

## **Stredoslovenská energetika, a. s.**

Independent Auditors' Report  
on the Financial Statements  
as at 31 December 2021

(Translation)

### Translation note:

This version of the accompanying financial statements is a translation from the original, which was prepared in Slovak. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of the financial statements takes precedence over this translation.

## **Table of contents**

### 1. Independent Auditors' Report

Appendix:

Financial statements as at 31 December 2021 consisting of:

- Balance Sheet as at 31 December 2021
- Income Statement for the year ended 31 December 2021
- Notes to the Financial Statements as at 31 December 2021



KPMG Slovensko spol. s r. o.  
Dvořákovo nábrežie 10  
811 02 Bratislava  
Slovakia

Telephone: +421 (0)2 59 98 41 11  
Internet: [www.kpmg.sk](http://www.kpmg.sk)

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

# Independent Auditors' Report

**To the Shareholder, Supervisory Board and Board of Directors of Stredoslovenská energetika, a. s.**

## Report on the Audit of the Financial Statements

---

### Opinion

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

- the balance sheet as at 31 December 2021;
- the income statement for the period then ended; and
- notes, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and of its financial performance for the year then ended in accordance with the Act No. 431/2002 Coll. on Accounting as amended ("the Act on Accounting").

### 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 the Act on Accounting, 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.



## 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 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.

The Annual Report of the Company was not available to us as of the date of this auditors' report on the audit of the financial statements.

When we obtain the Annual Report, based on the work undertaken in the course of the audit of the financial statements we will express an opinion as to whether, in all material respects:

- the other information given in the Annual Report for the year ended 31 December 2021 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, we will report whether we have identified any material misstatement in the other information in the Annual Report in light of the knowledge and understanding of the Company and its environment that we have acquired during the course of the audit of the financial statements.



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

Bratislava, 11 March 2022



Responsible auditor:  
**Ing. Branislav Prokop**  
License UDVA No. 1024

ÚČ POD

## FINANCIAL STATEMENTS

of entrepreneurs maintaining accounts under the system of double entry bookkeeping  
as of 31 Dec 2021

**Tax identification number**

2 1 2 0 8 1 4 5 7 5

**Identification number (IČO)**

5 1 8 6 5 4 6 7

**SK NACE**

3 5 . 1 4 . 0

**Financial statements**

- ordinary  
 - extraordinary  
 - interim

**Accounting entity**

- small  
 - large

**For the period**

	Month	Year
from	0 1	2 0 2 1
to	1 2	2 0 2 1

**Preceding period**

	Month	Year
from	0 1	2 0 2 0
to	1 2	2 0 2 0

**Attached parts of the financial statements**

Balance Sheet  
(Úč POD 1-01)  
(in whole euros)

Income Statement  
(Úč POD 2-01)  
(in whole euros)

Notes to the Financial Statements (Úč  
POD 3-01)  
(In whole euros or eurocents)

**Legal name** (designation) of the accounting entity

S t r e d o s l o v e n s k á e n e r g e t i k a , a . s .

**Registered office** of the accounting entity, street and number

P r i R a j č i a n k e 8 5 9 1 / 4 B

**Zip code**

0 1 0 4 7

**Municipality**

Ž i l i n a

**Designation of the Commercial Register and company registration number**


D i s t r i c t C o u r t Ž i l i n a  
S e c t i o n S a , f i l e 1 0 9 5 6 / L

**Telephone**

+ 4 2 1 4 1 5 1 9 1 1 1 1

**Fax**

**Email**

Prepared on:  14 January 2022	Approved on:  	Signature of the accounting entity's statutory body or a member of the accounting entity's statutory body or the signature of a sole trader who is the accounting entity:  
-------------------------------------	----------------------	---

DIČ: 2120814575

IČO: 51865467

Súvaha Úč POD 1-01

Designation a	ASSETS b	Line No. c	Current accounting period			Preceding accounting period
			1		2	3
			Gross - Part 1	Correction-Part 2	Net	Net
	<b>TOTAL ASSETS line 02 + line 33 + line 74</b>	<b>01</b>	240 176 440	14 861 735	225 314 705	154 693 010
<b>A.</b>	<b>Non-current assets line 03 + line 11 + line 21</b>	<b>02</b>	42 083 045	9 417 065	32 665 980	35 793 476
<b>A.I.</b>	<b>Non-current intangible assets - total (lines 04 to 10)</b>	<b>03</b>	40 368 379	9 107 170	31 261 209	34 225 977
A.I.1.	Capitalized development costs (012) - /072, 091A/	04	0	0	0	0
	2. Software (013)-/073, 091A/	05	1 713 569	890 837	822 732	1 048 722
	3. Valuable rights (014)-/074, 091A/	06	38 590 060	8 216 333	30 373 727	33 112 505
	4. Goodwill (015) - /075, 091A/	07	0	0	0	0
	5. Other non-current intangible assets (019, 01X) - /079, 07X, 091A/	08	0	0	0	0
	6. Acquisition of non-current intangible assets (041) - /093/	09	0	0	0	0
	7. Advance payments made for non-current intangible assets (051) - /095A/	10	64 750	0	64 750	64 750
<b>A.II.</b>	<b>Property, plant and equipment - total (lines 12 to 20)</b>	<b>11</b>	1 714 666	309 895	1 404 771	1 567 499
A.II.1.	Land (031) - /092A/	12	0	0	0	0
	2. Structures (021) - /081, 092A/	13	65 792	17 108	48 684	52 097
	3. Individual movable assets and sets of movable assets (022) - /082, 092A/	14	1 648 874	292 787	1 356 087	1 515 402
	4. Perennial crops (025) - /085, 092A/	15	0	0	0	0
	5. Livestock (026) - /086, 092A/	16	0	0	0	0
	6. Other property, plant and equipment (029, 02X, 032) - /089, 08X, 092A/	17	0	0	0	0
	7. Acquisition of property, plant and equipment (042) - /094/	18	0	0	0	0
	8. Advance payments made for property, plant and equipment (052) - /095A/	19	0	0	0	0
	9. Value adjustment to acquired assets (+/- 097) +/- 098	20	0	0	0	0
<b>A.III.</b>	<b>Non-current financial assets - total (lines 22 to 32)</b>	<b>21</b>	0	0	0	0
A.III.1.	Shares and ownership interests in affiliated accounting entities (061A, 062A, 063A) - /096A/	22	0	0	0	0
	2. Shares and ownership interests with participating interest, except for affiliated accounting entities (062A) - /096A/	23	0	0	0	0
	3. Other available-for-sale securities and ownership interests (063A) - /096A/	24	0	0	0	0
	4. Loans to affiliated accounting entities (066A) - /096A/	25	0	0	0	0
	5. Loans within participating interest, except for affiliated accounting entities (066A) - /096A/	26	0	0	0	0
	6. Other loans (067A) - /096A/	27	0	0	0	0
	7. Debt securities and other non-current financial assets (065A, 069A, 06XA) - /096A/	28	0	0	0	0

DIČ: 2120814575

IČO: 51865467

Súvaha Úč POD 1-01

Designation a	ASSETS b	Line No. c	Current accounting period			Preceding accounting period
			1		2	3
			Gross - Part 1	Correction-Part 2	Net	Net
8.	Loans and other non-current financial assets with remaining maturity of up to one year (066A, 067A, 069A, 06XA) - /096A/	29	0	0	0	0
9.	Bank accounts with notice period exceeding one year (22XA)	30	0	0	0	0
10.	Acquisition of non-current financial assets(043) - /096A/	31	0	0	0	0
11.	Advance payments made for non-current financial assets (053) - /095A/	32	0	0	0	0
<b>B.</b>	<b>Current assets line 34 + line 41 + line 53 + line 66 + line 71</b>	<b>33</b>	<b>197 457 752</b>	<b>5 444 670</b>	<b>192 013 082</b>	<b>118 205 191</b>
<b>B.I.</b>	<b>Inventory - total (lines 35 to 40)</b>	<b>34</b>	<b>233 442</b>	<b>0</b>	<b>233 442</b>	<b>150 188</b>
B.I.1.	Raw material (112, 119, 11X) - /191, 19X/	35	232 122	0	232 122	147 737
2.	Work in progress and semi-finished products (121, 122, 12X) - /192, 193, 19X/	36	950	0	950	950
3.	Finished goods (123) - /194/	37	0	0	0	0
4.	Animals (124) - /195/	38	0	0	0	0
5.	Merchandise (132, 133, 13X, 139) - /196, 19X/	39	0	0	0	0
6.	Advance payments made for inventory (314A) - /391A/	40	370	0	370	1 501
<b>B.II.</b>	<b>Non-current receivables - total (line 42 + lines 46 to 52)</b>	<b>41</b>	<b>4 029 392</b>	<b>0</b>	<b>4 029 392</b>	<b>3 896 449</b>
<b>B.II.1.</b>	<b>Trade receivables - total (lines 43 to 45)</b>	<b>42</b>	<b>3 749 449</b>	<b>0</b>	<b>3 749 449</b>	<b>3 771 577</b>
1.a.	Trade receivables from affiliated accounting entities (311A, 312A, 313A, 314A, 315A, 31XA) - /391A/	43	0	0	0	0
1.b.	Trade receivables within participating interest, except for receivables from affiliated accounting entities (311A, 312A, 313A, 314A, 315A,31XA) - /391A/	44	0	0	0	0
1.c.	Other trade receivables (311A, 312A, 313A, 314A, 315A,31XA) - /391A/	45	3 749 449	0	3 749 449	3 771 577
2.	Net value of contract (316A)	46	0	0	0	0
3.	Other receivables from affiliated accounting entities (351A) - /391A/	47	0	0	0	0
4.	Other receivables within participating interest, except for receivables from affiliated accounting entities (351A) - /391A/	48	0	0	0	0
5.	Receivables from participants, members, and association (354A, 355A, 358A, 35XA) - /391A/	49	0	0	0	0
6.	Receivables related to derivative transactions (373A, 376A)	50	0	0	0	0
7.	Other receivables (335A, 336A, 33XA, 371A, 374A, 375A, 378A) - /391A/	51	50 598	0	50 598	124 872
8.	Deferred tax asset (481A)	52	229 345	0	229 345	0



DIČ: 2120814575

IČO: 51865467

Súvaha Úč POD 1-01

Designation a	ASSETS b	Line No. c	Current accounting period			Preceding accounting period
			1		2	3
			Gross - Part 1	Correction-Part 2	Net	Net
<b>B.III.</b>	<b>Current receivables - total (line 54 + lines 58 to 65)</b>	<b>53</b>	185 396 398	5 444 670	179 951 728	106 460 606
<b>B.III.1.</b>	<b>Trade receivables - total (lines 55 to 57)</b>	<b>54</b>	152 720 252	5 444 670	147 275 582	81 483 064
1.a.	Trade receivables from affiliated accounting entities (311A, 312A, 313A, 314A, 315A, 31XA) - /391A/	55	61 860 847	0	61 860 847	17 482 175
1.b.	Trade receivables within participating interest, except for receivables from affiliated accounting entities (311A, 312A, 313A, 314A, 315A, 31XA) - /391A/	56	0	0	0	0
1.c.	Other trade receivables (311A, 312A, 313A, 314A, 315A, 31XA) - /391A/	57	90 859 405	5 444 670	85 414 735	64 000 889
2.	Net value of contract (316A)	58	0	0	0	0
3.	Other receivables from affiliated accounting entities (351A) - /391A/	59	6 033 284	0	6 033 284	24 087 034
4.	Other receivables within participating interest, except for receivables from affiliated accounting entities (351A) - /391A/	60	0	0	0	0
5.	Receivables from participants, members, and association (354A, 355A, 358A, 35XA, 398A) - /391A/	61	0	0	0	0
6.	Social security (336A) - /391A/	62	0	0	0	0
7.	Tax assets and subsidies (341, 342, 343, 345, 346, 347) - /391A/	63	25 609 880	0	25 609 880	0
8.	Receivables related to derivative transactions (373A, 376A)	64	0	0	0	0
9.	Other receivables (335A, 33XA, 371A, 374A, 375A, 378A) - /391A/	65	1 032 982	0	1 032 982	890 508
<b>B.IV.</b>	<b>Current financial assets - total (lines 67 to 70)</b>	<b>66</b>	0	0	0	0
B.IV.1.	Current financial assets in affiliated accounting entities (251A, 253A, 256A, 257A, 25XA) - /291A, 29XA/	67	0	0	0	0
2.	Current financial assets, not including current financial assets in affiliated accounting entities (251A, 253A, 256A, 257A, 25XA) - /291A, 29XA/	68	0	0	0	0
3.	Own shares and own ownership interests (252)	69	0	0	0	0
4.	Acquisition of current financial assets (259, 314A) - /291A/	70	0	0	0	0
<b>B.V.</b>	<b>Financial accounts line 72 + line 73</b>	<b>71</b>	7 798 520	0	7 798 520	7 697 948
B.V.1.	Cash (211, 213, 21X)	72	3 022	0	3 022	5 609
2.	Bank accounts (221A, 22X, +/- 261)	73	7 795 498	0	7 795 498	7 692 339
<b>C.</b>	<b>Accruals/deferrals - total (lines 75 to 78)</b>	<b>74</b>	635 643	0	635 643	694 343
C.1.	Prepaid expenses - long-term (381A, 382A)	75	0	0	0	0
2.	Prepaid expenses - short-term (381A, 382A)	76	184 717	0	184 717	238 497
3.	Accrued income - long-term (385A)	77	0	0	0	0
4.	Accrued income - short-term (385A)	78	450 926	0	450 926	455 846

