Stredoslovenská distribučná, a.s.

SUPPLEMENT TO THE INDEPENDENT AUDITOR'S REPORT ON THE ANNUAL REPORT TO SECTION REPORT ON INFORMATION PRESENTED IN THE ANNUAL REPORT

31 DECEMBER 2025

This is a translation of the original supplement to the auditor's report issued in the Slovak language to the accompanying annual report translated into the English language.

Deloitte.

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Stredoslovenská distribučná, a.s.

SUPPLEMENT TO THE INDEPENDENT AUDITOR'S REPORT to Section Report on Information Presented in the Annual Report

To the Shareholder, Supervisory Board and Board of Directors of Stredoslovenská distribučná, a.s.:

We have audited the financial statements of Stredoslovenská distribučná, a.s. (the "Company") as at 31 December 2025 presented in the attachment of the accompanying annual report of the Company, on which we issued an independent auditor's report on 13 March 2026 that is presented in the attachment of the Company's annual report. We have prepared this supplement in accordance with Article 27 (6) of Act No. 423/2015 Coll. on Statutory Audit and on Amendment to and Supplementation of Act No. 431/2002 Coll. on Accounting, as amended (hereinafter the "Statutory Audit Act").

Based on the performed procedures described in section "Report on Information Presented in the Annual Report" of the independent auditor's report specified above, in our opinion:

- Information presented in the Company's annual report prepared for 2025 is consistent with the financial statements for the relevant year; and
- The annual report includes information pursuant to Act No. 431/2002 Coll. on Accounting, as amended.

Furthermore, based on our understanding of the Company and its position obtained during our audit of the financial statements, we are required to disclose whether material misstatements were identified in the annual report. There are no findings that should be reported in this regard.

Bratislava, 15 May 2026

Ing. Zuzana Letková, FCCA
Responsible Auditor
Licence SKAu No. 865

On behalf of
Deloitte Audit s.r.o.
Licence SKAu No. 014

This is a translation of the original supplement to the auditor's report issued in the Slovak language to the accompanying annual report translated into the English language.

Annual Report
2025

Stredoslovenská
distribučná

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1.

Foreword by the Chairman of the Board of Directors and the Chief Executive Officer

Dear Customers, Business Partners, Shareholders and Colleagues,

Allow us to begin this 2025 annual report of Stredoslovenská distribučná with our traditional brief review of the most significant events of the year, supplementing the facts and results with a few personal reflections and friendly words.

Our Company has been distributing electricity for an impressive 102 years, so one of the key indicators of its performance and financial management—in addition to the aforementioned continuity—is the volume of electricity it has physically transmitted through its lines over the course of the year. In 2025, it was nearly 6.4 TWh, which is slightly more than in the previous year. Although this may not always be strictly related to an increase in the number of supply points, in this case it was, at least in part. By the end of the year, our distribution area included more than 795,000 supply points, with the number increasing by approximately 5,000 year-on-year.

Generation sources are also an essential part of our infrastructure. Their number has been on the rise in recent years, particularly given the rapid expansion of renewable energy sources. At the end of last year, we had approximately 22,000 of them connected. Their number has increased by about 3,000 compared to 2024.

The fact that the number of supply points and generation sources connected to the grid has been growing steadily over the long term necessitates concurrent investments in the development and reinforcement of the distribution network at all voltage levels. SSD has invested more than EUR 75 million this year. That was approximately five million more than the previous year. Of this amount, EUR 34 million was allocated to improving the quality of the electricity distributed, and EUR 22 million went toward building new power lines and supply points, whether on the customer side or for feeding electricity into the grid.

Strategic investment projects include the construction of a new 110/22 kV transformer substation in Rimavská Sobota, intended primarily to supply the emerging industrial park, but which will also have a positive impact on the quality, stability, and security of the electricity supply for the wider region. Another equally important project that was underway throughout the year was the construction of a new high-voltage power line from Žarnovica to Nová Baňa. Its main benefit will also be the development of industry.

As for the Company's financial health, its long-term stability is reflected in a net profit of just over EUR 61 million. This is approximately EUR 5 million less than in 2024, and is primarily due to lower revenue from the loss tariff. However, from a longer-term perspective, this does not represent a significant fluctuation, so we can view this result positively.

Another indicator we can be satisfied with is the rate of unplanned interruptions in the electricity supply. In this regard, we have seen a slight improvement compared to the previous year in both the number and duration of interruptions on average per supply point.

Adverse weather conditions caused two disasters in 2025. Both took place during the summer months and required the full commitment of our colleagues in dispatch, maintenance, and construction, as well as many other support departments. In both cases, we were able to bring the situation under control within the standard timeframe, which confirms our readiness to restore power supply gradually to all customers, even under extreme conditions.

It is very important to realise that behind everything we have mentioned so far lies the professional, dedicated, and often selfless work and cooperation of our colleagues and partners. Since it is deeply valued and considered the foundation for the successful continuation of our mission, we constantly strive to create appropriate conditions for them, whether in the form of safety and professional training, development courses, or social policies and events aimed at strengthening relationships and corporate culture.

An integral part of this is a serious approach to social responsibility. That is why we invest in various environmental protection projects every year, and we also support community initiatives and charitable organisations. We are well aware of the wide-ranging impact our activities have on the daily lives of people in the region we manage. That is why, if you were to ask our colleagues, the vast majority would confirm that they do not view their work merely as a profession, but as a meaningful calling.

We would like to extend our sincere thanks to everyone who helps fulfil our Company's mission, vision, and values. As is our tradition, we all wish to be able to build systematically on all that has been beneficial and to face the challenges ahead with determination and resolve, addressing them effectively.

Best regards,

Ing. František Čupr, MBA
Chairman of the Board of Directors

Mgr. Ing. Marek Štrpka
Chief Executive Officer

2. About the Company

2.1 Basic Information on the Company

Stredoslovenská distribučná, a. s., (hereinafter: „SSD, a. s.“ or the „Company“) was founded with the business name Stredoslovenská energetika-Distribúcia, a. s., on 22 March 2006. It was entered in the Commercial Register of the District Court in Žilina on 8 April 2006. The incorporation was initiated by the obligation of Stredoslovenská energetika, a. s., to implement the legal separation of activities associated with the operation of the distribution system, the so-called unbundling. The Company operates in the Žilina, Banská Bystrica and part of the Trenčín Regions, where it distributes electricity to more than 795,000 supply points for customers, i.e., entrepreneurs and households. The Company started its operation on 1 July 2007, when according to Article 25(1) of the Energy Act (unbundling), the distribution system operator was unbundled by contribution of part of the Company—Division 7000—Distribution System Operator—to the registered capital of the subsidiary company Stredoslovenská energetika-Distribúcia, a. s. On 1 March 2018, Stredoslovenská energetika-Distribúcia, a. s., changed its business name to Stredoslovenská distribučná, a. s.

2.2 Identification Data

Business name:	Stredoslovenská distribučná, a. s. .
Address:	Pri Rajčianke 2927/8, 010 47 Žilina
Reg. No. (IČO): :	36442151
Tax ID No. (DIČ): :	2022187453
VAT ID (IČ DPH):	SK 2022187453
Bank details:	VÚB, a. s., Žilina
IBAN:	SK44 0200 0000 0021 4355 0551
BIC:	SUBASKBX
	The joint-stock company is registered in the Commercial Register of the District Court Žilina, Section Sa, Insertion no. 10514/L, incorporation date 8 April 2006.
E-mail:	prevadzkovatel@ssd.sk
Website:	www.ssd.sk

2.3 Business Purpose

Stredoslovenská distribučná, a. s., pursues its business activities based on licences granted according to special laws of the Slovak Republic and carries out the following main activities:

- Distribution of electricity,
- Assembly and repair of measuring and control technology,
- Design and construction of electrical equipment,
- Advisory activities in the energy sector,
- Engineering activities and related technical consultancy,
- Rental of energy equipment,
- Constructions and changes thereto,
- Repairs, expert inspections and technical examinations of electrical classified technical equipment in the scope of S, O (OU, R, M)-E1-A,
- Assembly of determined metering devices.

The Company's core business is the distribution of electricity to final customers, which in most cases is invoiced through electricity traders in the form of the so-called Contract on composite electricity supply.

2.4 Shareholder Structure

The sole shareholder of Stredoslovenská distribučná, a. s., holding 100% of shares, is Stredoslovenská energetika Holding, a. s., with its registered office at Pri Rajčianke 8591/4B, 010 47 Žilina, Reg. No. (IČO): 36403008, registered in the Commercial Register of the District Court in Žilina, Section Sa, Insertion number 10328/L, incorporation date 1 January 2002.

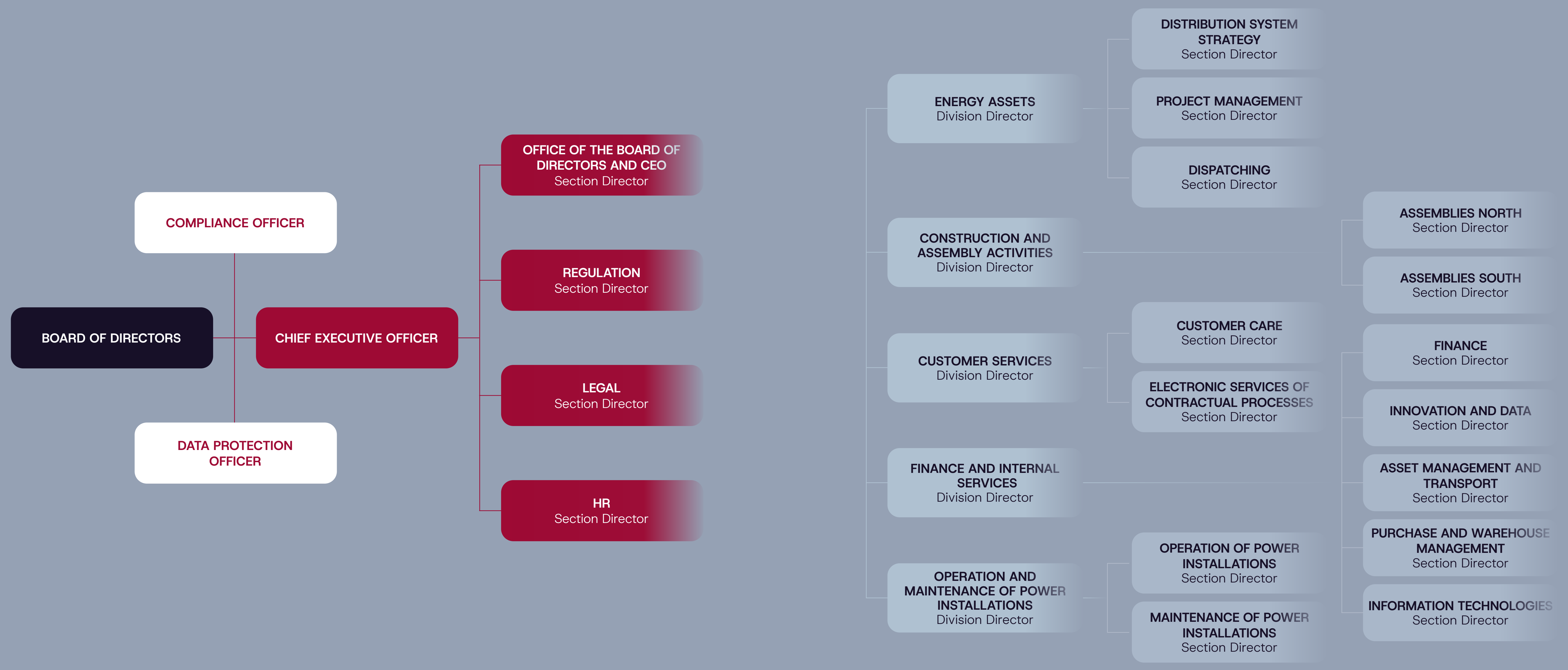
2.5 Company Management during the Year Ended on 31 December 2025

Board of Directors:	
Ing. František Čupr, MBA	Chairman of the Board of Directors
Mgr. Michal Moško, MBA	Vice-Chairman of the Board of Directors, until 30 June 2025
Mgr. Peter Matúš, MBA	Vice-Chairman of the Board of Directors, from 1 July 2025
Mgr. Marcel Maťovčík	Member of the Board of Directors
Ing. Roman Filipoiu	Member of the Board of Directors
Petr Kozojed	Member of the Board of Directors

Supervisory Board:	
Bc. Mgr. JUDr. Naďa Lorencová	Chairwoman of the Supervisory Board
Gary Mazzotti	Vice-Chairman of the Supervisory Board
Ing. Martina Meravá	Member of the Supervisory Board
Mgr. Karin Janišová	Member of the Supervisory Board
Ing. Milan Panáček	Member of the Supervisory Board
Ing. Marián Krnač	Member of the Supervisory Board
Ing. Dušan Majer	Member of the Supervisory Board elected by employees
Ing. Igor Pištík	Member of the Supervisory Board elected by employees
Ing. Miroslav Martoník	Member of the Supervisory Board elected by employees

2.6

Organisational structure as at 31 December 2025



3.

Company Activities

3.1 Significant Events in 2025

Customer Services

The Customer Services division carried out a number of activities related to changes in the electricity market, as well as in the area of data provision and changes to current price lists.

- They launched a targeted communication campaign regarding changes to the electricity distribution rate schedule, which significantly affected some customers in the household segment.
- We collaborated with the Ministry of Economy of the Slovak Republic on a project aimed at providing energy assistance to residents in light of rising electricity prices.
- We have been working on preparations for the change in the submission of invoice documents to suppliers via OKTE, effective 1 January 2026.
- By streamlining our internal processes, we reduced the time required to process deductions into invoice documents from five to four days, while maintaining data quality.
- We continued to digitise communication in processes for SSD customers.

Operation and Maintenance of Power Installations

During 2025, we recorded two energy disasters in June and July, and several local emergencies. The cost of clearing up the disaster at all voltage levels totalled EUR 430,000.

3.2 Investment Planning, Key Investments in 2025

Identifying the development potential of each region, strengthening the critical points of the system and its physical renewal are the constant objectives of the investment, which is also linked to the need to manage and upgrade current and new technologies to capture the trends of the society.

The speed of investment implementation from the identification of the need is influenced in no small measure by the development of legislation, permitting processes as well as the readiness or condition of the affected areas. The planning and prioritisation of individual activities depend on a number of factors.

We divide investments according to their nature into three main categories:

- New connections
- Quality and increase of the transmission capacity of lines
- Other investments linked to the distribution activity

Structure of investment expenditures in 2025 by individual sections:

New connections	EUR 22.6 milion
Quality and increase of the transmission capacity of lines	EUR 34.2 milion
Other investments associated with the distribution activity (distribution transformers, IT, measuring sets, vehicles and others)	EUR 18.6 milion

New Connections

The New Connections category includes investments that address the development of the distribution system. In essence, they meet the requirements of connecting new supply points at all voltage levels. These activities also increase the possibility of connecting new renewable sources. In 2025, we invested EUR 19.9 million at the high voltage (HV) and low voltage (LV) levels. We completed 274 constructions. At the very high voltage (VHV) level, we invested EUR 2.7 million for connecting supply points in designated locations.

