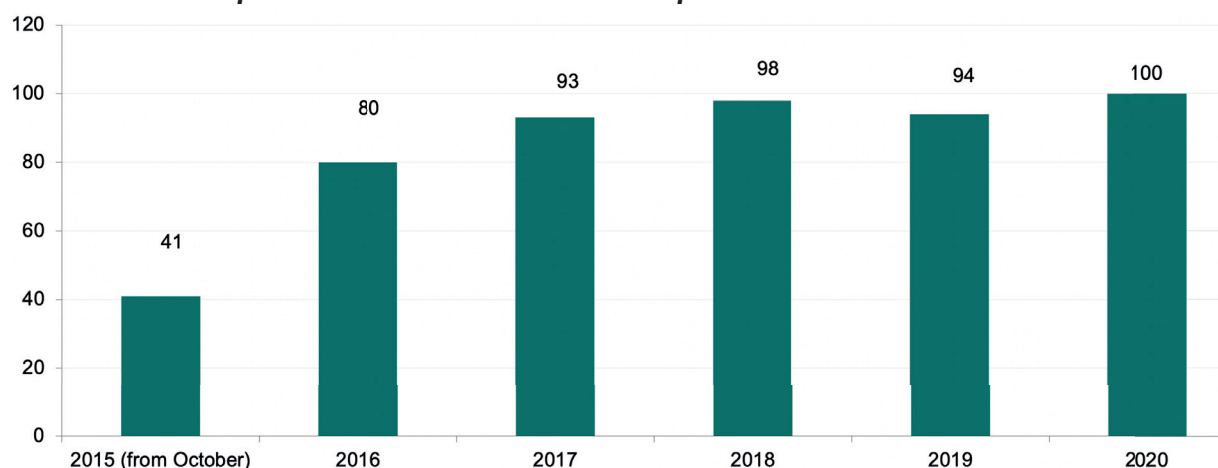
Chart 3: Traded Volume in Intraday Market in MWh in 2020



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

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

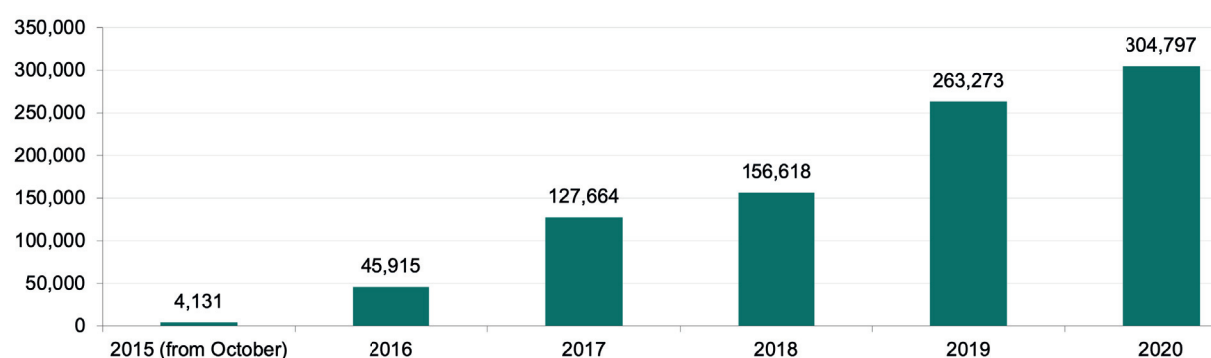
In 2020, there were 100 participants of the registered reporting mechanism (RRM) in the information system. The aforementioned figure means more than a double increase of the number of participants since reporting launch in 2015.

Chart 4: Development of the Number of Participants in RRM

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

In 2020, there were 304,797 reports registered in the RRM information system. User accounts that allow them to access the report modules are established for each registered market participant. The user may see the current state of report entry and may export XML files with confirmation of the report receipt from the ACER system. In case of rejection of the report by ACER, the RRM information system notifies the market participant by e-mail.

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

Chart 5: Development of the Number of Reports Registered in the RRM System from the Year 2015

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

OKTE, a. s., has been successfully performing collection, administration, and makes the measured data available, along with central invoicing of fees related to the system operation especially under the Energy Act and other legislative regulations since 2014.