DIČ: 2120814575

IČO: 51865467

Súvaha Úč POD 1-01

Designation a	LIABILITIES AND EQUITY b	Line No. c	Current accounting period 4	Preceding accounting period 5
	<b>TOTAL EQUITY AND LIABILITIES line 80 + line 101 + line 141</b>	<b>79</b>	225 314 705	154 693 010
<b>A.</b>	<b>Equity line 81 + line 85 + line 86 + line 87 + line 90 + line 93 + line 97 + line 100</b>	<b>80</b>	50 378 977	56 863 900
<b>A.I.</b>	<b>Share capital - total (lines 82 to 84)</b>	<b>81</b>	35 000 000	35 000 000
A.I.1.	Share capital (411 or +/- 491)	82	35 000 000	35 000 000
	2. Change in share capital +/- 419	83	0	0
	3. Unpaid share capital (/-/353)	84	0	0
<b>A.II.</b>	<b>Share premium (412)</b>	<b>85</b>	0	0
<b>A.III.</b>	<b>Other capital funds (413)</b>	<b>86</b>	0	0
<b>A.IV.</b>	<b>Legal reserve funds line 88 + line 89</b>	<b>87</b>	7 000 000	7 000 000
A.IV.1.	Legal reserve fund and non-distributable fund (417A, 418, 421A, 422)	88	7 000 000	7 000 000
	2. Reserve fund for own shares and own ownership interests (417A, 421A)	89	0	0
<b>A.V.</b>	<b>Other funds created from profit line 91 + line 92</b>	<b>90</b>	0	0
A.V.1.	Statutory funds (423, 42X)	91	0	0
	2. Other funds (427, 42X)	92	0	0
<b>A.VI.</b>	<b>Differences from revaluation - total (lines 94 to 96)</b>	<b>93</b>	0	0
A.VI.1.	Differences from revaluation of assets and liabilities (+/- 414)	94	0	0
	2. Investment revaluation reserves (+/- 415)	95	0	0
	3. Differences from revaluation in the event of a merger, amalgamation into a separate accounting entity or demerger (+/- 416)	96	0	0
<b>A.VII.</b>	<b>Net profit/loss of previous years line 98 + line 99</b>	<b>97</b>	7 025 288	7 025 288
A.VII.1.	Retained earnings from previous years (428)	98	7 025 288	7 025 288
	2. Accumulated losses from previous years (/-/429)	99	0	0
<b>A.VIII.</b>	<b>Net profit/loss for the accounting period after tax +/- line 01 - (line 81 + line 85 + line 86 + line 87 + line 90 + line 93 + line 97 + line 101 + line 141)</b>	<b>100</b>	1 353 689	7 838 612
<b>B.</b>	<b>Liabilities line 102 + line 118 + line 121 + line 122 + line 136 + line 139 + line 140</b>	<b>101</b>	174 935 728	97 829 051
<b>B.I.</b>	<b>Non-current liabilities - total (line 103 + lines 107 to 117)</b>	<b>102</b>	62 204	849 324
<b>B.I.1.</b>	<b>Non-current trade liabilities - total (lines 104 to 106)</b>	<b>103</b>	0	0
1.a.	Trade liabilities to affiliated accounting entities (321A, 475A, 476A)	104	0	0

DIČ: 2120814575

IČO: 51865467

Súvaha Úč POD 1-01

Designation a	LIABILITIES AND EQUITY b	Line No. c	Current accounting period 4	Preceding accounting period 5
1.b.	Trade liabilities within participating interest, except for liabilities to affiliated accounting entities (321A, 475A, 476A)	105	0	0
1.c.	Other trade liabilities (321A, 475A, 476A)	106	0	0
2.	Net value of contract (316A)	107	0	0
3.	Other liabilities to affiliated accounting entities (471A, 47XA)	108	0	0
4.	Other liabilities within participating interest, except for liabilities to affiliated accounting entities (471A, 47XA)	109	0	0
5.	Other non-current liabilities(479A, 47XA)	110	0	0
6.	Long-term advance payments received (475A)	111	10 266	495 966
7.	Long-term bills of exchange to be paid (478A)	112	0	0
8.	Bonds issued (473A/-/255A)	113	0	0
9.	Liabilities related to social fund (472)	114	51 938	46 881
10.	Other non-current liabilities (336A, 372A, 474A, 47XA)	115	0	0
11.	Non-current liabilities related to derivative transactions (373A, 377A)	116	0	0
12.	Deferred tax liability (481A)	117	0	306 477
<b>B.II.</b>	<b>Long-term provisions line 119 + line 120</b>	<b>118</b>	<b>1 655 000</b>	<b>1 856 000</b>
B.II.1.	Legal provisions (451A)	119	0	0
2.	Other provisions (459A, 45XA)	120	1 655 000	1 856 000
<b>B.III.</b>	<b>Long-term bank loans (461A, 46XA)</b>	<b>121</b>	<b>0</b>	<b>0</b>
<b>B.IV.</b>	<b>Current liabilities - total (line 123 + lines 127 to 135)</b>	<b>122</b>	<b>168 059 904</b>	<b>90 503 286</b>
<b>B.IV.1.</b>	<b>Trade liabilities - total (lines 124 to 126)</b>	<b>123</b>	<b>147 952 742</b>	<b>85 464 581</b>
1.a.	Trade liabilities to affiliated accounting entities (321A, 322A, 324A, 325A, 326A, 32XA, 475A, 476A, 478A, 47XA)	124	82 034 394	28 442 690
1.b.	Trade liabilities within participating interest, except for liabilities to affiliated accounting entities (321A, 322A, 324A, 325A, 326A, 32XA, 475A, 476A, 478A, 47XA)	125	0	0
1.c.	Other trade liabilities (321A, 322A, 324A, 325A, 326A, 32XA, 475A, 476A, 478A, 47XA)	126	65 918 348	57 021 891
2.	Net value of contract (316A)	127	0	0
3.	Other liabilities to affiliated accounting entities (361A, 36XA, 471A, 47XA)	128	18 978 762	2 374 200
4.	Other liabilities within participating interest, except for liabilities to affiliated accounting entities (361A, 36XA, 471A, 47XA)	129	0	0
5.	Liabilities to partners and association (364, 365, 366, 367, 368, 398A, 478A, 479A)	130	0	0

DIČ: 2120814575

IČO: 51865467

Súvaha Úč POD 1-01

Designation a	LIABILITIES AND EQUITY b	Line No. c	Current accounting period 4	Preceding accounting period 5
6.	Liabilities to employees (331, 333, 33X, 479A)	131	430 994	490 837
7.	Liabilities related to social security (336A)	132	302 639	299 778
8.	Tax liabilities and subsidies (341, 342, 343, 345, 346, 347, 34X)	133	156 379	1 866 233
9.	Liabilities related to derivative transactions (373A, 377A)	134	0	0
10.	Other liabilities (372A, 379A, 474A, 475A, 479A, 47XA)	135	238 388	7 657
<b>B.V.</b>	<b>Short-term provisions line 137 + line 138</b>	<b>136</b>	<b>5 158 620</b>	<b>4 620 441</b>
B.V.1.	Legal provisions (323A, 451A)	137	462 381	443 880
2.	Other provisions (323A, 32X, 459A, 45XA)	138	4 696 239	4 176 561
<b>B.VI.</b>	<b>Current bank loans (221A, 231, 232, 23X, 461A, 46XA)</b>	<b>139</b>	<b>0</b>	<b>0</b>
<b>B.VII.</b>	<b>Short-term financial assistance (241, 249, 24X, 473A /-/255A)</b>	<b>140</b>	<b>0</b>	<b>0</b>
<b>C.</b>	<b>Accruals/deferrals - total (lines 142 to 145)</b>	<b>141</b>	<b>0</b>	<b>59</b>
C.1.	Accrued expenses - long-term (383A)	142	0	0
2.	Accrued expenses - short-term (383A)	143	0	59
3.	Deferred income - long-term (384A)	144	0	0
4.	Deferred income - short-term (384A)	145	0	0

DIČ: 2120814575

IČO: 51865467

Výkaz ziskov a strát ÚČ POD 2-01

Designation a	Text b	Line No. c	Actual data	
			Current accounting period	Preceding accounting period
			1	2
*	<b>Net turnover (part of account class 6 according to the Act)</b>	<b>01</b>	993 741 747	712 001 783
**	<b>Operating income - total (lines 03 to 09)</b>	<b>02</b>	1 082 178 595	755 048 368
I.	Revenue from the sale of merchandise (604, 607)	03	233 053 348	26 004 128
II.	Revenue from the sale of own products (601)	04	730 218 012	661 334 967
III.	Revenue from the sale of services (602, 606)	05	30 470 387	24 740 078
IV.	Changes in internal inventory (+/-) (account group 61)	06	0	-322 863
V.	Own work capitalized (account group 62)	07	0	0
VI.	Revenue from the sale of non-current intangible assets, property, plant and equipment, and raw materials (641, 642)	08	826	13 269
VII.	Other operating income(644, 645, 646, 648, 655, 657)	09	88 436 022	43 278 789
**	<b>Operating expenses - total line 11 + line 12 + line 13 + line 14 + line 15 + line 20 + line 21 + line 24 + line 25 + line 26</b>	<b>10</b>	1 080 184 830	744 655 322
A.	Cost of merchandise sold (504, 507)	11	232 945 535	25 975 657
B.	Consumed raw materials, energy consumption, and consumption of other non-inventory supplies (501, 502, 503)	12	387 322 020	321 112 432
C.	Value adjustments to inventory (+/-) (505)	13	0	0
D.	Services (account group 51)	14	356 910 555	338 062 885
E.	Personnel expenses - total (lines 16 to 19)	15	11 394 846	11 977 433
E.1.	Wages and salaries (521, 522)	16	7 952 327	8 133 708
2.	Remuneration of board members of company or cooperative (523)	17	309 501	240 202
3.	Social security expenses (524, 525, 526)	18	2 775 020	2 887 815
4.	Social expenses (527, 528)	19	357 998	715 708
F.	Taxes and fees (account group 53)	20	22 487	352 457
G.	Amortization and value adjustments to non-current intangible assets and depreciation and value adjustments to property, plant and equipment (line 22 + line 23)	21	3 228 030	3 265 425
G.1.	Amortization of non-current intangible assets and depreciation of property, plant and equipment (551)	22	3 228 030	3 265 425
2.	Value adjustments to non-current intangible assets and property, plant and equipment (+/-) (553)	23	0	0
H.	Carrying value of non-current assets sold and raw materials sold (541, 542)	24	113 498	418 148
I.	Value adjustments to receivables (+/-) (547)	25	1 216 463	1 712 873
J.	Other operating expenses (543, 544, 545, 546, 548, 549, 555, 557)	26	87 031 396	41 778 012