Quality and Increase of the Transmission Capacity of Facilities

In 2025, we invested EUR 17.2 million in the HV/LV level to improve the quality and increase the transmission capacity of our facilities, representing 104 completed constructions. At the VHV level, we invested EUR 13.1 million and completed nine constructions. The purpose of these investments is to ensure the quality, reliability and continuity of electricity distribution.

In the area of construction of optical infrastructure for the future development of the network and the related necessary network modifications, we invested EUR 3.9 million and completed 78 constructions.

Other investments linked to the distribution activity

To ensure a smooth and secure running and operation of the distribution network, the most significant investments in this category in 2025 were expenditures for the acquisition of distribution transformers worth EUR 3.1 million, metering sets worth EUR 4.2 million, information technology worth EUR 6.9 million, vehicles and machinery worth EUR 1.9 million, and construction and repair of buildings worth EUR 1.1 million.

3.3 Main Activities and Investments in Terms of the Development of the Distribution System

In 2025, ACER issued Decision No. 05/2025, approving the joint proposal of the European Network of Transmission System Operators regarding the type and format of data and the methodology for TSO's and DSO's flexibility needs analysis. The Regulation requires the regulatory authority or a body designated by the Member State to regularly prepare a report on estimated flexibility needs at the national level for a period of at least the next five to ten years—the FNA report. Our Company is implementing the regulations through a cooperation agreement to prepare a report on estimated flexibility needs at the national level.

The results of a study on reactive power flows from the distribution system to the transmission system indicated a need for reactive power compensation in the distribution system. Based on these results, we are preparing to install compensation coils in Sučany, Varín, Ladce, and Medzibrod.

In cooperation with SEPS, a. s., we replaced the T401 transformer in Varín, which also required related modifications on the SSD side.

The key activities in 2025 included preparations for the construction of the new 110/22 kV Donovaly power station and the 110 kV feeder line from the Medzibrod power station.

2025 flagship projects:

- Completion of the construction of the new 110/22 kV Rimavská Sobota—Industrial Park substation, including its connection to the distribution network and putting it into operation. We have thus ensured power supply to the new industrial park in Rimavská Sobota and, at the same time, improved the stability of the distribution area. We implemented the construction project in collaboration with MH Invest, s. r. o.
- Completion of the comprehensive reconstruction of the 110/22 kV Martin–Košúty substation, thereby achieving our goals of stabilizing and increasing the capacity for electricity distribution in the Martin area. A direct form of support for development is the construction of a HV connection for the new hospital in Martin and the fulfilment of requirements for electric vehicle charging infrastructure.
- Completion of the reconstruction of VHV line No. 7701, which directly increased the transmission capacity between the Hričov and Bytča substations. As part of a broader plan, the transmission capacity between the Varín and Považská Bystrica substations was increased; at the same time, we optically interconnected these substations on this VHV line by installing a combined ground cable.
- Upgrading the Krásno nad Kysucou substation with a second VHV/HV transformer with a capacity of 40 MW. As part of the upgrade, we constructed a separate bay in the 110-kV substation and installed a new prefabricated switchgear. By installing a new transformer, we have improved the reliability of the electricity supply in the region.
- Completion of the construction phase at the new switching station in Nová Baňa, including the installation of key technological components. We have begun construction on a 14-kilometre section of HV power lines from Žarnovica to the new substation. These initiatives are intended to meet the region's demand for electricity and thereby ensure its industrial development.
- Upgrading and expanding the control system for internal consumption and protective devices to enhance the safety of the distribution system at the 22 kV Trstená–Ústie nad Priehradou substation. We coordinated the work with Slovenské elektrárne, a. s.
- Continuation of work on the preparation of project documentation and related engineering activities for the Ladce and Považská Bystrica areas. The scope of the projects includes the reconstruction and expansion of the 110/22 kV Ladce substation, the conversion of the 2×220 kV power lines to 2×110 kV, and the construction of new 110 kV power lines to the new 400/110 kV substation, which will be built by SEPS, a. s. The goal of these future investments is to meet the demand for electricity in the Považie region as well as to accommodate the planned decommissioning of the 220 kV transmission system by SEPS, a. s. By the end of 2025, following the necessary adjustments and approvals of municipal zoning plans, legally binding zoning decisions were issued for the SSD projects and construction proceedings were initiated.
- Continuation of design work for the extensive reconstruction of the Banská Bystrica–Bánoš, Banská Bystrica–Fončorda, Nižná, Lieskovec, Teplička nad Váhom, Čadca, and Závažná Poruba substations.

3.4 Values of the basic SAIDIP and SAIFIP indicators achieved in the previous period:

Year	SAIDIP	SAIFIP
2016	179	0.60
2017	140	0.49
2018	190	0.60
2019	194	0.65
2020	194	0.64
2021	227	0.78
2022	243	0.84
2023	220	0.77
2024	276	0.95
2025	298	0.98

In the event of unplanned interruptions in the electricity supply caused in particular by failures (whether due to adverse weather or technical reasons), the priority is to restore the distribution in the shortest possible time and in accordance with the terms defined by Decree of the Regulatory Office for Network Industries No. 236/2016 Coll., which regulates the quality standards of electricity transmission, distribution and supply.

In this context, we achieved the following parameters:

Year	SAIDIU	SAIFIU
2016	86	2.19
2017	91	1.97
2018	96	2.08
2019	105	2.24
2020	86	1.75
2021	97	2.12
2022	102	1.93
2023	91	1.61
2024	93	1.69
2025	86	1.48

Due to extreme weather conditions, mainly severe storm, gusty winds and heavy rain, two disasters occurred during 2025 with significant interruption of electricity distribution. Our distribution area was mainly affected by energy disasters in June and July. They hit especially the mountainous regions of Považie, Turiec, Orava, Liptov, Horehronie, and Gemer. However, outages also occurred in other parts of central Slovakia. The damage was caused primarily by uprooted trees that had leaned against or fallen onto electric power equipment. This resulted in frayed and damaged wires, bent brackets, broken support points, and shattered insulators. Not only the lines, but also the HV and LV stations and VHV equipment. To eliminate the consequences of outages, our employees often worked in very difficult-to-access terrain and demanding natural conditions. Their aim is always to restore the distribution of electricity to customers in the shortest possible time.

3.5 Technical Parameters of the Distribution System in 2025

TECHNICAL PARAMETERS OF THE DISTRIBUTION SYSTEM	
Total length of the distribution system in km	32, 579
VVN	2 526
HV	10, 389
LV	19, 664
Number of transformer substations, substations, transformer stations	9, 484
VHV Substations in stations TS/VHV	6
VHV/HV transformer substations	55
HV/HV transformation and switching stations	110
HV/LV distribution transformer stations trafostanice VN/NN	9, 313

3.6 Environmental Protection and OHS

We continue to consider ensuring the health and safety of our employees, suppliers, customers, and the public a priority and a value to which we are committed.

In June 2025, we successfully completed an external surveillance audit of our integrated management system according to ISO 14001:2015 and ISO 45001:2018, which reviewed key areas of environmental protection and occupational health and safety and assessed compliance with the relevant standards. The result was a statement of compliance with both international standards.

We also participated in the Europe-wide campaign „Safe and Healthy Work in the Digital Age“ organised by the European Agency for Safety and Health at Work. We organised OHS and ENVIRO days at our centres of Banská Bystrica, Žiar nad Hronom, and Žilina. These were full-day activities with employees, where we discussed, educated, and informed employees about news in both areas and provided practical demonstrations of how to deal with risky situations they may encounter in their work.

Environmental Awareness and Sustainable Development

In line with EPIF policy, we carry out activities to eliminate risks to biodiversity. In 2025, in cooperation with the State Nature Conservancy of the Slovak Republic, we successfully resolved registered complaints regarding the deaths of protected avifauna species on the power grid. We are continuing the process of assessing the sustainability of SSDs in accordance with the CSRD and EU taxonomy in cooperation with a consulting firm.

Protective elements installed in 2025 on the distribution network	
Bird flight deflectors	60 pcs
Barriers against nesting storks	16 pcs
Nesting platforms for storks	13 pcs
Console protectors CHK I and CHK II	300 pcs
Warning balls	22 pcs

As is now tradition, we organised Earth Days in April for SSE Holding employees. In 2025, we focused our educational and promotional activities on lectures and discussions related to the volunteer work of our employees at the Animal Rescue Centre in Zázrivá. We supported and also continued our cooperation with the civic association Požičaná planéta pre školy (Borrowed Planet for Schools), which focuses on environmental education and awareness for sustainable development.

3.7 Employees

As at 31 December 2025, SSD had 1,443 employees. The evolution of staff numbers during the year was influenced by an increased number of hirings. Staff turnover decreased year-on-year from 6.1% in 2024 to 3.7% in 2025, representing a significant improvement in workforce stability. As at 31 December 2025, the average employee age is 44.6 years, the same as in 2024. However, the workforce continues to include a significant proportion of employees approaching retirement age, who will need to be replaced. Human Resources is working on a workforce renewal programme that will ensure that the jobs of departing staff are filled by identifying key positions, working with secondary schools and universities, and grooming successors.

Structure of employees by gender		
	As at 31 December 2025	Share (in %)
Female	254	18 %
Male	1, 189	82 %
Total	1, 443	100 %

Education

In 2025, we continued to systematically enhance the expertise and competencies of our departments. The cornerstone of our Company remains the provision of mandatory professional training, which is directly mandated by law and is essential for the safe performance of specific job roles.

We paid particular attention to internal training. At our training centre in Žiar nad Hronom, which features a training ground, regular refresher courses on working with low-voltage live equipment were held, supplemented by tests of knowledge regarding safe work procedures.

We have expanded our internal training programme portfolio to include key topics such as quality standards in the energy sector, cybersecurity, the basics of corporate finance, Lean Six Sigma, and innovations and changes in consumption and payment methods at supply points.

The traditional management seminar remained an important part of our corporate culture; in 2025, it provided a platform for discussing professional topics through expert presentations by our employees.

In addition to internal activities, our colleagues expanded their knowledge by attending public seminars, conferences, and workshops. We also supported development in the area of soft skills through a combination of in-person and online training.

The key indicators in the area of education for 2025 were the number of employees who received training (12,022) and the total investment in education (EUR 649,467).

Professional Experience and Cooperation with Schools

It is essential for our Company to ensure the continuity of expertise in the strategic energy sector. In the 2025–2026 school year, we therefore continued to develop close cooperation with secondary vocational schools specialising in heavy-current electrical engineering.

Our goal is not only to spark young people's interest in this field, but above all to nurture a generation of professionally prepared graduates. During the reporting period, we conducted practical training in collaboration with the following partners:

Secondary Vocational School of Electrical Engineering in Žilina
Joint School in Banská Bystrica
Secondary Vocational Technical School in Čadca

As part of these partnerships, we welcomed 22 students to our facilities who expressed an active interest in pursuing a career at SSD. Through this initiative, we are directly investing in the safety and reliability of the power grid by providing high-quality training to our future colleagues.

Trainee Programme

For the thirteenth year in a row, we have been successfully running our trainee programme, which is centred on identifying and retaining talented university students interested in the energy sector and related fields. The programme is designed to provide students with a unique opportunity to apply their theoretical knowledge from the classroom to the complex challenges of real-world operations.

In 2025, we welcomed 17 motivated students to various departments within the Company. Our trainee colleagues:

- Worked alongside experts on key projects and tackled real-world technical and process-related tasks;
- Attended specialised lectures and field trips that gave them a deeper understanding of the specifics of the distribution system;
- Have gained valuable experience that provides a solid foundation for their future careers.

Our strategic goal remains to ensure that the top participants in the programme build their professional futures within the SSD team after completing their studies. With this long-term initiative, we are continuously nurturing a new generation of professionals who bring fresh perspectives and modern approaches to our Company.

3.8 Information Security

As part of the critical infrastructure of the Slovak Republic and an operator of essential services under the Cybersecurity Act, Stredoslovenská distribučná, a. s., is fully aware of the significance and importance of information security.
Our Company is responsible for distributing electricity to more than 795,000 supply points, including businesses and households. Given this responsibility, it is our priority to prevent cyber incidents and be prepared to respond effectively.

Activities in the area of improving information security are essential for ensuring the reliability and security of our services. New technologies such as artificial intelligence and digitisation open up new possibilities for cyber-attacks. That is why it is important to constantly monitor and analyse risks, take appropriate measures, and raise safety awareness among our employees.

3.8

Information Security

Our Company is actively involved in projects aimed at improving information security, including the implementation of modern security solutions. These projects enable us to better protect our IT and OT assets, minimise the risk of cyber-attacks, and ensure the continuity of our critical processes.

At the same time, we cooperate with several external partners to provide security supervision and monitoring of end-device vulnerabilities, as well as other projects and services aimed at minimising security risks. This collaboration enables us to effectively address security incidents and vulnerabilities that could compromise our infrastructure.

In accordance with the EU Directive NIS2 and the amendment to the Cybersecurity Act (366/2024 Coll.), we have adopted an information security strategy for the period 2026–2030, which defines a framework for additional measures to improve risk management and crisis management in the area of cybersecurity. The new strategy also responds to emerging technological trends and the associated new threats and risks. Our goal is to achieve compliance with legislative requirements and ensure a high level of protection for our services and infrastructure.

SSD is a responsible and reliable partner that constantly strives to improve its security measures and be prepared for the challenges brought by the modern digital world. Our commitment to information security is a key factor in ensuring the stability and reliability of our services.

4.

Report on the Economic Results and Operation of the Company Stredoslovenská distribučná, a. s., for the Year 2025

Despite the impact of various external factors that shaped the energy sector in 2025, the Company managed to respond flexibly to changing conditions and ensure the stability of its operational and financial performance, maintain the reliable operation of its energy facilities, and fulfil all of its obligations to business partners and customers. At the same time, the Company continued to modernise its infrastructure and prepare projects aimed at improving energy efficiency and sustainability.

Based on the results achieved, it can be concluded that the Company's performance in 2025 was stable and laid the groundwork for continued balanced growth in the coming period. The financial statements of the Company as at 31 December 2025 were compiled according to the International Financial Reporting Standards (IFRS) as adopted by the European Union and as ordinary financial statements in accordance with Article 17(6) of Act of the National Council of the Slovak Republic No. 431/2002 Coll. on Accounting, as amended („Accounting Act") for the accounting period between 1 January 2025 and 31 December 2024.

For 2025, the Company achieved a profit after tax of EUR 61.2 million, which represents a year-on-year decline in profits of EUR 5.1 million (-8%). The decline is due to lower operating income in 2025.

