

**ZSE Energia a.s.**

Annual Report for the year 2024  
and  
Independent Auditors ' Report  
on the Financial Statements

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Annual Report

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1. Independent Auditors ' Report
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**ZSE ENERGIA, A.S.**  
**2024 ANNUAL REPORT**

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## **01 ABOUT ZSE ENERGIA, A.S.**

### **Foreword by the Chairman of the Board of Directors**

Dear customers, partners, friends,

When I look back at the year 2024, I see improvements in the position of consumers, increased security of supply, and other successful steps towards a carbon-free and more sustainable energy sector. This is true both across the EU and in Slovakia, including in our company.

#### **Consumer**

The EU continued to support its member states in strengthening measures to protect vulnerable consumers and consumers suffering from energy poverty. For example, in Slovakia, the protection related to the enforcement of energy laws was strengthened. This entire agenda was transferred from the Slovak Trade Inspection to the Regulatory Office for Network Industries (ÚRSO) as of 1 August 2024.

Slovak consumers have also gained the opportunity for a quicker change of supplier, and there has been an improvement in the information available about contracts and tariffs. I am pleased that all related supplier obligations have been successfully implemented into our processes.

#### **Security of supplies**

In 2024, there was an ample supply of electricity at a stable price. The electricity prices for regulated entities (for end-consumers, including households and selected vulnerable consumers) were once again addressed through a memorandum between the government and Slovenské elektrárne.

The prices of natural gas were determined by the decision on general economic interest. However, the ongoing war in Ukraine and later the announced halt in transit by Ukraine forced us to take action. In the EU, LNG supplies increased, new LNG terminals were built, and new infrastructure was developed. We, in the ZSE Group, did not fall behind either.

One of our most significant activities was closing a transaction for LNG supply with a partner from the ORLEN Group in July 2024. This allowed us to diversify our sources and increase the security of supply for our customers. It was the first contract in Slovakia to utilise the northern connection, thereby diversifying the risks not only related to the source of natural gas but also to the capacity of transit connections. Due to the agreed commercial terms, LNG will be available to customers in 2025, covering nearly 30% of our customers' consumption.

## **More sustainable energy sector**

Support of sustainable development, particularly in energy, was a global topic in 2024. The focus was on large companies. The responsible business practices of our ZSE Group, which consider not only financial performance but also sustainability, embrace the ESG concept, i.e. environmental, social, and governance factors.

In ZSE Energia, we continued to focus on helping our customers on their journey towards sustainable living and business. Our solutions helped customers use energy more efficiently, generate their own renewable or low-carbon energy, and become self-sufficient.

In 2024, we dedicated significant effort to expanding the digitalisation of customer services. We introduced a new online account for household customers, and we began using voicebot technology to enable faster customer identification on the helpline. Our new digital assistant, Ema, simplified the identity verification process and enhanced the efficiency of our operators. We also introduced new payment options such as Apple Pay and Google Pay. Additionally, we added a product comparison tool to our e-shop.

We began carrying out the electricity sourcing and commodity contract management processes in a new IT system. We added them to gas contracts, which were integrated into the system's production version in 2023. The new system has automated several activities and, most importantly, streamlined the management of the entire portfolio of both commodities.

## **Cooperation in the ZSE Group**

In November 2023, another energy supplier and energy services and non-commodity solutions provider – Východoslovenská energetika, a.s. – joined the ZSE Group. Although we continued to operate as competitors in the market throughout 2024, we were able to learn from each other and deliver even higher-quality services to our customers.

A good example is the significant investment in expanding the services offered by the VSE Call Centre. In 2024, we built a new facility in Nitra and hired and trained 50 new advisors, allowing the helpline to internally serve not only VSE customers, but also ZSE customers. The aim was to improve service quality as well as create a better customer experience.

In 2024, we also made a decision within the ZSE Group to reorganise commodity and non-commodity services. Gradually, we will implement measures that will bring more efficient management of individual services and an even higher level of customer satisfaction, including new products and technologies.

## **To our customers, partners, friends**

I sincerely thank you for the trust and loyalty you show us year after year. They are important to us, and our commitment to continue providing a stable electricity and gas supply, always delivering quality, and continuously enriching the market with innovative products and solutions is built on them.

I am confident that in 2025, we will continue to fulfil this commitment and remain the first choice for our customers and partners. At the same time, I believe we will actively respond to market challenges, and as the ZSE Group, we will contribute even more significantly to the transformation of the entire energy sector.

Mgr. Ing. Juraj Bayer, PhD., Chairman of the Board of Directors

## Company bodies

The structure of the statutory and supervisory bodies of ZSE Energia, a.s. in 2024 was as follows:

### Statutory Body

Board of Directors:	
As to 31 December 2024	
Chairman	Mgr. Ing. Juraj Bayer, PhD. (term of office began on 1 January 2024)
Vice-Chairman	Ing. Miroslav Recký (term of office ended on 1 September 2024) Ing. Daniel Čapíček (term of office began on 2 September 2024)
Members	Ing. Ľudovít Šipoš (term of office began on 1 January 2024)
	PhDr. Michal Dubeň (term of office began on 19 April 2021)
	Ing. Peter Pacek (term of office ended on 1 September 2024) JUDr. Tomáš Baník (term of office started on 2 September 2024)

### Supervisory Body

Supervisory Board:	
As to 31 December 2024	
Chairman	Ing. Vladimír Poruban (term of office ended on 2 September 2024) Ing. Ján Bocko (term of office as member of the Supervisory Board began on 3 September 2024, elected as Chairman of the Supervisory Board on 26 September 2024)
Vice-Chairman	Mgr. Lucia Macaláková (term of office began on 1 July 2022)
Members	Mgr. Tomáš Pavlíček (term of office ended on 2 September 2024)
	Ing. Pavel Vrábik PMP (term of office ended on 2 September 2024)
	Mgr. Jozef Kramec (term of office ended on 2 September 2024)
	JUDr. Soňa Tchirová (term of office ended on 2 September 2024)
	Mgr. Marek Piršel (term of office began on 3 September 2024)
	JUDr. Vladimír Mačík (term of office began on 3 September 2024)
	Ángel Díaz, MBA (term of office began on 3 September 2024)
	Ing. Jaroslav Dugas, PhD. (term of office began on 3 September 2024)
	Mgr. Branislav Kotrík (term of office began on 7 December 2022)
	Jana Buranská (term of office began on 7 December 2022)
	Ing. Branislav Jurík (term of office ended on 31 March 2024) Anna Holúbková (term of office began on 26 September 2024)

**Shareholder structure as to 31 December 2024 was as follows:**

<b>Shareholder structure</b>			
<b>As to 31 December 2024</b>	<b>Absolute value in EUR</b>	<b>Interest in equity</b>	<b>Voting rights</b>
Západoslovenská energetika, a.s.	6 638 784	100 %	100 %

## **Scope of Activity**

### **Company data and scope of activity**

ZSE Energia, a.s. was founded on 18 August 2006 and registered in the Companies Register on 22 September 2006. The Company is registered in the Companies Register of the City Court Bratislava III, Section: Sa, Entry No.: 3978/B. On 1 July 2007, it began its core activity – electricity supply.

At the end of 2011, the Company began providing gas supply services by offering gas supply to large industrial customers, and from April 2012, to small and medium-sized businesses and households as well.

Together with Západoslovenská energetika, a.s., Západoslovenská distribučná, a.s., ZSE Elektrárne, s.r.o., ZSE Energy Solutions, s. r. o., ZSE MVE, s. r. o., ZSE Business Services, s. r. o., ZSE Energetické služby, s. r. o., Východoslovenská energetika Holding a.s., Východoslovenská energetika a.s., Východoslovenská distribučná, a.s., VSE Solutions s.r.o., VSE Call centrum, s.r.o., VSE Ekoenergia, s.r.o. and EKOTERM, s.r.o., the Company forms part of the ZSE Group.

The Company also has an organizational unit in the Czech Republic.

The main business activities of the Company are the supply of electricity and the supply of gas.

The company did not spend significant costs on research and development activities.

The company did not acquire any of its own shares, temporary certificates, business interests, nor shares, temporary certificates, and business interests of the holding company.

### **Risks and Uncertainties**

The main area of operation of ZSE Energia, a.s. is the supply of electricity and gas to end customers. In connection with ensuring the energy supply business, ZSE Energia, a.s. is exposed to various risks. These primarily include credit risk and commodity price risk.

Credit risk is related to the liquidity risk on the side of the Company's business partners, primarily electricity and gas consumers. The Company has an internal credit risk assessment process, which includes assigning an individual credit rating to its customers based on a combination of independent financial information and their payment discipline. Additionally, the Company actively uses receivables insurance as an additional tool for managing risks.

Market risk is caused by changes in market variables due to supply and demand dynamics in the commodity market. It is reflected in fluctuations in energy prices and the dynamics of the economic environment. Price swings can impact the closing price of the Company's open position. The Company applies a conservative approach to managing commodity purchases by maintaining a limited open position and sourcing commodities primarily through back-to-back contracts, i.e., at the moment of contracting the volume on the sales side.

### **Significant events that occurred after the end of 2024 and require disclosure in the annual report**

The ongoing conflict between the Russian Federation and Ukraine and related events have increased the perceived risks of business in the energy sector. The imposition of economic sanctions has led to increased economic uncertainty in the markets and heightened energy price volatility. The long-term effects of the recently implemented sanctions, as well as the threat of future sanctions, are difficult to determine at this time. As of the date of approval of this financial statement for publication, the war conflict is ongoing. The outcome and impacts of the conflict are difficult to predict, but they may have a negative effect on the Slovak economy. Any potential escalation of the conflict and sanctions could negatively impact the Company's results and financial situation; however, it is currently not possible to determine whether this risk will materialise and to what extent.

After the end of 2024, no events occurred that would impact the financial statements for the year ending on 31 December 2024.

### **Compliance**

The Company continuously pays special attention to building, implementing and strengthening the Compliance Programme, which is a set of processes aimed at compliance with laws and ethical conduct of ZSE Group employees in all areas of working life. The Compliance Programme is gradually being implemented and strengthened across all subsidiaries of the ZSE Group, including ZSE Energia, a.s.

The main goal of the Compliance Programme is to prevent, detect, and respond to behaviour that could be considered in violation of internal and legal regulations, potentially leading to personal liability for the individuals involved, the Company management, or the Company itself (criminal liability of legal entities).

### **The Code of Conduct**

The key document of the Compliance Programme is the Company's Code of Conduct, which outlines the principles of responsible business that the ZSE Group companies adhere to. It also serves as a binding guide for conduct for employees and all those who collaborate with the companies of the ZSE Group.

The Code of Conduct is further developed through additional binding internal regulations, which provide a deeper insight into the relevant compliance areas (e.g., conflict of interest, criminal liability of legal entities, whistleblowing).

In order to raise ethical awareness among employees of the ZSE Group companies, various educational activities are organised, the scope of which is defined based on the roles and responsibilities of the individual participants.

In 2024, the ZSE Group companies continued to make new e-learning courses available to employees across the entire Group. Since 2020, all employees are required to complete the e-learning module on the Code of Conduct at regular annual intervals. In 2024, the training focused on responsible business practices and compliance (including reporting unethical practices and internal reporting systems).

Through this educational activity, the ZSE Group companies continued to support the so-called speak-up culture, aiming to encourage employees to openly address and escalate their concerns related to compliance with rules. The educational module also included several hypothetical practical situations that employees may be confronted with, thereby testing the knowledge acquired by the employees.

Employees in departments without internet access completed the training in an offline format.

New employees completed e-learning or in-person training on the Code of Conduct, during which they were informed of the compliance rules of the ZSE Group, whom to contact for a consultation or how to submit a report.

Training on integrity and whistleblowing was made available to the managers within the ZSE Group.

Selected employees also completed e-learning training on competition law rules in 2024.

## **Compliance and reports**

The ZSE Group, its managers, employees and shareholders consider transparent and sustainable business relationships, good work environment and responsible business very important. To ensure these standards, the ZSE Group has established reporting channels through which whistleblowers (employees as well as other individuals in accordance with legislation on whistleblowing) can report antisocial activities, violations of internal or legal regulations. In 2024, the ZSE Group implemented a new reporting channel, a web form available on the ZSE Group website, intended for both ZSE Group employees and external parties. Potential whistleblowers are provided with

detailed instructions on how to report, their role in the investigation process, and, if they wish, they can make a report anonymously using the ZSE Group's reporting channels.

**The number of compliance reports within the ZSE Group in 2024**

For the sake of transparency and clarity, we classify the reports into the following categories:

<ul style="list-style-type: none"> <li>• Reports regarding business integrity, potential illegal activity, violation of legal regulations, corruption, antitrust rules, compliance with rules on KYC and business partners integrity, insider trading</li> </ul>	2
<ul style="list-style-type: none"> <li>• Frauds against ZSE Group companies, such as theft, embezzlement, other fraudulent behaviour</li> </ul>	4
<ul style="list-style-type: none"> <li>• Concerns related to HR, such as conflicts of interest, mobbing, bossing, sexual harassment, discrimination, etc.</li> </ul>	7
<ul style="list-style-type: none"> <li>• Any other topics related to the Code of Conduct</li> </ul>	0
<b>TOTAL</b>	<b>13*</b>

*\* “Compliance reports” mean reports addressed to the responsible individuals within the Compliance Team through the applicable communication channels. The number of reports does not include customer complaints and claims that do not reflect antisocial activities or do not contain specific information needed to investigate the report, nor repeated reports submitted through internal reporting channels.*

**Zero Tolerance of Corruption**

In accordance with the ten principles of the Global Compact, under which companies strive to prevent corruption in all its forms, the ZSE Group is committed to combating corruption. This commitment is expressed in the Code of Conduct, which covers activities most exposed to the risks of corruption and unethical practices. The commitment to zero tolerance of corruption is also reflected in the relationship between the ZSE Group and its suppliers, as it is incorporated into the ZSE Group's Supplier Code of Conduct.

**Giving and accepting gifts**

Procedures for giving and accepting gifts are a part of anti-corruption measures included in the Code of Conduct. All provided gifts, except those within defined limits, must be approved and documented according to established procedures in the central gift registry.

The topic of anti-corruption behaviour, the giving and accepting of gifts or hospitality is regularly communicated to employees through internal communication channels. Gifts and hospitality is also regularly addressed in the annual compliance and Code of Conduct trainings for both new and existing employees.

### **Contributions to political parties, charity and sponsorship gifts**

Gift and sponsorship programmes are transparent. Through sponsorship, the ZSE Group supports specific projects and initiatives in the areas of education, environmental protection, innovation, and community development, provided they meet the following criteria:

- the aims are related to the Company's goals and mission,
- the financial resources have a clear designation, and their use is properly and transparently documented and can be verified at any time.

The ZSE Group does not finance political parties, their candidates, or representatives, either in Slovakia or abroad, nor does it sponsor congresses or gatherings whose sole or primary purpose is political promotion.

### **Combating money laundering and the financing of terrorism**

In the fight against money laundering and the financing of terrorism, the ZSE Group acts in accordance with both Slovak and European legislation. The ZSE Group never justifies, facilitates, or supports money laundering or the financing of terrorism, which means that:

- it complies with laws and regulations related to money laundering and the financing of terrorism,
- it never engages in high-risk activities that could be aimed at financing or supporting criminal activity or terrorism,
- it adopts measures and mechanisms to assess both potential and current business partners.

### **Competition and anti-competitive practices**

In the ZSE Group, we believe that we can gain and retain customers and build stable relationships with stakeholders only if we act responsibly and honestly.

The ZSE Group adheres to competition rules and does not tolerate any prohibited agreements that restrict competition (cartel agreements) or the abuse of a dominant market position. All employees of the ZSE Group are required to behave in accordance with competition protection rules, which are further detailed in the Code of Conduct.

In accordance with the internal rules of the ZSE Group, special attention is given to the observance of competition protection principles in dealings with competitors. When interacting with competitors, employees must ensure that they neither receive nor provide any information that could lead to conclusions about the current or future behaviour of the ZSE Group companies or their competitors in the market.