DIČ: 2120814575

IČO: 51865467

Výkaz ziskov a strát ÚČ POD 2-01

Designation a	Text b	Line No. c	Actual data	
			Current accounting period	Preceding accounting period
			1	2
***	<b>Profit/loss from operations (+/-) (line 02 - line 10)</b>	<b>27</b>	1 993 765	10 393 046
*	<b>Added value (line 03 + line 04 + line 05 + line 06 + line 07) - (line 11 + line 12 + line 13 + line 14)</b>	<b>28</b>	16 563 637	26 605 336
**	<b>Income from financial activities - total line 30 + line 31 + line 35 + line 39 + line 42 + line 43 + line 44</b>	<b>29</b>	260 866	329 006
VIII.	Revenue from the sale of securities and shares (661)	30	0	0
IX.	Income from non-current financial assets (lines 32 to 34)	31	0	0
IX.1.	Income from securities and ownership interests in affiliated accounting entities (665A)	32	0	0
2.	Income from securities and ownership interests within participating interest, except for income of affiliated accounting entities (665A)	33	0	0
3.	Other income from securities and ownership interests (665A)	34	0	0
X.	Income from current financial assets - total (lines 36 to 38)	35	0	0
X.1.	Income from current financial assets in affiliated accounting entities (666A)	36	0	0
2.	Income from current financial assets within participating interest, except for income of affiliated accounting entities (666A)	37	0	0
3.	Other income from current financial assets (666A)	38	0	0
XI.	Interest income (line 40 + line 41)	39	21 856	39 790
XI.1.	Interest income from affiliated accounting entities (662A)	40	5 209	6 110
2.	Other interest income (662A)	41	16 647	33 680
XII.	Exchange rate gains (663)	42	239 010	289 216
XIII.	Gains on revaluation of securities and income from derivative transactions (664, 667)	43	0	0
XIV.	Other income from financial activities (668)	44	0	0
**	<b>Expenses related to financial activities - total line 46 + line 47 + line 48 + line 49 + line 52 + line 53 + line 54</b>	<b>45</b>	404 304	379 661
K.	Securities and shares sold (561)	46	0	0
L.	Expenses related to current financial assets (566)	47	0	0
M.	Value adjustments to financial assets (+/-) (565)	48	0	0
N.	Interest expense (line 50 + line 51)	49	118 088	44 657
N.1.	Interest expenses related to affiliated accounting entities (562A)	50	12 415	5 742
2.	Other interest expenses (562A)	51	105 673	38 915
O.	Exchange rate losses (563)	52	237 210	293 437
P.	Loss on revaluation of securities and expenses related to derivative transactions (564, 567)	53	0	0

DIČ: 2120814575

IČO: 51865467

Výkaz ziskov a strát ÚČ POD 2-01

Designation a	Text b	Line No. c	Actual data	
			Current accounting period	Preceding accounting period
			1	2
Q.	Other expenses related to financial activities (568, 569)	54	49 006	41 567
***	<b>Profit/loss from financial activities (+/-) (line 29 - line 45)</b>	55	-143 438	-50 655
****	<b>Profit/loss for the accounting period before tax (+/-) (line 27 + line 55)</b>	56	1 850 327	10 342 391
R.	Income tax (line 58 + line 59)	57	496 638	2 503 779
R.1.	Income tax - current (591, 595)	58	1 032 460	2 920 688
2.	Income tax - deferred (+/-) (592)	59	-535 822	-416 909
S.	Transfer of net profit/net loss shares to partners (+/-596)	60	0	0
****	<b>Profit/loss for the accounting period after tax (+/-) (line 56 - line 57 - line 60)</b>	61	1 353 689	7 838 612

## **Notes to the financial statements as at 31 December 2021**

### **A. GENERAL INFORMATION**

#### **1. Name and registered office of the Company**

Stredoslovenská energetika, a. s.  
Pri Rajčianke 8591/4B  
010 47 Žilina

Stredoslovenská energetika, a. s. (hereinafter referred to as the "Company") was established on 19 July 2018 and registered in the Commercial Register on 3 August 2018 (Commercial register of the District Court Žilina in Žilina, Section Sa, file 10956/L). The Company changed its business name with effective from 1 January 2019.

#### **2. The Company's core business activities according to Commercial Register are:**

- electricity supply
- gas supply
- engineering activities
- provision of energy support services

#### **3. Unlimited liability**

The Company is not an unlimited liability partner in other entities.

#### **4. Number of employees**

The average recalculated number of employees of the Company in the accounting period 2021 was 337 (in the accounting period 2020: 321).

The number of employees as at 31 December 2021 was 339, out of which 7 were managers (as at 31 December 2020: 336 employees, out of which 7 were managers).

#### **5. Legal reason for preparation of the financial statements**

The financial statements of the Company as at 31 December 2021 are prepared as financial statements under the Article 17 section 6 of the Act No. 431/2002 Coll. on accounting (hereinafter referred to as the "Act on accounting") for the accounting period from 1 January 2021 to 31 December 2021.

The Financial Statements are intended for users who have adequate knowledge of business and economic activities and accounting and who analyse this information with appropriate care. The Financial Statements do not, and cannot, provide all information that may be needed by existing and potential investors, providers of credits and loans, and other creditors. These users must obtain relevant information from other sources.

#### **6. Date of approval of the Financial statements for the preceding accounting period**

The Financial Statements of the Company for the preceding accounting period, were approved by the shareholders at the Company's general meeting on 17 May 2021.



## **7. Appointment of the Auditor**

On 17 May 2021, the General meeting appointed KPMG Slovensko spol. s r.o. as an Auditor of the financial statements for the accounting period from 1 January 2021 to 31 December 2021.

## **B. CONSOLIDATION**

The Company is a subsidiary of Stredoslovenská energetika Holding, a.s. (hereinafter "SSE Holding, a.s.") with its registered office in Žilina, Pri Rajčianke 8591/4B, with 100 % share in its registered capital. SSE Holding, a.s. prepares the consolidated financial statements and is an immediate consolidating company.

The consolidated financial statements of SSE Holding, a.s. are available at its registered office in Žilina, Pri Rajčianke street 8591/4B and stored in the Commercial register of the District Court in Žilina.

These financial statements are included in the consolidated financial statements of the wider group of entities prepared by EP Investment S.à.r.l., with registered office at 39, Avenue John F. Kennedy, L-1855 Luxembourg. The consolidated financial statements for the year ended 2021 and 2020 will be available at the registered office of EP Investment S.à.r.l. The address of the Commercial Register where the consolidated financial statements will be stored is Luxembourg Business Registers G.I.E., 4 Rue Erasme L-1468 Luxembourg, R.C.S. Luxembourg C24.

## **C. INFORMATION ON THE APPLIED PROCEDURES**

### **a) Basis of preparation**

The Financial statements of the Company have been prepared on a going concern basis, in accordance with the Act on accounting in force in the Slovak Republic and the following accounting methods and principles.

The Company operates in a sector which has not been significantly affected by the outbreak of COVID-19 pandemic. The Company reported stable sales and its activities, including deliveries, were uninterrupted. Based on publicly available information as at the balance sheet date, the Company's management assessed the potential development of the pandemic and its expected impact on the Company and the economic environment in which the Company operates, including measures already taken by the Slovak Government.

Based on currently publicly available information, the Company's current KPI's and in view of the actions initiated by management, the management does not anticipate a direct immediate and significant adverse impact of the COVID-19 outbreak on the Company, its operations, financial position and operating results.

However, the management of the Company cannot preclude the possibility that extended lockdown periods, an escalation in the severity of such measures, or a consequential adverse impact of such measures on the economic environment in which the Company operates, will not have an adverse effect on the Company, and its financial position and operating results, in the medium and long term. Management of the Company continues to monitor the situation closely and will respond to mitigate the impact of such events and circumstances as they occur.

The monetary data in the Financial statements are presented in whole EUR, unless stated otherwise.

The Company has applied the accounting methods and general accounting principles consistently with the previous accounting period.

### **b) Use of estimates and judgments**

The preparation of the Financial statements requires management to make judgments, estimates and assumptions that affect the application of the accounting methods and accounting principles and the value of recognised assets, liabilities, income, and expenses. These estimates and related assumptions are based on the past experience and other various factors considered appropriate

to the circumstances that form the basis for assessment of the carrying amounts of assets and liabilities that are not apparent from other sources. Therefore, actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are not recognized retrospectively, but instead in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Information about significant areas of estimation uncertainty and critical judgment in the use of accounting policies that have the most significant impact on the amount reported in the financial statements is described below.

#### *Estimation of unbilled electricity*

For recognition of revenue generated by customers whose energy consumption is not measured at the end of the accounting period, particularly low-voltage electricity customers, revenue must be estimated for delivered but unbilled electricity at the balance sheet date.

The Company has developed a model that allows it to estimate these revenue with sufficient accuracy. The model also ensures that the risk of significant variance between the quantities delivered and the resulting estimated revenue is not significant. For more information on estimating unbilled electricity, see Note C. q).

#### **c) Non-current intangible assets and tangible assets**

Non-current assets purchased are valued at acquisition cost, which comprises the cost and transaction costs (customs, transportation, assembly, insurance, etc.) less credit notes, early payment discounts, rebates, price discounts, bonuses, etc.

The acquisition value of non-current tangible assets does not include interest on from external sources assets or realised exchange rate differences which arose up to the date when the asset was put into use.

Non-current intangible assets are amortised in line with a depreciation plan prepared based on their estimated useful lives corresponding with the inflow of the future economic benefits from the asset. Amortisation commences in the month when the asset is put into use. Low-value non-current intangible assets with an acquisition cost (or own cost) not exceeding EUR 2 400 are amortised on a one-off basis at the date when they were put into use.

The estimated useful life, amortisation method and amortisation rate are shown in the following table:

	<b>Estimated useful live in years</b>	<b>Method</b>	<b>Annual amortisation rate in %</b>
Software	1 - 8	straight-line	12.5 - 100.0
Valuable rights (Customer base)	15	straight-line	6.7
Valuable rights (Trademarks)	10	straight-line	10.0

Amortisation and depreciation methods, useful lives and residual values are reviewed at the balance sheet date and adjustments are made, if necessary.

Depreciation of non-current tangible assets are determined based on the estimated useful life and wear and tear of the asset. Depreciation starts in the month when the asset is put into use. Low-value non-current tangible assets with an acquisition cost (or own cost) in the amount of EUR 1 700 or less are depreciated on a one-off basis at the date when they were put into use.

The estimated useful life, depreciation method and depreciation rate are shown in the following table:

	<b>Estimated useful live in years</b>	<b>Method</b>	<b>Annual depreciation rate in %</b>
Structures	5 - 12	straight-line	8.3 – 20.0
Machinery, tools and equipment	1 - 25	straight-line	4.0 – 100.0

Amortisation methods, useful lives and residual values are reviewed at the balance sheet date and adjustments are made, if necessary.

#### Impairment review

Value adjustments are created based on the prudence principle if it is justified to assume that the value of an asset has decreased compared to its carrying value. A value adjustment is recognized in the amount of the justified estimate of the impairment of the asset compared to its carrying value.

Factors considered important for assessing impairment are:

- technological progress,
- significantly inadequate operating results compared to historical or planned operating results,
- significant changes in the way the Company's assets are used or in the Company's overall strategy,
- obsolescence of products.

#### d) Inventory

Inventory is valued at the lower of the following: its acquisition cost (purchased inventory) or conversion cost (own work capitalized), or its net realizable value.

Acquisition cost includes the price at which inventory has been acquired plus costs related to the acquisition (customs duty, transport, insurance, commissions, etc.) less credit notes, early payment discounts, rebates, price discounts, bonuses, etc. Interest on loans is not capitalized.