The Company's operating income amounted to EUR 318.1 million. Revenue from electricity distribution represents the most significant and stable portion of the income. The year-on-year decline in operating income is due to lower revenue from the loss tariff.

Operating costs amounted to EUR 182.6 million. The year-on-year decrease was due to lower market prices for electricity, which significantly affect the cost of procuring electricity for distribution losses, and, to some extent, the costs associated with transmitting electricity from the upstream system. Other cost items are personnel costs and the costs of operating and maintaining the distribution system.

in EUR million	2025	2024
Operating income	318.1	339.2
Operating costs	–182.6	–189.1
EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation)	**135.5**	**150.1**
Depreciation of tangible and intangible assets	–51.6	–48.7
Financial costs, net	0.1	3.1
Profit before tax	**84.0**	**104.5**
Income tax	–22.9	–38.2
Profit after tax	**61.2**	**66.3**

Capital Structure—Assets, Equity and Liabilities

Assets

As at 31 December 2025, the Company's assets amounted to EUR 913.3 million, which represents a year-on-year decline by EUR 6.7 million (-1%).

Non-current assets amounted to EUR 857.3 million (94% of the value of total assets). The highest share is made up of the distribution system—power lines, power stations, substations and other distribution network parts, real estate, means of transport and mechanisms, machinery, equipment, software and investments in progress. In 2025, we reported additions to non-current assets of EUR 86.1 million, which were mainly generated by investments aimed at the renewal and development of the distribution system. The value of non-current assets increased by EUR 33.9 million year-on-year (4%).

Current assets amounted to EUR 56.0 million (6% of the value of total assets). As at 31 December 2025, the Company reported trade receivables in the amount of EUR 31.4 million (gross), of which due receivables accounted for EUR 28.3 million (gross). The funds managed by the parent company, Stredoslovenská energetika Holding, a. s., on the basis of the "Cash-Pooling Agreement" as at 31 December 2025 amounted to EUR 20.2 million and are reported as a receivable from the parent company. Compared to 2024, the largest decline is recorded in cash (including cash equivalents), which amounts to EUR 0.2 million. The value of current assets decreased by EUR 40.7 million year-on-year (-42%).

Liabilities

Equity of the Company as at 31 December 2025 reached EUR 661.0 million, which accounts for 72% of the value of the assets cover. The year-on-year decline by EUR 5.1 million (-1%) is due to lower retained earnings in 2025.

Non-current and current liabilities, excluding liabilities arising from contracts and deferred income, account for 21% of the total assets cover, and their amount as at 31 December 2025 was EUR 189.9 million, which represents a year-on-year decrease by EUR 7.7 million (-4%). Significant items included, in particular, trade liabilities (EUR 79.1 million) and deferred tax liabilities (EUR 100.9 million).

Liabilities from contracts, which mainly represent connection fees, amounted to EUR 51.3 million in 2025, rising by EUR 4.6 million (+10%) compared to 2024.

Long-term deferred revenues amounted to EUR 11.1 million, representing 1% of the value of the assets cover, with a year-on-year increase by EUR 1.4 million (+15%).

5.

Report on the Activities of the Supervisory Board for the Year 2025

During 2025, the Supervisory Board of the Company worked in the following structure:

Dozorná rada	
Bc. Mgr. JUDr. Naďa Lorencová	Chairwoman of the Supervisory Board
Gary Mazzotti	Vice-Chairman of the Supervisory Board
Ing. Martina Meravá	Member of the Supervisory Board
Mgr. Karin Janišová	Member of the Supervisory Board
Ing. Milan Panáček	Member of the Supervisory Board
Ing. Marián Krnač	Member of the Supervisory Board
Ing. Dušan Majer	Member of the Supervisory Board elected by employees
Ing. Igor Pištík	Member of the Supervisory Board elected by employees
Ing. Miroslav Martoník	Member of the Supervisory Board elected by employees

In 2025, the Supervisory Board convened five times at its meetings—27 February 2025, 30 April 2025, 25 June 2025, 25 September 2025 and 17 December 2025. The Supervisory Board had a quorum at each meeting.

In the scope of its powers and in accordance with the Articles of Association and the Commercial Code, in 2025 the Supervisory Board:

(a) Adopted the following fundamental decisions:

- Approved the Report on Activities of the Supervisory Board for 2024;
- Approved the Opinion of the Supervisory Board on the draft audited ordinary individual financial statements prepared as at 31 December 2024 and on the proposal of profit distribution of the Board of Directors for 2024;
- Approved the relevant proposals of variable parts of remuneration of members of the Board of Directors in accordance with the applicable remuneration principles of members of the Board of Directors;
- Examined, within the meaning of Article XI (1) (h) of the Articles of Association, a proposal for the individual annual budget and business plan of the Company, including the proposal of the CAPEX plan for 2026;
- Approved the implementation of relevant investment projects in power stations, as well as investment projects related to the reconstruction of power lines and investment in information technology.

(b) Noted, in particular:

- Relevant decisions of the sole shareholder in 2025;
- Information on basic objectives of the Company's business management, as well as on the expected development of assets, finances and revenues of the Company in accordance with Article 193 of the Commercial Code for the Supervisory Board for the year 2025;
- Statement of the Board of Directors for the members of the Supervisory Board for 2024 pursuant to Article XII(21)(a)(ii) of the Articles of Association concerning financial transactions carried out by the Company with related parties in which the value of any such transaction individually or the series of related transactions together exceed EUR 100,000, and the Company's transactions concluded under other than standard commercial conditions;
- Information on related party transactions for the relevant quarters of 2025;
- Report on the results of audits and inspections for 2024 and the audit and control plan for 2025;
- Information on economic results, including the development of CAPEX 2025 plan fulfilment for the relevant periods;
- Information on the status of the preparation and implementation of significant investment projects of the Company;
- Information on pending lawsuits that may have a significant negative impact on the Company's economy;
- The annual report on the fulfilment of the Compliance Programme of the Company for 2024, and the Compliance Programme for 2025;

During 2025, the Supervisory Board did not request the Board of Directors of the Company to convene a General Meeting.

CONCLUSION:

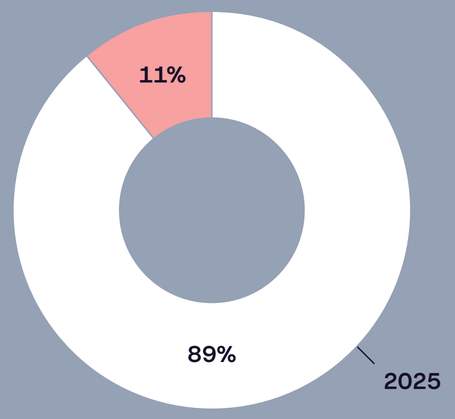
Throughout the 2025, the Supervisory Board fulfilled its controlling function properly pursuant to the Articles of Association of the Company and Article 197 et seq. of the Commercial Code. The Supervisory Board did not discover any breach of the Articles of Association or valid legal provisions by the Board of Directors by performing the business activities of the Company.

This Report was approved by the Supervisory Board of the Company at its meeting held on 22 April 2026.

Bc. Mgr. JUDr. Naďa Lorencová
Chairwoman of the Supervisory Board
Stredoslovenská distribučná, a. s.

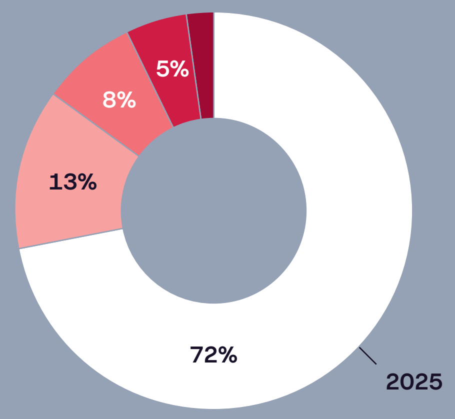
in EUR million	2025	%	2024	%
Assets	**913.3**		**920.0**	
Non-current assets	857.3	94 %	823.3	89 %
Current assets	56.0	6 %	96.7	11 %
Liabilities	**913.3**		**920.0**	
Equity	661.0	72 %	666.1	72 %
Non-current liabilities	124.6	14 %	122.2	13 %
Current liabilities	65.3	7 %	75.4	8 %
Liabilities arising from contracts—connection fees	51.3	6 %	46.7	5 %
Long-term deferred income	11.1	1 %	9.6	1 %

Structure of assets



Non-current assets
Current assets

Structure of liabilities



Equity
Non-current liabilities
Current liabilities
Liabilities arising from contracts – connection fees
Deferred income

6. Proposal of the Board of Directors for the Distribution of Profits for the Year 2025

	In EUR
Audited net profit for the year 2025	**61, 162, 009.10**
Allocation to social fund	0.00
Royalties for members of the Board of Directors and of the Supervisory Board	0.00
Part of the profit kept in equity on the account of Retained earnings of previous years	0.00
Net profit available for distribution of dividends to the shareholder	**61, 162, 009.10**

7. Opinion of the Supervisory Board of Stredoslovenská distribučná, a. s., on the Ordinary Financial Statements as at 31 December 2025 and on the Proposal for the Distribution of Profits for the Year 2025

On 22 April 2026, the Supervisory Board of Stredoslovenská distribučná, a. s., verified the Ordinary Financial Statements of the Company as at 31 December 2023, including the report of the independent auditor Deloitte Audit, s r. o., SKAU licence no. 014, dated 13 March 2026 and a proposal of the Board of Directors for the distribution of the Company's profit for the year 2025.

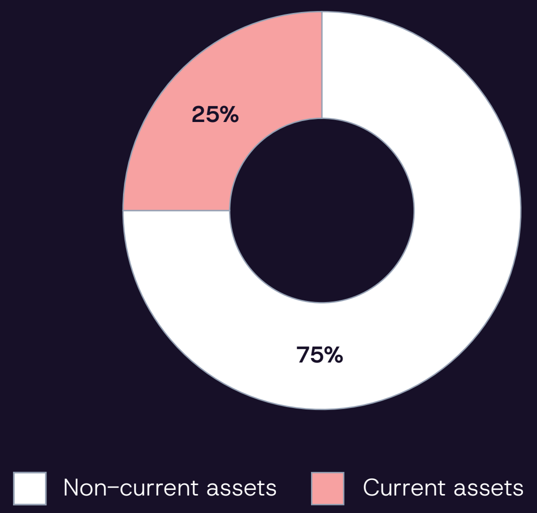
On the basis of the above mentioned, the Supervisory Board of Stredoslovenská distribučná, a. s., r e c o m m e n d s the Ordinary General Meeting of Stredoslovenská distribučná, a. s., to:

1. Approve the Ordinary Financial Statements of Stredoslovenská distribučná, a. s., as at 31 December 2025,
2. Approve the proposal for the distribution of profits of Stredoslovenská distribučná, a. s., for 2025 as follows:

Bc. Mgr. JUDr. Naďa Lorencová
Chairwoman of the Supervisory Board
Stredoslovenská distribučná, a. s.

	In EUR
Audited net profit for the year 2025	**61, 162, 009.10**
Allocation to social fund	0.00
Royalties for members of the Board of Directors and of the Supervisory Board	0.00
Part of the profit kept in equity on the account of Retained earnings of previous years	0.00
Net profit available for distribution of dividends to the shareholder	**61, 162, 009.10**

Structure of assets



8.

Report on Fulfilment of the Compliance Programme of Stredoslovenská distribučná, a. s., for the Year 2025

Report on Fulfilment of the Compliance Programme of the Company for the Year 2025

Introduction:

Stredoslovenská distribučná, a. s. (hereinafter: the „Company"), having its registered office at Pri Rajčianke 2927/8, 010 47 Žilina, Reg. No. (IČO): 36 442 151, registered in the Commercial Register of the District Court in Žilina, Section Sa, Insertion no. 10514/L, founded in 2006, being the holder of electricity distribution license No. 2007E 0260 in full version issued by the Regulatory Office for Network Industries (hereinafter: the „Office"), is a distribution system operator and at the same time a part of a vertically integrated entity.

This report provides transparent information on the fulfilment of the legislative framework for such an organised Company in the field of transparent and non-discriminatory approaches to all customers and participants in the electricity market.

1. Legislative Framework

The legislative framework of the Compliance Programme is established by Directive 2009/72/EC of the European Parliament and of the Council, which was implemented in the Slovak Republic into Act No. 251/2012 Coll.—the Energy Act. This legislation sets out the rules for the internal electricity market.

The Compliance Programme is a document containing measures that ensure a non-discriminatory and transparent approach to all market participants by the distribution system operator
(hereinafter: the „DS").

On the basis of the above mentioned, the distribution system operator is obliged to elaborate a report on the fulfilment of the Compliance Programme, which is part of the Annual Report according to Article 31(6) and Article 32(8)(b) of Act No. 251/2012 Coll. on Energy. It is also obliged, pursuant to Article 20 of Act No. 431/2002 Coll. on Accounting, as amended, to publish a report on the implementation of the measures specified in the Compliance Programme.

2. Compliance Programme in the Company

On the basis of the above-mentioned legislative standards for the independent position of a distribution system operator in a Vertically Integrated Company, the SSE Group provided the legal unbundling of distribution-system operation into a separate company, while the rights and obligations of the distribution system operator have been transferred to Stredoslovenská distribučná, a. s. At the same time, in 2005 the Board of Directors approved a binding internal document of the Compliance Programme which contains a list of measures aimed at ensuring the non-discriminatory behaviour of the distribution system operator. The Compliance Programme is updated on a regular basis for the respective year, while respecting all legislative changes.

In accordance with the aforementioned legal obligations, all obligations arising from current legislation, i.e., elaboration and approval of the new Compliance Programme of the Company, including the action plan of measures and the appointment of a person required to ensure compliance in the Company, were performed. With effect from 1 January 2013, the person required to ensure the compliance in the Company was appointed, thereby creating the appropriate institutional background for the implementation of the approved Compliance Programme of the Company.

3. Fulfilment of the Compliance Programme Measures during the Year 2025

Part of the Compliance Programme is the Action Plan of the Compliance Programme, which contains a list of measures for the relevant calendar year and is subject to an annual update. By implementing measures and monitoring their compliance, the appointed Compliance Officer is obliged to ensure compliance while addressing ad-hoc situations related to ensuring the non-discriminatory behaviour of the distribution system operator and the protection of confidential information. In addition, that person receives and solves incentives from the external and internal environment pointing to possible violation of the Compliance Programme's principles and updates the Action Plan of the Compliance Programme, if necessary, and proposes further measures.

The measures of the Action Plan of the Compliance Programme are focused on activities in the following areas:

- **Prevention**:
  During 2025, prevention measures focused mainly on the increase of employee awareness in the field of the Compliance Programme.