For the ZSE Group, it is also extremely important to comply with national and international laws. ZSE Group companies require the same from their business partners.

## **Know-your-counterpart check (KYC)**

The ZSE Group selects its business partners based on professional and economic criteria. In doing so, it pays attention to the environmental aspect, respect for human rights, industrial or other general binding standards or anti-discrimination and anti-corruption practices. When selecting business partners, the ZSE Group also takes into account international sanctions, as well as regulatory, legal, or reputational risks that could have serious impacts on the ZSE Group.

### **Internal control system:**

is an ongoing process carried out by the Board of Directors, through the Company's managers and experts, to ensure that all stakeholders are provided with appropriate assurances regarding the achievement of the Company's strategic goals. For these purposes, the Company uses:

- 1.** Internal control mechanisms. At the process level, internal control mechanisms have been implemented to identify and prevent the risks of fraud, corruption, and unethical practices. The purpose of the internal control system is to prevent and promptly identify errors and inaccuracies that may arise due to intentional fraud, as well as unintentional actions or omissions.
- 2.** Internal audit is a set of independent, objective, assurance, and consulting activities focused on improving management and control processes, taking into account internationally recognised auditing standards, such as the International Standards for the Professional Practice of Internal Auditing. The ZSE Group has established an Internal Audit Department that continuously monitors the system of implemented control mechanisms, identifies its shortcomings, and proposes action plans aimed at improving and enhancing the internal control system's efficiency. The Head of Internal Audit is responsible for developing and implementing the Internal Audit Plan, which is based on a risk assessment and takes into account the Company's risk management framework, as well as the management's response levels to risks of various activities.
- 3.** The Compliance Team is part of the organisational structure of the ZSE Group, and its tasks include, but are not limited to, the development, implementation, and updating of documentation related to the Compliance Programme, updating the ZSE Group's Code of Conduct, and carrying out activities related to training, methodological support, and investigation of violations of the Code of Conduct.

## 02 ECONOMY

### Structure of sources and usage of natural gas and electricity

Structure of gas supply				
	2024	share (%)	2023	share (%)
Volume of supplied gas (GWh)	2,049	100%	2,146	100%
of which supply to households (GWh)	1,316	64%	1,401	65%
of which supply outside households (GWh)	733	36%	745	35%

Indicators		
	2024	2023
Revenues from natural gas sales (thousand EUR)*	297,127	340,192
Volume of supplied gas (GWh)	2,049	2,146
Volume of sourced gas/third-party sources (GWh)	2,049	2,146
Volume of generated gas/own sources (GWh)	0	0
Number of supply points	93,980	94,045

\* based on a contract on combined gas supply

Structure of electricity supply				
	2024	share (%)	2023	share (%)
Volume of electricity supplied, including losses (GWh)	6,723	100%	6,480	100 %
of which supply to households (GWh)	2,372	35%	2,272	36%
of which supply outside households (GWh)	4,351	65%	4,174	64%

Indicators		
	2024	2023
Revenues from electricity sales (thousand EUR)*	1,342,966	1,713,308
Volume of electricity supplied, including losses (GWh)	6,723	6,480
Volume of sourced electricity/third-party sources (GWh)	6,723	6,480
Volume of generated electricity/own sources (GWh)	0	0
Number of supply points	1,043,367	1,031,308

\* based on a contract on combined electricity supply

Useful electricity supply (GWh)	
2024	6,723
2023	6,480

## Company's key indicators

In 2024, ZSE Energia, a. s. achieved a profit of EUR 86,309,000, with revenues of EUR 1,598,854,000 and incurred total costs amounting to EUR 1,563,814,000.

Key data about the Company according to the International Financial Reporting Standards applicable in the European Union:

Key data about the Company as to 31 December		
In thousand EUR	2024	2023
Long-term assets	27,198	23,716
Short-term assets	345,031	396,349
<b>Total assets</b>	<b>372,229</b>	<b>420,065</b>
Own equity	105,176	115,174
Long-term liabilities	10,310	7,983
Short-term liabilities	256,743	296,908
<b>Total own equity and liabilities</b>	<b>372,229</b>	<b>420,065</b>
Turnover	1,598,854	1,903,360
<b>EBIT (operating profit)</b>	<b>105,847</b>	<b>113,937</b>
EBITDA	108,178	116,320
Total revenues	1,675,060	2,079,502
Total costs	1,564,201	1,962,823
Profit before tax	110,859	116,679
<b>Yearly profit</b>	<b>86,309</b>	<b>86,858</b>
Average headcount	300	297

## Distribution of 2023 profit

By decision of the sole shareholder of the Company made in the exercise of the General Meeting's authority on 24 June 2024, the distribution of the accounting profit for 2023 in the amount of EUR 86,858,000 was approved, and dividends of EUR 86,558,000 were paid.

## Receivables and payables

<b>Receivables and payables from business transactions</b>		
<b>In thousand EUR</b>	<b>2024</b>	<b>2023</b>
Receivables from business transactions and other receivables	191,023	241,881
of which: overdue	18,517	18,034
Payables from business transactions and other payables	250,937	280,379
of which: overdue	0	202

## Proposed distribution of 2024 profit of ZSE Energia, a.s.

<b>Proposed distribution of 2024 profit of ZSE Energia, a.s.</b>	
<b>submitted to the Board of Directors of ZSE Energia, a.s. on 16 April 2025</b>	<b>In thousand EUR</b>
<b>Financial result for the accounting period</b>	<b>86,309</b>
Financial result to distribute	86,309
Allocation to the Social Fund	19
Dividends	86,290
<b>Total profit to be distributed</b>	<b>86,309</b>

## 03 HUMAN RESOURCES

In 2024, ZSE Enerģia, a.s. employed an average of 299.55 employees (excluding members of the Board of Directors and the Supervisory Board, as well as employees working under work agreements). The average age of an employee was 43.3 years.

- Ratio of women/men – women 61%, men 39%.
- Education – University education 58.96%; Full secondary vocational education 39.41%; Secondary vocational education 0.65%; Elementary education 0.98%.

### Remuneration

In accordance with the commitments from the Collective Agreement, a flat-rate increase in base salaries of EUR 175 was provided.

Employees were also rewarded based on performance, which directly influenced the amount of the variable salary component and extraordinary bonuses paid.

All employees were provided with a contribution from the Social Fund for regeneration. In 2024, the employer also contributed to supplementary pension savings. Each employee was entitled to 5 days of vacation in addition to the statutory vacation days prescribed by the Labour Code.

### Training and development of employees

In 2024, as part of the talent programmes, development activities aimed at enhancing leadership skills, self-branding, project management, expert potential, and language skills were successfully completed with a closing ceremony. These activities were a continuation of the talent programmes that started in 2022.

If needed, employees have the opportunity to attend specialised webinars and training sessions to develop their soft and hard skills. Popular development tools in 2024 included the online education platform, which offers hundreds of professional online courses and podcasts on various topics.

As part of its focus on human resources, diversity, and inclusion, the Company emphasises the necessity of continuous lifelong learning, not only in the area of hard skills but also with an emphasis on mindfulness, positive thinking, and physical well-being.

### Support of mental health and well-being

In 2022, the company became part of the Coalition of Companies for Mental Health. As part of this cooperation, all employees could participate every month in an online professional discussion regarding mental health and well-being support.

The ZSE Group also organises Mental Health Days on a yearly basis, featuring lectures from experts on various topics related to mental health and well-being. In

2024, the event also included a photography exhibition titled "Shadows of Light," which highlighted the stigma and the invisibility of mental health struggles and disorders in everyday life.

### **Support of diversity**

The ZSE Group is a signatory of the Slovak Diversity Charter, confirming its commitment to creating and maintaining an inclusive work environment for all employees. By signing, we confirm that we will not tolerate any forms of discrimination in the workplace and that we will protect our employees from any form of hatred. This experience actively helps us build a safe and respectful work environment that focuses on embracing people regardless of their individual differences. The ZSE Group regularly participates in the educational activities of the Diversity Charter, aiming to introduce the latest insights, approaches, and methodologies in the field of diverse and inclusive workplaces.

In May 2024, Diversity Days took place, aiming to raise the employees' awareness of diversity, equality and inclusion through lectures, workshops, discussions, and excursions.

To emphasise workplace diversity as a topic that concerns every employee of the ZSE Group, the Week of Respect was held in November 2024. Throughout the week, employees had the opportunity to join webinars exploring respect in the workplace, the benefits of diverse teams, and addressing inappropriate behaviour at work. The event's motto was "Respect for all".

## **04 OCCUPATIONAL HEALTH AND SAFETY AT WORK**

The Company continually monitors and reassesses the risks arising from the work and the working environment, and takes measures to reduce and prevent them. Given the nature of the work in the energy sector, adherence to OHS regulations is of high priority.

The Company has been consistently focused on the systematic training of employees in the area of occupational health and safety. Induction training for new employees has been conducted both in person and remotely through MS Teams. Remote training has also been provided to contractors and employee safety representatives.

In 2024, two online training sessions were conducted for employees on the topic of supplier management from the perspective of OHS and the environment. The Company has carried out campaigns focused on OHS, supported by internal communication. To raise employee awareness in the area of OHS, various articles and competitions were published on the intranet. In the area of employee health protection, webinars were conducted focusing on well-being, mental health protection, ergonomics in administrative work, and gut health. In the field of civilisation disease prevention, a Health Week was held, during which employees had the opportunity to undergo non-invasive screenings for these conditions.

The Company provides selected employees with medical preventive check-ups beyond the legal requirements, personal and protective work equipment and aids, OHS legislative training, and preventive medical check-ups.

In the ZSE Group, the TRIF comb. and LTIF comb. indicators are monitored for employees. In 2024, the TRIF comb. value reached 2.4, while the LTIF comb. value reached 1.89.

In 2024, no registered work accidents were recorded at ZSE Energia, a.s.

In 2024, ZSE Energia, a. s. demonstrated improvement in the implemented System of Integrated Management (SIM) during the second supervisory audit and maintained its international certifications ISO 9001, ISO 14001, and ISO 45001. During the audit, the certification company identified strengths and improvements within the SIM and assessed that the system complies with the requirements of ISO 9001, ISO 14001, and ISO 45001 standards, legal regulations, and achieves continuous improvement. As a result of the audit, the certification company issued a recommendation to continue with the certification.

## 05 ENVIRONMENT

The data on the share of eligible and ineligible economic activities and related information in accordance with the of the European Parliament and of the Council (EU) 2020/852 of 18 June 2020 on the establishment of a framework to facilitate sustainable investments and related delegated acts ("EU Taxonomy"), as well as non-financial information on the development, conduct, position, and impact of the accounting entity's activities on environmental, social, and employee matters, information on human rights compliance, and information on combating corruption and bribery will be published by Západoslovenská energetika, a.s. (the ultimate parent company) for the entire ZSE Group in its Sustainability Report for the year 2024.

The Sustainability Report for 2024 is/will be available on the following website: [www.skupinazse.sk](http://www.skupinazse.sk).

## 06 PRODUCTS AND SERVICES

ZSE Energia, a.s. provides its products and services under the ZSE brand.

### ZSE Energia is a market leader in Green solutions

Our company has long reflected the energy transition in its product offering. In recent years, the interest of residents and businesses in Slovakia in topics such as global warming and environmental protection has been high. Care for climate, energy independence and responsibility are not only the question of the attractive trend but rather a necessity. ZSE Energia, a.s. is successfully building its position in the market of green energy solutions, both for households and businesses.

In fact, it is not only the latest trend. The Company has been offering the solutions using renewable energy sources such as photovoltaic panels or solar collectors since 2015, and it is a leader in this aspect for households. By introducing the Green Electricity product for households at the beginning of 2020, ZSE Energia, a.s. expanded its portfolio, allowing all customers to use electricity produced from renewable sources. Even those customers who do not produce electricity themselves. The number of customers using Green Electricity for households remained relatively stable throughout 2024, with over 100,000 customers.

Smaller businesses also showed interest in Green Electricity, and in 2024, several hundred of them used this service.

ZSE Energia, a.s. has long been supporting processes related to the decarbonisation of the company – in industry, services, transportation, as well as in communities and municipalities. Therefore, the Company, together with the ZSE Foundation, continued in 2024 with a long-term project through which it gives a portion of the funds collected from its customers for providing the Green Electricity service back into the regions – to cities, municipalities, and communities. One of the key projects of this effort is the ZSE Foundation's "Solar Roofs" programme, the first edition of which was launched in October 2022 and which continued successfully last year.

The benefits of this project are numerous – first and foremost, it helps protect the environment by using electricity from renewable sources. The second benefit is the cost savings for local administrations, as a significant portion of the electricity is generated by schools or social institutions themselves. Last but not least, there is an educational benefit – not only for students during physics, biology, or environmental education lessons but also for the entire community, which views positively the fact that the municipality or self-governing region is using renewable energy sources in this way.

### Additional and value-added services

The most popular supplementary service in 2024 was the **ZSE Asistuje Plus** household assistance insurance. It provides free assistance for resolving electricity, gas, water, and heating failures in the household, appliance repairs, repairs of white

and black goods, spare parts included, as well as glazing of broken windows or express opening of locked doors, up to EUR 200. The number of insured events within the specified insurance coverage limit is unlimited throughout the year. By the end of 2024, approximately 143,000 satisfied customers had used this insurance.

The **ZSE Zdravie** health insurance, used by nearly 30,000 customers, includes a family doctor available by phone 24 hours a day and premium services during hospitalisation up to EUR 200. It covers, for example, accommodation for a parent with a child, compensation for hospital stays, transport from a healthcare facility, accompaniment to a doctor if the patient is not self-sufficient, and more. The Plus version also includes consultation for serious diagnoses, a second medical opinion, or coverage for remote rehabilitations up to EUR 3,000.

Customers could also choose from a range of beneficial combinations within the product packages. The benefits of ZSE Asistuje Plus, ZSE Zdravie, and ZSE IT Pomoc insurances are available to customers within the ZSE Balík Domov package. The package of two services – the popular ZSE Asistuje Plus insurance and the extended ZSE Zdravie Plus – is offered in the **ZSE Balík Domov 2** package. Finally, the three-insurance package, **ZSE Balík Domov Komplet**, combines ZSE Asistuje Plus, ZSE Zdravie Plus, and ZSE IT Pomoc.

As part of the **Poistenie platieb** payment insurance, invoice payment insurance is also available in case of incapacity to work. The Plus version also includes assistance services in the event of rehabilitation or spa treatment, and the Komplet version includes daily compensation in case of hospitalisation due to an injury. The insurance was used by over 6,000 customers in 2024. At the end of 2023, the insurance was updated under the name **Istota platieb**. The new insurance brought not only more favourable coverage conditions in the event of illness but also expanded coverage to include family member care, unemployment, or business termination, as well as permanent disability. By the end of 2024, more than 2,200 customers were using this service.

### **Complete solutions for homes**

**ZSE Fotovolt** is an ideal solution when the customer wishes to produce electricity for its own consumption, save energy and be environmentally-friendly. Almost all new customers of photovoltaics from ZSE Energia, a.s. also use the Virtual battery service, which allows the customer to temporarily store excess electricity produced in ZSE Energia, a.s. and have it returned when they need it. By the end of 2024, the Company had installed nearly 3,900 solar solutions for its customers, the vast majority of which were ZSE Fotovolt solutions.

Since the launch of air conditioning sales by ZSE Energia, a.s. in 2018, this product pillar has become one of the key elements in the strategy of providing "complete energy solutions."

The sales results of 2024 were positively influenced by the warm and dry weather in April and May, as well as the extremely hot weather in July and August. As a result, it

was the second most successful year since the product was added to the portfolio. The company successfully installed 1,720 air conditioning units in households last year, which is a significant market share.