Net realisable value is the estimated selling price of inventory less the estimated costs of its completion and the estimated costs necessary to make the sale.

Inventory is written down for any impairment of value.

#### e) Valuable rights

Valuable rights represent the Company's customer base and trademarks at fair value at the date of contribution of business activities and employees from departments such as electricity and gas purchase and supply, energy support services and energy projects efficiency and related components.

#### f) Receivables

Receivables are initially valued at their nominal value. An impairment allowance is created for doubtful and bad debts where there is a risk of bad debt recovery.

An impairment allowance for trade receivables is created when there is an objective evidence that the Company will not be able to collect all amounts due under the originally agreed terms. Significant insolvency of the borrower, the probability that the borrower will enter bankruptcy or financial restructuring or any delay in the maturity of the receivable are indicators that the receivables are impaired.

The Company monitors the amounts of receivables and reassesses allowances for impaired receivables on a 3-month basis.

#### **g) Financial accounts**

Cash and bank accounts are reported as financial accounts. The bank accounts are at the Company's full disposal. Cash-pooling method of redistributing funds is developed within the consolidated group SSE Holding, a.s.

#### **h) Prepaid expenses and accrued income**

Prepaid expenses and accrued income are presented in accordance with the matching principle in terms of substance and time.

#### **i) Provisions**

A provision is a liability representing the Company's existing obligation arising from past events, which is likely to reduce its economic benefits in the future. Provisions are liabilities of uncertain timing or amount and are valued based on an estimate whose amount is necessary to fulfil the existing obligation as at the balance sheet date.

The Company created provisions for wages for untaken holidays, including social security, remuneration of employees and statutory bodies, unbilled supplies, and employee benefits under the Labour Code and collective agreement (retirement and jubilee remuneration) and for onerous contracts on electricity supply to end customers.

Creation of a provision is recorded in the relevant expense or asset account to which the liability is attributable. The use of the provision is debited to the relevant account of provisions with a corresponding credit entry in the relevant liability account. Reversal of an unusable provision or part thereof is accounted for by means of an accounting entry in reverse to the creation of the provision.

Creation of a provision for bonuses, rebates, discounts, and the repayment of the purchase price in the event of a complaint is recorded as a reduction in the originally earned income with a corresponding credit entry in the account of provisions.

#### **j) Liabilities**

Liabilities are initially measured at their nominal value. Assumed liabilities are valued at their acquisition cost. If reconciliation procedures reveal that the actual amount of liabilities differs from the amount recorded in the accounting books, the actual amount is used to value these liabilities in the accounting books and financial statements.

#### **k) Employee benefits**

Salaries, wages, contributions to pension and insurance funds, paid annual leave and paid sick leave, bonuses, and other benefits in kind (e.g. health care) are recorded in the accounting period to which they correspond in terms of substance and time.

##### **Pension scheme with predetermined pension benefits**

In a pre-defined pension scheme, the amount of the benefit that the employee receives on retirement is determined. The amount depends on several factors such as age, number of years worked or wage.

Under the Labour code, the minimum retirement pension allowance is one average monthly wage. Under the Corporate collective agreement with the Unions effective until 2022 included, the Company is required to pay employees upon retirement depending on the number of years worked, as follows:

<b>Number of years worked</b>	<b>Average salary multiple in 2021</b>
up to 10 years included	2
over 10 - 15 years	4
over 15 - 20 years	5
over 20 - 25 years	6
over 25 years	7

One average monthly salary is included in the above multiples as the minimum required by the Labour Code.

The Company also creates provisions for significant jubilees, which are governed by the Company Collective agreement valid up to 2022 included. Provisions are created as follows – when an employee reaches 25 years of employment, the employee is awarded a remuneration equal to the basic tariff wage. Upon reaching the 50th birthday, the employee is awarded depending on the number of years worked:

<b>Number of years worked</b>	<b>Contribution in EUR</b>
up to 5 years included	40 % of the basic tariff wage
over 5 - 10 years	60 % of the basic tariff wage
over 10 - 15 years	80 % of the basic tariff wage
over 15 - 20 years	100 % of the basic tariff wage
over 20 years	110 % of the basic tariff wage

The Company has raised expectations on the part of its employees to continue providing benefits. At the discretion of the Company's management, the discontinuation of their provision is not realistic at present.

The liability for a pre-defined retirement pension scheme is recognised at present value as at the balance sheet date and adjusted for unrealised actuarial gains or losses and past service cost. This liability is recalculated on an annual basis, using the discounted cash flow method at an interest rate of 0.00-1.25 %, for years 2022-2067.

Actuarial gains or losses from adjustments and changes in actuarial assumptions are recognised in the income statement immediately. Changes in the retirement benefit plan are recognised in the income statement immediately.

The main actuarial assumptions used to calculate the pension liability are as follows:

Number of employees as at 31 December 2021	339
Percentage of employees who terminate employment before retirement (termination rate)	2.26% p.a.
Wage increase assumption in long-term horizon	1.90% p.a.
Long-term inflation	1.90% p.a.

## **I) Current income tax**

Income tax is charged to the Company's expense as incurred and is included in the attached income statement of the Company based on the profit or loss before tax adjusted for deductible and deductible items as a result of permanent and temporary adjustments to the tax base and amortisation of losses. The tax liability is deducted by income tax advances paid by the Company during the year. If the income tax advances paid during the year are higher than the tax liability for the year, the Company recognises a tax asset.

#### **m) Deferred tax**

Deferred taxes (deferred tax assets and deferred tax liabilities) relate to the following:

- a) temporary differences between the carrying value of assets and the carrying value of liabilities presented in the Balance Sheet and their tax base;
- b) tax losses which are possible to carry forward to future periods, being understood as the possibility of deducting these tax losses from the tax base in the future; and
- c) unused tax deductions and other tax claims which are possible to carry forward to future periods.

Deferred tax assets and deferred tax liabilities are not recognized in the following cases:

- temporary differences upon initial recognition of an asset or liability in the accounting books if this accounting transaction has no impact on profit/loss or the tax base at the time of initial recognition and, at the same time, does not involve a business combination (i.e., it is not an accounting transaction arising for the buyer in the event of the purchase of a business or part thereof, the recipient of a contribution of a business or part thereof, or the successor accounting entity in the event of a merger, amalgamation into a separate accounting entity or demerger);
- temporary differences related to investments in subsidiaries, jointly controlled accounting entities, and associated accounting entities to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;
- temporary differences upon initial recognition of goodwill or negative goodwill.

A deferred tax asset related to deductible temporary differences, unused tax losses, and unused tax deductions and other tax claims is only recognized if it is probable that a taxable profit will be available against which these amounts can be utilized. A deferred tax asset is reviewed as of each balance sheet date and reduced by the amount in which it is not probable that a taxable profit will be attained. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse.

A deferred tax asset and a deferred tax liability are presented separately in the Balance Sheet. If they relate to deferred income tax with respect to the same taxable entity and the same taxation authority, it is possible to only present the final balance of account 481 – *Deferred tax liability and deferred tax asset*.

#### **n) Accrued expenses and deferred income**

Accrued expenses and deferred income are presented in accordance with the matching principle in terms of substance and time.

#### **o) Financial and operating leases (the Company as the lessor)**

Financial leasing is the acquisition of property, plant and equipment on the basis of a lease agreement with an agreed right to purchase the leased asset for agreed payments during the agreed period of lease. Assets leased through financial leasing are recognized and depreciated by the lessee, not by the owner.

The agreed payments include the purchase price for which the ownership title to the leased asset is transferred from the lessor to the lessee at the end of the agreed period of financial leasing of the asset. The agreed lease term is at least 60 % of the depreciation period under tax regulations.

On the date of transfer of an asset to the lessee, the lessor records a receivable related to leasing in account 374 – *Receivables related to leasing* in the amount of the agreed payments less unrealized financial income with a corresponding credit entry in the relevant income account. Derecognition of the leased asset from the lessor's accounting books is debited to the relevant expense account with a corresponding credit entry in the relevant asset account.

Lease payment is allocated between the repayment of principal and financial income calculated using the effective interest rate method. Financial income is debited to account 662 – *Interest*.

Assets leased through operating leases are presented by the owner, not by the lessee. Assets leased in the form of operating lease are recorded against income on a continuous basis during the duration of the lease agreement.

#### **p) Foreign currency**

Assets and liabilities denominated in a foreign currency are translated to the euro currency as at the date of the accounting transaction, according to the foreign exchange reference rate determined and announced by the European Central Bank or the National Bank of Slovakia on the date preceding the date of the accounting transaction (hereinafter referred to as the "reference rate").

An increase in a foreign currency purchased with the euro currency is valued according to the exchange rate at which this foreign currency was purchased.

An increase in a foreign currency purchased with another foreign currency is valued according to the value of the other foreign currency in euro, or an increase in a foreign currency in euro is valued according to the reference rate applicable on the date of the transaction.

In the case of a decrease in the same foreign currency in cash or in a foreign exchange account, the foreign exchange reference rate determined and announced by the European Central Bank or the National Bank of Slovakia on the date preceding the date of the accounting transaction.

Assets and liabilities denominated in a foreign currency (except for advance payments received and advance payments made) are translated to the euro currency as at the balance sheet date according to the foreign exchange reference rate determined and announced by the European Central Bank or the National Bank of Slovakia on the balance sheet date and are recorded with an impact on net profit/loss.

Advance payments received and advance payments made in foreign currencies are translated to the euro currency according to the foreign exchange reference rate determined and announced by the European Central Bank or the National Bank of Slovakia on the date preceding the date of the accounting transaction. They are not recalculated as at the balance sheet date.

#### **q) Revenue recognition**

The Company's revenue mainly consists of revenue from the supply of electricity and gas, revenue from the provision of energy support services and energy efficiency projects and revenue from services provided within the consolidated group SSE Holding, a.s.

Revenue from the sale of services is recognised in the accounting period in which the services are rendered considering the stage of completion of the service. This is established on the basis of the services provided as a proportion of the total range of the agreed services.

Revenue from the sale of electricity and gas is recognised at the time when the electricity and gas are delivered to the customer. Consumption metering and wholesale billing are done on a monthly basis. Metering and final billing of retail customers (households and small businesses with annual electricity consumption not more than 30 MWh and annual gas consumption not more than 100 MWh) is performed on an annual basis.

Electricity sales on the spot market are primarily revenues from the sale of surplus electricity. The surplus is due to an unexpected short-term deviation in consumption diagrams. Sales also include fees paid by regular customers for deviations from their planned consumption curve.

The Company invoices distribution of electricity, which is distributed by Stredoslovenská distribučná, a.s. and other distribution companies, to final customers alongside electricity charges, usually in the form of integrated contracts (the price for electricity is invoiced to the final customer including distribution fee, Tariff for operating the system, and Tariffs for system services (hereinafter "TPS" and TSS"). Revenue from the distribution is invoiced equal to distribution costs, in the amount of EUR 342 272 107 (2020: EUR 326 011 692).

Revenue from unbilled but delivered electricity is an accounting estimate, which is based on the estimate of electricity supply in technical units (GWh) at low-voltage level, and its price. Estimates of electricity supply are based mainly on estimates of yearly consumption at offtake points, and the values of relevant offtake types, at rates to which the offtake point belongs.

Revenue is recognised net of value added tax, discounts and deductions (rebates, bonuses, discounts, credit notes, etc.).

Interest income is recognised on an accrual basis in the period to which it relates using the effective interest rate method.

#### **r) Comparative information**

If the figures for the preceding accounting period in the individual sections of the financial statements are not comparable owing to a change in the accounting policies and accounting principles, an explanation of the incomparable figures is provided in the notes to the financial statements.

#### **s) Correction of errors of preceding accounting periods**

If the Company identifies a significant error concerning preceding accounting periods during the current accounting period, it corrects this error in accounts 428 - Retained earnings from the previous years and 429 - Accumulated losses from the previous years, i.e., with no impact on net profit or loss of the current accounting period. Corrections of insignificant errors of the preceding accounting periods are recorded in the current accounting period in the relevant expense or income account.