  Training for newly recruited staff was organised continuously. In 2025, 170 employees were trained, of which 107 were newly hired from outside the Company, 1 was newly hired within SSE Holding, 4 were newly hired—after secondary school practice at SSD, 6 were hired after completing the TRAINEE programme, 2 were newly hired contractors, 26 were temporary workers, 15 were hired after they were temporarily removed from the register of active employees, and 9 were temporary trainee workers.

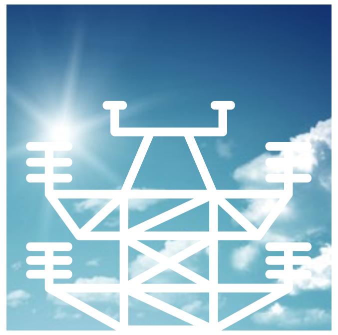
- **Monitoring and control/audit**
  Throughout the year 2025, the implementation of the change within the organisational structure of the Company continued. This process involved the implementation of new processes and internal guidelines were modified or new ones were drafted as well. As part of the review, 16 corporate guidelines were updated and no guidelines were issued in accordance with the principles of the Compliance Programme. At the same time, an inspection aimed at information security protection related to the operation of the distribution system against the access of unauthorised persons was carried out aimed at verifying access rights to distribution systems, contractual relations and disclosure of information. In terms of so-called Compliance Management, i.e., verifying each internal or external complaint related to the application of the Compliance Programme's principles by the Compliance Officer, no complaint was addressed during 2025. Moreover, the Compliance Officer received, consulted and dealt with internal requests from employees related to their actions so as not to infringe the rules ensuring non-discriminatory behaviour of the distribution system operator and the protection of confidential information.

- **Assessment and Reporting**
  This area contains mainly the assessment of achieved objectives as related to the implementation of the Compliance Programme in the form of monthly reports and in the form of this Report included in the Annual Report of the Company and submitted to the RONI according to the valid legislation.

In conclusion, it may be stated that the tasks listed in the Action Plan were fulfilled in 2025.

Autor:
23. February 2026

Ing. Ján Michalík, PhD.
Compliance Officer

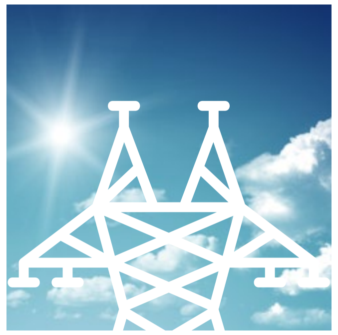


9. SPECIAL RELEVANCE EVENTS OCCURRING AFTER THE ACCOUNTING PERIOD FOR WHICH THE ANNUAL REPORT IS PREPARED

No events took place after 31 December 2025 that would require disclosure or recognition in the 2025 Annual Report.

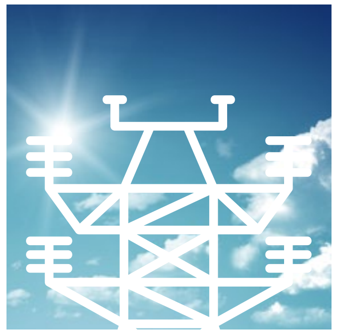
10. INFORMATION ON THE EXPECTED FUTURE DEVELOPMENT OF THE ACCOUNTING ENTITY‘S ACTIVITIES

The key tool for determining future goals and implementing the Company‘s strategy is the Company‘s business plan, which was approved by the Company‘s Board of Directors on 17 December 2025. In preparing the business plan, the current economic situation at the time the plan was prepared was taken into account, in particular the high electricity prices. The Company will continue to focus on the safety and reliability of electricity distribution, building new connections, expanding the distribution network, reconstruction, maintaining the quality of distribution as well as increasing the quality of services provided to its customers.



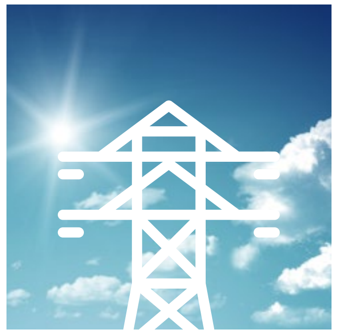
11. EXPENSES RELATED TO ACTIVITIES IN THE FIELD OF RESEARCH AND DEVELOPMENT

The Company did not have any expenses related to activities in the field of research and development in 2025.



12. ACQUISITION OF OWN SHARES, TEMPORARY CERTIFICATES, BUSINESS SHARES AND STOCK

In 2025 the Company did not acquire any of its own shares, temporary stock, or business shares.



13. ORGANISATIONAL UNITS OF THE ACCOUNTING ENTITY ABROAD

The Company has no branches abroad.

ANNEX NO. 1:
REPORT OF THE INDEPENDENT AUDITOR ON THE VERIFICATION OF THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2025 AND THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2025

Stredoslovenská
distribučná

Stredoslovenská distribučná, a.s.

Independent Auditor's Report and Financial Statements as at 31 December 2025

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

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.

Stredoslovenská distribučná, a.s.

Separate financial statements for the year ended 31 December 2025 prepared in accordance with International Financial Reporting Standards as adopted by the European Union have been authorised for issue on 4 March 2026.

....
Ing. František Čupr, MBA
Chairman of the Board of Directors

....
Mgr. Peter Matúš, MBA
Vice chairman of the Board of Directors

Contents

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deloitteSK@deloitteCE.com
www.deloitte.sk

Registered in the Business
Register of the City Court Bratislava III Section
Sro, File 4444/B
Company ID: 31 343 414
VAT ID: SK2020325516

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Stredoslovenská distribučná, a.s.

INDEPENDENT AUDITOR'S REPORT

To the Shareholder, Supervisory Board and Board of Directors of Stredoslovenská distribučná, a.s.:

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Stredoslovenská distribučná, a.s. (the "Company"), which comprise the statement of financial position as at 31 December 2025, and the statement of profit and loss and statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2025, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) in the wording as adopted by the Slovak Chamber of Auditors (hereinafter the "Code of Ethics for Auditors"), including the ethical requirements of Act No. 423/2015 Coll. on Statutory Audit and on Amendment to and Supplementation of Act No. 431/2002 Coll. on Accounting, as amended, as amended (hereinafter the "Act on Statutory Audit"), as applicable to audits of financial statements in the Slovak Republic. We have also fulfilled our other ethical responsibilities in accordance with the Code of Ethics for Auditors and the ethical requirements under the Act on Statutory Audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

This is a translation of the original auditor's report issued in the Slovak language to the accompanying financial statements translated into the English language.

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

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

We communicate with those charged with governance about, inter alia, the planned scope and time schedule of the audit and significant audit findings, including all material deficiencies of internal control identified during our audit.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on Information Disclosed in the Annual Report

The statutory body is responsible for information disclosed in the annual report prepared under the requirements of Act No. 431/2002 Coll. on Accounting, as amended (the "Act on Accounting"). Our opinion on the financial statements stated above does not apply to other information in the annual report.

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

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

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

- Information disclosed in the annual report prepared for 2025 is consistent with the financial statements for the relevant year; and
- The annual report includes information pursuant to the Act on Accounting.

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

Bratislava, 13 March 2026

Ing. Zuzana Letková, FCCA
Responsible Auditor
Licence SKAu No. 865

On behalf of
Deloitte Audit s.r.o.
Licence SKAu No. 014

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

Statement of Financial Position

	Note	Balance as at 31 December 2025	2024
ASSETS			
Non-current assets			
Property, plant and equipment	5	841 632	810 733
Intangible assets	6	15 623	12 594
		857 255	**823 327**
Current assets			
Inventories		3 980	3 372
Trade and other receivables	8	30 578	34 456
Income tax assets		1 073	1 771
Receivables from the parent company (cash pooling)		20 208	26 307
Cash and cash equivalents	9	176	30 775
		56 015	**96 681**
Total assets		**913 270**	**920 008**
EQUITY			
Share capital and reserves			
Share capital	10	499 835	499 835
Legal reserve fund	10	99 967	99 967
Non-monetary contribution from the parent company		3 401	3 401
Other comprehensive income		-3 355	-3 382
Retained earnings		61 162	66 307
Total equity		**661 010**	**666 128**
LIABILITIES			
Non-current liabilities			
Lease liabilities	12	13 907	13 707
Deferred tax liability	14	100 862	99 327
Non-current provisions	15	9 794	9 150
Non-current contract liabilities	11	49 562	45 193
Non-current deferred income		11 064	9 625
		185 189	**177 002**
Current liabilities			
Trade and other liabilities	12	65 228	75 282
Current contract liabilities	11	1 736	1 494
Current provisions	15	107	102
		67 071	**76 878**
Total liabilities		**252 260**	**253 880**
Total equity and liabilities		**913 270**	**920 008**

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

Statement of Profit or Loss

	Note	Year ended 31 December 2025	Year ended 31 December 2024
Revenue	16	303 285	296 712
Purchases of electricity, system and other related fees	18	-93 974	-110 574
Personnel expenses	20	-64 168	-59 172
Depreciation/amortisation of and impairment allowances for non-current tangible and intangible assets	5, 6	-51 565	-48 711
Material and energy consumption		-8 442	-8 064
Capitalization of own costs		16 245	13 398
Other operating income	17	14 802	42 517
Other operating expenses	19	-32 228	-24 701
Operating profit		**83 955**	**101 405**
Interest income	21	999	3 907
Interest expense	21	-936	-755
Other finance costs, net	21	-5	-35
Finance income, net		**58**	**3 117**
Profit before income tax		**84 013**	**104 522**
Income tax	22	-22 851	-38 215
Profit for the year		**61 162**	**66 307**

Statement of Comprehensive Income

	Note	Year ended 31 December 2025	Year ended 31 December 2024
Profit for the year		**61 162**	**66 307**
Other comprehensive income:			
Actuarial gains/(losses)	15	35	-915
Deferred tax		-8	326
Total other comprehensive income		27	-589
Comprehensive income for the year		**61 189**	**65 718**

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

Statement of Changes in Equity

	Share capital	Legal reserve fund	Non-monetary contribution from the parent company	Retained earnings	Actuarial loss from long-term employee benefits net of tax	Total equity
Balance at 1 January 2025	**499 835**	**99 967**	**3 401**	**66 307**	**-3 382**	**666 128**
Profit for the year (2025)	-	-	-	61 162	-	61 162
Other comprehensive income	-	-	-	-	27	27
Dividends	-	-	-	-66 307	-	-66 307
Balance at 31 December 2025	**499 835**	**99 967**	**3 401**	**61 162**	**-3 355**	**661 010**
Balance at 1 January 2024	**499 835**	**99 967**	**3 401**	**123 957**	**-2 793**	**724 367**
Profit for the year (2024)	-	-	-	66 307	-	66 307
Other comprehensive income	-	-	-	-	-589	-589
Dividends	-	-	-	-123 957	-	-123 957
Balance at 31 December 2024	**499 835**	**99 967**	**3 401**	**66 307**	**-3 382**	**666 128**

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

Statement of Cash Flows

	Note	Year ended 31 December 2025	2024
Profit before income tax		84 013	104 522
Adjustments for:			
Depreciation and amortisation	5, 6	51 626	48 739
Gain on disposal of property, plant and equipment		-319	-2 026
Change in impairment allowances for non-current assets		-61	-28
Change in impairment allowances for receivables	8	7	46
Change in provisions	15	1 077	2 036
Interest income, net	21	-63	-3 152
Operating profit before change in working capital		**136 280**	**150 137**
Changes in working capital:			
Decrease / (Increase) in trade receivables and accrued income	8	3 855	-11 668
(Increase) in inventories		-574	1 250
Increase in liabilities and deferred income	12	-12 821	-7 410
Cash flows from operating activities		**126 740**	**132 309**
Cash flows from operating activities			
Cash from operating activities		126 740	132 309
Interest paid	21	-936	-755
Interest received	21	1 011	3 895
Income tax paid		-20 627	-32 303
Net cash flows from operating activities		**106 188**	**103 146**
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets	5, 6	-75 359	-74 907
Proceeds from the sale of non-current assets		325	2 220
(-) Decrease in cash pooling receivables from the parent company		6 099	39 801
Net cash used in investing activities		**-68 935**	**-32 886**
Cash flows from financing activities			
Lease payments – principal	5	-1 545	-1 763
Dividends paid	10	-66 307	-123 957
Net cash used in financing activities		**-67 852**	**-125 720**
Net increase (+) / decrease (-) in cash and cash equivalents		-30 599	-55 460
Cash and cash equivalents at the beginning of the year		30 775	86 235
Cash and cash equivalents at the end of the year		**176**	**30 775**

1 General information

Trade name and registered address

Stredoslovenská distribučná, a.s.
Pri Rajčianke 2927/8
Žilina 010 47

Registration number (IČO): 36442151
Tax registration number (DIČ): 2022187453
Tax registration number for VAT purposes (IČ DPH): SK2022187453

Stredoslovenská distribučná, a.s. (hereafter referred to as the "Company" or "SSD, a.s.") was established under the business name Stredoslovenská energetika – Distribúcia, a.s. on 22 March 2006, and was registered in the Commercial Register on 8 April 2006 (Commercial Register of the District Court Žilina, Section Sa, Insert No. 10514/L). With effect from 1 March 2018, the business name of the Company was changed to Stredoslovenská distribučná, a.s.

The Company was established to comply with legal requirements to unbundle the distribution business from other commercial activities of integrated electricity companies established by Directive 2003/54/EC of the European Parliament and of the Council concerning common rules for the internal market in electricity. The Directive was transferred into Slovak legislation by Act No. 656/2004 Coll. on Energy, issued in 2004. The Act prescribed legal unbundling of distribution activities, by 30 June 2007 at the latest. Stredoslovenská energetika Holding, a.s. (until 31 December 2018 under the business name Stredoslovenská energetika, a. s.) carved out those parts of its business that conducted principal distribution activities, revalued items of assets and liabilities to fair value, and contributed them to the Company. On 1 July 2007, the Company started to provide distribution of electricity as its core business activity.

Main business activities of the Company

- Distribution of electricity and related services
- Engineering and related technical consultancy
- Rental of electrical devices
- Realisation and revision of construction
- Projects with, and construction of, electrical devices
- Repair, revision and testing of technical electrical devices in the groups S, O (OU, R, M) –E1-A
- Assembly and repair of selected electrical gauges
- Assembly and repair of regulative technology

The Company is one of the three largest electrical distribution companies in the Slovak Republic and operates within the regions of Žilina, Trenčín and Banská Bystrica. The Company's main business activity is electricity distribution, to all customers connected to the distribution system of SSD, a.s., in the following sectors:
- low voltage,
- high voltage,
- very high voltage.

The main business activity of the Company is distribution of electricity, which is usually invoiced to final customers by the electricity supplier, mostly in the form of an integrated contract (the price of electricity invoiced to the final customer includes the distribution fee).