Administration and Collection of the Measured Data

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

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

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

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

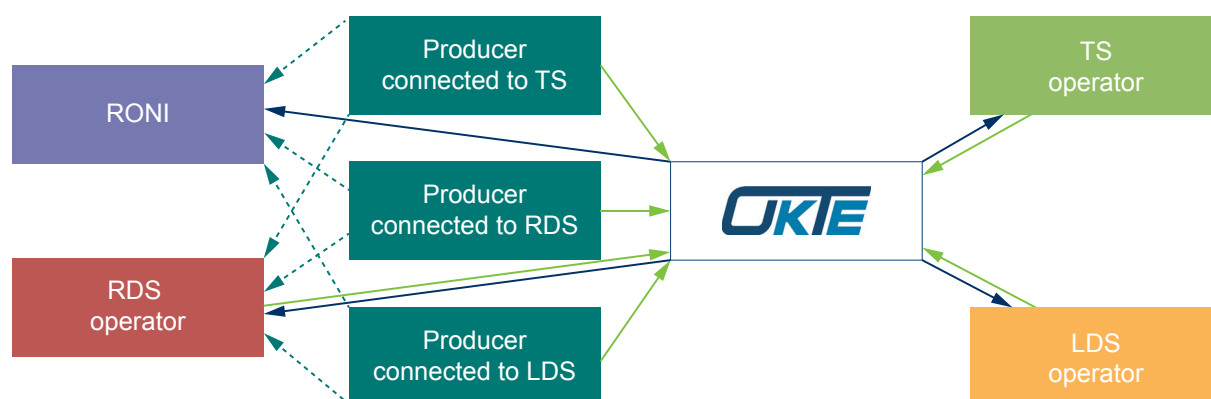
Reference Database of the Measured Data

Based on the practise related to execution of management and collection of measured data and central invoicing in the period between 2014 and 2020 it is obvious the legislative environment and collaboration of the participants of the market in electricity is a key topic.

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

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

Fig. 1: Scheme for Data Provision Within the Reference Database



— Data provided to OKTE according to the applicable legislation

— Data shared according to the proposal for legislation amendment

- - - Data provided by the electricity producer which can be replaced by data sharing

Note:

RONI – Regulatory Office for Network Industries

TS – transmission system

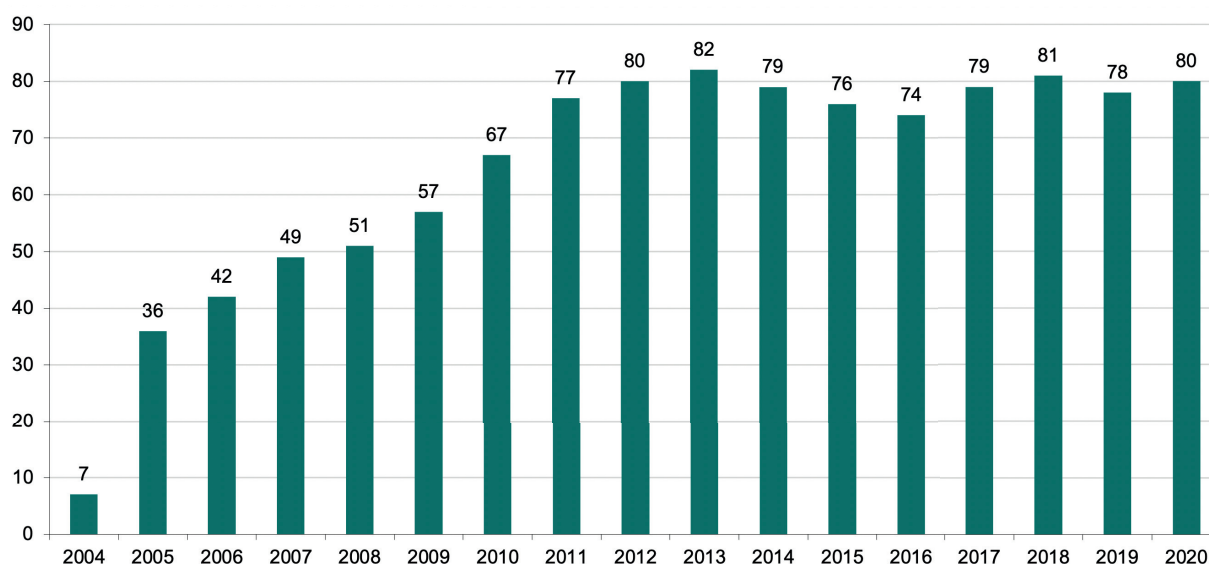
RDS – regional distribution system

LDS – local distribution system

Imbalance Settlement and Settlement of Differences

In the course of 2020, there were 80 accounting entities of imbalance settlement registered in the ISZO information system. Imbalance settlement was carried out in the decade, monthly, and final cycle while the final imbalance settlement was performed two months after the end of the respective month.