In 2021, the Company did not account for any corrections of material errors of past periods.

### **D. INFORMATION ON BALANCE SHEET - ASSETS**

#### **1. Non-current intangible assets and non-current tangible assets**

Information on the movements of non-current assets from 1 January 2021 to 31 December 2021 and for the comparative period from 1 January 2020 to 31 December 2020 is shown in the tables on pages 20 to 21.

Non-current tangible assets and non-current intangible assets are not pledged for the benefit of any third party and as at 31 December 2021, the Company has no limited rights to dispose of these assets (as at 31 December 2020 the Company did not have any property, plant and equipment and non-current intangible assets and thus had no limited rights to dispose of these assets).

Non-current tangible assets are insured against damage caused by natural disasters up to the amount of EUR 2 007 000 (2020: EUR 2 007 000) and for theft, burglary or robbery up to the amount of EUR 50 000 (2020: EUR 50 000).



Stredoslovenská energetika, a. s.												
Summary of movements of non-current assets												
31 December 2021												
Designation	Initial measurement (Acquisition cost/Conversion cost)					Accumulated amortization/depreciation/Value adjustments					Carrying value	
	1 Jan 2021	Increases	Decreases	Transfers	31 Dec 2021	1 Jan 2021	Increases	Decreases	Transfers	31 Dec 2021	31 Dec 2020	31 Dec 2021
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Capitalized development costs	-	-	-	-	-	-	-	-	-	-	-	-
Software	1 630 027	134 415	50 873	-	1 713 569	581 305	360 405	50 873	-	890 837	1 048 722	822 732
Valuable rights	38 590 060	-	-	-	38 590 060	5 477 555	2 738 778	-	-	8 216 333	33 112 505	30 373 727
Goodwill	-	-	-	-	-	-	-	-	-	-	-	-
Other non-current intangible assets	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition of non-current intangible assets	-	-	-	-	-	-	-	-	-	-	-	-
Advance payments made for non-current intangible assets	64 750	-	-	-	64 750	-	-	-	-	-	64 750	64 750
<b>Non-current intangible assets - total</b>	<b>40 284 837</b>	<b>134 415</b>	<b>50 873</b>	<b>-</b>	<b>40 368 379</b>	<b>6 058 860</b>	<b>3 099 183</b>	<b>50 873</b>	<b>-</b>	<b>9 107 170</b>	<b>34 225 977</b>	<b>31 261 209</b>
Land	-	-	-	-	-	-	-	-	-	-	-	-
Structures	60 182	5 610	-	-	65 792	8 085	9 023	-	-	17 108	52 097	48 684
Individual movable assets and sets of movable assets	1 710 938	74 007	136 071	-	1 648 874	195 536	119 824	22 573	-	292 787	1 515 402	1 356 087
Perennial crops	-	-	-	-	-	-	-	-	-	-	-	-
Livestock	-	-	-	-	-	-	-	-	-	-	-	-
Other property, plant and equipment	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition of property, plant and equipment	-	-	-	-	-	-	-	-	-	-	-	-
Advance payments made for property, plant and equipment	-	-	-	-	-	-	-	-	-	-	-	-
<b>Property, plant and equipment - total</b>	<b>1 771 120</b>	<b>79 617</b>	<b>136 071</b>	<b>-</b>	<b>1 714 666</b>	<b>203 621</b>	<b>128 847</b>	<b>22 573</b>	<b>-</b>	<b>309 895</b>	<b>1 567 499</b>	<b>1 404 771</b>
Shares and ownership interests in affiliated accounting entities	-	-	-	-	-	-	-	-	-	-	-	-
Shares and ownership interests with a participating interest other than those in affiliated accounting entities	-	-	-	-	-	-	-	-	-	-	-	-
Other available-for-sale securities and ownership interests	-	-	-	-	-	-	-	-	-	-	-	-
Loans to affiliated accounting entities	-	-	-	-	-	-	-	-	-	-	-	-
Loans within a participating interest other than those to affiliated accounting entities	-	-	-	-	-	-	-	-	-	-	-	-
Other loans	-	-	-	-	-	-	-	-	-	-	-	-
Debt securities and other non-current financial assets	-	-	-	-	-	-	-	-	-	-	-	-
Loans and other non-current financial assets with remaining maturity of up to one year	-	-	-	-	-	-	-	-	-	-	-	-
Bank accounts with notice period exceeding one year	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition of non-current financial assets	-	-	-	-	-	-	-	-	-	-	-	-
Advance payments made for non-current financial assets	-	-	-	-	-	-	-	-	-	-	-	-
<b>Non-current financial assets - total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Non-current assets - total</b>	<b>42 055 957</b>	<b>214 032</b>	<b>186 944</b>	<b>-</b>	<b>42 083 045</b>	<b>6 262 481</b>	<b>3 228 030</b>	<b>73 446</b>	<b>-</b>	<b>9 417 065</b>	<b>35 793 476</b>	<b>32 665 980</b>

Stredoslovenská energetika, a.s.												
Summary of movements of non-current assets												
31 December 2020												
Designation	Initial measurement (Acquisition cost/Conversion cost)					Accumulated amortization/depreciation/Value adjustments					Carrying value	
	1 Jan 2020	Increases	Decreases	Transfers	31 Dec 2020	1 Jan 2020	Increases	Decreases	Transfers	31 Dec 2020	31 Dec 2019	31 Dec 2020
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Capitalized development costs	-	-	-	-	-	-	-	-	-	-	-	-
Software	673 832	956 195	-	-	1 630 027	192 480	388 825	-	-	581 305	481 352	1 048 722
Valuable rights	38 590 060	-	-	-	38 590 060	2 738 778	2 738 777	-	-	5 477 555	35 851 282	33 112 505
Goodwill	-	-	-	-	-	-	-	-	-	-	-	-
Other non-current intangible assets	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition of non-current intangible assets	-	-	-	-	-	-	-	-	-	-	-	-
Advance payments made for non-current intangible assets	60 000	4 750	-	-	64 750	-	-	-	-	-	60 000	64 750
<b>Non-current intangible assets - total</b>	<b>39 323 892</b>	<b>960 945</b>	<b>-</b>	<b>-</b>	<b>40 284 837</b>	<b>2 931 258</b>	<b>3 127 602</b>	<b>-</b>	<b>-</b>	<b>6 058 860</b>	<b>36 392 634</b>	<b>34 225 977</b>
Land	-	-	-	-	-	-	-	-	-	-	-	-
Structures	32 532	27 650	-	-	60 182	1 006	7 079	-	-	8 085	31 526	52 097
Individual movable assets and sets of movable assets	2 112 588	93 609	495 259	-	1 710 938	116 178	130 744	51 386	-	195 536	1 996 410	1 515 402
Perennial crops	-	-	-	-	-	-	-	-	-	-	-	-
Livestock	-	-	-	-	-	-	-	-	-	-	-	-
Other property, plant and equipment	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition of property, plant and equipment	-	-	-	-	-	-	-	-	-	-	-	-
Advance payments made for property, plant and equipment	-	-	-	-	-	-	-	-	-	-	-	-
<b>Property, plant and equipment - total</b>	<b>2 145 120</b>	<b>121 259</b>	<b>495 259</b>	<b>-</b>	<b>1 771 120</b>	<b>117 184</b>	<b>137 823</b>	<b>51 386</b>	<b>-</b>	<b>203 621</b>	<b>2 027 936</b>	<b>1 567 499</b>
Shares and ownership interests in affiliated accounting entities	-	-	-	-	-	-	-	-	-	-	-	-
Shares and ownership interests with a participating interest other than those in affiliated accounting entities	-	-	-	-	-	-	-	-	-	-	-	-
Other available-for-sale securities and ownership interests	-	-	-	-	-	-	-	-	-	-	-	-
Loans to affiliated accounting entities	-	-	-	-	-	-	-	-	-	-	-	-
Loans within a participating interest other than those to affiliated accounting entities	-	-	-	-	-	-	-	-	-	-	-	-
Other loans	-	-	-	-	-	-	-	-	-	-	-	-
Debt securities and other non-current financial assets	-	-	-	-	-	-	-	-	-	-	-	-
Loans and other non-current financial assets with remaining maturity of up to one year	-	-	-	-	-	-	-	-	-	-	-	-
Bank accounts with notice period exceeding one year	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition of non-current financial assets	-	-	-	-	-	-	-	-	-	-	-	-
Advance payments made for non-current financial assets	-	-	-	-	-	-	-	-	-	-	-	-
<b>Non-current financial assets - total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Non-current assets - total</b>	<b>41 469 012</b>	<b>1 082 204</b>	<b>495 259</b>	<b>-</b>	<b>42 055 957</b>	<b>3 048 442</b>	<b>3 265 425</b>	<b>51 386</b>	<b>-</b>	<b>6 262 481</b>	<b>38 420 570</b>	<b>35 793 476</b>

## 2. Inventory

The amount of inventory is mainly represented by natural gas, which the Company stores in a leased storage facility. As at 31 December 2021, 8 499 MWh in the amount of EUR 230 089 were stored (as at 31 December 2020: 12 260 MWh in the amount of EUR 90 704).

No value adjustment related to inventory was created.

No lien is established for inventories on behalf of any third party and as at 31 December 2021, the Company has no limited rights to dispose of these inventories (as at 31 December 2020 no lien was established for inventories on behalf of any third party and there are no limited rights to dispose of these inventories).

## 3. Receivables

The movement of a value adjustment during the accounting period is presented in the table below:

	Balance as at 1 Jan 2021 EUR	Creation (increase) EUR	Reversal (use) EUR	Reversal (release) EUR	Balance as at 31 Dec 2021 EUR
Trade receivables from affiliated accounting entities	-	-	-	-	-
Trade receivables within a participating interest, except for receivables from affiliated accounting entities	-	-	-	-	-
Other trade receivables	4 434 755	1 412 378	206 547	195 916	5 444 670
Other receivables from affiliated accounting entities	-	-	-	-	-
Other receivables within a participating interest, except for receivables from affiliated accounting entities	-	-	-	-	-
Receivables from participants, members and association	-	-	-	-	-
Social security	-	-	-	-	-
Tax assets and subsidies	-	-	-	-	-
Other receivables	-	-	-	-	-
<b>Total</b>	<b><u>4 434 755</u></b>	<b><u>1 412 378</u></b>	<b><u>206 547</u></b>	<b><u>195 916</u></b>	<b><u>5 444 670</u></b>

Value adjustments to receivables were created due to the risk that the debtor would not pay them in full or in part. The value adjustment to receivables is calculated as 100% of the amount of individual receivables from companies in bankruptcy proceedings and for receivables in legal proceedings. Value adjustments to overdue receivables were created in accordance with the Company's internal guidelines.

The value adjustment was reversed due to the subsequent repayment of some receivables for which a value adjustment was originally created or the receivables were written off. The value adjustment was used due to the write-off of receivables in completed executions.

The ageing structure of receivables and remaining maturity is shown in the table below:

<b>Receivables by remaining maturity</b>	<b>31 Dec 2021</b>	<b>31 Dec 2020</b>
Receivables - overdue	7 463 811	6 697 452
Receivables - due within 1 year	177 932 587	104 197 909
<b>Total current receivables</b>	<b>185 396 398</b>	<b>110 895 361</b>
Receivables - due from 1 to 5 years	3 034 952	2 923 695
Receivables - due after more than 5 years	765 095	972 754
<b>Total non-current receivables</b>	<b>3 800 047</b>	<b>3 896 449</b>

As at 31 December 2021, the Company recognises receivables in the amount of EUR 5 273 183, which are related to implemented energy efficiency projects. Out of this amount, EUR 1 523 734 is due within one year and EUR 3 749 449 are due over one year. As at 31 December 2020, receivables related to energy efficiency projects amounted to EUR 5 026 155. Out of this amount, EUR 1 254 578 was due within one year and EUR 3 771 577 was due over one year.