The Company's operations are governed by the terms of its license, granted under the Energy Act ("the Energy License"). The Regulatory Office of Network Industries of the Slovak Republic ("ÚRSO") regulates all aspects of the Company's relationships with its customers, including pricing.

The structure of the Company's shareholders as at 31 December 2025 is as follows:

	Absolute amount in thousands of EUR	Ownership interest %	Voting rights %
Stredoslovenská energetika Holding, a.s.	499 835	100	100
Total	**499 835**	**100**	**100**

The Company is a subsidiary of Stredoslovenská energetika Holding, a.s., which owns 100% of its registered capital. With effect from 1 January 2019, the parent company changed its business name from Stredoslovenská energetika, a. s. to Stredoslovenská energetika Holding, a.s. Stredoslovenská energetika Holding, a.s. prepares consolidated financial statements and is an immediate consolidating company.

SSD, a.s. together with its parent company, Stredoslovenská energetika Holding, a.s. ("SSE Holding, a.s."), and its sister companies are referred to in these financial statements as the "SSH Group".

The Ministry of Economy of the Slovak Republic, based in Mlynské Nivy 44/a, 827 15 Bratislava 212, owns a 51% share in the registered capital of the parent company (the National Property Fund of the Slovak Republic owned this 51% shareholding until 1 August 2014).

Stredoslovenská energetika Holding, a.s. is a subsidiary of EP Energy, a.s. ("EPE"), based in Pařížská 130/26, Josefov, 110 00, Praha 1, Czech Republic, IČO: 29 259 428, registered in the Commercial Register of the Municipal Court in Prague, Section B, file No. 21733, Czech Republic, which owns a 49% share in the registered capital of the parent company (until 26 May 2014 owned by EPH Financing II, a.s.), and has managerial control.

Consolidated financial statements of the largest group of accounting entities, which are prepared by EP Investment S.à.r.l, with the registered office at Place de Paris 2, 2314 Luxembourg, which is the ultimate controlling party. Its consolidated financial statements for the year ended 2025 and 2024 will be deposited at the registered office of EP Investment S.à.r.l. The address of the registration court maintaining the business register where these consolidated financial statements will be deposited is Luxembourg Business Registers G.I.E., 14 Rue Erasme L-1468 Luxembourg, R.C.S. Luxembourg C24. The ultimate beneficial owner is Daniel Křetinský.

Unlimited liability

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

Date of approval of the financial statements for the previous reporting period

On 26 June 2025, the General Meeting approved the Company's financial statements for the previous reporting period ended 31 December 2024.

Publication of financial statements for the previous reporting period

The financial statements of the Company and the Auditor's Report on the audit of the financial statements as at 31 December 2024 were filed and published in the Register of financial statements on 29 March 2025. The annual report and Supplement to the Independent Auditor's Report as at 31 December 2024 was filed in the Register of financial statements on 27 June 2025.

Approval of the auditor

On 26 June 2025, the Company's General Meeting appointed Deloitte Audit s.r.o. as the auditor of the financial statements for the year ended 31 December 2025.

Company bodies

The list of members of the Company's Board of Directors and Supervisory Board is publicly available in the Commercial Register, operated by the Ministry of Justice of the Slovak Republic, at www.orsr.sk

Average number of employees

In 2025, the average number of employees of the Company was 1 424 (2024: 1 359), of which 9 were managers (2024: 10).

2 Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented.

2.1 Basis for preparation of the financial statements

Legal reasons for preparing the financial statements:

The Company's financial statements as at 31 December 2025 have been prepared as ordinary financial statements in accordance with Article 17 (6) of Act of the National Council of the Slovak Republic No. 431/2002 Coll. on Accounting, as amended (hereinafter the "Act on Accounting"), for the reporting period from 1 January 2025 to 31 December 2025.

The Slovak Act on Accounting requires the Company to prepare financial statements for the year ended 31 December 2025 in accordance with International Financial Reporting Standards (IFRS®) as adopted by the European Union ("IFRS EU").

These financial statements have been prepared in accordance with IFRS EU. The Company applies all IFRS EU issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretation Committee ("IFRIC") as adopted by EU, which were in force as at 31 December 2025.

The financial statements have been prepared under the historical cost measurement basis.

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

The Board of Directors of the Company may propose amendments of the financial statements to the Company's shareholders before their approval at the General Meeting. If, after the financial statements are approved, management identifies that comparative information would not be consistent with the current period, IFRS EU allows entities to restate comparative information for the reporting period in which the relevant facts are identified.

Preparation of the financial statements in conformity with IFRS EU requires the use of certain significant accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies on complex transactions. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

The separate financial statements are presented in thousands of euros ("EUR thousand"), unless stated otherwise.

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

New and amended IFRS Accounting Standards that are effective for the current year

In the current year, the Company has applied amendments to IAS 21 "Lack of Exchangeability" issued by the International Accounting Standards Board (IASB) and adopted by the EU that are mandatorily effective for reporting periods beginning on or after 1 January 2025. The adoption of these amendments has not had any material impact on the disclosures or the amounts reported in these financial statements.

New and revised IFRS accounting standards adopted by the EU but not yet effective

As at the date of authorisation of these financial statements, the Company has not applied the following amendments to IFRS accounting standards that have been issued by the IASB and adopted by the EU but are not yet effective:

Standard	Title	Effective date
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity	1 January 2026
Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7	Annual Improvements to IFRS Accounting Standards – Volume 11	1 January 2026

New and revised IFRS accounting standards in issue but not adopted by the EU

At present, IFRS accounting standards as adopted by the EU do not significantly differ from IFRS Accounting Standards issued by the International Accounting Standards Board (IASB), except for the following new accounting standards and amendments to existing accounting standards, which were not adopted by the EU as at 31 December 2025:

Accounting Standard	Title	EU adoption status
IFRS 18	Presentation and Disclosures in Financial Statements (IASB effective date: 1 January 2027)	Not yet adopted by the EU
IFRS 19 with further amendments	Subsidiaries without Public Accountability: Disclosures (IASB effective date: 1 January 2027)	Not yet adopted by the EU
Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency (IASB effective date: 1 January 2027)	Not yet adopted by the EU
IFRS 14	Regulatory Deferral Accounts (IASB effective date: 1 January 2016)	The European Commission has decided not to launch the endorsement process for this interim standard and to wait for the final standard
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date deferred by the IASB indefinitely but earlier application permitted)	Endorsement process postponed indefinitely until the research project on the equity method is concluded

The Company does not expect that the adoption of the accounting standards listed above will have a material impact on the financial statements of the Company in future periods.

Hedge accounting for a portfolio of financial assets and liabilities whose principles have not been adopted by the EU remains unregulated. According to the Company's estimates, the application of hedge accounting to a portfolio of financial assets or liabilities pursuant to IAS 39: Financial Instruments: Recognition and Measurement would not significantly impact the financial statements if applied as at the balance sheet date.

Brief descriptions of new and revised standards

- **IFRS 18 Presentation and Disclosures in Financial Statements** issued by the IASB on 9 April 2024 will replace IAS 1 Presentation of Financial Statements. The standard introduces three sets of new requirements to improve companies' reporting of financial performance and provide investors with a better basis for analysing and comparing companies. The main changes in the new standard compared to IAS 1 include: (a) The introduction of categories (operating, investing, financing, income tax and discontinued operations) and defined subtotals in the statement of profit or loss; (b) The introduction of requirements to improve aggregation and disaggregation; (c) The introduction of disclosures on Management-defined Performance Measures (MPMs) in the notes to the financial statements.

- **IFRS 19 Subsidiaries without Public Accountability:** Disclosures issued by the IASB on 9 May 2024 and amended by the IASB on 21 August 2025. The standard permits a subsidiary to provide reduced disclosures when applying IFRS Accounting Standards in its financial statements. IFRS 19 is optional for subsidiaries that are eligible and sets out the disclosure requirements for subsidiaries that elect to apply it.

- **Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates:** Lack of Exchangeability issued by the IASB on 15 August 2023. The amendments provide guidance on specifying when a currency is exchangeable and how to determine the exchange rate when it is not.

- **Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates:** Translation to a Hyperinflationary Presentation Currency issued by the IASB on 13 November 2025. The amendments clarify how companies should translate financial statements from a non-hyperinflationary currency into a hyperinflationary one.

- **Amendments to IFRS 9 and IFRS 7: Amendments to the Classification and Measurement of Financial Instruments** issued by the IASB on 30 May 2024. The amendments clarify the classification of financial assets with environmental, social and corporate governance (ESG) and similar features. The amendments also clarify the date on which a financial asset or financial liability is derecognised and introduce additional disclosure requirements for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features.

- **Amendments to IFRS 9 and IFRS 7: Contracts Referencing Nature-dependent Electricity** issued by the IASB on 18 December 2024. The own-use requirements in IFRS 9 have been amended to include the factors an entity is required to consider when applying IFRS 9:2.4 to contracts to buy and take delivery of renewable electricity for which the production source is nature-dependent. The hedge accounting requirements in IFRS 9 have been amended to permit an entity using a contract for nature-dependent renewable electricity with specified characteristics as a hedging instrument to designate a variable volume of forecast electricity transactions as the hedged item if specified criteria are met and to measure the hedged item using the same volume assumptions as those used for the hedging instrument. The amendments to IFRS 7 and IFRS 19 also introduce disclosure requirements about contracts for nature-dependent electricity with specified characteristics.

- **Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7: Annual Improvements to IFRS Accounting Standards – Volume 11** issued by the IASB on 18 July 2024. These amendments include clarifications, simplifications, corrections and changes in the following areas: (a) hedge accounting by a first-time adopter (IFRS 1); (b) gain or loss on derecognition (IFRS 7); (c) disclosure of a deferred difference between fair value and transaction price (IFRS 7); (d) introduction and credit risk disclosures (IFRS 7); (e) lessee derecognition of lease liabilities (IFRS 9); (f) transaction price (IFRS 9); (g) determination of a 'de facto agent' (IFRS 10); (h) cost method (IAS 7).

- **IFRS 14 Regulatory Deferral Accounts** issued by the IASB on 30 January 2014. This standard is designed to allow entities that are first-time adopters of IFRS Accounting Standards and currently recognise regulatory deferral accounts in accordance with their previous GAAP to continue to do so upon transition to IFRS Accounting Standards.

- **Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures:** Sale or Contribution of Assets between an Investor and its Associate or Joint Venture issued by the IASB on 11 September 2014. The amendments address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business.

The Company plans to apply the amendments from 1 January 2025. The Company does not expect that the amendments, when initially applied, will have a material impact on its financial statements.

2.2 Foreign currency translation

(i) Functional and presentation currencies

Items included in the financial statements are presented in EUR, which is the currency of the primary economic environment in which the Company operates ("the functional currency").

(ii) Transactions and balances in the Statement of financial position

Transactions denominated in foreign currencies are translated to euro, as at the date of the accounting transaction, by the reference exchange rate determined and declared by the European Central Bank ("ECB") or National Bank of Slovakia ("NBS"), as at the date preceding the date of transaction.

Financial assets and liabilities denominated in foreign currencies are translated to euro at the reporting date, according to the reference exchange rate determined and declared by the ECB or the NBS, as at the reporting date, and recorded with an impact on profit or loss.

Non-financial assets and liabilities, advance payments made, and advance payments received, denominated in foreign currencies, are translated to euro as at the date of the accounting transaction, by the reference exchange rate determined and declared by the ECB or the NBS, as at the date preceding the date of transaction.

2.3 Non-current tangible assets

Non-current tangible assets are measured at cost, less accumulated depreciation and accumulated impairment losses.

(i) Acquisition cost

Acquisition costs include expenditures which are directly attributable to the acquisition of assets. Interest expenses are capitalised if they meet the criteria of IAS 23, as part of acquisition cost, otherwise they are expensed as incurred.

Self-constructed, non-current tangible assets are valued at their conversion cost. Conversion cost includes all direct costs from production or other activities, and indirect costs related to production or other activities.

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

(ii) Depreciation

The depreciation of non-current tangible assets starts in the month that they are available for use. Non-current tangible assets are depreciated in line with the approved depreciation plan, using the straight-line method. Monthly depreciation is determined as the proportion of the depreciable amount, divided by the estimated useful life of non-current tangible assets. The depreciable amount is the cost, less the expected value at the time the assets are disposed of.

The estimated useful lives of individual groups of assets in 2025 and 2024 were as follows:

Buildings, halls, structures of distribution network	30 – 70 years
Distribution network (technological part), equipment and vehicles	4 – 45 years
Other non-current tangible assets	5 – 15 years

Estimated value at the time of disposal and estimated useful life of non-current tangible assets are reviewed and adjusted as at the balance sheet date where necessary.

Land and assets under construction in tangible assets are not depreciated.

The expected value at the time of disposal of an asset is its expected selling price, less selling expenses, if the asset has the expected age and characteristics which are expected at the end of its useful life. The expected value at the time of disposal is equal to zero, or its disposal value, if the Company expects to use the asset until the end of its useful life.

Each part of an item of non-current tangible asset, whose value is significant in relation to the total value of the asset, is depreciated separately. The Company allocates the amount initially allocated to the non-current tangible asset item to its significant parts and depreciates each part separately.

The carrying amount of an asset is reduced immediately to its recoverable amount, if the carrying amount of the asset is higher than its estimated recoverable amount (Note 2.5).

Assets that are worn out or disposed of are derecognised from the Statement of financial position, along with appropriate accumulated depreciation and provisions. Disposal gains and losses are determined by comparing the proceeds to their carrying amount and are recognised in operating profit or loss.

2.4 Non-current intangible assets

Non-current intangible assets are measured upon acquisition at cost. Non-current intangible assets are recognised when it is probable that future economic benefits associated with the assets will flow to the Company, and the costs can be measured reliably. Upon subsequent measurement, non-current intangible assets are carried at cost, less accumulated amortisation and impairment losses. Interest expenses, if they meet the criteria of IAS 23, are capitalised as part of costs, or otherwise expensed in the relevant period. The Company has no non-current intangible assets with indefinite useful lives. Non-current intangible assets are amortised on a straight-line basis over their useful lives, which do not exceed 20 years, except for easements.

The amortisation of non-current intangible assets starts in the month in which they are put into use, in accordance with the approved amortisation plan, using the straight-line method.

The monthly amortisation is determined as the proportion of depreciable value and estimated useful life of the assets. The amortisation amount is the cost, less any residual value at the time the assets are disposed of.

Residual values at the time of disposal of non-current intangible assets are expected to be zero if:

- there is no commitment by a third party to purchase the assets at the end of their useful life; or
- there is no active market for the assets, and so residual value cannot be determined by the reference to that market, and it is improbable that such a market will exist at the end of the assets' useful life.

Expenses associated with maintaining computer software are recognised when they are incurred.

Subsequent expenditures, which enhance or extend the performance of computer software beyond their original specification and meet the criteria for recognition as intangible assets according to IAS 38, are recognised as technical improvements, and added to the original cost of the software. Each part of an item of non-current intangible assets, whose cost is significant in comparison to the total cost of an item, is amortised separately. The Company divides the value of the original item to significant parts proportionally and amortises the parts separately.