Chart 6: Development of the Number of Accounting Entities from the Year 2004



Furthermore, OKTE, a. s., performs evaluation and settlement of imbalances:

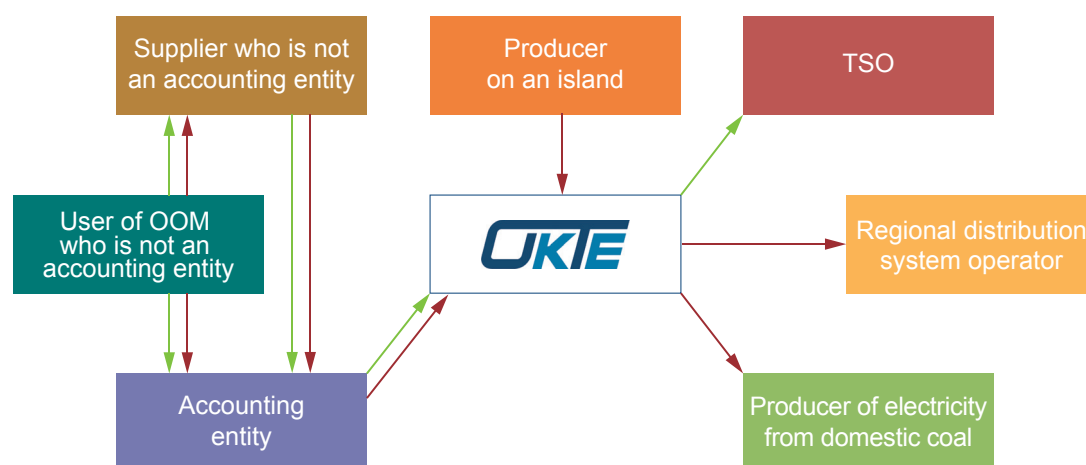
- among nomination and measured values of electricity demand and delivery with OOM not equipped with continuous metering,
- among the last known values of electricity losses in the system and the values of electricity losses in the system determined based on readings of specified meters if the operator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

From 1 December 2014, the settlement of imbalances is performed based on readings about which OKTE, a. s., learnt by the date of the monthly imbalance settlements with the reading date not later than the end of the previous month which were not considered in the previous imbalance settlement and, concurrently, it is not correction of readings considered in some of the previous imbalance settlement.

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

Since 2014, pursuant to the Energy Act, OKTE, a. s., using the ISCF information system performs invoicing of charges collected from the accounting entities and based on the amendment of the market rules, from 1 September 2020, also from producers operating the electricity generating facility which is not connected to the system and which is permanently separated from the system based on tariffs related to the system operation and their subsequent redistribution to the claimer of those charges. OKTE, a. s., collects fees for system services based on the tariff for system services (TSS) and fees for the system operation based on the tariff for the system operation (TPS). Within the ISCF system the sets are calculated and published serving as a basis for invoicing against the accounting entities on behalf of the participants of the market in electricity to which fees are paid under the respective tariff by the company. During the entire year 2020, the volume of EUR 135,147,246 was invoiced via the ISCF system based on the TPS (tariff for the system operation) and the volume of EUR 520,285,885 was invoiced based on TPS tariff.

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



Payment based on TSS (tariff for system services)

Payment based on TPS (tariff for the system operation)

New Activities in OKTE, a. s.

Based on the valid legislation, OKTE, a. s. took over several important functions on the market in electricity in Slovakia in 2020, especially due to adoption of Act No. 309/2018 Coll. which amends Act No. 309/2009 Coll. on Promotion of Renewable Energy Sources and High Efficiency Combined Generation and on amendment of certain acts, as amended and which amends certain acts (amendment to the Act on RES Promotion).