The Company also succeeded in maintaining a high share of the ZSE Klima Bezstarosti solution, which is a unique product where ZSE Energia, a.s. provides air conditioning as a service. Through this service, customers could obtain top-quality air conditioning with transport and installation for just EUR 1.00 per day, 300 kWh of electricity for the air conditioning completely free of charge, as well as maintenance and an extended warranty for the entire duration of the service. In practice, this means that ZSE Energia, a.s. guarantees the functionality of the air conditioning for the entire duration of the service. If the air conditioning breaks down and cannot be repaired on-site, an immediate replacement of the unit is carried out.

## **Businesses**

### **Electricity/Gas**

The E.Efektiv offer is intended for the segment of unregulated customers with an annual electricity consumption of up to 250 MWh. As part of the E.Efektiv offer, the customer received more favourable electricity supply prices compared to the current rate, for a period of 12 months with automatic renewal.

The G.Efektiv offer is intended for the segment of unregulated non-household customers in the small-scale consumption category. As part of the G.Efektiv offer, the customer received a more favourable price for gas supply compared to the current price list, for a period of 12 months with automatic renewal.

### **Complete solutions for businesses**

In 2024, the Company continued to provide air conditioning solutions for small businesses, successfully installing approximately 30 units in this segment.

The entire year was marked by a diminished interest from companies in installing local photovoltaic sources, with most installations being carried out on projects contracted in the previous year. Despite this, by the end of 2024, we completed and commissioned 63 local and small sources for businesses, with a total installed capacity of 4,252 kWp. This increased the cumulative installed capacity of our local sources to 7,925 kWp.

By the end of the year, 8 additional local sources were under construction, with a planned capacity of 662 kWp. At the same time, the company decided to cease direct sales and installation of local sources, with this part of the business being further intermediated through its non-commodity subsidiary, BK, a.s.

## Research and development activities of ZSE Energia in 2024

In 2024, we intensively focused on research and development in energy and digital transition. Our activities included participation in international projects, securing funding for research and innovation, building strategic partnerships, and obtaining certification for conducting research and development.

### 1. Participation in research and innovation projects

- V4GRID (Interreg Central Europe) project

The V4V2X project focuses on implementing Vehicle-to-Everything (V2X) technology, which enables bidirectional charging of electric vehicles and transforms them into dynamic energy storage units. The project includes the installation of 20 charging stations at 15 pilot locations in V4 countries, with the aim of optimising the use of energy stored in electric vehicle batteries. The goal is to optimise the way energy is produced, stored, and used, with a focus on efficiency and supporting green energy. The project is supported by the European Union and the Interreg Central Europe programme, and is being carried out in collaboration with 11 partners and 8 associate partners.

- DanubeEnergy (Interreg Danube) project

In collaboration with Slovak and Ukrainian partners, we are working on solutions for more environmentally friendly heating systems. The goal is to design a project that will combine renewable energy sources with existing heating systems, reducing dependence on fossil fuels. The project will contribute to the modernisation of energy systems and support the green transition in the Danube region.

### 2. Supporting research and securing funding

- Subsidy from the Recovery and Resilience Plan of the Slovak Republic

We secured funding for project preparation under the Horizon Europe programme, which has allowed us to expand our research and development activities in energy and digital transition on an international level. We submitted the BE WISE project (under the Horizon Europe programme) as the consortium leader, focusing on the integration of various types of buildings into smart grids that use renewable energy, testing an interoperable IT platform for managing energy consumption, and utilising flexibility in buildings and electromobility.

- Certification for conducting research and development

ZSE Energia, a.s. met all the criteria and successfully obtained the Certificate of eligibility to conduct research and development from the Ministry of Education, Science, Research, and Sport of the Slovak Republic. This milestone will allow us to apply for additional research grants, strengthen cooperation with scientific institutions, and enhance our competitiveness in innovation projects.

### 3. International partnerships

We continue to build strategic collaborations with research institutions and industrial partners. We have strengthened our collaboration with KlnIT, a leading entity in the field of innovation and research in artificial intelligence and machine learning. In addition, we have established partnerships with prominent international organisations and institutions in the field of energy research, such as the Fraunhofer Institute, Delft University of Technology, RWTH Aachen University, Odessa University in Kyiv, the Spanish technology company MIWEnergia, which develops solutions for the efficient use of energy in industrial sectors, the CIRCE research centre in Spain, which focuses on developing innovative solutions in energy and renewable sources, the Hungarian company Premium Napelem Kft, specialising in the efficiency of photovoltaic panels, the major player in electricity distribution, Energa Operator in Poland, and others. These organisations are leaders in renewable energy research, energy networks, digital solutions for optimising energy consumption, and innovations in electromobility. The partnerships strengthen our position in the energy sector and support our development with regard to sustainable energy.

#### **Online account**

##### **Households | Businesses**

Transferring as many transactions and customer inquiries as possible to a self-service online environment remains one of the key objectives of the Company. This is why we launched a new and improved website in customer care, with better information display, especially on mobile devices. The new website has brought a significant improvement in faster user navigation and a better overview directly on the homepage for logged-in users.

An integral part of the new website is the revamped online account. Once the supply point is activated in the online account, the customer gains an overview of their consumption, payments, and invoices, which can be paid immediately via the payment gateway. Customers can also activate electronic invoicing online, update their contact details, adjust advance payments or payment methods, and set up their account to receive refunds. In the online account, the customer can also complete the transfer of the supply point to another customer. Security of all active operations by the customers is ensured through a text message sent to the customer's telephone. The online account also has a significant environmental aspect, as customers do not receive any paper documents to sign when making changes, requests, or orders through the online account. All changes are processed automatically and online.

Business customers can use online account features such as bulk downloading of invoice lists in XML or XLSX format, the ability to create custom views, and filter invoices according to their own criteria. They also have the option to search for invoices by their numbers, as well as advanced filtering options for invoices based on creation date, due date, or payment method.

By the end of 2024, over 411,000 customers were using the ZSE online account. Starting from the first quarter of 2025, the online account will offer customers a range of new features.

We are also seeing a continuous increase in the demand for electronic invoicing instead of paper invoices, with nearly 540,000 of our customers using electronic invoices by the end of 2024.

## 07 CORPORATE SOCIAL RESPONSIBILITY

The ZSE Group is among the corporate social responsibility leaders in Slovakia and its principles are in the middle of our daily business decisions and strategy. The main areas of the support within the ZSE Group are environmental protection, education support and community-oriented public service activities. The ZSE Foundation plays a significant role in this process.

In 2024, ZSE Energia collaborated with the ZSE Foundation on two major schemes.

We donated EUR 100,000 to the ZSE Foundation for the **Solar roofs** scheme. The scheme was designed for schools and educational facilities, social service facilities, sheltered workshops and registered social enterprises, which could apply for free installation of photovoltaic solutions. A multi-member committee proposed, and the ZSE Foundation's Board of Trustees approved, the free installation of photovoltaic systems for 10 entities in Western Slovakia, which will be carried out in 2025.

Through this scheme, the Foundation helped fulfil the entire ZSE Group's environmental commitments in the regions where it operates.

Through its **Employee Grant Scheme**, the ZSE Foundation supported the implementation of volunteer activities for those ZSE Group employees who, in addition to their day-to-day work and duties, were interested in getting involved in their community. In 2024, the eighth edition of the scheme was announced, in which 131 projects were supported with a total amount of EUR 100,000.

## **ANNEX**

Financial statements and independent auditor's report – 31 December 2024



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Translation of the Independent Auditors' Report originally prepared in Slovak language

# Independent Auditors' Report

To the Shareholder, Supervisory Board and Board of Directors of  
ZSE Energia a.s.

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of ZSE Energia a.s. (the "Company"), which comprise:

- the statement of financial position as at 31 December 2024;

and, for the year then ended:

- the statement of profit or loss and other comprehensive income;
- the statement of changes in equity;
- the statement of cash flows;

and

- notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements of the Act No. 423/2015 Coll. on statutory audit and on amendments to Act No. 431/2002 Coll. on accounting as amended ("the Act on Statutory Audit") including the Code of Ethics for an Auditor 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.



## **Responsibilities of the Statutory Body and Those Charged with Governance for the Financial Statements**

The statutory body is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as the statutory body 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, the statutory body 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 the statutory body either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

## **Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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 ISAs, 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 the statutory body;
- Conclude on the appropriateness of the statutory body'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 auditors' 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 auditors' 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 communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## Report on Other Legal and Regulatory Requirements

### Reporting on other information in the Annual Report

The statutory body is responsible for the other information. The other information comprises the information included in the Annual Report prepared in accordance with the Act No. 431/2002 Coll. on Accounting as amended ("the Act on Accounting") but does not include the financial statements and our auditors' report thereon. Our opinion on the financial statements does not cover the other information in the Annual Report.

In connection with our audit of the financial statements, our responsibility is to read the other information in the Annual Report that we have obtained prior to the date of the auditors' report on the audit of the financial statements, and, in doing so, consider whether the other information is materially inconsistent with the audited financial statements or our knowledge obtained in the audit of the financial statements, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.


With respect to the Annual Report, we are required by the Act on Accounting to express an opinion on whether the other information given in the Annual Report is consistent with the financial statements prepared for the same financial year, and whether it contains information required by the Act on Accounting.

Based on the work undertaken in the course of the audit of the financial statements, in our opinion, in all material respects:

- the other information given in the Annual Report for the year ended 31 December 2024 is consistent with the financial statements prepared for the same financial year; and
- the Annual Report contains information required by the Act on Accounting.

In addition to this, in light of the knowledge of the Company and its environment obtained in the course of the audit of the financial statements, we are required by the Act on Accounting to report if we have identified material misstatements in the other information in the Annual Report. We have nothing to report in this respect.

Audit firm:  
**KPMG Slovensko spol. s r.o.**  
License SKAU No. 96



Responsible auditor:  
**Ing. Ľuboš Vančo**  
License SKAU No. 745

Bratislava, 16 April 2025

**ZSE Energia, a.s.**

**Financial Statements and  
Independent Auditors' Report  
as at 31 December 2024**

**March 2025**

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## INDEPENDENT AUDITORS' REPORT

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**ZSE Energia, a.s.**  
**Statement of Financial Position**

<i>In thousands of EUR</i>	Note	31 December 2024	31 December 2023
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	691	6,698
Intangible assets	7	9,786	4,331
Investments		6	6
Right-of-use assets	8	9,983	8,046
Trade and other receivables	10	1,509	1,293
Deferred income tax	15	5,223	3,342
<b>Total non-current assets</b>		<b>27,198</b>	<b>23,716</b>
<b>Current assets</b>			
Inventories	9	16,073	20,239
Trade and other receivables	10	191,023	241,881
Cash and cash equivalents	0	10,437	17,971
Receivables from cash pooling	11	127,498	116,258
<b>Total current assets</b>		<b>345,031</b>	<b>396,349</b>
<b>TOTAL ASSETS</b>		<b>372,229</b>	<b>420,065</b>
<b>EQUITY</b>			
Share capital	13	6,639	6,639
Legal reserve fund	14	1,331	1,331
Other reserves		(9,043)	706
Retained earnings		106,249	106,498
<b>TOTAL EQUITY</b>		<b>105,176</b>	<b>115,174</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Provisions for liabilities and charges		167	-
Post-employment defined benefit obligations	16	778	491
Other long term employee benefits		267	275
Lease liabilities	8	9,098	7,217
<b>Total non-current liabilities</b>		<b>10,310</b>	<b>7,983</b>
<b>Current liabilities</b>			
Trade and other payables	19	250,937	280,379
Lease liabilities	8	1,345	1,068
Provisions for liabilities and charges	18	194	-
Bank overdrafts		2	-
Current income tax liabilities		4,265	15,461
<b>Total current liabilities</b>		<b>256,743</b>	<b>296,908</b>
<b>TOTAL LIABILITIES</b>		<b>267,053</b>	<b>304,891</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>372,229</b>	<b>420,065</b>

These financial statements have been approved for issue by the Board of Directors on 16 April 2025.

.....  
 Ing. Mgr. Juraj Bayer, PhD.  
 Chairman of the Board of Directors

.....  
 Ing. Ľudovít Šipoš  
 Member of the Board of Directors

**ZSE Enerģia, a.s.**  
**Statement of Profit or Loss and Other Comprehensive Income**

<i>In thousands of EUR</i>	<b>Note</b>	<b>2024</b>	<b>2023</b>
<b>Revenue from electricity and other revenue</b>	20	<b>1,365,363</b>	<b>1 670,148</b>
<b>Revenue from natural gas</b>		<b>233,491</b>	<b>233,212</b>
Compensation	21	65,856	170,042
Purchases of electricity and related fees	22	(1,251,393)	(1,616,265)
Natural gas purchased		(272,578)	(307,523)
Employee benefits	23	(18,101)	(16,107)
Other operating expenses	244	(19,411)	(20,284)
Depreciation of property, plant and equipment	6	(67)	(29)
Amortisation of intangible assets	7	(919)	(1,286)
Deprecation of right-of-use assets	8	(1,345)	(1 068)
Other operating income		(4,951)	(3,097)
<b>Profit from operations</b>		<b>105,847</b>	<b>113 937</b>
<b>Finance income/(costs)</b>			
Interest income		5,399	3,003
Interest and similar expense		(387)	(261)
<b>Finance costs, net</b>		<b>5,012</b>	<b>2,742</b>
<b>Profit before tax</b>		<b>110,859</b>	<b>116,679</b>
Income tax expense	15	(24,550)	(29,821)
<b>Profit for the year</b>		<b>86,309</b>	<b>86,858</b>
<b>Other comprehensive income</b>			
<i>Items that will not be subsequently reclassified to profit or loss</i>			
Changes in the fair value of hedging financial instruments		(9,559)	-
Actuarial remeasurements of post-employment defined benefit obligations	16	(250)	200
Deferred tax on actuarial remeasurements of post-employment defined benefit obligations	15	60	(42)
<b>Total other comprehensive income for the year</b>		<b>(9,749)</b>	<b>158</b>
<b>Total comprehensive income for the year</b>		<b>(76,560)</b>	<b>87,016</b>

**ZSE Enerģia, a.s.**  
**Statement of Changes in Equity**

<i>In thousands of EUR</i>	Share capital	Legal reserve fund	Retained earnings	Total equity
<b>Balance as at 1 January 2023</b>	<b>6,639</b>	<b>1,331</b>	<b>67,815</b>	<b>75,785</b>
Profit for the year	-	-	86,858	86,858
Other comprehensive loss for the year	-	-	158	158
<b>Total comprehensive income for 2023</b>	<b>-</b>	<b>-</b>	<b>87,016</b>	<b>87,016</b>
Dividends declared and paid (Note 12)			(47,627)	(47,627)
<b>Balance as at 31 December 2023</b>	<b>6,639</b>	<b>1,331</b>	<b>107,204</b>	<b>115,174</b>
Profit for the year	-	-	86,309	86,309
Other comprehensive loss for the year	-	-	(9,749)	(9,749)
<b>Total comprehensive income for 2024</b>	<b>-</b>	<b>-</b>	<b>76,560</b>	<b>76,560</b>
Dividends declared and paid (Note 13)			(86,558)	(86,558)
<b>Balance as at 31 December 2024</b>	<b>6,639</b>	<b>1,331</b>	<b>97,206</b>	<b>105,176</b>

**ZSE Enerģia, a.s.**  
**Statement of Cash Flows**

<i>In thousands of EUR</i>	<b>Note</b>	<b>2024</b>	<b>2023</b>
<b>Cash flows from operating activities</b>			
Profit before tax		110,859	116,679
Adjustments for non-cash items:			
- Depreciation of property, plant and equipment		986	1,315
- Depreciation of right-of-use assets		1,345	1,068
- Contract assets - external dealers' commissions under IFRS 15		(116)	558
- Interest income		(5,399)	(3,003)
- Interest and similar expense		387	261
- ECL allowance for possible impairment of receivables from cash pooling	11	413	377
- Other items		31	-
Cash generated from operations before changes in working capital		108,506	117,255
Changes in working capital:			
- Inventories		4,166	(992)
- Trade and other receivables		50,758	113,810
- Trade and other payables		(38,329)	5,909
- Provisions for liabilities and deferred income		371	(2,547)
<b>Cash generated from operations before interest and taxes</b>		<b>125,472</b>	<b>233,435</b>
Interest income received		5,399	3,003
Income tax (paid) / refund received	299	(37,567)	(21,977)
Interest paid		(368)	(239)
<b>Net cash from operating activities</b>		<b>92,936</b>	<b>214,222</b>
<b>Cash flows from investing activities</b>			
Purchase of property and equipment and intangible assets		(7,351)	(1,665)
Proceeds from sale of property, plant and equipment and intangible assets		6,214	-
Receivables from cash pooling		(11,653)	(165,924)
<b>Net cash from investing activities</b>		<b>(12,790)</b>	<b>(167,589)</b>
<b>Cash flows from financing activities</b>			
Dividends paid	12	(86,558)	(47,627)
Repayment of principal element of lease liabilities	28	(1,124)	(953)
<b>Net cash from financing activities</b>		<b>(87,682)</b>	<b>(48,580)</b>
<b>Net change in cash and cash equivalents</b>		<b>(7,536)</b>	<b>(1,947)</b>
Cash and cash equivalents at the beginning of the year		17,971	19,918
<b>Cash and cash equivalents at the end of the year</b>	<b>0</b>	<b>10,435</b>	<b>17,971</b>

The accompanying Notes 1 to 31 are an integral part of these financial statements.