#### 4. Deferred tax asset and deferred tax liability

The calculation of a deferred tax asset is shown in the table below:

	<b>31 Dec 2021</b>	<b>31 Dec 2020</b>
Temporary differences between the carrying value of assets and the carrying value of liabilities and their tax base		
– deductible	-5 631 638	-6 745 376
– taxable	6 723 757	5 285 961
Tax losses carried forward for future periods	-	-
Unused tax deductions and other tax claims	-	-
Income tax rate (in %)	21	21
<b>Deferred tax asset/Deferred tax liability (-)</b>	<b>229 345</b>	<b>-306 477</b>
<b>Recognized deferred tax asset/deferred tax liability (-)</b>	<b>229 345</b>	<b>-306 477</b>

	<b>EUR</b>
Balance as at 31 December 2021	229 345
Balance as at 31 December 2020	-306 477
<b>Change</b>	<b>-535 822</b>
including:	
– recorded in profit/loss	-535 822
– recorded in equity	-

#### 5. Financial accounts

Cash and bank accounts are recognised as financial accounts. The bank accounts are at the Company's free disposal.

Cash-pooling method of redistributing funds is developed within the consolidated group SSE Holding, a.s. As at 31 December 2021, the Company has a cash-pooling receivable in the amount of EUR 6 033 284 (as at 31 December 2020: EUR 24 087 034 EUR) and a cash-pooling liability in the amount of EUR 18 978 762 EUR (as at 31 December 2020: EUR 2 374 200).

As at 31 December 2021, the Company has an overdraft on current accounts in the amount of EUR 2 545 000 EUR (as at 31 December 2020: EUR 10 000 000).

As at 31 December 2021, the Company has the bank guarantees in Slovenská sporiteľňa in the amount of EUR 13 455 000 EUR (as at 31 December 2020: EUR 5 845 000) which partially replace cash deposits with business partners.

## 6. Accruals/deferrals

Accruals/deferrals include the following items:

	31 Dec 2021	31 Dec 2020
<b>Prepaid expenses - short-term, of which:</b>	<b>184 717</b>	<b>238 497</b>
Purchased green certificates	77 600	123 540
Other	107 117	114 957
<b>Accrued income - short-term, of which:</b>	<b>450 926</b>	<b>455 846</b>
Unbilled SIPO and PPPU	450 764	455 731
Other	162	115
<b>Total</b>	<b><u>635 643</u></b>	<b><u>694 343</u></b>

## E. INFORMATION ON BALANCE SHEET - LIABILITIES AND EQUITY

### 1. Equity

As at 31 December 2021, the Company's share capital amounts to EUR 35 000 000 EUR (as at 31 December 2020: 35 000 000 EUR). Share capital has been fully paid.

As at 31 December 2021, the share capital of the Company comprises 25 ordinary shares at nominal value EUR 1 000 and 1 ordinary share with a nominal value of EUR 34 975 000 (as at 31 December 2020: 25 ordinary shares with a nominal value of EUR 1 000 and 1 ordinary share with a nominal value of EUR 34 975 000). All shares are associated with the same rights for shareholders.

Profit per share was in the amount of EUR 52 065 in 2021 (in 2020 profit: EUR 301 485).

Profit for 2020 was distributed as follows:

	<b>2020</b>
Profit	7 838 612
<b>Net profit distribution</b>	<b>2020</b>
Payment of dividends	7 808 612
Contribution to the social fund	30 000
<b>Total</b>	<b><u>7 838 612</u></b>

No mandatory contribution to the legal reserve fund is required, as the legal reserve fund has already attained the maximum limit stipulated in the legislation.

As at the reporting date, the statutory body did not submit a proposal for the distribution of profit for 2021.

## 2. Provisions

Provisions for the current accounting period are shown in the table below:

	Balance as at 1 Jan 2021	Creation	Reversal (use)	Reversal (release)	Balance as at 31 Dec 2021
<b>Long-term provisions, including:</b>	<b>1 856 000</b>	<b>256 138</b>	<b>66 027</b>	<b>391 111</b>	<b>1 655 000</b>
<b>Other long-term provisions</b>					
Retirement payment	1 528 000	202 000	41 889	391 111	1 297 000
Jubilee	328 000	54 138	24 138	-	358 000
<b>Other long-term provisions - total</b>	<b>1 856 000</b>	<b>256 138</b>	<b>66 027</b>	<b>391 111</b>	<b>1 655 000</b>
<b>Short-term provisions, including:</b>	<b>4 620 441</b>	<b>5 108 171</b>	<b>3 779 467</b>	<b>790 525</b>	<b>5 158 620</b>
<b>Legal short-term provisions</b>					
Vacation pay, including social security	443 880	411 933	393 432	-	462 381
<b>Legal short-term provisions - total</b>	<b>443 880</b>	<b>411 933</b>	<b>393 432</b>	<b>-</b>	<b>462 381</b>
<b>Other short-term provisions</b>					
Unbilled supplies of material and services	2 173 829	1 978 684	1 971 353	202 476	1 978 684
Remuneration for statutory bodies	48 573	48 548	45 901	2 672	48 548
Bonuses for management and employees	1 831 406	978 699	1 254 208	577 198	978 699
Customers' discount	78 753	68 653	77 764	989	68 653
Onerous contracts	-	1 583 854	-	-	1 583 854
Other	44 000	37 800	36 809	7 190	37 801
<b>Other short-term provisions - total</b>	<b>4 176 561</b>	<b>4 696 238</b>	<b>3 386 035</b>	<b>790 525</b>	<b>4 696 239</b>

The Company created provisions for wages for untaken leave, including social security, remuneration of employees and employee benefits in accordance with the Labour Code and the Company's collective agreement (retirement and jubilee remuneration).

The provision for retirement and jubilee was created using actuarial mathematics.

The provision for onerous contracts relates to the supply of electricity to end customers and represents the present value of the estimated costs to settle the contracts in excess of the contractual revenue.

### 3. Liabilities

Liabilities (except for bank loans, borrowings and returnable financial assistance, liabilities related to social fund, deferred tax liability and provisions) according to maturity are shown in the table below:

	<b>31 Dec 2021</b>	<b>31 Dec 2020</b>
Liabilities overdue	8 046	22 787
Liabilities due	<u>168 062 124</u>	<u>90 976 465</u>
	<b><u>168 070 170</u></b>	<b><u>90 999 252</u></b>

The structure of liabilities (except for social fund, deferred tax liability and provisions) according to their remaining maturities as at 31 December 2021 is shown in the table below:

	<b>Carrying value</b>	<b>Less than 1 year</b>	<b>1 – 5 years</b>	<b>More than 5 years</b>
Trade liabilities to affiliated accounting entities	82 034 394	82 034 394	-	-
Trade liabilities within a participating interest, except for liabilities to affiliated accounting entities	-	-	-	-
Other trade liabilities	65 918 348	65 918 348	-	-
Net value of contract	-	-	-	-
Other liabilities to affiliated accounting entities	18 978 762	18 978 762	-	-
Other liabilities within a participating interest, except for liabilities to affiliated accounting entities	-	-	-	-
Other non-current liabilities	-	-	-	-
Long-term advance payments received	10 266	-	10 266	-
Long-term bills of exchange to be paid	-	-	-	-
Bonds issued	-	-	-	-
Other non-current liabilities	-	-	-	-
Liabilities to partners and association	-	-	-	-
Liabilities to employees	430 994	430 994	-	-
Liabilities related to social security	302 639	302 639	-	-
Tax liabilities and subsidies	156 379	156 379	-	-
Liabilities related to derivative transactions	-	-	-	-
Other liabilities	238 388	238 388	-	-
	<b><u>168 070 170</u></b>	<b><u>168 059 904</u></b>	<b><u>10 266</u></b>	<b><u>-</u></b>

The structure of liabilities (except for social fund, deferred tax liability and provisions) according to their remaining maturities as at 31 December 2020 is shown in the table below:

	Carrying value	Less than 1 years	1 – 5 years	More than 5 years
Trade liabilities to affiliated accounting entities	28 442 690	28 442 690	-	-
Trade liabilities within a participating interest, except for liabilities to affiliated accounting entities	-	-	-	-
Other trade liabilities	57 021 891	57 021 891	-	-
Net value of contract	-	-	-	-
Other liabilities to affiliated accounting entities	2 374 200	2 374 200	-	-
Other liabilities within a participating interest, except for liabilities to affiliated accounting entities	-	-	-	-
Other non-current liabilities	-	-	-	-
Long-term advance payments received	495 966	-	495 966	-
Long-term bills of exchange to be paid	-	-	-	-
Bonds issued	-	-	-	-
Other non-current liabilities	-	-	-	-
Liabilities to partners and association	-	-	-	-
Liabilities to employees	490 837	490 837	-	-
Liabilities related to social security	299 778	299 778	-	-
Tax liabilities and subsidies	1 866 233	1 866 233	-	-
Liabilities related to derivative transactions	-	-	-	-
Other liabilities	7 657	7 657	-	-
	<b>90 999 252</b>	<b>90 503 286</b>	<b>495 966</b>	<b>-</b>

No lien has been established for liabilities.

#### 4. Social fund

The creation and drawing from the social fund during the accounting period are presented in the table below:

	2021	2020
<b>Balance as at 1 January</b>	<b>46 881</b>	<b>32 593</b>
Creation against expenses	109 502	132 046
Creation from profit	30 000	10 000
Drawing	134 445	127 758
<b>Balance as at 31 December</b>	<b>51 938</b>	<b>46 881</b>

According to the Act on the Social Fund, part of the social fund must be created against expenses and part can be created from retained earnings. According to the Act on the Social Fund, the social fund is used to satisfy social, health, recreation, and other needs of employees.



## F. REVENUE

### 1. Revenue from own work, goods and services provided

Revenue from own work, goods and services provided according to the individual segments and geographical area is presented in the table below:

Country	Sale of electricity		Sale of Gas		Services		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
Slovak Republic	693 410 765	617 555 196	63 843 477	59 089 460	6 437 677	6 785 810	763 691 919	683 430 466
Czech Republic	663 440	106 770	228 471 370	16 436 815	37 240	37 240	229 172 050	16 580 825
United Kingdom	877 752	12 067 764	-	-	-	-	877 752	12 067 764
Poland	26	118	-	-	-	-	26	118
<b>Total</b>	<b>694 951 983</b>	<b>629 729 848</b>	<b>292 314 847</b>	<b>75 526 275</b>	<b>6 474 917</b>	<b>6 823 050</b>	<b>993 741 747</b>	<b>712 079 173</b>

The Company provides services to companies within the SSE Holding group under Service level agreement. These services include in particular:

- Financial and tax services,
- Accounting,
- Human resource
- Asset management,
- Internal audit,
- Communication and marketing,
- Taking responsibility for deviations in the distribution network.

ÚRSO regulates certain aspects of the Company's relations with customers, including the price of electricity and services provided to certain customers of the Company.

## 2. Change in own work capitalised

A change in own work capitalised presented in the Income Statement is in the amount of 0 EUR (in 2020: decrease in the amount of EUR 322 863). The movements are shown in the table below according to the Balance Sheet:

	2021 Closing balance	2020 Closing balance	2019 Opening balance	Change	
				2021	2020
Work in progress and semi-finished goods	950	950	323 813	-	(322 863)
<b>Total</b>	<b>950</b>	<b>950</b>	<b>323 813</b>	-	<b>(322 863)</b>
Shortages and damage				-	-
Representation cost				-	-
Gifts				-	-
<b>Change in the Income Statement</b>				<b>-</b>	<b>(322 863)</b>

## 3. Operating and financial income

Operating and financial income is presented in the following overview:

	2021	2020
<b>Operating income:</b>	<b>88 436 022</b>	<b>43 278 789</b>
Income from assigned receivables	86 785 421	41 477 392
Contractual fines and penalties	129 090	108 580
Other	1 521 511	1 692 817
Including income of exceptional size or incidence:		
Factoring of receivables	86 778 240	41 472 710
Fees for customer service (e.g. SIPO, PPPU)	1 232 243	1 303 844
<b>Financial income, of which:</b>	<b>260 866</b>	<b>329 006</b>
Interest income from affiliated entities	5 209	6 110
Other interest income	16 647	33 680
Foreign exchange gains, of which:		
Foreign exchange gains as at the balance sheet date	239 010	289 216
	175 358	5

#### 4. Net turnover

Net turnover structure of the Company is in the following table:

	<b>2021</b>	<b>2020</b>
<b>Revenue from own work and merchandise, of which:</b>		
Revenue from own work	730 218 012	661 334 967
Revenue from services	30 470 387	24 740 078
Revenue from goods	233 053 348	25 926 738
<b>Total net turnover</b>	<b>993 741 747</b>	<b>712 001 783</b>

Classification of net turnover according to individual types of products, goods and services or other and main geographical markets is described in Note F (1).