These are especially the activities of the electricity promotion biller generated from energy renewable sources and combined electricity and heat production. From 1 January 2020, transfer of competences in regard to registration of guarantees of electricity origin from RES and VÚKV from the Regulatory Office for Network Industry to OKTE, a. s. occurred. Thirdly, based on the decision of the Ministry of Economy of the Slovak Republic on "promotion of services in regard to compulsory repurchase of electricity from RES" the OKTE, a. s. portfolio was extended by the administration of promotion by repurchase while in 2020 competences of three regional distribution systems related to this type of promotion were transferred to the company as well as to the obliged purchaser as a new market participant. All three projects were despite their complexity and demanding implementation successfully completed and OKTE, a. s., launched all new activities into operation in 2020.

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

Amendment of the Act on RES Promotion identified OKTE, a. s., as a biller of promotion from 1 January 2020. OKTE, a. s., in a new function of the promotion biller administers the promotion by the additional payment and surcharge for the endorsed producers. The company pays remuneration to the obliged purchaser ensuring the compulsory repurchase of electricity and, concurrently, it administers promotion of repurchase in cooperation with the obliged purchaser for generators including the entitlement to promotion by repurchase and by assumption of responsibility for the imbalance.

In the course of the entire year 2020, OKTE, a. s., performed the activities of the promotion biller by the additional payment and promotion administration of the compulsory repurchase. The first months were characterized by additional explanation and education of producers on functioning of the new ISOZE information system. The transition to the new calculation method of the additional payment encountered substantial misunderstanding in the first months, however, the situation got stabilized in the course of the year and the number of erroneous reports and repairs was decreased gradually. The actual operation

of the ISOZE information system brought about several proposals for improvement which were implemented gradually. Finally, improvement of processes resulted in trouble-free operation of the entire ISOZE information system.

Guarantees of Electricity Origin

From the beginning of 2020, OKTE, a. s., is responsible for registration and issuance of guarantees of electricity origin from renewable energy sources and electricity produced by high efficiency combined generation. OKTE, a. s., provided for transition of competences from the Regulatory Office for Network Industries by operation of registration of so called national guarantees of origin and registration of guarantees of origin certified by the European-wide scheme EECS (European Energy Certificate System). After successful certification from the Association of Issuing Bodies – AIB, on 5 February 2020, OKTE, a. s., successfully launched the ISZPE information system which administers registration of the EECS guarantees of the origin. This system was constantly improved in the course of the year, the launch of the first auction for guarantees of origin on 5 November 2020. At the end of the year, OKTE, a. s., was subject to the audit by AIB.

Reports on the Property State and Economic Results

In the period from 1 January 2020 to 31 December 2020, OKTE, a. s., reached the pre-tax economic result amounting to EUR -90,946 thousand (loss). From 1 January 2020, OKTE, a. s., became the biller of promotion for producers of electricity from RES and VÚKV. The loss incurred was caused by the deficit in the system of promotion of electricity production from RES and VÚKV.

Reciprocity of costs and revenues was in case of the activity of the biller of promotion of electricity production from RES and VÚKV significantly disturbed in 2020. In 2020, OKTE, a. s., was unable to select sufficient amount of resources to cover the costs for promotion in the form of additional payment based on the TPS tariff what resulted in accumulation of the system deficit in the course of 2020. The deficit was caused by incorrect regulation as well as by impacts of measures against the Covid-19 pandemics.

The incurred deficit was addressed in the course of 2020 in the form of external bank financing and financing from the parent company, SEPS, a. s., and later by the subsidy in capital funds from the parent company, SEPS, a. s., in the amount of EUR 130 million. In 2020, OKTE, a. s., reached operating revenues from fees and tariffs for provision of

regulated services at the level of EUR 10.450 million and operating costs at the level of EUR 9.018 million what means an operating profit at the level of EUR 1.432 million. The highest share from operating costs is attributed to the costs of information technologies and depreciations of the long-term assets. The company extended its regulated activities by settlement of promotion for electricity producers from RES and VÚKV as well as administration of guarantees of origin of electricity produced from RES and VÚKV what is reflected also in development of the relevant systems. Continuous development of the company was also reflected in other costs.