## **1 Introduction**

These financial statements have been prepared under the Slovak Accounting Act (Act No. 431/2002 Coll. as amended) and in accordance with International Financial Reporting Standards as adopted by the European Union for the year ended 31 December 2024 for ZSE Energia, a.s. (hereinafter the “Company” or “ZSE E”).

The Company was incorporated and is domiciled in the Slovak Republic. The Company is a joint stock company limited by shares and was set up in accordance with Slovak legislation in its current legal form on 18 August 2006. The Company was incorporated in the Commercial Register of the City Court Bratislava III on 22 September 2006.

**Principal activity.** The Company provides electricity supply services primarily in the Western Slovakia region. At the end of 2011, in addition to electricity, the Company’s supply business commenced offering gas to large industrial customers and since April 2012 to SMEs and households.

**Registered address and place of business.** The Company’s registered address is Čulenova 6, Bratislava 816 47, Slovak Republic. Its identification number (IČO) is: 36 677 281 and its tax identification number (IČ DPH) is: SK2022249295.

**Presentation currency.** These financial statements are presented in Euro (“EUR”), rounded to thousands, unless otherwise stated. Negative amounts are presented in brackets.

**Ownership structure.** Západoslovenská energetika, a.s. owns 100% of the Company’s shares. ZSE Energia, a.s. is included in the consolidated financial statements of Západoslovenská energetika, a.s. (“The Parent company”).

The Parent company is jointly controlled by E.ON and the Slovak Republic as a result of a shareholders’ agreement, which requires the parties to act together to direct the activities that significantly affect the returns of the Parent company. The Parent company’s governance structure dictates that the Parent company Strategic plan shall be approved by representatives of both E.ON and the Slovak Republic. Further, any decisions by general meeting of shareholders must be made jointly by the existing shareholders, because a qualified two thirds majority of votes is required to pass any decision, while restrictions exist for transfer of shares to parties not under control of existing shareholders. Refer to Note 12.

List of members of the Company’s Board of Directors and of the supervisory board is publicly available from the Commercial Register operated by the Ministry of Justice of the Slovak Republic at [www.orsr.sk](http://www.orsr.sk).

**Number of employees.** The Company employed 300 staff on average during 2024, of which 12 were management (2023: 297 employees on average, of which 11 were management). Number of employees at 31 December 2024 was 307 (31 December 2023: 304).

## **2 Significant Accounting Policies**

**Basis of preparation.** These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union under the historical cost convention. The principal accounting policies applied in the preparation of these financial statements are set out below. The financial statements have been prepared on accrual basis and under the going concern assumption. The transactions are recognised in the financial statements in the period to which they relate.

The Board of Directors may propose to the Company’s shareholders to amend the financial statements until their approval by the general shareholders meeting. However, Article 16, points 9 to 11 of the Accounting Act No 431/2002 prohibit reopening an entity’s accounting records after the financial statements are approved by the general shareholders’ meeting. If, after the financial statements are approved, management identifies that comparative information would not be consistent with the current period information, the Accounting Act allows entities to restate comparative information in the reporting period in which the relevant facts are identified.

These financial statements have been prepared in addition to the consolidated financial statements of the Západoslovenská energetika, a.s. Group, with its registered address Čulenova 6, 816 47 Bratislava. The financial statements should be read in conjunction with the consolidated financial statements to obtain a complete understanding of the Company's results of operations and financial position. These consolidated financial statements can be obtained from the Company at its registered address.

**Property, plant and equipment.** Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Costs of minor repairs and day-to-day maintenance are expensed when incurred. Cost of replacing major parts or components of property, plant and equipment items is capitalised and the replaced part is retired.

At the end of each reporting period, management assesses whether there is any indication of impairment of property, plant and equipment. If any such indication exists, management estimates the recoverable amount, which is determined as the higher of an asset's fair value less costs to sell and its value in use. The carrying amount is reduced to the recoverable amount and the impairment loss is recognised in profit or loss for the year. An impairment loss recognised for an asset in prior years is reversed where appropriate if there has been a change in the estimates used to determine the asset's value in use or fair value less costs to sell.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss for the year within other operating income or costs.

**Right-of-use assets.** The Company leases lands, administrative and technical buildings and motor vehicles. Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Company is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component. Assets that represent right-of-use of the underlying leased assets are initially measured at the present value of the future lease payments.

Right-of-use assets are measured at cost at the commencement date of a lease, comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct (transaction) costs, and
- costs to restore the asset to the conditions required by lease agreements upon handover to the lessor at the end of the lease.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying assets' useful lives.

Depreciation on the items of the right-of-use assets is calculated using the straight-line method over their estimated useful lives as follows:

	<b>Useful lives in years</b>
Office buildings	2-15 years
Vehicles	2 - 5 years

**Depreciation.** Land and construction in progress is not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives:

	<b>Useful lives in years</b>
Machinery and equipment	4 – 15 years

The residual value of an asset is the estimated amount that the Company would currently obtain from the disposal of the asset less the estimated costs of disposal, if the asset was already of the age and in the condition expected at the end of its useful life. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

**Intangible assets.** Intangible assets are initially measured at cost. Intangible assets are recognised if it is probable that the future economic benefits that are attributable to the asset will flow to the Company, and the cost of the asset can be measured reliably. After initial recognition, the intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

Costs associated with maintaining computer software programs are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets when the following criteria are met: (a) it is technically feasible to complete the software product so that it will be available for use; (b) management intends to complete the software product and use or sell it; (c) there is an ability to use or sell the software product; (d) it can be demonstrated how the software product will generate probable future economic benefits; (e) adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and (f) the expenditure attributable to the software product during its development can be reliably measured.

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

Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed four years.

At the end of each reporting period management assesses whether there is any indication of impairment of intangible assets. If any such indication exists, management reduces the carrying value to the recoverable amount, which is determined as the higher of an asset's fair value less costs to sell and its value in use.

**Inventories.** Inventories are stated at the lower of acquisition cost and net realisable value. Weighted average method is used for determination of cost of inventories. The cost of material includes purchase price and directly attributable acquisition costs, such as customs duties or transportation costs. Net realisable value is the estimated selling price in the ordinary course of business, less selling expenses.

**Trade receivables.** Trade receivables are recognised initially at nominal value and subsequently measured at amortised cost using the effective interest method, net of allowance for expected credit losses ("ECL").

When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against impairment losses within “other operating expenses”.

**Value added tax.** Output value added tax related to sales is payable to tax authorities on the earlier of (a) collection of receivables from customers or (b) delivery of goods or services to customers. Input VAT is generally recoverable against output VAT upon receipt of the VAT invoice. The tax authorities permit the settlement of VAT on a net basis. VAT related to sales and purchases is recognised in the statement of financial position on a net basis. Where provision has been made for the impairment of receivables, the impairment loss is recorded for the gross amount of the debtor, including VAT, if this previously paid output VAT is not expected to be refunded by the authorities.

**Commodity contracts at fair value through profit or loss (“FVTPL”).** Commodity contracts at fair value through profit or loss represent commodity contracts concluded on foreign markets without intention to transport the commodity to Slovakia or in other way not being concluded for the entity’s own use, sale or purchase requirements as well as those commodity contracts that the entity so designates in order to avoid significant accounting mismatch. These contracts have all three of the following characteristics: (a) the contract’s value changes in response to the change in market price of commodity, which is not specific to a party to the contract; (b) it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors; and (c) it is settled at a future date. These are EFET contracts that require physical delivery of the commodity. Revenue or expense related to the sale or purchase of the commodity, respectively, is recognised at the market price of the commodity at the time of delivery of the commodity to or from the counterparty.

**Financial instruments – key measurement terms.** Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The best evidence of fair value is the price in an active market. An active market is one in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

*Transaction costs* are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial instrument. An incremental cost is one that would not have been incurred if the transaction had not taken place. Transaction costs include fees and commissions paid to agents (including employees acting as selling agents), advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs.

*Amortised cost (“AC”)* is the amount at which the financial instrument was recognised at initial recognition less any principal repayments, plus accrued interest, and for financial assets less any allowance for expected credit losses (“ECL”). Accrued interest includes amortisation of transaction costs deferred at initial recognition and of any premium or discount to the maturity amount using the effective interest method. Accrued interest income and accrued interest expense, including both accrued coupon and amortised discount or premium (including fees deferred at origination, if any), are not presented separately and are included in the carrying values of the related items in the statement of financial position.

The *effective interest method* is a method of allocating interest income or interest expense over the relevant period, so as to achieve a constant periodic rate of interest (effective interest rate) on the carrying amount. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts (excluding future credit losses) through the expected life of the financial instrument or a shorter period, if appropriate, to the gross carrying amount of the financial instrument. The effective interest rate discounts cash flows of variable interest instruments to the next interest repricing date, except for the premium or discount which reflects the credit spread over the floating rate specified in the instrument, or other variables that are not reset to market rates. Such premiums or discounts are amortised over the whole expected life of the instrument. The present value calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate.

**Financial instruments – initial recognition.** All the entity's financial instruments are initially recorded at fair value adjusted for transaction costs. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets. After the initial recognition, an ECL allowance is recognised for financial assets measured at amortised costs ("AC"), resulting in an immediate accounting loss.

**Financial assets – classification and subsequent measurement – measurement categories.** The Company classifies financial assets only in the amortised cost category. The classification and subsequent measurement of debt financial assets depends on: (i) the Company's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset.

**Financial assets – classification and subsequent measurement – business model.** The business model reflects how the Company manages the assets in order to generate cash flows – whether the Company's objective is: (i) solely to collect the contractual cash flows from the assets ("hold to collect contractual cash flows"), or (ii) to collect both the contractual cash flows and the cash flows arising from the sale of assets ("hold to collect contractual cash flows and sell") or, if neither of (i) and (ii) is applicable, the financial assets are classified as part of "other" business model and measured at fair value through profit or loss ("FVTPL").

Business model is determined for a group of assets (on a portfolio level) based on all relevant evidence about the activities that the Company undertakes to achieve the objective set out for the portfolio available at the date of the assessment. Factors considered by the Company in determining the business model include the purpose and composition of a portfolio, past experience on how the cash flows for the respective assets were collected. The purpose of the business model of the Company is to hold the financial assets to collect cash flows.

**Financial assets – classification and subsequent measurement – cash flow characteristics.** Where the business model is to hold assets to collect contractual cash flows or to hold contractual cash flows and sell, the Company assesses whether the cash flows represent solely payments of principal and interest ("SPPI"). Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are consistent with the SPPI feature. In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement, i.e. interest includes only consideration for credit risk, time value of money, other basic lending risks and profit margin.

Where the contractual terms introduce exposure to risk or volatility that is inconsistent with a basic lending arrangement, the financial asset is classified and measured at FVTPL. The SPPI assessment is performed on initial recognition of an asset and it is not subsequently reassessed.

The Company holds only trade receivables, loans, cash pooling receivable, and cash and cash equivalents. The contractual cash flows of these financial assets represent only principal and interest payments that reflect the time value of money and, therefore, the Company measures them at amortised cost.

**Financial assets – reclassification.** Financial instruments are reclassified only when the business model for managing the portfolio as a whole changes. The reclassification has a prospective effect and takes place from the beginning of the first reporting period that follows after the change in the business model. The entity did not change its business model during the current and comparative period and did not make any reclassifications.

**Financial assets impairment – credit loss allowance for ECL.** The Company assesses, on a forward-looking basis, the ECL for receivables measured at AC and for contract assets. The Company measures ECL and recognises net impairment losses on financial and contract assets at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

Receivables measured at AC are presented in the statement of financial position net of the allowance for ECL.

The Company applies a simplified approach to trade receivables under IFRS 9, i.e. measures ECL using lifetime expected loss. The Company uses for the calculation of lifetime expected loss for trade receivables a matrix that takes into account the amount of receivables turnover during the current period, revenue for the current period and the amount of receivables written off.

The amount of the loss allowance was the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset was reduced using an allowance account, and the amount of the loss was expensed within "other operating expenses".

**Financial assets – write-off.** Financial assets are written-off, in whole or in part, when the Company exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery.

**Financial assets - derecognition.** The Company derecognises financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expire or (b) the Company has transferred the rights to the cash flows from these financial assets as well as substantially all the related risks and rewards to an unrelated third party.

**Financial liabilities – measurement categories.** Financial liabilities are classified as subsequently measured at AC, except for (i) financial liabilities at FVTPL: this classification is applied to derivatives, financial liabilities held for trading (e.g. short positions in securities), contingent consideration recognised by an acquirer in a business combination and other financial liabilities designated as such at initial recognition.

**Financial liabilities – derecognition.** Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

An exchange between the Company and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms and conditions of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms discounted using the original effective interest rate is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any transaction costs incurred are recognised as part of the gain or loss on the extinguishment.

If the exchange or modification is not accounted for as an extinguishment, any transaction costs incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

Modifications of liabilities that do not result in extinguishment are accounted for as a change in estimate using a cumulative catch up method, with any gain or loss recognised in profit or loss, unless the economic substance of the difference in carrying values is attributed to a capital transaction with owners.

**Financial liabilities designated at FVTPL.** The Company may designate certain liabilities at FVTPL at initial recognition. Gains and losses on such liabilities are presented in profit or loss except for the amount of change in the fair value that is attributable to changes in the credit risk of that liability (determined as the amount that is not attributable to changes in market conditions that give rise to market risk), which is recorded in other comprehensive income (“OCI”). This is unless such a presentation would create, or enlarge, an accounting mismatch, in which case the gains and losses attributable to changes in credit risk of the liability are also presented in profit or loss.

**Hedging financial instruments.** Hedging financial instruments are only used for economic hedging purposes and not as speculative investments. However, where hedging financial instruments do not meet the hedge accounting criteria, they are classified as “held for trading” for accounting purposes and are accounted for at fair value through profit or loss.

The full fair value of hedging financial instruments is classified as a non-current asset or liability where the remaining maturity of the hedged item is more than 12 months. It is classified as a current asset or liability where the remaining maturity of the hedged item is less than 12 months. Trading financial instruments are classified as a current asset or liability.

Hedging financial instruments are initially recognised at fair value on the date when a contract is entered into, and they are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the financial instrument is designated as a hedging instrument and, if so, the nature of the item being hedged.

At inception of the hedge relationship, the Company documents the economic relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items.

The effective portion of changes in the fair value of hedging financial instruments that are designated and qualify as cash flow hedges is recognised in the cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Certain hedging financial instruments do not qualify for hedge accounting. Changes in the fair value of any hedging financial instrument that does not qualify for hedge accounting are recognised immediately in profit or loss.