2.5 Impairment of non-financial assets

Non-current intangible assets with an indefinite useful life, and intangible assets not yet in use, are not subject to amortisation, and are tested for impairment annually. Non-financial assets, except for deferred tax assets and inventory, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount is higher than the recoverable amount. If an indicator of impairment exists, the asset's recoverable amount is estimated. An impairment loss is recognised in the consolidated Income statement, for the amount by which the asset's, or cash generating unit's, carrying amount exceeds its recoverable amount. The recoverable amount is the asset's fair value, less costs to sell or value in use, depending on which one is higher.

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are individually identifiable cash flows. Non-financial assets, other than goodwill, which were impaired in previous periods are reassessed as at each reporting date to ascertain whether the impairment loss decreased ceased to exist, i.e. to reverse the impairment loss.

2.6 Financial instruments

Trade receivables and issued debt securities are initially recognised on the date that they are originated. All other financial assets and financial liabilities are recognised initially in the Statement of financial position, on the date when the Company becomes a contract party to the agreements which include said financial instruments.

Financial assets (except for trade receivables which do not contain a significant financial component) or financial liabilities are initially recognised at fair value, increased by costs related to the acquisition or issue of the financial instruments except for items measured at fair value through profit or loss (FVTPL), less acquisition costs or expenses related to issue. Trade receivables which do not contain a significant financial component are initially recognised at transaction value.

2.7 Financial assets

The Company initially classifies its financial assets into the following categories:
- amortised cost,
- at fair value through other comprehensive income (FVOCI),
- at fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions, and is not designated as at FVTPL:
- it is held within a business model whose objective is to hold assets to collect contractual cash flows, and
- its contractual terms give rise on specified dates to cash flows, that are solely payments of principal and interest on the outstanding principal.

For equity instruments not held-for-trading, the Company may irrevocably decide that subsequent changes in fair value (including foreign exchange gains and losses) will present a comprehensive result in other components. They may not be reclassified to profit or loss under any circumstances.

All financial assets, not classified at amortised cost or FVOCI, are measured at FVTPL. This includes all derivative financial assets.

Subsequent measurement and gains and losses
- Amortised cost – the assets are subsequently measured at amortised cost using the effective interest method, reduced by impairment losses. Interest income, foreign exchange gains and losses, and impairment losses are recognised in profit or loss.
- FVTPL – the assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
- Equity investments at FVOCI – the assets are subsequently measured at fair value. Dividends received are recognised in profit or loss. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

2.8 Financial liabilities

Financial liabilities are initially measured at amortised cost or FVTPL. The Company assigns a financial liability to FVTPL if it is held-for-trading, it is a derivative instrument, or it is included in FVTPL at initial recognition. When a financial liability is initially recognised in FVTPL, the Company measures it at fair value, and net gains and losses, including interest expenses, are recognised in profit or loss.

Other financial liabilities are after the initial recognition valued at amortised cost using the effective interest method. Interest expenses, and foreign exchange gains and losses, are recognised in profit or loss. Any gains and losses arising on derecognition are recognised in profit or loss.

The Company has the following non-derivative financial liabilities: loans and borrowings, trade and other liabilities, lease liabilities.

Derecognition of financial instruments

The Company derecognises financial assets when:
a) The assets have been paid back, or rights for investment cash flows have expired, or
b) The Company has transferred the rights to cash flows of the investment, or has entered into a transfer agreement, thereby
(i) transferring substantially all risks and potential gains inherent in the ownership or
(ii) has not transferred or retained substantially all risks and potential gains of ownership, without retaining control. It will retain control if the counterparty does not have a realistic opportunity to sell the assets as a whole to an unrelated third party, without additionally restricting the sale.

Financial liabilities (or parts thereof) are derecognised from the Company's Statement of financial position if they are extinguished, i.e. when obligations specified in the contract are discharged, cancelled, or expire. The difference between the carrying amount of disposed financial liability and consideration paid is recognised in profit or loss.

Offsetting

Financial assets and liabilities are presented in the Statement of financial position on a net basis, if the Company has a right to offset the amounts, and it intends to either settle them on a net basis, or to realise the assets and settle the liabilities simultaneously.

The Company does not hold any other financial assets measured at FVOCI, or at FVTPL, other than equity investments.

2.9 Impairment of financial assets

The "expected credit loss" model ("ECL") means that a loss event will no longer need to occur before an impairment allowance is recognised. This impairment model is applied to financial assets measured at amortised cost or FVOCI (except for investments in equity instruments), and to contract assets.

Financial assets measured at amortised cost, using the effective interest rate method, comprise trade and other receivables, cash and cash equivalents, and a loan provided to a related party.

Under IFRS 9, impairment allowances will be measured on either of the following bases:
- 12-month ECLs: these are ECLs which result from possible default events within the 12 months after the reporting date, and
- Lifetime ECLs: these are ECLs resulting from all possible default events over the expected life of a financial asset.

In determining whether the credit risk of a financial asset has increased significantly since its initial recognition, and in calculating the ECL, the Company uses appropriate supporting information that has been assessed as appropriate, and available to the Company without incurring disproportionate costs or efforts to obtain it. This includes both quantitative and qualitative information, and analyses based on the Company's historical experience and credit risk assessment, including information on future potential development.

The Company considers financial assets impaired if:
- It is unlikely that a borrower will pay its obligations to the Company in their entirety, without the Company taking an action, such as realising the collateral; or
- Financial assets are overdue.

Lifetime ECLs are ECLs which result from all possible impairments over the expected life of a financial asset. The maximum period for ECL estimate is the contractual period during which the Company is exposed to credit risk.

Valuation of ECLs

ECLs are estimates calculated as weighted average of impairment probabilities, and credit loss realisations. Credit losses are measured at the present value of all cash shortfalls, i.e. the difference between cash flows due to the Company in accordance with the contract, and the cash flows that the Company expects to receive.
ECLs are not discounted, as they do not contain any significant financial component.

Impairment losses

Impairment losses related to trade and other receivables are recognised in profit or loss.

An impairment loss is reversed if the reversal can be objectively attributed to an event that occurs after an impairment loss is recognised. For financial assets measured at amortised cost, the reversal is recognised in profit or loss.

The carrying amount of receivables are reduced through the use of an allowance account. Creation and release of impairment allowances are reported in other operating expenses in the Income statement. Unrecoverable receivables are written off. Receivables repaid by debtors, which were previously written off, are recognised in the Income statement in other operating income. The manner in which the Company recognises revenue is disclosed in Note 2.19.

2.10 Leases – IFRS 16

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time, in exchange for consideration. The Company considers a contract to be a lease in where all following conditions are met:

- an identifiable asset exists, specified explicitly or implicitly, and
- a lessee has the right to obtain substantially all economic benefits from use of the asset, and
- a lessee has the right to direct use of the assets.

Upon initial recognition, and subsequent revaluation of a lease contract which includes a lease component, the Company assigns the contractually agreed consideration to each lease component on a pro rata basis, if agreed separately. The Company separately recognises leasing and non-leasing components in the lease of vehicles, land and property.

Leased assets (the Company as a lessee)

The Company recognises right-of-use assets and lease liabilities at the commencement of lease. Initial value of right-of-use assets is determined as the sum of the initial value of lease liabilities, lease payments made before or on the commencement date of the lease, and initial direct costs to the lessee, less any lease incentives received.

In determining lease term, the length of agreed lease term, as well as the possibility of early termination or prolongation are considered. In assessing probability of exercising the option to extend or prematurely terminate lease terms, the Company takes all relevant facts and circumstances that provide economic incentives to exercise (or not exercise) these options into account. The length by which contracts can be renewed (or the length following the possibility to terminate contracts early) are included in lease terms only if the Company is certain that prolongation will be exercised.

Right-of-use assets are depreciated on a straight-line basis over the lease term, from commencement to termination. If the lease involves a transfer of ownership or a call option, right-of-use assets are depreciated on a straight-line basis over the useful life of the assets. Depreciation begins on the date of commencement. Assessment of possible impairment to right-of-use assets is carried out in a similar way to impairment assessment of non-financial assets, as described in Note 2.5 Impairment of non-financial assets.

Lease liabilities are initially measured on the date when the leased assets are made available to the lessee (lease commencement date). Lease liabilities are initially valued at the present value of lease payments over the lease term that were not paid at the initial measurement, using the discount rate, which is the incremental borrowing rate. The lessee's incremental borrowing rate is determined based on available financial information relating to the Company. Subsequent revaluation of lease liabilities is made in the event of changes to contractual terms (e.g. a change in lease terms due to an option to extend or prematurely terminate contracts, a change in lease payment based on a change in the index or rate used to determine payments, a change in the assessment of the probability of exercising the call option, etc.). Any subsequent reassessment of lease liabilities will also affect the valuation of right-of-use assets. If this leads to negative values for right-of-use assets, remaining impacts are recognised with in profit or loss (so the resulting right- of-use assets will be recognised at nil).

The Company has exercised an optional exemption and does not recognise right-of-use assets or lease liabilities, for all types of lease contracts, with a lease term of 12 months or less. The costs associated with these leases are recognised in the financial statements as operating expenses, on a straight-line basis over the lease term.

The Company has also exercised an optional exemption and does not report right-of-use assets or lease liabilities, in lease contracts where the value of leased assets is clearly less than USD 5 000. The estimated value of assets is based on the assumption, that they are new assets. If the value of assets cannot be reliably determined, the optional exemption is not applied to such leases.

In the Statement of financial position, the Company recognises right-of-use assets under non-current tangible assets, and lease liabilities under non-current liabilities and trade and other liabilities under current liabilities.

In addition, the Company recognises lease transactions in the Statement of cash flows as follows:
- principal payments relating to lease liabilities in cash flows from financing activities,
- interest payments on lease liabilities in cash flows from operating activities,
- payments for short-term leases, lease of low-value assets, and payments for variable parts of leases, which are not included in the measurement of lease liabilities, in cash flows from operating activities.

2.11 Inventories

Inventories are valued at the lower of either cost or net realisable value. Measurement of inventories is recalculated using the weighted arithmetic average method. Cost includes all acquisition costs, such as customs and shipping, net of returns, discounts and rebates. Net realisable value is an estimate of selling price in the ordinary course of business and is reduced by the relevant cost of sale.

2.12 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments, with original maturities of three months or less.

Funds managed by the Parent Company under the "Agreement for cash-pooling service" are recognised as receivables from the parent, and not as cash/cash equivalents.

2.13 Share capital

Ordinary shares are classified as share capital.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax.

2.14 Current and deferred income taxes

Current income tax is calculated based on tax laws enacted at the reporting date. Management regularly evaluates positions taken in tax returns, with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions as appropriate, on the basis of amounts expected to be paid to tax authorities.

Deferred income tax is presented in the financial statements using the balance sheet method, based on temporary differences arising between the tax basis of assets and liabilities, and their carrying amounts in the financial statements. Deferred income tax is not accounted for, however, if it arises from initial recognition of assets or liabilities in a transaction, that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates which have been enacted, or substantively enacted, and are expected to be applied at the date of the temporary differences settlement. Current and deferred taxes are recognised in the Income statement, except for cases when they are recognised directly in equity, or in the Statement of comprehensive income.

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

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

2.15 Provisions

Provisions are recognised when the Company has a present contractual or constructive obligation to transfer economic benefits as a result of past events, it is probable that such a transfer will be required to settle these liabilities, and a reliable estimate of the amount can be made. No provisions are created for future operating losses. When the Company anticipates that a provision will be reimbursed in future, for example under an insurance contract, future income is recognised as an individual asset, but only when such reimbursement is almost certain.
If there are several similar commitments, then the probability that the expenditures will need to be settled is determined by considering the group of liabilities as a whole. A provision is also recognised when the probability of expenditures is low with respect to any item included in the same liabilities group.

Provisions are measured at present value of expenditures expected to settle the liabilities, using a pre-tax rate that reflects the current market estimate of the time value of money, and the risks specific to the liabilities. Increases in provisions due to the passage of time are recognised as interest expenses.

2.16 Contingent liabilities

Contingent liabilities are not recognised in the Statement of financial position. They are disclosed in the notes to the financial statements if the probability of an outflow of resources representing the economic benefits is not probable. They are not disclosed in the notes to the financial statements if the possibility of an outflow of resources representing the economic benefits is remote.

2.17 Contract liabilities

Contract liabilities represent the Company's obligation to transfer goods or provide services to customers, in a situation where the Company has already received consideration for these goods or services. For the Company, these are primarily customer fees for connection to the distribution network, and subsequent access to the provision of distribution services.

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

2.18 Employee benefits

The Company has a pension scheme with a predetermined pension benefit, as well as a predetermined contribution.

Pension plans

A predefined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive upon retirement. It is dependent on one or more factors such as age, years of service and compensation.

A predefined contribution plan is a pension plan, under which the Company pays fixed contributions to the third parties or to the Government. The Company has no legal or constructive obligations to pay further contributions, if the funds do not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Unfunded defined benefit pension plan

According to the Labour Code and Company Collective Agreement for the years 2023 – 2025, the Company is obliged, based on the number of years in service and meeting the employment termination requirements, to pay its employees, upon retirement or disability, the following multiples of their average monthly salary:

	Average monthly salary multiple
within 10 years	2
over 10 to 15 years	4
over 15 to 20 years	5
over 20 to 25 years	6
over 25 years	7

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

Other predefined benefits

The Company also pays the following life and work jubilee benefits:
- one additional monthly salary on the 25th annual work anniversary;
- a single payment of 40% to 110% of employee's monthly salary, depending on number of years worked for the Company, when employee reaches the age of 50 years.

The Company's employees expect the Company to continue providing these benefits and, in the opinion of management, it is unlikely that the Company will stop providing them.

Liabilities recognised in the Statement of financial position, in respect of defined benefit pension plans, are the present value of defined benefit obligations, as at the reporting date.

Defined benefit obligations are calculated annually by the Company, using the Projected Unit Credit method. Present value of defined benefit obligations are determined by (a) discounting estimated future cash outflows, using interest rates of high quality corporate bonds, which have terms to maturity approximating the terms of the related pension liabilities, and then (b) attributing the calculated present values to periods of service based on the plan.

Actuarial gains and losses arising from experience, adjustments and changes in actuarial assumptions are immediately recognised in the period incurred. Pension liabilities are recognised in the Statement of comprehensive income, and life and work jubilee benefits in the Income statement. Past-service costs are recognised immediately in the Income statement.

Predefined contribution pension plans

The Company contributes to state and private pension schemes with predetermined contributions.