Table: Key Indicators of OKTE, a. s., Economic Result in 2019 and 2020

Key Indicators (in thous.)	Economic Results in EUR thousand for the year 2019	Economic Results in EUR thousand for the year 2020	Change 2020/2019	Share in revenues
Revenues	1,101,937	1,023,647	92.90 %	100.00 %
Material and service consumption	-807,961	-365,790	45.27 %	35.73 %
Staff costs	-2,065	-2,156	104.40 %	0.21 %
Depreciations and adjusting items to long-term assets	-2,227	-2,465	110.71 %	0.24 %
Net other operating costs	-80	-468,211	585,264.21 %	45.74 %
Operating profit	206	-90,713	-44,035.60 %	8.86 %
Net financial costs	-15	-233	1,552.47 %	0.02 %
Pre-tax profit	192	-90,946	-47,367.81 %	-8.88 %
Tax	-72	0	0 %	0.00 %
Net profit	119	-90,946	-76,425.38 %	-8.88 %
Average number of employees	38	43	113.16 %	

Note to the table: significant year-to-year change in the item "Other operating costs, net" from the year 2020 compared to the year 2019 is caused by performance of regulated activity of the biller of promotion of electricity production from RES and VÚKV which is carried out by OKTE, a. s., from 1 January 2020. The system of promotion in 2020 was regulated in a way that in terms of balance of costs and revenues it remained non-balanced and created the financial deficit in OKTE, a. s., which was subsequently proved in the form of loss recognized in the "Operating profit" item.

SUBSIDIARY OKTE, a. s.

As of 31 December 2020, total assets of OKTE, a. s., amounted to EUR 205.320 million of which floating capital formed 96 % and it amounted to EUR 196.564 million. The amount of the floating capital is influenced by the financial accounts amounting to EUR 171.075 million. This value covers especially financial securities in the form of deposits within trading on the day-ahead market and imbalance settlement.

In the period from 1 January 2020 to 31 December 2020, the total amount of investments was EUR 3.583 million what corresponded to the amount planned for the year 2020 at the level of 114 %. Compared to the previous year, the volume of investments was lower by 29 %. In relation to new activities according to the amendment of the Act on RES Promotion, OKTE, a. s., extended an information system in 2020 for organising and settlement of promotion of electricity production from renewable energy sources and electricity production by high efficiency combined generation and the information system related to the issuance, transfer, recognition, application, and cancellation of guarantees of origin of electricity from RES and VÚKV. The investments were also aimed at development of the information system for the operator of the market in electricity within building the international business platform.

REPORT BY AN INDEPENDENT AUDITOR AND FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

ELABORATED ACCORDING TO THE INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)
IN THE WORDING ADOPTED BY THE EUROPEAN UNION



INDEPENDENT AUDITOR'S REPORT (unofficial translation)

on the financial statements prepared
as of December 31, 2020

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

of company

Slovenská elektrizačná prenosová sústava, a.s.

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REPORT BY AN INDEPENDENT AUDITOR AND FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

ELABORATED ACCORDING TO THE INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)
IN THE WORDING ADOPTED BY THE EUROPEAN UNION



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, 2020, 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 of December 31, 2020, 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 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

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REPORT BY AN INDEPENDENT AUDITOR AND FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

ELABORATED ACCORDING TO THE INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)
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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.

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REPORT BY AN INDEPENDENT AUDITOR AND FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

ELABORATED ACCORDING TO THE INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)
IN THE WORDING ADOPTED BY THE EUROPEAN UNION



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 2020 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 15th, 2021

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

Ing. Martin Dubai
Responsible auditor
SKAU licence nr. 1090



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REPORT BY AN INDEPENDENT AUDITOR AND FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

ELABORATED ACCORDING TO THE INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)
IN THE WORDING ADOPTED BY THE EUROPEAN UNION

Slovenská elektrizačná prenosová sústava, a.s.

Individual Financial Statements as at 31 December 2020 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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Slovenská elektrizačná prenosová sústava, a.s.