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments, to ensure that an economic relationship exists between the hedged item and the hedging instrument.

For hedges of foreign currency purchases, the Company enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item. The Company therefore performs a qualitative assessment of effectiveness. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the Company uses the hypothetical financial instrument method to assess effectiveness.

The Company enters into interest rate swaps that have similar critical terms as the hedged item, such as reference rate, reset dates, payment dates, maturities and notional amount. The Company does not hedge 100% of its loans, and so the hedged item is identified as a proportion of the outstanding loans up to the notional amount of the swaps. Since all critical terms matched during the year, there is an economic relationship.

**Cash and cash equivalents.** Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are carried at amortised cost because they are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest (“SPPI”).

**Share capital.** Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds of the share issue.

**Dividends.** Dividends are recorded in equity in the period in which they are declared. The financial statements of the Company are the basis for profit distribution and other appropriations.

**Legal reserve fund.** The legal reserve fund is set up in accordance with the Commercial Code. Contributions to the legal reserve fund were made at 10% of the Company's profit for the year, up to 20% of the share capital. Such funds are not distributable and may only be used to increase share capital or to cover losses.

**Income taxes.** Income taxes have been provided for in the financial statements in accordance with legislation enacted or substantively enacted by the end of the reporting period. The income tax charge comprises current tax and deferred tax and is recognised in profit or loss for the year, except if it is recognised in other comprehensive income or directly in equity because it relates to transactions that are also recognised, in the same or a different period, in other comprehensive income or directly in equity.

Current income tax is the amount expected to be paid to, or recovered from, the taxation authorities in respect of taxable profits or losses for the current and prior periods. Taxable profits or losses are based on estimates if the financial statements are authorised prior to filing relevant tax returns. Taxes other than on income are recorded within administrative and other operating expenses.

Current income tax also includes a special levy on profits in regulated industries at a rate of 21% per annum (2023: 21%). The basis for the special levy is calculated as profit before tax \* (revenue from regulated activities/total revenue). The special levy for year 2024 is 4.356% (2023:4.356%). The levy is a deductible expense for the purposes of applying the standard corporate income tax rate.

Deferred income tax is recognised using the balance sheet liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination and the transaction, when initially recorded, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the respective reporting period and apply to the period when the related deferred income tax asset will be realised, or the deferred income tax liability will be settled.

The special levy on profits is chargeable on profits determined in accordance with Slovak GAAP and hence, a deferred tax in relation to special levy arises only where there is a temporary difference between Slovak GAAP and IFRS carrying values of assets and liabilities.

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

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

**Post-employment and other long term employee benefits.** The Company contributes to state and private defined contribution pension and social benefit plans under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are expensed when incurred.

As agreed with the trade unions, the Company also has (a) a post-employment defined benefit obligation to pay one to eight monthly salaries to each employee upon retirement, depending on the number of years worked for the Company, (b) an obligation to pay work and life anniversary long service bonuses and (c) a obligation to pay compensation in the event of the death of an employee during the performance of the profession or as a result of an occupational disease and the obligation to pay compensation in the event of the death of an employee outside the performance of the profession. These obligations are recognised as liabilities estimated annually by independent actuaries using the Projected Unit Credit Method. The present value of the defined benefit obligation is determined (a) by discounting the estimated future cash outflows using interest rates of high quality corporate bonds, which have terms to maturity approximating the terms of the related liability and (b) then attributing the calculated present value to the periods of service based on the plan's benefit formula.

Actuarial remeasurements on post-employment benefits arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise, and are immediately reclassified to retained earnings in the statement of changes in equity. Actuarial remeasurements of the obligation to pay work and life anniversary long service bonuses are recognised in profit or loss for the year as employee benefits expense when incurred. Past service costs, if any, are expensed when incurred.

As explained in IAS 19, *Employee Benefits*, paragraph 133, the Company does not distinguish current and non-current portions of defined benefit obligations and presents the estimate as a whole within non-current liabilities.

**Trade payables.** Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within less than one year, or within the entity's operating cycle. All other accounts payable are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

**Offsetting.** Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts, and there is an intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously. Such a right of set off (a) must not be contingent on a future event and (b) must be legally enforceable in all of the following circumstances: (i) in the normal course of business, (ii) the event of default and (iii) the event of insolvency or bankruptcy.

**Lease liabilities.** Liabilities arising from a lease are initially measured on a basis of present value of future payments. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date,
- amounts expected to be liability by the Company under residual value guarantees,
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

Extension and termination options are included in a number of property and equipment leases. These terms are used to maximise operational flexibility in terms of managing the assets used in the Company's operations. The majority of extension and termination options held are exercisable only by the Company and not by the respective lessor. Extension options (or period after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determinable, which is generally the case for leases of the Company, the Company's incremental borrowing rate is used, being the rate that the Company would have to pay to borrow the funds necessary to obtain an asset of a value similar to the right-of-use asset in a similar economic environment with similar terms and conditions and collateral.

To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since the third party financing was received,
- uses a method adjusting risk-free interest rate by a credit risk margin, and
- makes adjustments specific to the lease, e.g. term, country, currency and collateral.

The Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance costs. The finance costs are charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

**Provisions / Contingent liabilities.** Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

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

Where the Company expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain.

Contingent liabilities are not recognised in the financial statements as liabilities. They are disclosed in the notes to the financial statements, unless the possibility of an outflow of resources embodying the economic benefits is remote.

**Onerous contract provision.** The Company recognises provisions for onerous contracts based on the assumption that the future costs of purchasing commodities intended for delivery resulting from contractual obligations to deliver the commodity to customers, will exceed the economic benefits arising from these contracts. A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract, which is determined based on incremental costs necessary to fulfil the obligation under the contract. Before a provision is established, the Company recognises any impairment loss on the assets associated with the contract.

**Revenue recognition.** Revenue is recognised, net of value-added tax, estimated returns, rebates and discounts. The Company recognises revenue when it is probable that future economic benefits will flow to the Company, and in the case of variable consideration when it is highly probable that the recognised revenue will not have to be reversed and when specific criteria will be met for each of the Company's activities as described below.

*Revenue from sale and distribution of electricity.* Revenue from the sale and distribution of electricity is recognised when the electricity is delivered to the customer. Consumption of wholesale customers is metered and billed on a monthly basis. The consumption of retail customers in the segment of small businesses was metered during December 2023. The consumption of retail customers in the households' segment is metered and billed on an annual basis and the Company split its household customer base to twelve billing cycles. The billing of electricity supplied in 2023 for all twelve billing cycles will be completed in December 2024. The Company uses the Enersim demand profile data for estimating the delivered but unbilled accrued revenue. Network losses are included in the cost of purchased electricity.

Revenue from the sale of electricity on the spot market and the settlement of variations in consumption and cross - border profile recharges represent sales of electricity purchased on the short-term market for regular customers due to short-term deviations in their consumption diagrams and fees paid by the regular customers for deviating from the planned consumption curve.

All these revenues realised on the spot market are recognised when the electricity is delivered, or the contract is fulfilled.

*Revenue from sale of gas.* Revenue from the sale of gas is recognised when the gas is delivered to the customer. Consumption to wholesale customers is metered and billed on a monthly basis. The consumption of retail customers in the households' segment is based on a twelve billing cycles using third party data.

*Contract with customer.* Standard IFRS 15 Revenue from Contracts with Customers provides a single, principles based five-step model to be applied to all contracts with customers:

- identify the contract(s) with a customer
- identify the performance obligations in the contract
- determine the transaction price
- allocate the transaction price to each performance obligation
- recognise revenue when a performance obligation is satisfied

*Sales of services.* In the case of services where customer benefits from the service as it is being performed, revenue from the service is recognised in the reporting period in which the services are rendered, by reference to completion of the specific transaction assessed based on the actual service provided as a proportion of the total services to be provided.

*Interest income.* Interest income is recognised on an accrual basis using the effective interest method.

*Contractual penalties.* Contractual penalties are recognised when the cash payment is received, because contractual penalties relate to contracts with customers who intended to defraud the Company and as such are relatively difficult to collect.

**Foreign currency translation.** These financial statements are presented in thousands of EUR, which is the Company's presentation currency. The functional currency for the Company is EUR.

*Transactions and balances.* Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

### **3 Adoption of New or Revised Standards and Interpretations**

The following new standards, interpretations and amendments became effective for the Company from 1 January 2024, but did not have any material impact:

**Amendments to IAS 1, Presentation of Financial Statements - Classification of Liabilities as Current or Non-current** (Effective for annual reporting periods beginning on or after 1 January 2024. Early application is permitted.).

**Amendments to IAS 1, Presentation of Financial Statements - Non-Current Liabilities with Covenants** (Effective for annual reporting periods beginning on or after 1 January 2024. Early application is permitted. Specific transition requirements apply for companies that have early-adopted the previously issued but not yet effective 2020 amendments.).

**Amendments to IAS 7, Statement of Cash Flows and IFRS 7, Financial Instruments: Disclosures: Supplier Finance Arrangements** (Effective for annual reporting periods beginning on or after 1 January 2024. Early application is permitted.).

**Amendments to IFRS 16, Leases - Lease Liability in a Sale and Leaseback** (Effective for annual reporting periods beginning on or after 1 January 2024. Early application is permitted.).

#### **4 New Accounting Pronouncements**

Certain new standards, interpretations and amendments have been issued that are mandatory for annual reporting periods beginning after 1 January 2024, and which the Company has not early adopted:

##### **a) New or amended Standards and Interpretations, as endorsed by the EU as at 20 January 2025, that are effective for annual reporting periods beginning after 1 January 2024**

**Amendments to IAS 21, The Effects of Changes in Foreign Exchange Rates: Lack of exchangeability** (Effective for annual reporting periods beginning on or after 1 January 2025. Earlier application is permitted.). Under IAS 21, The Effects of Changes in Foreign Exchange Rates, a company uses a spot exchange rate when translating a foreign currency transaction. In some jurisdictions, no spot rate is available because a currency cannot be exchanged into another currency. IAS 21 was amended to clarify:

- when a currency is exchangeable into another currency, and
- how a company estimates a spot rate when a currency lacks exchangeability.

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

The Company assessed the impact of the amendments on its consolidated financial statements as not relevant.

##### **b) New or amended Standards and Interpretations that are effective for annual reporting periods beginning after 1 January 2024, not yet endorsed by the EU as at 20 January 2025**

**IFRS 18, Presentation and Disclosure in Financial Statements** (Effective for annual reporting periods beginning on or after 1 January 2027. Earlier application is permitted.). IFRS 18 replaces IAS 1, Presentation of Financial Statements. The major changes in the requirements are summarised below.

###### *A more structured statement of profit or loss*

IFRS 18 introduces newly defined “operating profit” and “profit or loss before financing and income tax” subtotals and a requirement for all income and expenses to be allocated between three new distinct categories based on a company’s main business activities: operating, investing and financing.

Under IFRS 18, companies are no longer permitted to disclose operating expenses only in the notes. A company presents operating expenses in a way that provides the “most useful structured summary” of its expenses by either:

- nature,
- function, or
- using a mixed presentation.

If any operating expenses are presented by function, then new disclosures apply.

###### *MPMs – Disclosed and subject to audit*

IFRS 18 also requires some “non-GAAP” measures to be reported in the financial statements. It introduces a narrow definition for Management Performance Measures (“MPMs”), requiring them to be:

- a subtotal of income and expenses,
- used in public communications outside the financial statements, and
- reflective of management’s view of financial performance.

For each MPM presented, companies need to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards.

###### *Greater disaggregation of information*

The new standard includes enhanced guidance on how companies Company information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes.

Companies are discouraged from labelling items as “other” and are required to disclose more information if they continue to do so.

*Other changes applicable to the primary financial statements*

IFRS 18 sets operating profit as a starting point for the indirect method of presenting cash flows from operating activities and eliminates the option for classifying interest and dividend cash flows as operating activities in the cash flow statement (this differs for companies with specified main business activities). It also requires goodwill to be presented as a new line item on the face of the balance sheet.

*Transition*

In its annual financial statements prepared for the period in which the new standard is first applied, an entity shall disclose, for the comparative period immediately preceding that period, a reconciliation for each line item in the statement of profit or loss between:

- the restated amounts presented applying IFRS 18, and
- the amounts previously presented applying IAS 1.

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

**IFRS 19, Subsidiaries without Public Accountability Disclosures** (Effective for annual reporting periods beginning on or after 1 January 2027. Earlier application is permitted.). IFRS 19 allows eligible subsidiaries to apply IFRS Accounting Standards with the reduced disclosure requirements of IFRS 19.

A subsidiary may choose to apply the new standard in its consolidated, separate or individual financial statements provided that, at the reporting date:

- it does not have public accountability,
- its parent produces consolidated financial statements under IFRS Accounting Standards.

A subsidiary applying IFRS 19 is required to clearly state in its explicit and unreserved statement of compliance with IFRS Accounting Standards that IFRS 19 has been adopted.

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

**Amendments to IFRS 9, Financial Instruments and IFRS 7, Financial Instruments: Disclosures: Amendments to the Classification and Measurement of Financial Instruments** (Effective for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted.).

*Settlement of liabilities through electronic payment systems*

There has been diversity in practice over the timing of the recognition and derecognition of financial assets and financial liabilities, particularly when they are settled using electronic payment system. The amendments to IFRS 9 clarify when a financial asset or a financial liability is recognised and derecognised.

Under the amendments, a company generally derecognises its trade payable on the settlement date. Normally this is the date, on which payment is completed.

The amendments also provide an optional exception, which allows the company to derecognise its trade payable earlier than the settlement date, potentially on the date when payment is initiated and cannot be canceled. The exception is available when the company uses an electronic payment system that meets all of the following criteria:

- no practical ability to withdraw, stop or cancel the payment instruction,
- no practical ability to access the cash to be used for settlement as a result of the payment instruction, and
- the settlement risk associated with the electronic payment system is insignificant.

Companies can choose to apply the exception for electronic payments on a system-by-system basis.

*Classification of financial assets with ESG-linked features*

Under IFRS 9, it was unclear whether the contractual cash flows of some financial assets with ESG-linked features represented SPPI, which is a condition for measurement at amortised cost. This could have resulted in financial assets with ESG-linked features being measured at fair value through profit or loss.

The amendments introduce an additional SPPI test for financial assets with contingent features that are not related directly to a change in basic lending risks or costs – e.g. where the cash flows change depending on whether the borrower meets an ESG target specified in the loan contract.

Under the amendments, certain financial assets including those with ESG-linked features could now meet the SPPI criterion, provided that their cash flows are not significantly different from an identical financial asset without such a feature.

The amendments also include additional disclosures for all financial assets and financial liabilities that have certain contingent features that are:

- not related directly to a change in basic lending risks or costs; and
- are not measured at fair value through profit or loss.

*Contractually linked instruments (CLIs) and non-recourse features*

The amendments clarify the key characteristics of CLIs and how they differ from financial assets with non-recourse features. The amendments also include factors that a company needs to consider when assessing the cash flows underlying a financial asset with non-recourse features (the “look through” test).

*Disclosures on investments in equity instruments*

The amendments require additional disclosures for investments in equity instruments that are measured at fair value with gains or losses presented in other comprehensive income (FVOCI).

The Company is currently assessing the impact of the amendments on its consolidated financial statements.

**Amendments to IFRS 9, Financial Instruments and IFRS 7, Financial Instruments: Disclosures: Contracts Referencing Nature-dependent Electricity** (Effective for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted.). The amendments enable nature-dependent electricity contracts, which are sometimes referred to as renewable power purchase agreements (PPAs), to be better reflected in the financial statements. The amendments:

- clarify the application of the own use exemption to these contracts.
- amend the hedge accounting requirements to allow contracts for electricity from nature-dependent renewable energy sources to be used as a hedging instrument if certain conditions are met.
- introduce additional disclosure requirements to enable investors to understand the impact of these contracts on a company's financial performance and future cash flow.