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

Throughout the year, the Company makes contributions to these funds amounting to 36.2% (2024: 36.2%) of gross salaries, up to a monthly salary ceiling, which is defined by the relevant law, to a maximum of EUR 15 730 (2024: up to a maximum of EUR 9 128) depending on the type of fund, while the base for health and accidental insurance is unlimited and the payment is calculated from the total gross salary of the employee.

An employee contributes an additional 13.4% to the relevant insurance (2024: 13.4%). The cost of these payments is charged to the Income statement in the same period as the related salary cost.

In addition, with respect to those employees who have chosen to participate in supplementary pension insurance, the Company makes annual contributions to supplementary pension insurance, between 2% and 6% of monthly wage, based on the years worked, up to maximum of EUR 1 400 (2024: EUR 1 400) per year.

Termination benefits

Termination benefits are payable whenever an employee's employment is terminated by the employer before the normal retirement date, upon agreement between the employer and employee resulting from redundancy, in exchange for these benefits. The Company recognises termination benefits when it is demonstrably committed to either: (a) terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal, or (b) provide termination benefits as a result of an offer made to encourage voluntary redundancy. Present value of termination benefit does not significantly differ from carrying amount, as the influence of discounting is not significant.

Profit sharing and bonus plans

Liabilities for any employee benefits, in the form of profit sharing and bonus plans, are recognised as other liabilities when there is no real alternative but to settle the liabilities, and at least one of the following conditions is met:

- a formal plan officially exists, and the amounts to be paid are determinable before the financial statements are authorised for issue; or
- past practice created a valid expectation for employees that they will receive profit sharing or other bonus, and the amount can be determined before the financial statements are authorised for issue.

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

2.19 Revenue recognition

Revenue comprises fair value of the consideration received, or receivables for the sale of goods and services in the ordinary course of the Company's activities. Revenue is recognised, net of value-added tax, excise duties, estimated returns, rebates and discounts.

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

The amount of revenue is not considered to be reliably measurable until all conditions related to sale are met. The Company bases its estimates on historical results, taking into consideration the type of customer, type of transaction, and the specifics of each arrangement.

Revenue from distribution of electricity is recognised when the electricity is delivered to the customer. Consumption of wholesale customers is metered and billed on a monthly basis. The billing cycle of retail customers (households and small businesses) is metered on an annual basis, and billed on a monthly basis, as the Company invoices distribution services to the electricity supplier on a monthly basis by measured consumption or a consumption type diagram.

The Company uses a methodology for the estimate of network losses that is consistent with the methodology used during the year 2024. Calculation of network losses is derived from actual metering, as well as from the estimate of supply at low voltage level, based on past experience.

Sales of services are recognised in the reporting period in which they are rendered. By reference to the level of the specific transaction the sale of services is assessed based on actual service provided as a proportion of total services to be provided.

Proceeds from fees for connection to the distribution network and subsequent access to distribution services are recognised as contract liabilities, and are released to income over the contract term. Since connection contracts are concluded for an indefinite period and in practice there is almost no termination of take-off points, it is not possible to reliably determine the duration of the contract. Therefore, the Company releases the connection fees into revenues during the average useful life of the assets related to the distribution of electricity.

Assets acquired free of charge as part of relocations of energy facilities are initially recognised in SSD at fair value, and the difference between the original and the new value of the asset is recognised in profit or loss in the current reporting period.

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

2.20 Dividend payment

Payment of dividends to the Company's shareholders are recognised as a liability in the Company's financial statements, in the period in which the dividends are approved by the Company's shareholders.

2.21 Government grants

Grants that compensate the Company for expenses incurred are recognised in profit or loss as other income on a systematic basis in the periods in which the expenses are recognised, unless the conditions for receiving the grant are met after the related expenses have been recognised. In this case, the grant is recognised when it becomes receivable. A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs shall be recognised in profit or loss of the period in which it becomes receivable. A grant becomes a receivable upon filing an application for its payment. The application is filed if the conditions for the subsidy payment are met.

3 Financial risk management

3.1. Financial risk factors

As a result of its activities, the Company is exposed to a variety of financial risks: market risk (including foreign exchange, price, and interest rate risks), operational, credit and liquidity risks. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. The Company does not use derivative financial instruments to hedge risk exposures.

Financial risk management is performed by the central financial department (the Company procures services from the sister company Stredoslovenská energetika, a. s.), in accordance with procedures approved by the Board of Directors. The central financial department identifies, assesses, and hedges financial risks, in cooperation with operational departments within the Company. The Board of Directors and Company management issue written principles for overall risk management, as well as written procedures covering specific areas such as foreign exchange risk, interest rate risk, credit risk and the use of non-derivative financial instruments.

(i) Market risk

(a) Foreign exchange risk

The Company is not exposed to foreign exchange risk, as expenses and revenue in foreign currencies are not significant for the Company.

(b) Price risk

Distribution services provided by the Company are subject to price regulation by ÚRSO. Based on adopted regulatory policy for 2023 – 2027, ÚRSO determines the scope and method of price regulation. ÚRSO sets the price assessment for distribution services of the Company for the whole regulatory period, but usually changes them each regulatory year. These prices are binding for the Company when invoicing. Reasonable profit is derived from the regulatory basis of assets, and the rate of return set by ÚRSO. Nevertheless, there may be circumstances outside of the Company's direct control, that will result in an adjustment of the price assessment during the year, and thus have a negative or positive impact on the Company's profit or loss. The level of this risk cannot be quantified in advance. In the event of such occurrence, Company management enters into negotiations with ÚRSO in order to minimise negative impact on the Company.

(c) Interest rate risk affecting fair value and cash flows

The Company is not exposed to interest rate risk from its long-term loans.

(ii) Operational risk

Operational risk is the risk of direct or indirect losses, arising from a wide variety of causes associated with the Company's processes, personnel, technology, infrastructure, and from external factors other than credit, market and liquidity risks, such as those arising from legal and regulatory requirements, and generally accepted standards of corporate behaviour. Operational risks arise from all of the Company's operations.

The Company's objective is to manage operational risk to balance the eliminations of financial losses, and damage to the Company's reputation, with overall cost effectiveness, and to avoid control procedures that restrict initiative and creativity. The primary responsibility for development and implementation of controls to address operational risk is assigned to the Company's senior management.

The Internal audit department carries out regular reviews to ensure that the Company's processes are in compliance with internal guidelines. Results of the internal audit are discussed by the Company's top management.

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

(iii) Credit risk

Credit risk arises from cash and cash equivalents, deposits in banks and financial institutions, cash-pooling receivables from the parent company, as well as exposure to large and small customers, including outstanding receivables and future transactions from concluded contracts. As regards relations with banking and financial institutions, the Company only enters into relations with those with high independent credit ratings. Where independent ratings for large customers are available, these ratings shall be used. In the absence of such assessment, the customer's creditworthiness will be assessed taking financial position, historical data, and other factors into account.

The key service of the Company is the distribution of electricity to final customers, which is in most cases invoiced through electricity suppliers (e.g. the sister company Stredoslovenská energetika, a. s. or another supplier) in the form of so-called integrated contracts for bundled electricity supply (the electricity price is invoiced to the end customer together with the distribution fee). The Company manages the risk of non- payment of customers (electricity suppliers) through an advance payment system and financial collaterals.

As regards trade receivables from the sister company Stredoslovenská energetika, a. s., receivables from cash-pooling from the parent company Stredoslovenská energetika Holding, a.s. and a low number of other customers (electricity suppliers and direct customers), the Company has a significant concentration of credit risk against these companies (2025: 81% of receivables; 2024: 75% of receivables).

The Company measures impairment allowances for trade receivables at an amount equal to the lifetime ECL.

Impairment losses from trade and other receivables are recognised in profit or loss. An impairment loss is reversed if the reversal can be objectively attributed to an event that occurs after an impairment loss is recognised.

The table below shows balances of receivables from banks and cash balances, as at the reporting date:

		Balance at 31 December	
Counterparty	**Rating***	**2025**	**2024**
Banks			
Všeobecná úverová banka, a.s.	A2	12	20 269
UniCredit Bank, a.s.	Baa1	7	8
SLSP, a.s.	A2	128	127
Tatra banka	A3	6	6
ČSOB	A1	7	10 357
Cash on hand	-	16	8
Total		**176**	**30 775**

Funds managed by the parent company, Stredoslovenská energetika Holding, a.s., based on the “Agreement for cash-pooling service”, as at 31 December 2025, represent the amount of EUR 20 208 thousand (31 December 2024: EUR 26 307 thousand) and they are classified as a receivable from the parent company.

**The Company uses independent ratings of Moody’s, Standard & Poor’s and Fitch.*

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

Credit risk exposure

The carrying amount of financial assets represents the maximum credit exposure, which is as at 31 December 2025 and as at 31 December 2024 as follows:

Financial instrument	Note	Balance at 31 December 2025	Balance at 31 December 2024
Trade receivables (before impairment allowance)	8	31 395	28 412
Trade receivables from the parent company (cash pooling)	7	20 208	26 307
Cash and cash equivalents	9	176	30 775
Total		**51 779**	**85 494**

(iv) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, availability of funds through the committed credit facilities, and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Company aims to maintain flexibility in funding from the parent company.

The Company concluded an Agreement for cash-pooling service with the parent company Stredoslovenská energetika Holding, a.s., through which it manages liquidity risk, which should, if necessary, cover insolvency. Funds from cash-pooling are available on request. The Company regularly monitors the status of its liquid assets.

The Company also uses the advantages of payment terms between the Company and its suppliers to secure sufficient financing funds to cover its needs. The maturity of supplier's invoices is between 14 and 90 days.

Expected cash flows are prepared as follows:

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

A cash flows forecast is prepared monthly. It identifies the immediate need for cash and, if funds are sufficient, it enables the Company to make short-term deposits.

The table below analyses the Company's financial liabilities according to remaining maturity period. Amounts disclosed in the table are the contractual undiscounted cash flows. The difference between carrying and estimated amount of liabilities represents future expected interest.

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

	Carrying amount	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
As at 31 December 2025						
Trade and other liabilities (excluding liabilities not falling under IFRS 7)	62 653	62 653	-	-	-	62 653
Current accrued income	926	926	-	-	-	926
Lease liabilities	15 556	1 649	1 600	2 009	10 298	15 556
Total	**79 135**	**65 228**	**1 600**	**2 009**	**10 298**	**79 135**
As at 31 December 2024						
Trade and other liabilities (excluding liabilities not falling under IFRS 7)	72 938	72 938	-	-	-	72 938
Current accrued income	890	890	-	-	-	890
Lease liabilities	15 161	1 454	1 600	2 169	9 938	15 161
Total	**88 989**	**75 282**	**1 600**	**2 169**	**9 938**	**88 989**

As at 31 December 2025, the Company, together with Stredoslovenská energetika Holding, a.s. and Stredoslovenská energetika, a. s., had opened a joint credit line with Slovenská sporiteľňa with a total limit of EUR 100 000 thousand (2024: EUR 100 000 thousand). The credit line is contracted until 30 June 2027. As at 31 December 2025, the Company did not draw the credit line (2024: EUR 0 thousand).

3.2. Capital risk management

For the purposes of managing capital, management considers equity as capital. The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern, in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. Company management manages shareholders' capital reported under IFRS EU as at 31 December 2025 in the amount of EUR 661 010 thousand (2024: EUR 666 128 thousand).

Consistent with other companies within the industry, the Company also monitors capital on the basis of gearing ratio. This ratio is calculated as total debt, divided by total liabilities and equity. Total debt is calculated as the sum of bank loans and borrowings (including current and non-current bank loans, and borrowings as presented in the Statement of financial position).

In 2025, as well as in 2024, the Company primarily used its own funds to finance operating activities.

3.3. Fair value estimation

Fair value of financial instruments traded in the active markets is based on quoted market prices at the reporting date. Different methods, such as discounted estimated future cash flows, are used for determining fair value of other financial instruments.

The carrying amounts of trade receivables and liabilities, decreased by impairment allowance, cash-pooling receivables and bank accounts are assumed to approximate their fair values. Fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

4 Significant accounting estimates and judgements

Use of estimates and judgements

The preparation of financial statements in accordance with IFRS EU requires management of the Company to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Estimates and related assumptions are based on historical experience and other miscellaneous factors deemed appropriate under the circumstances. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis and corrections to accounting estimates are recognised in the period in which the estimates are corrected, if the correction only affects this period, and in the future periods, if the correction affects this and future periods.

Information about significant areas of estimation uncertainty and critical judgements in using accounting policies, that have the most significant impact on amounts reported in the financial statements are stated below.

(i) Estimated useful lives of assets

The useful lives of non-current tangible and intangible assets are determined by the management, in cooperation with internal and external experts. If the revised useful lives of the assets are shorter by 10% than management's estimate as at 31 December 2025, the Company would recognise additional depreciation/amortisation of non-current tangible and intangible assets, charged to the income statement in the amount of EUR 5 530 thousand (2024: EUR 5 450 thousand).

(ii) Tax regulations

The tax payment rules and regulations have recently undergone significant changes and there are limited historical precedents and/or case-law with respect to the extensive and complex issues affecting the business environment. Given that many areas of Slovak tax law have not yet been sufficiently verified in practice, there is uncertainty as to their application by the tax authorities. The degree of such uncertainty cannot be quantified and will be eliminated once legal precedents or official interpretations by the relevant authorities are available.

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

5 Non-current tangible assets

Movements in non-current tangible assets from 1 January 2024 to 31 December 2025 are presented below:

	Land	Buildings	Machinery, equipment and other assets	Capital work in progress including advances	Total
As at 1 January 2024					
Acquisition cost	13 039	1 128 289	403 895	37 862	1 583 085
Accumulated depreciation and impairment allowances	-298	-600 031	-182 795	-	-783 124
Net book value	**12 741**	**528 258**	**221 100**	**37 862**	**799 961**
Year ended 31 December 2024					
Opening balance	12 741	528 258	221 100	37 862	799 961
Additions	532	23 768	16 773	40 731	81 804
Transfer from assets not yet in use	6	10 466	6 754	-17 226	-
Disposals	-30	-23 913	-169	-87	-24 199
Depreciation	-81	-28 953	-17 827	-	-46 861
Reversal of impairment allowances	-	28	-	-	28
Net book value at the end of the year	**13 168**	**509 654**	**226 631**	**61 280**	**810 733**
As at 31 December 2024					
Acquisition cost	13 546	1 135 266	422 310	61 280	1 632 402
Accumulated depreciation and impairment allowances	-378	-625 612	-195 679	-	-821 669
Net book value	**13 168**	**509 654**	**226 631**	**61 280**	**810 733**
Year ended 31 December 2025					
Opening balance	13 168	509 654	226 631	61 280	810 733
Additions	649	36 065	14 534	29 610	80 858
Transfer from assets not yet in use	88	22 784	19 950	-42 822	-
Disposals	-20	-90	-271	-105	-486
Depreciation	-104	-29 972	-19 457	-	-49 533
Reversal of impairment allowances	-	60	-	-	60
Net book value at the end of the year	**13 781**	**538 501**	**241 387**	**47 963**	**841 632**
As at 31 December 2025					
Acquisition cost	14 263	1 189 005	449 977	47 963	1 701 208
Accumulated depreciation and impairment allowances	-482	-650 504	-208 590	-	-859 576
Net book value	**13 781**	**538 501**	**241 387**	**47 963**	**841 632**

As at 31 December 2025, no non-current tangible assets were pledged in favour of a creditor. The Company has no contracts in respect of pledged assets and leases of non-current assets.