1

Statement of Financial Position as at 31 December 2020 prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union
(All amounts are in Euros unless stated otherwise)

	Note	As at 31 December 2020	2019
ASSETS			
Non-current assets			
Property, plant and equipment	5	872 732 051	843 541 487
Intangible assets	6	17 780 385	8 944 833
Assets representing right of use	8	648 530	657 107
Other investment	7	135 278 315	5 278 315
Receivables	11	7 653 184	10 120 884
		<u>1 034 092 465</u>	<u>868 542 626</u>
Current assets			
Inventories	10	1 395 926	2 564 624
Trade and other receivables	11	38 737 028	28 739 197
Short-term financial assets		50 000 000	0
Cash and cash equivalents	12	27 702 028	71 694 993
Current income tax receivable		2 290 202	0
		<u>120 125 184</u>	<u>102 998 814</u>
Total assets		<u>1 154 217 649</u>	<u>971 541 440</u>
EQUITY			
Share capital and reserves			
Share capital	13	105 000 000	105 000 000
Legal reserve fund	13	21 000 000	21 000 000
Capital fund from shareholder contributions	13	130 000 000	0
Other reserves	13	175 405 425	175 405 425
Revaluation of financial investment		109 020	109 020
Actuarial gains/loss		-968 892	-2 081 650
Revaluation reserve	13	72 135 907	81 311 849
Retained earnings		336 228 466	267 577 789
Total equity		<u>838 909 926</u>	<u>648 322 433</u>
LIABILITIES			
Non-current liabilities			
Non-current bank loans	15	12 899 242	30 098 232
Non-current finance lease liabilities	16	497 637	509 762
Non-current portion of grants and other deferred revenues	17	121 614 135	100 405 139
Deferred tax liability	18	63 047 635	60 469 862
Non-current provisions for liabilities and charges	19	9 703 168	11 014 325
		<u>207 761 817</u>	<u>202 497 320</u>
Current liabilities			
Current bank loans	15	17 200 092	17 205 046
Current finance lease liabilities	16	197 753	196 003
Trade and other payables	14	78 611 601	85 335 343
Current portion of grants and other deferred revenue	17	11 496 295	13 810 239
Provisions for current liabilities and charges	19	40 165	68 781
Current income tax payable		0	4 106 295
		<u>107 545 906</u>	<u>120 721 687</u>
Total liabilities		<u>315 307 723</u>	<u>323 219 007</u>
Total equity and liabilities		<u>1 154 217 649</u>	<u>971 541 440</u>

The notes 6 to 69 form an integral part on these Financial Statements.

REPORT BY AN INDEPENDENT AUDITOR AND FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

ELABORATED ACCORDING TO THE INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)
IN THE WORDING ADOPTED BY THE EUROPEAN UNION

Slovenská elektrizačná prenosová sústava, a.s.

2

Statement of Financial Position as at 31 December 2020 prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union
(All amounts are in Euros unless stated otherwise)

The Financial Statements for the year ended 31 December 2020 prepared in accordance with International Financial Reporting Standards as adopted by the European Union were prepared and authorized for issue on 15 February 2021 by the Board of Directors.



Ing. Peter Dovhun
Chairman of the Board of Directors



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

The notes 6 to 69 form an integral part on these Financial Statements.

REPORT BY AN INDEPENDENT AUDITOR AND CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

ELABORATED ACCORDING TO THE INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)
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INDEPENDENT AUDITOR'S REPORT (unofficial translation)

on the consolidated financial statements prepared
as of December 31, 2020

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

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MANDAT AUDIT, s.r.o. is a member of HLB International, the global advisory and accounting network

REPORT BY AN INDEPENDENT AUDITOR AND CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

ELABORATED ACCORDING TO THE INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)
IN THE WORDING ADOPTED BY THE EUROPEAN UNION



Independent Auditor's report on the consolidated 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 consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Slovenská elektrizačná prenosová sústava, a.s. and its subsidiary (the "Group"), which comprise the statement of consolidated financial position as of December 31, 2020, the consolidated income statement and consolidated statement of comprehensive income for the year then ended, the consolidated statement of Changes in Equity for the year then ended and the consolidated statement of Cash Flows for the year then ended, and the notes, comprising a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Company as at 31 December 2020, and its consolidated financial performance for the year then ended and its consolidated 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 consolidated 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 consolidated 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 and persons charged with governance for the consolidated Financial Statements

Management is responsible for the preparation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 and whole group.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to

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REPORT BY AN INDEPENDENT AUDITOR AND CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

ELABORATED ACCORDING TO THE INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)
IN THE WORDING ADOPTED BY THE EUROPEAN UNION



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 consolidated 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 consolidated 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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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 Consolidated Annual Report

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

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REPORT BY AN INDEPENDENT AUDITOR AND CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

ELABORATED ACCORDING TO THE INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)
IN THE WORDING ADOPTED BY THE EUROPEAN UNION



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

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

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

- Information disclosed in the consolidated annual report prepared for 2020 is consistent with the consolidated financial statements for the relevant year,
- The consolidated annual report includes information pursuant to the Act on Accounting.