The Company is currently assessing the impact of the amendments on its consolidated financial statements.

**Annual Improvements to IFRS Standards – Volume 11** (Effective for annual reporting periods on or after 1 January 2026. Earlier application is permitted. The amendment on derecognition of lease liabilities applies only to lease liabilities extinguished on or after the beginning of the annual reporting period in which the amendment is first applied).

In this volume of improvements, the IASB makes minor amendments to IFRS 9, Financial Instruments, and to a further four accounting standards (IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 7 Financial Instruments: Disclosures, IFRS 10 Consolidated Financial Statements and IAS 7 Statement of Cash Flows). The amendments to IFRS 9 address:

- a conflict between IFRS 9 and IFRS 15, Revenue from Contracts with Customers, over the initial measurement of trade receivables, and
- how a lessee accounts for the derecognition of a lease liability under paragraph 23 of IFRS 9.

The amendments to IFRS 9 require companies to initially measure a trade receivable without a significant financing component at the amount determined by applying IFRS 15. They also clarify that when lease liabilities are derecognised under IFRS 9, the difference between the carrying amount and

the consideration paid is recognised in profit or loss.

The Company is currently assessing the impact of the amendments on its consolidated financial statements.

- **Amendments to IFRS 10 and IAS 28 - Sale or contribution of assets between an investor and its associate or joint venture** (Effective date deferred indefinitely. Available for optional adoption in full IFRS financial statements).
- a partial gain or loss is recognised when a transaction between an investor and its associate or joint venture involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

The Company assessed the impact of the amendments on its consolidated financial statements as not relevant.

The Company is currently assessing the impact of above stated and other IFRSs and IFRIC interpretations on its consolidated financial statements, however, does not expect any material impact on the Group.

## **5 Critical Accounting Estimates and Judgements in Applying Accounting Policies**

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Critical estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

**ECL measurement of receivables.** The Company applies a simplified approach to trade receivables under IFRS 9, i.e. measures ECL using lifetime expected loss. The Company uses for the calculation of lifetime expected loss for trade receivables a matrix that takes into account the ageing of receivables, loss rate for each ageing category, and the amount of receivables written off. The Company has considered the expected payment discipline for the next 12 months. Based on these indicators, it was decided that the expected loss allowance for trade receivables based on historical data is sufficient, as the development of the forward looking indicators corresponds to the development of previous periods, including the period since March 2020 that was impacted by the coronavirus situation. Possible developments of macroeconomic indicators do not have significant impact on expected credit losses from trade receivables.

**Lease term.** In determining the lease terms, the Company takes into account also verbal agreements between the parties relating to the automatic annual extension of the leased buildings. The lessor verbally agreed with us that we will be able to renew leases of office premises each year for up to 15 years at the market level rent at the time of each renewal. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option.

For leases of offices, equipment and vehicles, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Company is typically reasonably certain to extend (or not terminate) the lease.
- If any leasehold improvements are expected to have a significant residual value, the Company is typically reasonably certain to extend (or not terminate) the lease.

Otherwise, the Company considers other factors including historical lease term and the costs and business disruption required to replace the leased asset.

As at 31 December 2024, potential future cash outflows of EUR 0 thousands (31 December 2023: EUR 0 thousand) (undiscounted) have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated). The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee. The estimated lease terms have not been revised during the current accounting period.

The Company has estimated that the guarantees of the residual value of the leased items are not significant.

**Unbilled electricity.** The unbilled revenue from delivery and distribution represents an accounting estimate based on estimated volume of delivered and distributed electricity expressed in MWh for low voltage network and estimated unit price that will be billed in the future. The Company uses customer information system Enersim to estimate the unbilled deliveries based on assumed customer demand profiles which as at 31 December 2024 amounted to 180,172 thousand EUR, (as at 31 December 2023 amounted to 176,303 thousand EUR). This accounting estimate is based on: (a) the estimated volume delivered and distributed to households in technical units (MWh) between the date of the last meter reading and the end of the reporting period; (b) the consumption estimate utilising the time patterns of consumption of various customer profiles observed on a sample basis; (c) the estimated losses in the distribution network; and (d) the unit price in EUR/MWh, that will be applied to billing the electricity delivery and distribution.

The Company accrued the following balance sheet amounts of unbilled revenue from distribution and delivery of electricity:

<i>In thousands of EUR</i>	<b>31 December 2024</b>	<b>31 December 2023</b>
Accrued receivables from distribution and delivery of electricity as part of item "Trade and other receivables"	11,300	10,414
Accrued liabilities from distribution and delivery of electricity as part of item "Trade and other payables"	42,611	43,216

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**Unbilled gas.** The unbilled revenue from delivery and distribution represents an accounting estimate based on estimated volume of delivered and distributed gas expressed in MWh and estimated unit price that will be billed in the future. This accounting estimate is based on: (a) the estimated volume delivered and distributed to households in technical units (MWh) between the date of the last meter reading and the end of the reporting period; (b) the consumption estimate utilising the time patterns of consumption of various customer profiles; (c) the unit price in EUR/MWh, that will be applied to billing the gas delivery and distribution.

The Company accrued the following balance sheet amounts of unbilled revenue from distribution and delivery of gas:

<i>In thousands of EUR</i>	<b>31 December 2024</b>	<b>31 December 2023</b>
Accrued receivables from distribution and delivery of gas as part of item "Trade and other receivables"	2,900	1,052
Accrued liabilities from distribution and delivery of gas as part of item "Trade and other payables"	7,267	8,176

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Should the estimate volume of supplied GAS be higher by 10 GWh (2023: 10 GWh), with other parameters unchanged, the revenues for commodity and distribution would increase by EUR 387 thousand (2023: EUR 254 thousand).

**6 Property, Plant, Equipment**

Movements in the carrying amount of property, plant and equipment were as follows:

<i>In thousands of EUR</i>	<b>Building</b>	<b>Machinery and equipment and others assets for own use</b>	<b>Unfinished investments</b>	<b>Total</b>
Cost at 1 January 2023	-	194	6,214	6,408
Accumulated depreciation and impairment losses	-	(113)	-	(113)
<b>Carrying amount at 1 January 2023</b>	<b>-</b>	<b>81</b>	<b>6,214</b>	<b>6,295</b>
Additions	-	-	432	432
Transfers	-	55	(55)	-
Amortisation charge	-	(29)	-	(29)
Elimination	-	-	-	-
Cost as at 31 December 2023	-	249	6,591	6,840
Accumulated depreciation including impairment losses	-	(142)	-	(142)
<b>Carrying amount at 31 December 2023</b>	<b>-</b>	<b>107</b>	<b>6,591</b>	<b>6,698</b>
Additions	-	-	305	305
Transfers	297	125	(422)	-
Amortisation charge	(18)	(49)	-	(67)
Elimination	-	(31)	(6,214)	(6,245)
Cost as at 31 December 2024	297	243	260	800
Accumulated depreciation and impairment losses	(18)	(91)	-	(109)
<b>Carrying amount at 31 December 2024</b>	<b>279</b>	<b>152</b>	<b>260</b>	<b>691</b>

Long-term tangible assets are insured for damage caused by natural disasters up to EUR 194 thousand in the case of machines, tools, devices, accessories and other property (2023: EUR 199 thousand).

## 7 Intangible Assets

Movements in the carrying amount of intangible assets were as follows:

<i>In thousands of EUR</i>	<b>Carbon dioxide emission quotas</b>	<b>Software and similar assets</b>	<b>Assets not yet available for use</b>	<b>Total</b>
Cost at 1 January 2023	-	14,571	1,816	16,387
Accumulated depreciation and impairment losses	-	(12,256)	-	(12,256)
<b>Carrying amount at 1 January 2023</b>	<b>-</b>	<b>2,315</b>	<b>1,816</b>	<b>4,131</b>
Additions	-	-	1,486	1,486
Transfers	-	666	(666)	-
Amortisation charge	-	(1,286)	-	(1,286)
Cost as at 31 December 2023	-	15,238	2,636	17,874
Accumulated depreciation including impairment losses	-	(13,543)	-	(13,543)
<b>Carrying amount at 31 December 2023</b>	<b>-</b>	<b>1,695</b>	<b>2,636</b>	<b>4,331</b>
Additions	4,510	-	1,864	6,374
Transfer from unfinished investments	-	1,163	(1,163)	-
Amortisation charge	-	(919)	-	(919)
Cost as at 31 December 2024	4,510	16,317	3,337	24,164
Accumulated depreciation and impairment losses	-	(14,378)	-	(14,378)
<b>Carrying amount at 31 December 2024</b>	<b>4,510</b>	<b>1,939</b>	<b>3,337</b>	<b>9,786</b>

## 8 Right-of-use Assets and Lease Liabilities

The Company leases various offices and equipment and vehicles. Rental contracts are typically made for fixed periods of 2 to 20 years (lease term is disclosed in more detail in Note 2) but may have extension options. As for assets where contract is concluded for an indefinite period, the useful life is determined based on assumed reasonably certain lease term.

Leases are recognised as a right-of-use asset and a corresponding liability from the date when the leased asset becomes available for use by the Company.

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**Notes to the Financial Statements – 31 December 2024**

Movements in right-of-use assets:

<i>In thousands of EUR</i>	Year ended 31 December 2024			Year ended 31 December 2023		
	Buildings	Vehicles	Total	Buildings	Vehicles	Total
<b>Carrying amount at 1 January</b>	<b>7,856</b>	<b>190</b>	<b>8,046</b>	<b>6,671</b>	<b>230</b>	<b>6,901</b>
Additions	3,650	33	3,683	2,215	35	2,080
Disposals	(380)	(6)	(386)	(17)	-	17
Depreciation charge	(1,273)	(72)	(1,345)	(993)	(75)	(1,068)
Reduction in value	(15)	-	(15)	116	-	116
<b>Carrying amount at 31 December</b>	<b>9,838</b>	<b>145</b>	<b>9,983</b>	<b>7,856</b>	<b>190</b>	<b>8,046</b>

The Company recognised lease liabilities as follows:

<i>In thousands of EUR</i>	31 December 2024	31 December 2023
Short-term lease liabilities	1,345	1,068
Long-term lease liabilities	9,098	7,217
<b>Total lease liabilities</b>	<b>10,443</b>	<b>8,285</b>

Interest expense on lease liabilities included in finance costs was EUR 368 thousand (2023: EUR 228 thousand).

Costs of short-term leases (included in other operating expenses) and leases of low-value assets that are not short-term leases (also included in other operating expenses):

<i>In thousands of EUR:</i>	2024	2023
Expense relating to short-term leases	58	102
Expense relating to leases of low-value assets that are not shown above as short-term leases	220	53

The lease agreements do not impose any covenants other than the security interests on the leased assets that are held by the lessor. Leased assets may not be used as collateral for borrowings.

Total cash outflows for leases were as follows:

<i>In thousands of EUR</i>	2024	2023
Payments related to short - term leases	58	102
Payments related to the leasing of low value assets that are not short-term rents	220	53
Repayment of principal of lease obligations	1,124	953
Leased interest expense	368	228
<b>Total lease payments</b>	<b>1,770</b>	<b>1,336</b>

**9 Inventories**

<i>In thousands of EUR</i>	<b>2024</b>	<b>2023</b>
Natural gas	10,607	13,728
Materials and spare parts	4,099	4,098
Goods	1,367	2,413
<b>Total inventories</b>	<b>16,073</b>	<b>20,239</b>

Natural gas is held in an underground gas storage facility controlled by a related party under significant influence of the Slovak government.

No inventories have been pledged as collateral.

**10 Trade and Other Receivables**

<i>In thousands of EUR</i>	<b>2024</b>	<b>2023</b>
Contract assets – deferred external dealers sales commissions	1,509	1,293
<b>Total non-current other receivables</b>	<b>1,509</b>	<b>1,293</b>

<i>In thousands of EUR</i>	<b>2024</b>	<b>2023</b>
Trade receivables	198,193	237,595
Less impairment provision for trade receivables	(14,865)	(14,390)
<b>Current trade receivables, net</b>	<b>183,328</b>	<b>223,205</b>
Contract assets – deferred external dealers sales commissions	1,196	1,296
Compensation and grants	3,512	13,018
Excise tax receivable	2,987	4,362
<b>Total current trade and other receivables</b>	<b>191,023</b>	<b>241,881</b>

Movements in the impairment provision for current trade receivables are as follows:

<i>In thousands of EUR</i>	<b>2024</b>	<b>2023</b>
<b>Provision for impairment as at 1 January</b>	<b>14,390</b>	<b>14,144</b>
Impairment loss expense (Note 24)	1,126	1,066
Amounts written off during the year as uncollectible	(651)	(820)
<b>Provision for impairment as at 31 December</b>	<b>14,865</b>	<b>14,390</b>

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More details of ECL in relation to current trade receivables as at the balance sheet date are as follows:

<i>In thousands of EUR</i>	31 December 2024			31 December 2023			ECL	Net carrying amount
	Loss rate	Gross carrying amount	ECL	Loss rate	Gross carrying amount	ECL		
<i>CurrentDue</i>	0,75 %	179,676	1,379	178,297	0,85 %	219,561	1,980	217,581
<i>Past due:</i>								
1 to 30 days	5,63 %	3,943	222	3,721	5,14 %	4,493	231	4,262
31 to 60 days	9,08 %	804	73	731	9,66 %	714	69	645
61 to 90 days	8,64 %	359	31	328	10,43 %	393	41	352
91 to 120 days	80,63 %	284	229	55	63,25 %	234	148	86
121 to 180 days	83,73 %	504	422	82	61,15 %	278	170	108
181 to 360 days	90,89 %	1,252	1 138	114	84,40 %	1,096	925	171
over 360 days	100,00 %	11,371	11 371	0	100,00 %	10,826	10,826	0
<b>Total trade receivables</b>		<b>198,193</b>	<b>14,865</b>	<b>183,328</b>		<b>237,595</b>	<b>14,390</b>	<b>223,205</b>

The movements in contract assets, which represent the deferred sales commissions, were as follows:

<i>In thousands of EUR</i>	2024	2023
As at 1 January	2,589	3,147
Additions	1,771	1,240
Amortization	(1,655)	(1,798)
<b>Total contract assets as at 31 December</b>	<b>2,705</b>	<b>2,589</b>

An amount of EUR 1,196 thousand (2023: EUR 1,296 thousand) will be amortised over the next year from the carrying amount of the contract asset and the rest has a residual amortisation period of up to 5 years.

Financial effect of collateral and credit enhancements of trade receivables as at 31 December:

<i>In thousands of EUR</i>	At 31 December 2024		At 31 December 2023	
	Carrying amount	Insured amount	Carrying amount	Insured amount
Trade receivables covered by:				
- insurance	77,957	77,957	83,565	83,565
- unsecured trade receivables	105,371	-	139,640	-
<b>Trade receivables, net</b>	<b>183,328</b>	<b>77,957</b>	<b>223,205</b>	<b>83,565</b>

The Company has a concentration of credit risk towards related parties of the Slovak government. Refer to Note 299.

## 11 Receivables and Liabilities from Cash Pooling

<i>In thousands of EUR</i>	<b>2024</b>	<b>2023</b>
Total receivables from cash pooling gross	127,911	116,635
ECL allowance for possible impairment of receivables from cash pooling	(413)	(377)
<b>Total receivables from cash pooling</b>	<b>127,498</b>	<b>116,258</b>

The Company has concluded with its subsidiaries a cash pooling agreement. Based on this agreement the available cash is managed by the Company. In case of additional financing needs the cash from the cash pool of the Company is made available to subsidiaries. The interest rate on receivables from cash pooling in 2024 was €STR\*+0.4% p.a., at least 0.4% p.a. (2023: 0.4% p.a.).

\*euro short-term rate

In 2024 the Company recognised ECL allowance for receivable from cash pooling due of EUR 413 thousand (2023: EUR 377 thousand).