#### G. EXPENSES

##### 1. Expenses related to services provided, other operating expenses, financial and exceptional expenses

###### Service level agreement recognition

The Company, the parent company SSE Holding, a.s. and its sister company Stredoslovenská distribučná, a.s. ("SSD, a.s.") have signed contracts for specific services. The subject of these contracts are in particular:

- rental of property,
- services in crisis management, health and safety, environment and ecology,
- information technology services.

Summary of expenses related to services provided, other operating expenses, financial and exceptional expenses:

	<b>2021</b>	<b>2020</b>
	EUR	EUR
<b>Expenses related to services provided, of which:</b>	<b>356 910 555</b>	<b>338 062 885</b>
Expenses related to audit and audit company, of which:	30 100	28 500
Audit of separate financial statements	29 100	27 500
Related audit services	1 000	1 000
Other significant expenses for services provided, of which:	356 880 455	338 034 385
Purchase and distribution of electricity	323 662 337	307 789 358
Purchase and distribution of gas	19 957 997	16 149 045
(Inter)mediation of products and services	2 430 742	3 515 967
IT services	2 149 755	1 848 258
Subcontracted services	2 066 377	2 029 740
Postal and telecommunication services	1 664 693	1 609 527
Marketing	1 113 264	1 234 564
Rent	1 074 642	937 205
Service Level agreements expenses	870 961	879 295
Electricity metering	488 172	429 438
Fleet rental, transport services (e.g. technician)	323 297	326 957
Advisory services	225 848	228 161
Legal representation and fees to bailiffs and notaries	246 902	366 498
Security services	91 301	85 738
Representation	71 958	103 541
Repairs and maintenance	25 295	29 635
Travel expenses	18 127	9 466
Other (community services, printing of advertisement documents)	398 787	461 992
<b>Other significant operating expenses, of which:</b>	<b>87 031 396</b>	<b>41 778 012</b>
Assigned receivables - factoring	86 778 240	41 472 710
Insurance	97 392	94 086
Financial gifts	45 213	38 280
Receivables written-off	3 056	5 866
Fines and penalty charges	2 948	2 167
Shortages and damages	-	25 725
Other (fees for electricity trading, VAT not claimed)	104 547	139 178
<b>Financial expenses, of which:</b>	<b>404 304</b>	<b>379 661</b>
Foreign exchange losses, of which	237 210	293 437
Foreign exchange losses as at the balance sheet date	4	82 450
Other significant financial expenses	167 094	86 224
Interest expenses - factoring	105 673	38 915
Interest expenses related to affiliated accounting entities	12 415	5 742
Other financial expenses - bank charges	49 006	41 567

## 2. Personnel expenses

	<b>2021</b>	<b>2020</b>
Wages	7 952 327	8 133 708
Other expenses related to dependent activities	309 501	240 202
Social insurance	1 915 433	2 002 066
Health insurance	760 092	794 471
Social security	457 493	806 986
<b>Total</b>	<b><u>11 394 846</u></b>	<b><u>11 977 433</u></b>

## H. INFORMATION ON INCOME TAXES

A reconciliation from the theoretical income tax to the reported income tax is shown in the table below:

	<b>2021</b>			<b>2020</b>		
	<b>Tax base EUR</b>	<b>Tax EUR</b>	<b>Tax %</b>	<b>Tax base EUR</b>	<b>Tax EUR</b>	<b>Tax %</b>
Profit (loss) before tax	1 850 327			10 342 391		
Theoretical tax rate 21 %		388 569	21 %		2 171 902	21 %
Non-tax-deductible expenses	5 259 188	1 104 429		4 734 218	994 186	
Income not subject to tax	-2 191 236	-460 160		-1 166 765	-245 021	
Impact of unrecognised deferred tax asset	-1 805	-379		-1 805	-379	
Tax losses claimed during the period	-	-		-	-	
Change in tax rate	-	-		-	-	
Other	-	-		-	-	
<b>Total</b>	<b><u>4 916 474</u></b>	<b><u>1 032 460</u></b>	<b><u>56 %</u></b>	<b><u>13 908 039</u></b>	<b><u>2 920 688</u></b>	<b><u>28 %</u></b>
<b>Current tax</b>		<b><u>1 032 460</u></b>	<b><u>56 %</u></b>		<b><u>2 920 688</u></b>	<b><u>28 %</u></b>
Deferred tax		<u>-535 822</u>	<u>-29 %</u>		<u>-416 909</u>	<u>-4 %</u>
<b>Total reported tax</b>		<b><u>496 638</u></b>	<b><u>27 %</u></b>		<b><u>2 503 779</u></b>	<b><u>24 %</u></b>

Since 1 January 2017, the income tax rate in the Slovak Republic is 21%.

Other information on deferred taxes:

	2021	2020
Amount of deferred tax receivable recognised in the current accounting period as an expense or income, arising from a change in the income tax rate	-	-
Amount of deferred tax liability recognised in the current accounting period as an expense or income, arising from a change in the income tax rate	-	-
Amount of a deferred tax asset recognised in the current accounting period, which relates to tax losses carried forward, unused tax deductions and other claims, as well as to temporary differences from previous accounting periods, in respect of which a deferred tax asset was not recognized in previous accounting periods	379	379
Amount of a deferred tax liability arising from the fact that part of a deferred tax asset recognized in previous accounting periods was not recognised in the current accounting period	-	-
Amount of carryforward of unused tax losses, unused tax deductions and other claims, and deductible temporary differences in respect of which a deferred tax asset was not recognised	-	-
Amount of deferred income tax related to items recorded directly to equity without being recorded in expense and income accounts	-	-

Since 1 January 2019, the Company is required to pay a special levy in accordance with Act no. 235/2012 Coll. on a special levy on business in regulated sectors (hereinafter referred to as the "levy"), as amended. In accordance with the Act, the Company was not obliged to pay a levy for 2021 as the profit for the accounting period did not reach the minimum of the levy (in 2020: EUR 338 196).

The levy is determined on the basis of the latest known profit before tax adjusted according Slovak accounting standards and multiplied by the coefficient determined as the proportion of revenue generated from activities in the regulated area to the total revenues belonging to the accounting the period for which the profit or loss was recognised and used to calculate the levy basis. The coefficient for 2021 is 0.59 (2020: 0.50). The 2021 rate of levy is 0.00363 paid monthly which is 0.04356 (4.356%) for 12 months. The 2020 rate of levy is 0.00545 paid monthly which is 0.0654 (6.54%) for 12 months. The levy is calculated as multiple of the levy rate and the amount of the levy base. If The levy is paid monthly and is subject to annual settlement, if necessary.

The special levy rates according to the 2016 amendment are as follows:  
0.00726 per month (8.712 % p.a.) for 2017 - 2018,  
0.00545 per month (6.54 % p.a.) for 2019 - 2020,  
0.00363 per month (4.356 % p.a.) for 2021 and later.

## **I. INFORMATION ON THE BENEFITS OF MEMBERS OF STATUTORY, SUPERVISORY AND OTHER BODIES OF THE ACCOUNTING ENTITY**

Gross income of members of the Company's statutory bodies for their activities for the Company in the reporting period amounted to EUR 205 139 (2020: EUR 182 469), gross income of members of the Company's supervisory bodies amounted to EUR 104 362 (2020: EUR 60 954).

In 2021, no loans, guarantees or other security were issued to the members of the statutory body or the members of the supervisory bodies; there were no financial or other resources used for private purposes and claimed by members (in 2020: nil).

## **J. INFORMATION ON THE COMPANY'S ECONOMIC RELATIONS AND RELATED PARTIES**

The Company carried out the following transactions with related parties under arm's length:

Transactions with related parties:

### **a) Parent company**

- Stredoslovenská energetika Holding, a.s.

### **b) Sister companies**

- Stredoslovenská distribučná, a.s.
- Elektroenergetické montáže, s.r.o.
- SSE – Metrológia, spol. s r.o.
- SSE CZ, s.r.o.
- Stredoslovenská energetika - Project Development, s.r.o.
- SSE-Solar, s.r.o.
- SPV100, s. r. o.
- SSE - MVE, s.r.o.
- Kinet, s.r.o.

### **c) Related parties to parent company**

- Energotel, a.s.
- SPX, s.r.o.

### **d) Related parties to state**

- OKTE, a.s.
- Slovenská elektrizačná prenosová sústava, a.s.
- Slovenský plynárenský priemysel, a.s.
- Východoslovenská energetika a.s.
- ZSE Energia, a.s.
- Žilinská teplárenská, a.s.
- Zvolenská teplárenská, a.s.
- Martinská teplárenská, a.s.
- other (municipalities, water management companies, state hospitals, etc.)

### **e) Related parties through EPH**

- EP Energy Trading, a.s.
- Slovenské elektrárne, a.s.
- EP Commodities, a.s.
- eustream, a.s.
- SPP- distribúcia, a.s.
- NAFTA, a.s.

### **f) Other related parties**

- companies controlled by members of the Board of Directors, the Supervisory Board of the Company

Transactions with related parties are presented in the following table:

<b>SSE Holding Group (a,b,c)</b>	<b>2021</b>	<b>2020</b>
<b>Sale of products, services and merchandise</b>	<b>28 698 355</b>	<b>31 561 954</b>
Stredoslovenská distribučná, a.s.	25 710 964	29 402 292
Stredoslovenská energetika Holding, a.s.	651 748	557 499
Elektroenergetické montáže, s.r.o	149 170	145 540
SSE-Metrológia, spol. s r.o.	26 800	25 356
SSE-PD, s.r.o.	1 138 533	1 030 725
SSE CZ, s.r.o.	632 933	37 240
SSE - Solar, s.r.o.	45 377	37 983
SPV100, s.r.o.	213 629	214 495
SSE - MVE, s.r.o.	87 039	78 124
Kinet, s.r.o.	19 811	14 408
Energotel, a.s.	22 351	18 292
<b>Financial income</b>	<b>68 827</b>	<b>295 140</b>
SSE CZ, s.r.o.	68 827	295 140
<b>Total sales</b>	<b>28 767 182</b>	<b>31 857 094</b>
<b>Purchase of material</b>	<b>8 569</b>	<b>13 307</b>
Stredoslovenská distribučná, a.s.	8 569	13 307
<b>Purchase of energies and other non-storable supplies</b>	<b>21 850 185</b>	<b>16 370 588</b>
Stredoslovenská distribučná, a.s.	-	1 473
SSE-PD, s.r.o.	50 153	7 598
SSE CZ, s.r.o.	21 637 459	16 361 517
SSE - MVE, s.r.o.	162 573	-
<b>Purchase of assets</b>	<b>-</b>	<b>602 457</b>
Stredoslovenská distribučná, a.s.	-	602 457
<b>Purchase of services</b>	<b>154 481 910</b>	<b>154 945 853</b>
Stredoslovenská distribučná, a.s.	153 327 652	153 823 903
Stredoslovenská energetika Holding, a.s.	762 872	726 650
SPV100, s.r.o.	384 814	388 728
SPX, s.r.o.	6 572	6 572
<b>Financial expenses</b>	<b>247 295</b>	<b>214 597</b>
Stredoslovenská energetika Holding, a.s.	12 152	5 501
SSE CZ, s.r.o.	235 143	209 096
<b>Other expenses</b>	<b>3 615</b>	<b>2 693</b>
Stredoslovenská distribučná, a.s.	3 566	2 569
Stredoslovenská energetika Holding, a.s.	19	124
SSE-Metrológia, spol. s r.o.	30	-
<b>Total purchases</b>	<b>176 591 574</b>	<b>172 149 495</b>



**Related parties to state (d), EP Investment (e) and other related parties (f)**

	<b>2021</b>	<b>2020</b>
Related parties to state (d)	79 283 284	76 221 665
Related parties to EP Investment (e)	235 749 295	22 365 455
Other related parties (f)	578 986	612 663
<b>Total sales</b>	<b><u>315 611 565</u></b>	<b><u>99 199 783</u></b>
Related parties to state (d)	304 482 034	207 578 111
Related parties to EP Investment (e)	420 352 337	173 344 528
Other related parties (f)	33	-
<b>Total purchases</b>	<b><u>724 834 404</u></b>	<b><u>380 922 639</u></b>

The Government of the Slovak Republic has a significant influence over the Company and is therefore considered a related party. The Company's management has made reasonable efforts to identify entities under state control or those with significant state influence. The Company's management discloses information that its current accounting system allows to be disclosed in relation to activities with state-controlled companies and with companies that the Company's management believes to the best of its knowledge that they could be considered state-controlled companies.