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

Bratislava, on March 4th, 2021

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

Ing. Martin Dubai
Responsible auditor
SKAU licence nr. 1090



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REPORT BY AN INDEPENDENT AUDITOR AND CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

ELABORATED ACCORDING TO THE INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)
IN THE WORDING ADOPTED BY THE EUROPEAN UNION

Slovenská elektrizačná prenosová sústava, a.s.

*Consolidated Financial Statements for the year ended 31 December 2020 prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union
(all amounts are in thousands of euro unless stated otherwise)*

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The notes on pages 6 to 78 form an integral part of these consolidated Financial Statements

REPORT BY AN INDEPENDENT AUDITOR AND CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

ELABORATED ACCORDING TO THE INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)
IN THE WORDING ADOPTED BY THE EUROPEAN UNION

Slovenská elektrizačná prenosová sústava, a.s.

1

Consolidated Statement of Financial Position for the year ended 31 December 2020 prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (all amounts are in thousands of euro unless stated otherwise)

	Note	As at 31 December	
		2020	2019
ASSETS			
Non-current assets			
Property, plant and equipment	5	873 718	843 955
Intangible assets	6	25 472	16 092
Non-current financial assets	8	1 098	1 434
Other investments	7	631	631
Receivables	11	7 686	10 153
		<u>908 605</u>	<u>872 265</u>
Current assets			
Inventories	10	1 396	2 564
Trade and other receivables	11	47 564	42 660
Cash and cash equivalents	12	198 778	141 292
Current income tax receivable		2 361	0
		<u>250 099</u>	<u>186 516</u>
Non-current assets held for sale		0	0
Total assets		<u>1 158 704</u>	<u>1 058 781</u>
EQUITY			
Share capital and reserves attributable to equity			
Share capital	13	105 000	105 000
Legal reserve fund	13	21 407	21 395
Capital fund from shareholder contributions	13	130 000	0
Other reserves	13	178 145	178 103
Revaluation of financial investment		109	109
Actuarial gains/loss		-969	-2 082
Revaluation reserve	13	72 136	81 312
Retained earnings		245 274	287 696
Total equity		<u>751 102</u>	<u>651 533</u>
LIABILITIES			
Non-current liabilities			
Non-current bank loans	15	12 899	30 098
Non-current liabilities from leasing	16	673	1 031
Grants and other deferred revenues	17	122 638	102 074
Deferred tax liability	18	62 964	60 377
Non-current provisions for liabilities and charges	19	9 769	11 086
		<u>208 943</u>	<u>204 666</u>
Current liabilities			
Current bank loans	15	24 200	17 205
Current liabilities from leasing	16	480	460
Trade and other payables	14	159 948	165 316
Grants and other deferred revenue	17	13 991	15 611
Provisions for current liabilities and charges	19	40	69
Current income tax payable		0	3 921
		<u>198 659</u>	<u>202 582</u>
Total liabilities		<u>407 602</u>	<u>407 248</u>
Total equity and liabilities		<u>1 158 704</u>	<u>1 058 781</u>

Notes on the pages 6 to 78 form an integral part of these consolidated Financial Statements

REPORT BY AN INDEPENDENT AUDITOR AND CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

ELABORATED ACCORDING TO THE INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)
IN THE WORDING ADOPTED BY THE EUROPEAN UNION

Slovenská elektrizačná prenosová sústava, a.s.

2

Consolidated Statement of Financial Position for the year ended 31 December 2020 prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (all amounts are in thousands of euro unless stated otherwise)

The Consolidated Financial Statements for the year ended 31 December 2020 prepared in accordance with International Financial Reporting Standards as adopted by the European Union were approved and authorized for issue on 4 March 2021 by the Board of Directors.



Ing. Peter Dovhun
Chairman of the Board of Directors



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

Notes on the pages 6 to 78 form an integral part of these consolidated Financial Statements



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