## 12 Cash and Cash Equivalents

<i>In thousands of EUR</i>	<b>2024</b>	<b>2023</b>
Current accounts with banks	10,437	17,971
<b>Total cash and cash equivalents in the statement of financial position</b>	<b>10,437</b>	<b>17,971</b>

The Company has a concentration of cash and cash equivalents balances towards five banks (2023: five banks).

The credit quality of cash and cash equivalents is as follows:

<i>In thousands of EUR</i>	<b>2024</b>	<b>2023</b>
<i>Items without significant increase in credit risk (stage 1)</i>		
Credit rating Aa3 by Moody's	1	1
Credit rating A2 by Moody's	649	578
Credit rating A3 by Moody's	152	-
Credit rating Baa1 by Moody's	9,635	17,392
<b>Total cash and cash equivalents</b>	<b>10,437</b>	<b>17,971</b>

The Company did not account for the expected losses on cash and cash equivalents because, considering the probability of bankruptcy of bank institutions, the impact of such expected losses on the Company's financial statements would be insignificant.

## 13 Share Capital

The Company's registered share capital consists of 1 share with a nominal value of EUR 33,194 and 1 share at a nominal value of EUR 6,605,590 resulting in an overall amount of EUR 6,638,784. As at 31 December 2024 and 31 December 2023 all the issued shares were owned by Západoslovenská energetika, a.s. Each share carries voting right equal to its share in nominal value of share capital.

The general meeting of the Company's shareholders approved the Company's prior year financial statements and declared dividends of EUR 86,558 thousand (2023: dividends of EUR 47,626 thousand). Slovak legislation identifies distributable reserves as retained earnings reported in these financial statements of the Company.

Dividend per share represents EUR 433 thousand (2023: EUR 238 thousand) per share with the nominal value of EUR 33 thousand and EUR 86,125 thousand (2023: EUR 47 388 thousand) per share with the nominal value of EUR 6,606 thousand.

#### **14 Legal Reserve Fund**

The legal reserve fund represents appropriations of profits of the Company required by Slovak legislation. The Company is obliged to appropriate at least 10% of its profit until the legal reserve fund achieves at least 20% of the Company's share capital. This fund is not distributable and exists only to cover future losses.

#### **15 Income Taxes**

Income tax expense comprises the following:

<i>In thousands of EUR</i>	<b>2024</b>	<b>2023</b>
Current tax at standard rate of 21% (2023: 21%)	23,006	23 684
Special levy on profits from regulated activities	3,365	3 943
Deferred tax	(1,821)	2,194
<b>Income tax expense for the year</b>	<b>24,550</b>	<b>29,821</b>

In 2024, the applicable standard income tax rate was 21% (2023: 21%). The special levy rate for the year 2024 was 4.356% p.a. (2023: 4,356% p.a.).

The levy is a deductible expense for the purposes of applying the standard corporate income tax rate.

As a result, the income tax rate applicable to regulated activities is as follows:

	<b>2024</b>	<b>2023</b>
Standard income tax rate for the year	21.000%	21.000%
Special levy rate	4.356%	4.356%
Effect of deductibility of special levy from standard rate*	(1.058)%	(1.058)%
<b>Tax rate applicable on profits generated by regulated industry operations</b>	<b>24.298%</b>	<b>24.298%</b>

\* the effect is calculated as special levy rate in %\*((1- income tax rate in %)/(1+ special levy rate in %) -1)

The Company includes activities taxed at the standard tax rate of 21% or at the 24.298 % rate applicable to regulated industry operations. The applicable tax rate of 23,407% (2023: 23.605%) is used in the below effective tax reconciliation and represents a weighted average of the tax rates for regulated and unregulated operations.

A reconciliation between the reported income tax charge and the theoretical amount that would arise using the applicable tax rates is as follows:

<i>In thousands of EUR</i>	<b>2024</b>	<b>2023</b>
<b>Profit before tax</b>	<b>110,859</b>	<b>116,679</b>
Theoretical tax charge at applicable tax rate of 23,407% (2023: 23.605%)	25,949	27,542
Non-deductible expenses/(non-taxable income)		
- expenses not deductible for standard tax but deductible for special levy purposes	93	2 301
- other	(839)	(23)
Effect on deferred tax of change in tax rate to 24% from 1 January 2025	(653)	-
<b>Income tax expense for the year</b>	<b>24,500</b>	<b>29,821</b>

The deferred taxes are expected to be recovered or settled after more than twelve months after the end of the reporting period because income tax returns are due annually, that is, the deferred tax outstanding as at 31 December 2024, that will become current tax in 2025, will be settled in 2026 upon filing the 2025 tax return. The corporate tax advance payments are calculated based on prior year taxes and are thus unrelated to deferred tax balances or the current tax expense expected for subsequent years.

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

Deferred taxes are attributable to the following temporary differences:

<i>In thousands of EUR</i>	<b>2024</b>	<b>2023</b>
Differences between tax base and carrying value of property, plant and equipment	(108)	(53)
Post-employment defined benefit obligation	749	556
Other liabilities	3,603	2,468
Allowance for expected credit losses on trade receivables	1,386	837
Other	(408)	(456)
<b>Total net deferred tax asset</b>	<b>5,223</b>	<b>3,342</b>

The movements in deferred taxes for temporary differences were recognised in profit or loss except for EUR 60 thousand (2023: EUR (42) thousand) for actuarial remeasurements of post-employment defined benefit obligation, which was recognised in other comprehensive income.

## 16 Post-Employment Defined Benefit Obligations

As agreed with the trade unions, the Company has a post-employment defined benefit obligation to pay one to eight monthly salaries to each employee upon retirement, depending on the number of years of service for the Company. The movements in the present value of defined benefit obligation are:

<i>In thousands of EUR</i>	<b>2024</b>	<b>2023</b>
<b>Present value of unfunded post-employment defined benefit obligations at the beginning of the year</b>	<b>491</b>	<b>730</b>
Current service cost	(14)	73
Interest cost	19	22
Past service costs due to changes in the defined benefit plan rules	62	-
<b>Total expense (Note 22)</b>	<b>67</b>	<b>95</b>
<i>Actuarial remeasurements:</i>		
- attributable to changes in financial assumptions	40	(20)
- attributable to changes in demographic assumptions	14	(112)
- attributable to experience adjustments	196	(68)
<b>Total actuarial remeasurements recognised in other comprehensive income</b>	<b>250</b>	<b>(200)</b>
Benefits paid during the year	(30)	(134)
<b>Present value of unfunded post-employment defined benefit obligations at the end of the year</b>	<b>778</b>	<b>491</b>

The principal actuarial assumptions were as follows:

	<b>2024</b>	<b>2023</b>
Number of employees as at 31 December	307	304
Staff turnover	4,61% p.a.	4.29 % p.a.
Expected salary increases short-term	6,00% p.a.	7.55 % p.a.
Expected salary increases long-term	2,50% p.a.	2.50 % p.a.
Discount rate	3,45% p.a.	3.30 % p.a.

Should the estimate volume of supplied GAS be higher by 10 GWh (2023: 10 GWh), with other parameters unchanged, the revenues for commodity and distribution would increase by EUR 387 thousand (2023: EUR 254 thousand).

## 17 Other Long Term Employee Benefits

The Company makes EUR 1,400 payment to each employee at the age of 50, subject to 15 year continuous service (2023: 5 years) vesting condition and EUR 776 payment to each employee at the age of 50, subject from 5 to 14 year continuous service (2023: EUR 1,400 payment to each employee, subject to 5 year continuous service).

In addition, the Company pays regular long term work anniversary bonuses in general every 10 years in the amounts between EUR 400 to EUR 1,250 (2023: between EUR 400 to EUR 1,250) and from 2023 one-time compensation in case of the death of an employee during the performance of the profession or as a result of an occupational disease in the value of EUR 20,000 and compensation in case of the death of an employee outside the performance of the profession in the value of EUR 13,300.

The liability for other long-term employee benefits was estimated using the Projected Unit Credit Method.

## 18 Provisions for liabilities and charges

<i>In thousands of EUR</i>	<b>2024</b>	<b>2023</b>
Provisions as at 1 January	-	2,501
Restructuring provision – current	194	-
Restructuring provision – non-current	167	-
Use of reserve	-	2,501
<b>Total litigation provisions as at 31 December</b>	<b>361</b>	<b>-</b>

The goal of the ongoing integration of the companies of ZSE Group and former VSEH Group is to create a larger, more stable, and financially stronger organization that can serve its' customers more effectively. In the next 3 years (2025-2027) various organizational changes are anticipated in the new ZSE Group. For this purpose, the Group created a restructuring provision at 31 December 2024, which assumes the amount of future payouts to employees related to organizational changes. The provision is based on the expected number of job positions, average wages, and the resulting expected impact on severance payout. The expected usage of the non-current restructuring provision is EUR 77 thousand in 2026 and EUR 90 thousand in 2027. The Group created a restructuring provision in accordance with the requirements of International Accounting Standard IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*. The recognition of a provision meets the criteria set out in this accounting standard.

## 19 Trade and Other Payables

<i>In thousands of EUR</i>	<b>2024</b>	<b>2023</b>
Trade payables	2,014	163,262
Other accrued liabilities	127,925	14,716
Payables from hedging financial instruments	10,207	153
Other financial liabilities	121	(585)
<b>Total financial instruments within trade and other payables</b>	<b>140,267</b>	<b>177,546</b>
Contract liabilities – electricity and natural gas	55,927	51,705
Employee benefits payable	783	630
Social security on employee benefits	527	540
Accrued staff costs	2,494	2,253
Advance payments	22,041	37,693
Value added tax payable	28,356	9,556
Other payables	303	191
Accrued expenses	50	50
Excise duty payable	189	215
<b>Total trade and other payables</b>	<b>250,937</b>	<b>280,379</b>

The Company has overdue trade payables EUR 0 thousand (2023: EUR 202 thousand).

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Movements in contract liabilities to customers for electricity and gas not yet delivered were as follows:

<i>In thousands of EUR</i>	<b>2024</b>	<b>2023</b>
As at 1 January	51,705	67,663
Additions	55,927	51,705
Utilised to revenue in respect of prior year payments	(51,705)	(67,663)
<b>As at 31 December</b>	<b>55,927</b>	<b>51,705</b>

The aforementioned liabilities to customers are due within one year.

The table below sets out an analysis of net movements of (receivables) / payables from hedging financial instruments for each of the periods presented:

<i>In thousands of EUR</i>	<b>Commodity cash flow hedge</b>	<b>Commodity fair value hedge</b>	<b>Currency cash flow hedge</b>	<b>Total</b>
<b>At 1 January 2023</b>	-	(222)	-	(222)
Change in fair value of hedging financial instrument recognised in other comprehensive income	-	-	-	-
Change in fair value of hedging financial instrument recognised in profit or loss	-	375	-	375
<b>At 31 December 2023</b>	-	153	-	153
Change in fair value of hedging financial instrument recognised in other comprehensive income	11,647	-	(2,088)	9,559
Change in fair value of hedging financial instrument recognised in profit or loss	1,006	(511)	-	495
<b>At 31 December 2024</b>	<b>12,653</b>	<b>(358)</b>	<b>(2,088)</b>	<b>10,207</b>

Hedge ineffectiveness in relation to the interest rate swaps was negligible for 2024 and 2023.

The following amounts were recognised in consolidated profit or loss in relation to hedging financial instruments:

<i>In thousands of EUR</i>	<b>2024</b>	<b>2023</b>
Net gain/(loss) on commodity cash flow hedging financial instrument not qualifying as hedges included in profit or loss	(1,006)	-
Change in fair value of hedging financial instrument recognised in profit or loss	511	(375)
<b>Total</b>	<b>(495)</b>	<b>(375)</b>

**20 Revenue from Electricity and Other Revenue**

Revenue from electricity comprises the following:

<i>In thousands of EUR</i>	<b>2024</b>	<b>2023</b>
Sales of electricity to industrial and other commercial customers	764,372	1,078,539
Sales of electricity to business customers produced by the ZSE group company	19,289	18,505
Sales of electricity to residential customers	203,088	197,493
<b>Total sales of electricity</b>	<b>986,749</b>	<b>1,294,537</b>
Distribution fees for electricity to industrial and other commercial customers	189,965	197,394
Distribution fees for electricity to residential customers	164,033	158,315
<b>Total distribution fees</b>	<b>353,998</b>	<b>355,709</b>
Other revenue	24,616	19,902
<b>Total revenue from electricity and other revenue</b>	<b>1,365,363</b>	<b>1,670,148</b>

Timing of revenue recognition is as follows:

<i>In thousands of EUR</i>	<b>2024</b>	<b>2023</b>
At a point in time	15,145	15,096
Over time	1,350,218	1,655,052
<b>Total revenue</b>	<b>1,365,363</b>	<b>1,670,148</b>

Slovakia has implemented the European Union electricity market directive, which resulted in a complete liberalisation of the market whereby all customers, including households, became eligible to buy electricity in the open market from 1 July 2007. However, price regulation applies to certain protected groups of customers.

## 21 Revenue for compensation

Revenue from compensation the following:

<i>In thousands of EUR</i>	<b>2024</b>	<b>2023</b>
Compensation for capped electricity prices - companies	2,219	63,062
Compensation for capped gas prices - companies	1,396	2,790
Compensation for capped gas prices - households	62,240	104,190
<b>Revenue for compensation total</b>	<b>65,856</b>	<b>170,042</b>

At the end of the year 2022, the Government of Slovak Republic approved the new legislation in energy sector that established the “price cap” of energies provided to corporate and public sector. The Government reacted to the high prices of energies on the market. From the beginning of year 2023, the energy sector companies are compensated the difference between the sales price and “price cap” price of energies by the Ministry of Economy of Slovak Republic.

Additionally, the Company received some compensation to cover the higher expenses for purchase of electricity consumed in its own buildings.

The Company recognized this income separately in the Statement of Profit or Loss and Other Comprehensive Income as Compensation.

## 22 Purchases of Electricity and Related Fees

The following amounts have been charged to purchases of electricity and related fees:

<i>In thousands of EUR</i>	<b>2024</b>	<b>2023</b>
Purchase of electricity from other producers and traders	583,327	904,635
Purchase of electricity on the spot market	302,173	343,078
<b>Total electricity purchases</b>	<b>885,500</b>	<b>1,247,713</b>
Electricity transmission fees, system access and ancillary service charges and renewable sources feed-in tariffs	354,178	355,804
Other	11,715	12,748
<b>Total purchases of electricity and related fees</b>	<b>1,251,393</b>	<b>1,616,265</b>

Net costs of obligations in the general economic interest:

In EUR thousand		NC <sub>WG<sup>EI</sup></sub> *	NC <sub>GE<sup>I</sup></sub> **	CNP***
Household Segment	Revenues	101,074	96,239	4,835
	Costs	86,480	86,480	-
Selected vulnerable customers segment	Revenues	3,256	3,094	162
	Costs	2,709	2,709	-

\* Net costs of the provider of the obligations in the general economic interest if the obligation imposed in the general economic interest were not provided

\*\* Net costs of the provider of the obligations in the general economic interest when fulfilling the obligation imposed in the general economic interest

\*\*\* Net costs of the provider of the obligations in general economic interest

## 23 Employee Benefits

<i>In thousands of EUR</i>	2024	2023
Wages and salaries	12,268	11,258
Defined contribution pension costs	1,846	1,425
Post-employment defined benefit plan expense (Note 16)	67	95
Other long-term employee benefit plans – current service and interest cost	17	67
Actuarial remeasurements of other long-term employee benefit plans	1	(30)
Other social levies and costs	3,987	3,292
<b>Total employee benefits expense</b>	<b>18,101</b>	<b>16,107</b>

## 24 Other Operating Expenses

<i>In thousands of EUR</i>	2024	2023
Customers related services	4,868	4,596
Advertising	2,382	2,736
Information technology and software maintenance costs	3,024	2,950
Finance services	1,025	1,127
Short-term leases and low value assets leases	278	155
Advisory services	566	1,097
Statutory audit	50	30
Impairment loss on trade and other receivables (Note 10)	1,126	1,066
Personnel leasing and external dealers commissions	1,569	1,731
Other operating expenses	4,515	4,800
<b>Total other operating expenses</b>	<b>19,411</b>	<b>20,284</b>

## **25 Financial Risk Management**

The Company's activities are exposing it to certain financial risks: market risks, credit risk and liquidity risk. The Company's principal financial instruments comprise trade receivables and payables, loans, receivables from cash pooling and cash and cash equivalents.