Balances with related parties are shown in the following table:

<b>SSE Holding Group (a,b,c)</b>	<b>31 December 2021</b>	<b>31 December 2020</b>
<b>Trade receivables:</b>	<b>3 272 297</b>	<b>3 554 460</b>
SSE-Metrológia, spol s r.o.	762	529
Stredoslovenská distribučná, a.s.	3 053 885	3 242 598
Stredoslovenská energetika Holding, a.s.	41 948	112 970
Elektroenergetické montáže, a. s.	162	3 393
SSE-PD, s.r.o.	113 654	137 274
SSE - Solar, s.r.o.	3 954	5 296
SSE - MVE, s.r.o.	2 648	3 454
SSE CZ, s.r.o.	37 898	37 240
SPV100, s. r. o.	10 117	11 706
Energotel, a.s.	7 269	-
<b>Other intra-group receivables:</b>	<b>6 033 284</b>	<b>24 087 035</b>
Stredoslovenská energetika Holding, a.s.	-	19 845 125
SSE CZ, s.r.o.	6 033 284	4 241 910
<b>Total receivables</b>	<b>9 305 581</b>	<b>27 641 495</b>
<b>Trade liabilities:</b>	<b>11 366 540</b>	<b>8 819 496</b>
Stredoslovenská distribučná, a.s.	8 176 514	7 360 441
Stredoslovenská energetika Holding, a.s.	-	22 552
SSE CZ, s.r.o.	3 076 768	1 385 812
SSE - MVE, s.r.o.	18 824	-
SSE-PD, s.r.o.	52 430	8 158
SPV100, s. r. o.	38 593	40 398
Kinet, s.r.o.	2 754	871
Energotel, a.s.	-	607
SPX, s.r.o.	657	657
<b>Other intra-group liabilities:</b>	<b>18 978 762</b>	<b>2 374 200</b>
Stredoslovenská energetika Holding, a.s.	14 867 782	-
SSE CZ, s.r.o.	4 110 980	2 374 200
<b>Total liabilities</b>	<b>30 345 302</b>	<b>11 193 696</b>

<b>Related parties to state (d), EPH (e) and other related parties (f)</b>	<b>31 December 2021</b>	<b>31 December 2020</b>
<b>Trade receivables</b>		
Related parties to state (d)	13 326 987	9 882 100
Related parties to EP Investment (e)	58 604 611	14 212 228
Other related parties (f)	9 700	5 571
<b>Total receivables</b>	<b><u>71 941 298</u></b>	<b><u>24 099 899</u></b>
<b>Trade liabilities</b>		
Related parties to state (d)	10 738 583	7 022 541
Related parties to EP Investment (e)	89 004 821	33 633 147
Other related parties (f)	-	-
<b>Total liabilities</b>	<b><u>99 743 404</u></b>	<b><u>40 655 688</u></b>

#### **K. INFORMATION ON EVENTS OCCURRING BETWEEN THE BALANCE SHEET DATE AND THE DATE OF PREPARATION OF THE FINANCIAL STATEMENTS**

In connection with the military conflict in Ukraine and related sanctions against the Russian Federation, the Company has identified risks and taken appropriate measures to mitigate the impact on its business. Based on the available information and current developments, the management constantly analyses the situation and assesses its direct impact on the Company. The Company's management has assessed the potential impact of this situation on its operations and business and concluded that it does not currently have a significant impact on the financial statements for the year ended 31 December 2021 or on the going concern assumption in 2022. However, further negative development of this situation, which could subsequently have a significant negative impact on the Company, its business, financial situation, results, cash flows and overall prospects, should be considered.

#### **L. INFORMATION ON OFF-BALANCE SHEET ASSETS AND OFF-BALANCE SHEET LIABILITIES**

##### **1. Leasehold property**

As at 31 December 2021, the leasing company provides operating lease services for 56 vehicles up to 3.5 tons (2020: 57 vehicles).

The framework contract with the leasing company is concluded for a period of 4 years, after which it will automatically change for an indefinite period after meeting the stipulated conditions specified in the contract. The notice period of the lease is 3 months for operational leasing of vehicles.

The total costs related to the operating lease and the management of the fleet are in the amount of EUR 287 925 (2020: EUR 293 852).

As at 31 December 2021, the Company leases assets (primarily office space, laptops and PCs, peripherals), where the related total costs represent EUR 1 272 794 (2020: EUR 1 094 218).

## M. OTHER ASSETS AND LIABILITIES

### 1. Other commitments

#### Taxation

Many parts of Slovak tax legislation remain untested in practice and there is uncertainty about the interpretation that the tax authorities may apply in a number of areas. The effect of this uncertainty cannot be quantified and will only be resolved when legislative precedents are set or when official interpretations of the authorities are available. Management is not aware of any circumstances that would cause any significant costs for the Company.

#### Commitments

As at 31 December 2021, the Company had commitments from orders contracted in 2021 with an expected delivery date of 2022 and later in the amount of EUR 11 349 474 (2020: EUR 11 729 656 EUR), of which liabilities under contracted sub-deliveries of tangible and intangible assets as at 31 December 2021 represent EUR 14 660 (2020: EUR 30 000), and contracted services and purchase of material EUR 11 334 814 (2020: EUR 11 699 656).

#### Purchase of software and licenses

In 2021, the Company and its sister company Stredoslovenská distribučná, a.s. entered into a contract on purchase of SAP ISU system, CRM (Business) and CTI Genesys software, including licenses. The Company acquired the ownership right to the subject of the purchase on 1 January 2022 for a consideration of EUR 402 690 excluding VAT. During 2022 investments not yet in use related to the subject of the purchase will gradually become the property of the Company. The purchase price of investments not yet in use will be determined as the carrying amount of this asset.

#### Purchase contracts (electricity and gas)

Expenditures which were contractually agreed at the balance sheet date, but not recognised in the balance sheet from electricity and gas purchase contracts to cover expected sales, are as follows:

	<b>2021</b>	<b>2020</b>
Purchase contracts for the year 2021	-	220 053 382
Purchase contracts for the year 2022	496 132 497	33 788 803
Purchase contracts for the year 2023	98 132 988	3 062 386
Purchase contracts for the year 2024 and later	35 222 298	-
<b>Total</b>	<b>629 487 783</b>	<b>256 904 571</b>

## N. INFORMATION ON MOVEMENTS OF EQUITY

Movements of equity during the accounting period are presented in the table below:

	Current accounting period (2021)				Balance as at 31 Dec 2021
	Balance as at 1 Jan 2021	Increases	Decreases	Transfers	
Share capital	35 000 000	-	-	-	35 000 000
Legal reserve fund (non-distributable fund) from capital deposits	7 000 000	-	-	-	7 000 000
Legal reserve fund	-	-	-	-	-
Retained earnings from previous years	7 025 288	-	-	-	7 025 288
Net profit for the accounting period	7 838 612	1 353 689	7 838 612	-	1 353 689
<b>Total</b>	<b>56 863 900</b>	<b>1 353 689</b>	<b>7 838 612</b>	<b>-</b>	<b>50 378 977</b>

Movements of equity during the preceding accounting period are presented in the table below:

	Preceding accounting period (2020)				Balance as at 31 Dec 2020
	Balance as at 1 Jan 2020	Increases	Decreases	Transfers	
<b>Share capital</b>	35 000 000	-	-	.	35 000 000
Legal reserve fund (non-distributable fund) from capital deposits	7 000 000	-	-	.	7 000 000
Legal reserve fund	-	-	-	.	-
Retained earnings from previous years	-	-	-	7 025 288	7 025 288
Accumulated loss from previous periods	-8 666	-	-	8 666	-
Net profit for the accounting period	13 717 594	7 838 612	6 683 640	-7 033 954	7 838 612
<b>Total</b>	<b>55 708 928</b>	<b>7 838 612</b>	<b>6 683 640</b>	<b>-</b>	<b>56 863 900</b>

More details on equity are described in Note E.1.

**O. CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2021**

	2021	2020
<b>Cash flow from operating activities</b>		
Cash generated from operations	12 172 067	14 982 693
Interest paid	-118 088	-44 657
Interest received	21 856	39 790
Income tax paid/ Returned overpayment, net	-3 976 558	-6 174 183
Dividens paid	-7 808 612	-6 673 640
<b>Net cash inflow from operating activities</b>	<b>290 665</b>	<b>2 130 003</b>
<b>Cash flows from investment activities</b>		
Purchase of non-current assets	-190 919	-1 119 505
Proceeds from sale of non-current assets	826	13 269
<b>Net cash flow from investment and financing activities</b>	<b>-190 093</b>	<b>-1 106 236</b>
<b>Cash flow from financing activities</b>		
Income/repayment of bank loans and borrowings	-	-58
<b>Net cash flow from investment and financing activities</b>	<b>-</b>	<b>-58</b>
<b>Decrease in cash and cash equivalents</b>	<b>100 572</b>	<b>1 023 709</b>
Cash and cash equivalents at the beginning of year	7 697 948	6 674 239
<b>Cash and cash equivalents at the end of year</b>	<b>7 798 520</b>	<b>7 697 948</b>

	2021	2020
<b>Cash flows from operations</b>		
<b>Net profit (before tax, and items of exceptional size or incidence)</b>	<b>1 850 327</b>	<b>10 342 391</b>
Adjustments for non-monetary transactions:		
Depreciation of non-current assets and amortization of non-current intangible assets	3 228 030	3 265 425
Shortages and damages on property, plant and equipment	-	25 725
Receivable written-off	86 781 296	41 478 576
Assigned receivables	-86 778 240	-41 472 710
Change in value adjustments to receivables	1 216 463	1 712 873
Change in provisions	4 182 673	4 619 343
Interest expenses (net)	96 232	4 867
Loss / (gain) on sale of property, plant and equipment	112 672	404 879
<b>Operating profit before changes in working capital</b>	<b>10 689 453</b>	<b>20 381 369</b>
Changes in working capital:		
Increase in trade and other receivables (including accruals/deferrals of assets)	-72 381 471	-21 936 283
(Increase)/ decrease in inventory	-83 254	147 900
Increase in liabilities (including accruals/deferrals of liabilities)	73 947 339	16 389 707
<b>Cash generated from operations</b>	<b>12 172 067</b>	<b>14 982 693</b>

**Cash**

Cash is defined as cash on hand, equivalents of cash on hand, cash in current accounts in banks or branches of foreign banks, overdraft facility, and part of the balance of the cash in transit account tied to the transfer between the current account and petty cash or between two bank accounts.

### **Cash equivalents**

Cash equivalents are defined as current financial assets that are readily convertible to a known amount of cash, which, as at the balance sheet date, do not entail the risk that their value will change considerably during the next three months, for example, term deposits in bank accounts with a maximum of a three-month notice, liquid securities held for trading, and priority shares acquired by the accounting entity, which are due within three months of the balance sheet date.