**Foreign exchange risk.** The Company is partially exposed to foreign exchange risk due to the purchase of gas on foreign markets also in currency other than EUR. This risk is mitigated by concluding a currency derivative. However, the majority of the Company's activities are carried out on the domestic market and its sales, purchases and short-term deposits are denominated in EUR. For this reason, management does not consider foreign exchange risk as a significant exposure for the Company's operations. A reasonably possible change in spot exchange rate of EUR against foreign currencies as of the end of the reporting period, would not have any impact on the Company's profit or loss for the year.

**Equity price risk.** The Company is not exposed to significant equity price risk because it does not have material financial investments in equities.

**Interest rate risk.** The Company does not have any significant interest rate risk exposure because all of its financial assets and liabilities, carry fixed interest rates. A reasonably possible change in market interest rates, such as Euribor, as at the end of the reporting period, would not have any impact on the Company's profit or loss for the year.

**Commodity price risk.** In 2024 and 2023, the Company entered some gas purchase commodity contracts which meet the criteria of hedge accounting principles. The Company has also concluded contracts for the purchase of gas where the formula for determining the price for the delivered quantity includes, among other parameters, the current market price, which represents a price risk for the Company. The Company concludes hedging commodity financial instruments to economically hedge this risk. In general, management aims to match electricity and gas demand with corresponding purchase contracts. In order to manage market risk, the Company has implemented a system of conservative volume and financial limits for open positions in commodities which protect the Company from unexpected changes in market commodity prices on wholesale markets.

**Credit risk.** The Company takes on exposure to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Exposure to credit risk arises as a result of the Company's sales of energy and services on credit terms and other transactions with counterparties giving rise to financial assets. The exposure includes cash and cash equivalents, deposits with banks and financial institutions, loans, receivables from cash pooling, as well as exposures to wholesale and retail customers, including outstanding receivables and transactions made.

To determine the level of credit risk, the Company uses Expected credit loss ("ECL") measurement, which reflects the probability-weighted estimate of the present value of future expected credit losses. The Company applies a simplified approach to trade receivables under IFRS 9, i.e. measures ECL using lifetime expected loss. The Company uses for the calculation of lifetime expected loss for trade receivables a matrix that takes into account the ageing of receivables, loss rates for each ageing group and the amount of receivables written off. Expected credit losses are modelled over instrument's lifetime period. The lifetime period is equal to the remaining contractual period to maturity of debt instruments, adjusted for expected prepayments, if any.

As for the banks and financial institutions, the Company has relationships only with those that have a high independent rating assessment. Except as disclosed in Note 12, the Company does not have a significant concentration of credit risk mainly due to a large number of diverse customers.

The Company uses a system of reminders, which may culminate in a service disconnection, as the prevailing contract enforcement. The collection of receivables could be influenced by economic factors; management believes that there is no significant risk of loss to the Company beyond the provisions already recorded. To reduce the risk of selected wholesalers, the Company uses insurance products. The credit quality of outstanding balances with banks is presented in Note 12 and credit quality information about trade receivables is included in Note 10.

To manage the credit risk of wholesale activities, the Group has implemented a system of conservative volume and financial credit limits that ensure diversification of credit risk across multiple wholesale partners.

**Liquidity risk.** Liquidity risk is defined as the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash balances, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Company aims to maintain flexibility in funding by keeping committed credit lines available.

The Company regularly monitors its liquidity position and uses cash pooling with the Parent company to optimise the use of cash balances within the ZSE Group. The Company also uses the advantages of commercial terms between the Company and its suppliers to secure sufficient financing funds to cover its needs. The maturity of supplier's invoices is 20 days on average, while the maturity of customer's invoices is 14 days on average.

Expected cash flows forecast is prepared weekly as follows: (a) expected future cash inflows from main operation of the Company and (b) expected future cash outflows securing operation of the Company and leading to settlement of all liabilities of the Company, including tax payables. The cash flow forecast identifies the immediate need for cash and, if funds are available, it enables the Company to make short-term bank deposits.

The table below analyses the Company's undiscounted amount of financial liabilities into relevant maturity groupings based on the remaining period to the contractual maturity date.

The maturity analysis is as follows at 31 December 2024.

<i>In thousands of EUR</i>	<b>Demand and less than 1 month</b>	<b>From 1 to 3 months</b>	<b>From 3 to 12 months</b>	<b>From 12 months to 5 years</b>	<b>Over 5 years</b>	<b>Total</b>
<b>Liabilities</b>						
Trade payables (Note 19)	936	1,078	-	-	-	<b>2,014</b>
Other accrued liabilities (Note 19)	121,420	29	6,475	-	-	<b>127,924</b>
Other financial liabilities (Note 19)	121	-	-	-	-	<b>121</b>
Lease liabilities, including future interest payments	124	248	1,116	5,968	3,705	<b>11,161</b>
Payables from hedging financial instruments	851	1,701	8,655	-	-	<b>11,207</b>
<b>Total future payments, including future principal and interest payments</b>	<b>123,452</b>	<b>3,056</b>	<b>16,246</b>	<b>5,968</b>	<b>3,705</b>	<b>152,427</b>

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

The maturity analysis is as follows at 31 December 2023:

<i>In thousands of EUR</i>	<b>Demand and less than 1 month</b>	<b>From 1 to 3 months</b>	<b>From 3 to 12 months</b>	<b>From 12 months to 5 years</b>	<b>Over 5 years</b>	<b>Total</b>
<b>Liabilities</b>						
Trade payables (Note 19)	161,822	1,238	202	-	-	<b>163,262</b>
Other accrued liabilities (Note 19)	7,414	183	7,090	-	-	<b>14,716</b>
Other financial liabilities (Note 19)	(585)	-	-	-	-	<b>(585)</b>
Lease liabilities, including future interest payments	98	196	882	4,724	3,207	<b>9,107</b>
Payables from hedging financial instruments	13	26	115	-	-	<b>153</b>
<b>Total future payments, including future principal and interest payments</b>	<b>168,762</b>	<b>1,643</b>	<b>8,289</b>	<b>4,724</b>	<b>3,207</b>	<b>186,653</b>

## 26 Management of Capital

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders, and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

The Company manages capital reported under IFRS as adopted by the EU as equity amounting to EUR 105,176 thousand as at 31 December 2024 (31 December 2023: EUR 115,174 thousand).

When managing the capital, the Company's management focuses on maximising return on invested capital.

The Company is not subject to any externally imposed regulatory capital requirements.

## 27 Fair Value Disclosures

Fair value measurements are analysed by level in the fair value hierarchy as follows: (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuation techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level three measurements are valuations not based on observable market data (that is, unobservable inputs). If a fair value measurement uses observable inputs that require significant adjustment, that measurement is a Level 3 measurement. The significance of a valuation input is assessed against the fair value measurement in its entirety.

### a) Recurring fair value measurements

Recurring fair value measurements are those that the accounting standards require or permit in the statement of financial position at the end of each reporting period:

### b) Assets and liabilities not measured at fair value but for which fair value is disclosed

Fair values analysed by level in the fair value hierarchy and the carrying value of assets and liabilities not measured at fair value are as follows:

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<i>In thousands of EUR</i>	31 December 2024		31 December 2023	
	Level 2 fair value	Carrying value	Level 2 fair value	Carrying value
<b>ASSETS</b>				
Trade receivables, net (Note 10)	188,036	188,036	237,519	237,519
Cash and cash equivalents (Note 0)	10,437	10,437	17,971	17,971
<b>Total Assets</b>	<b>198,473</b>	<b>198,473</b>	<b>255,490</b>	<b>255,490</b>
<b>LIABILITIES</b>				
Trade payables (Note 189)	2,014	2,014	163,262	163,262
Other accrued liabilities (Note 189)	127,925	127,925	14,716	14,716
Other financial liabilities (Note 189)	121	121	(585)	(585)
<b>TOTAL LIABILITIES</b>	<b>130,060</b>	<b>130,060</b>	<b>177,393</b>	<b>177,393</b>

Financial instruments are of a short-term nature and their fair value therefore approximates carrying value. The fair value of trade payables reflects Parent company guarantees (Note 29).

## 28 Movements in Liabilities from Financial Activities

The following table analyses movements in liabilities from financing activities for each of the periods presented:

<i>In thousands of EUR</i>	2024 Lease liabilities	2023 Lease liabilities
<b>As at 1 January</b>	<b>8,285</b>	<b>7,025</b>
<b>Non-cash movements</b>		
Recognition of lease liabilities at initial application of IFRS 16 as at 1 January 2023		
New leases	3,683	2,250
Interest expense	368	228
Termination of lease	(380)	(17)
Impairment lease	(21)	(20)
<b>Payments</b>		
Interest payments	(368)	(228)
Principal repaid (Note 8)	(1,124)	(953)
<b>As at 31 December</b>	<b>10,443</b>	<b>8,285</b>

## 29 Balances and Transactions with Related Parties

The primary related parties of the Company are its Parent company and its shareholders, which have joint control over the Parent company as explained in Notes 1 and 12: (i) the Slovak Government and (ii) E.ON, as well as (b) key management personnel. The Company applies the exemption from disclosing transactions with the Slovak government and entities over which it has control, joint control or significant influence. The exemption does not apply to individually significant transactions, such as taxes incurred and paid, purchases of electricity from an entity in which the Slovak government has a significant shareholding and other transactions presented below.

The related party transactions and outstanding balances were as follows for 2024:

**ZSE Enerģia, a.s.**  
**Notes to the Financial Statements – 31 December 2024**

<i>In thousands of EUR</i>	<b>Parent company</b>	<b>E.ON Group**</b>	<b>Slovak government*</b>	<b>Entities under common control of the Parent company</b>	<b>Subsidiaries</b>	<b>Total</b>
Paid dividends	86,558	-	-	-	-	86,558
Sales	8,113	2,208	233,120	159,073	-	402,514
Purchases	4,966	1,012	703,516	431,019	-	1,140,513
Receivables other than taxes	128,245	184	23,563	19,187	-	171,179
Payables other than taxes	8,389	-	3,960	53,809	-	66,158

\* The Slovak government caption represents individually material transactions with entities under control, joint control or significant influence of the Slovak government.

\*\* E.ON Group caption represents transactions with entities under control, joint control or significant influence of the E.ON Group.

Income taxes are disclosed in the statement of financial position, statement of profit or loss and other comprehensive income, in the statement of cash flows and are also analysed in Note 15. Outstanding value added tax payable is presented in Note 19.

The income tax paid was as follows:

<i>In thousands of EUR</i>	<b>2024</b>	<b>2023</b>
Current income tax expense at standard rate of 21% (2023: 21%) – refer to Note 15	(23,006)	(23,684)
Special levy on profits from regulated activities (Note 15)	(3,365)	(3,943)
Income tax refund receivable/(liability) at the beginning of the period	(15,461)	(9,811)
Income tax refund liability/(receivable) at the end of the reporting period	4,265	15,461
<b>Income tax paid</b>	<b>(37,567)</b>	<b>(21,977)</b>

The related party transactions and outstanding balances were as follows for 2023:

<i>In thousands of EUR</i>	<b>Parent company</b>	<b>E.ON Group**</b>	<b>Slovak government*</b>	<b>Entities under common control of the Parent company</b>	<b>Subsidiaries</b>	<b>Total</b>
Paid dividends	47,627	-	-	-	-	47,627
Sales	5,439	22	314,978	264,163	-	584,602
Purchases	4,167	1,518	566,209	373,080	-	944,974
Receivables other than taxes	116,855	-	26,396	32,401	-	175,652
Payables other than taxes	7,181	70	64,549	32,565	-	104,365

\* The Slovak government caption represents individually material transactions with entities under control, joint control or significant influence of the Slovak government.

\*\* E.ON Group caption represents transactions with entities under control, joint control or significant influence of the E.ON Group.

The Parent company issued financial guarantees of liabilities of the Company arising from its purchases as follows:

<i>In thousands of EUR</i>	<b>31 December 2024</b>		<b>31 December 2023</b>	
	<b>Maximum guaranteed amount</b>	<b>Guaranteed liabilities at period end</b>	<b>Maximum guaranteed amount</b>	<b>Guaranteed liabilities at period end</b>
Guarantees to suppliers	199,099	-	109,101	31,246
<b>TOTAL</b>	<b>199,099</b>	<b>-</b>	<b>109,101</b>	<b>31,246</b>

The tables with related party transactions above and on the previous page exclude individually immaterial transactions such as supplies of electricity to hospitals, schools, to the government ministries and many other government-controlled or otherwise government-related enterprises on normal commercial terms and conditions. Management did not identify other government related transactions that are collectively, but not individually, significant.

Key management personnel comprise (a) members of the Board of Directors, (b) members of the supervisory board and (c) divisional directors. Key management personnel remuneration comprised:

<i>In thousands of EUR</i>	<b>2024</b>	<b>2023</b>
<i>Board of Directors and other key management personnel</i>		
Salaries and other short-term employee benefits	693	685
Defined contribution pension costs	127	100
<b>Total remuneration of Board of Directors and other key management personnel</b>	<b>819</b>	<b>785</b>
<i>Supervisory board</i>		
Salaries and other short-term employee benefits	117	109
Defined contribution pension costs	18	16
<b>Total remuneration of supervisory board</b>	<b>135</b>	<b>125</b>

### **30 Contingencies and Commitments**

**Tax contingencies.** Slovak tax law contains certain provisions that allow for more than one interpretation. Management's interpretation of the Company's business activities may not coincide with the interpretation of these activities by the tax authorities, but the extent of this risk cannot be reasonably quantified.

**Legal proceedings.** From time to time and in the normal course of business, claims against the Company may be received. Certain customers or their representatives contest fairness and appropriateness of decisions of the network industry regulator and an unquantifiable risk exists that, in the future, such matters may crystallise in an unfavourable manner for the Company.

**Contractual obligations.** As at 31 December 2024, the Company had outstanding contractual commitments for purchases of intangible assets of EUR 2,787 thousand (2023: EUR 13,841 thousand). Additional contractual obligation in place in the Company as at 31 December 2024, relate to the purchase of electricity and natural gas. Additional contractual obligation in place in the Company as at 31 December 2024, relate to the purchase of electricity and natural gas. Financial obligation under the electricity purchase contracts amount to approximately EUR 484 890 thousand on 31 December 2024

(2023: EUR 737 992 thousand), of which EUR 407 696 thousand (2023: EUR 555 275 thousand) is due within one year.

Financial obligation under the natural gas purchase contracts amount to approximately EUR 197 742 thousand on 31 December 2024 (2023: EUR 178 576 thousand), of which approximately EUR 177 684 thousand (2023: EUR 155 841 thousand) is due within one year.

**Contracts for the future deliveries of electricity and gas.** Given the fact that a large volume of the Company's future contracted deliveries of electricity and gas depends on the future market price of these commodities and the volume that the Company will deliver to customers at a given price, it is not possible to reliably estimate the value of these future contracted deliveries of commodities at the end of 2024 and 2023.

Bank guarantees for purchase liabilities were issued in favor of the Company with the maximum amount of EUR 65,482 thousand (2023: EUR 79,368 thousand), where the actual amount of guaranteed liabilities at the balance sheet date is EUR 0 thousand (2023: EUR 15,402 thousand).

### **31 Events after the End of the Reporting Period**

After 31 December 2024, no other significant events have occurred that would require recognition or disclosure in these financial statements.