Created impairment allowances represent an impairment loss related to unused buildings. As at 31 December 2025, the impairment allowance for unused buildings amounted to EUR 592 thousand (31 December 2024: EUR 652 thousand).

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

The Company's right to dispose of non-current tangible assets is not restricted nor are its non-current tangible assets used to secure its liabilities.

Buildings, machines, equipment and other assets mainly include the distribution network, switching stations, transformers, administrative buildings, equipment, vehicles and machinery, hardware, servers, telephone exchanges, remote control equipment, electrometers, metering equipment, system failure detectors and electrical hand tools and machines.

Relocation of energy devices, assets obtained by withholding (transformer stations, power lines), assets obtained free of charge, and inventory surplus are initially recorded at fair value.

Overview of rights-of-use assets under IFRS 16 recognised under non-current tangible assets:

	Land	Buildings, halls, structures and networks	Machinery, equipment and other asses	Total
Balance as at 1 January 2024	**384**	**31 048**	**3 266**	**34 698**
Additions	53	3 322	2 231	**5 606**
Depreciation	-80	-731	-1 192	**-2 003**
Disposals	-4	-23 773	-96	**-23 873**
Balance as at 31 December 2024	**353**	**9 866**	**4 209**	**14 428**
Balance as at 1 January 2025	**353**	**9 866**	**4 209**	**14 428**
Additions	404	1 308	265	**1 977**
Depreciation	-103	-440	-1 219	**-1 762**
Disposals	-19	-4	-13	**-36**
Balance as at 31 December 2025	**635**	**10 730**	**3 242**	**14 607**

As at 31 December 2025, the Company leases 453 new vehicles up to 3.5 tons from a leasing company (2024: 452).

The framework contract with the leasing company is concluded for a period of 4 years after the expiry of which, upon fulfilment of the stipulated conditions specified in the contract, will be automatically changed for an indefinite period. The notice period of the lease is 12 months for the new vehicle rental service and 3 months for the fleet management.

Method and amount of insurance of tangible assets

Non-current tangible assets are insured up to EUR 1 388 552 thousand (2024: EUR 1 362 221 thousand) for natural hazards, vandalism and theft, and up to EUR 15 349 thousand (2024: EUR 14 617 thousand) due to machine fracture risk.

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

6 Non-current intangible assets

Movements in non-current intangible assets from 1 January 2024 to 31 December 2025 are presented below:

	Software	Other non-current intangible assets	Assets not yet in use including advances	Total
As at 1 January 2024				
Acquisition cost	41 233	439	1 755	43 427
Accumulated amortisation	-31 770	-66	-	-31 836
Net book value	**9 463**	**373**	**1 755**	**11 591**
Year ended 31 December 2024				
Opening balance	9 463	373	1 755	11 591
Additions	1 350	4	1 527	2 881
Transfer from assets not yet in use	338	5	-343	-
Disposals	-	-	-	-
Amortisation	-1 865	-13	-	-1 878
Net book value	**9 286**	**369**	**2 939**	**12 594**
As at 31 December 2024				
Acquisition cost	42 922	448	2 939	46 309
Accumulated amortisation	-33 636	-79	-	-33 715
Net book value	**9 286**	**369**	**2 939**	**12 594**
Year ended 31 December 2025				
Opening balance	9 286	369	2 939	12 594
Additions	1 390	-	3 850	5 240
Transfer from assets not yet in use	2 049	7	-2 056	-
Disposals	-	-	-	-
Amortisation	-2 199	-12	-	-2 211
Net book value	**10 526**	**364**	**4 733**	**15 623**
As at 31 December 2025				
Acquisition cost	43 841	452	4 733	49 026
Accumulated amortisation	-33 315	-88	-	-33 403
Net book value	**10 526**	**364**	**4 733**	**15 623**

Software primarily comprises customer information systems (SAP ISU/CRM), information systems for service administration (EAM), graphic information systems (GIS) and operating information systems (RIS).

Additions are mainly represented by upgrades of software (SAP, RIS, GIS).

The Company's right to dispose of non-current intangible assets is not restricted nor are its non-current intangible assets used to secure its liabilities.

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

7 Financial instruments by category

The analysis of the financial instruments by measurement categories under IFRS 9 is as follows:

	Balance as at 31 December	
	2025	**2024**
Assets as per Statement of Financial Position		
Trade and other receivables (before impairment allowance) (Note 8)	31 395	28 412
Receivables from the parent company (cash pooling)	20 208	26 307
Cash and cash equivalents (Note 9)	176	30 775
Total	**51 779**	**85 494**
Liabilities as per Statement of Financial Position		
Lease liabilities	13 907	13 707
Trade and other liabilities (Note 12)	65 228	75 282
Total	**79 135**	**88 989**

8 Trade and other receivables

	Balance as at 31 December	
	2025	**2024**
Current receivables and prepayments:		
Receivables within maturity	28 301	25 086
Individually impaired receivables	3 094	3 326
Trade receivables (before impairment allowance)	**31 395**	**28 412**
Less: Impairment allowance for receivables	-2 838	-2 837
Trade receivables, net	**28 557**	**25 575**
Other receivables and assets	2 021	8 881
Trade and other receivables	**30 578**	**34 456**

The structure of trade receivables within maturity is as follows:

	Balance as at 31 December	
	2025	**2024**
Very high voltage	387	314
High voltage	983	883
Low voltage	10	5
Aggregated invoices	24 482	22 574
Producers of EE (MPDS – levy to NNF)	56	74
TPS Compensation of purchase of green energy – OKTE	45	67
Other customers	2 338	1 169
Trade receivables within maturity	**28 301**	**25 086**

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

From the point of view of credit risk, the Company divides its trade receivables by the type of service into the following categories (receivables in the Group form a separate category):

	Balance as at 31 December	
	2025	**2024**
Electricity distribution outside the SSH Group	13 372	12 250
Unauthorized consumption of electricity	825	871
Other	2 593	1 168
Receivables within the SSH Group	14 605	14 123
Total	**31 395**	**28 412**

The structure of trade receivables by maturity is as follows:

	Balance as at 31 December	
	2025	**2024**
Receivables within maturity	28 301	25 086
Receivables overdue	3 094	3 326
Total	**31 395**	**28 412**

Impaired receivables relate to both large and small customers, who are facing the unexpectedly difficult economic situations.

It is expected that part of overdue receivables that are impaired will be repaid.

Ageing structure of receivables is as follows:

	Balance as at 31 December	
	2025	**2024**
1 to 30 days	175	394
31 to 90 days	62	104
91 to 180 days	58	22
181 to 360 days	41	24
Over 361 days	2 758	2 782
Total individually impaired receivables	**3 094**	**3 326**

Movements in impairment allowances for receivables are recognised in the Income statement in other operating expenses. They are presented in the following table:

	Balance as at 31 December	
	2025	**2024**
At the beginning of the year	2 837	2 868
Creation of impairment allowances for receivables	7	46
Use of impairment allowances for receivables	-6	-77
At the end of the year	**2 838**	**2 837**

Based on historical data and expected development, the credit risk for receivables in the SSE Holding Group and for the tariff for operating the system is considered by the Company to be insignificant.

For other categories of trade receivables, the Company creates an impairment allowance according to a matrix of impairment allowance, where the rates of impairment allowances are fixed depending on the number of days the trade receivable is overdue. The matrix was established on the basis of historical data including information on possible future developments for each category of receivables separately. In the event that there are specific situations in which the risk of an individual receivable increases significantly compared to the risk according to the matrix of adjustment items, the Company will create a specific impairment allowance for such a receivable in the amount according to the management's expert estimate.

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

The following tables present the creation of impairment allowances by individual categories of trade receivables:

Electricity distribution

31 December 2025	Impairment in %	Nominal value of receivable	Impairment allowance
Due	0.02%	11 348	2
1 to 30 days	5%	109	5
31 to 90 days	10%	6	1
91 to 180 days	15%	34	5
181 to 360 days	25%	7	2
Over 361 days	100%	194	194
Bankruptcy	100%	400	400
Specific	100%	1 274	1 274
Total		**13 372**	**1 884**

Unauthorised consumption

31 December 2025	Impairment in %	Nominal value of receivable	Impairment allowance
Due	30%	3	1
1 to 90 days	65%	60	39
91 to 180 days	80%	23	18
181 to 360 days	85%	80	68
Over 361 days	100%	611	611
Bankruptcy	100%	48	48
Total		**825**	**785**

Other

31 December 2025	Impairment in %	Nominal value of receivable	Impairment allowance
Due	0.10%	2 345	1
1 to 90 days	1%	63	1
91 to 180 days	20%	14	3
181 to 360 days	80%	27	22
Over 361 days	100%	87	87
Bankruptcy	100%	56	56
Specific	100%	-	-
Total		**2 593**	**170**

Electricity distribution

31 December 2024	Impairment in %	Nominal value of receivable	Impairment allowance
Due	0.02%	10 132	2
1 to 30 days	5%	231	12
31 to 90 days	10%	4	-
91 to 180 days	15%	3	1
181 to 360 days	25%	29	7
Over 361 days	100%	193	193
Bankruptcy	100%	384	384
Specific	100%	1 274	1 273
Total		**12 250**	**1 872**

Unauthorised consumption

31 December 2024	Impairment in %	Nominal value of receivable	Impairment allowance
Due	30%	23	7
1 to 90 days	65%	62	41
91 to 180 days	80%	43	35
181 to 360 days	85%	51	44
Over 361 days	100%	638	638
Bankruptcy	100%	54	54
Total		**871**	**818**

Other

31 December 2024	Impairment in %	Nominal value of receivable	Impairment allowance
Due	0.10%	809	1
1 to 90 days	1%	201	2
91 to 180 days	20%	14	3
181 to 360 days	80%	13	11
Over 361 days	100%	70	70
Bankruptcy	100%	60	60
Specific	100%	-	-
Total		**1 168**	**147**

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

9 Cash and cash equivalents

The Company has entered into a Service agreement on cash-pooling with its parent company, whereby available cash is managed by the parent company. These funds are available to the Company upon request.

As at 31 December 2025, the Company recognised a receivable in the amount of EUR 20 208 thousand (31 December 2024: EUR 26 307 thousand) from the parent company, Stredoslovenská energetika Holding, a.s. This receivable bears interest of 0.20% p.a. for credit balance and 0.40% p.a. for debit balance and is payable on demand.

	Balance as at 31 December	
	2025	**2024**
Bank accounts and cash on hand	176	275
Short-term bank deposits	-	30 500
Total	**176**	**30 775**

	Balance as at 31 December	
	2025	**2024**
Cash and balances in bank accounts with original commitment period within 3 months	176	30 775
Total	**176**	**30 775**

The carrying amount of cash and cash equivalents as at 31 December 2025 and as at 31 December 2024 approximates their fair value.

10 Equity

No changes occurred in the Company's share capital in 2024 or in 2025. The Company has no subscribed share capital that is not registered in the Commercial Register.

The Company's share capital comprises 15 058 shares (2024: 15 058 shares), at nominal value of EUR 33 194 per share (2024: EUR 33 194 per share). As at 31 December 2025, the entire share capital was issued and paid.

The Commercial Code requires the Company to create a legal reserve fund in the amount of 10% of its share capital at the time of incorporation of the Company. This amount must be increased annually by at least 10% from net profit, until the legal reserve fund reaches 20% of share capital. Use of this fund is restricted under the Commercial Code to cover losses of the Company, and it is not a distributable reserve. As at 31 December 2025, the legal reserve fund amounted to EUR 99 967 thousand (31 December 2024: EUR 99 967 thousand), and thus reached its full required limit.

As at the date of preparation of the financial statements, the Board of Directors of the Company did not submit a proposal for the distribution of the 2025 profit.

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

11 Contract liabilities

	Balance as at 31 December	
	2025	**2024**
Connection fees – long-term	49 562	45 193
Connection fees – short-term	1 736	1 494
Contractual liabilities	**51 298**	**46 687**

The Company should recognise revenues from fees from customers for connection to the distribution system and subsequent access to the provision of distribution services over the connection contract term. Since connection contracts are concluded for an indefinite period and in practice there is almost no loss of take-off points, it is not possible to reliably determine the duration of the contract. Therefore, the Company releases the connection fees into revenue during the average useful life of the assets related to the distribution of electricity.

Reported contract liabilities consist mainly of customers' fees for connection to the distribution network, and subsequent access to distribution services, while they are released into revenue of the current reporting period over the average lifetime of related electricity distribution assets. The Company estimates annual revenue from the release of contract liability as at 31 December 2025 in the amount of approximately EUR 1 736 thousand (31 December 2024: approximately EUR 1 494 thousand).

12 Non-current and current trade and other liabilities

	Balance as at 31 December	
	2025	**2024**
Current trade and other liabilities	48 005	60 762
Non-current lease liability	13 907	13 707
Current deferred income	926	890
Payables to employees	2 559	2 708
Social security	1 813	1 818
Accrued personnel expenses	5 634	5 863
Social fund	73	74
VAT liability	3 320	115
Other liabilities	2 898	3 052
Total	**79 135**	**88 989**

No liabilities are secured by a lien or other collateral.

The structure of liabilities by maturity is as follows:

	Balance as at 31 December	
	2025	**2024**
Liabilities within maturity	79 135	88 983
Liabilities overdue	-	6
Total	**79 135**	**88 989**

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

An overview of lease liabilities recognised within trade liabilities and other current liabilities and lease non-current liabilities is shown in the following table:

	Balance as at 31 December	
	2025	**2024**
Up to 1 year	1 649	1 454
1 – 5 years	3 609	3 769
More than 5 years	10 298	9 938
Total	**15 556**	**15 161**

An overview of lease transactions, recognised in the Statement of Cash Flows, is presented in the following table:

	Balance as at 31 December	
	2025	**2024**
Total lease payments	2 481	2 518
Total	**2 481**	**2 518**

Lease payments related to principal during the reporting period in the amount of EUR 1 545 thousand (2024: EUR 1 763 thousand) are recognised as cash flows from financial activities. Interest payments related to lease liabilities in the amount of EUR 936 thousand (2024: EUR 755 thousand) are recognised as cash flows from operating activities.

Carrying amounts of liabilities are denominated in the following currencies:

	Balance as at 31 December	
	2025	**2024**
EUR	79 104	88 964
CZK	31	25
Total	**79 135**	**88 989**

Social fund

The creation and use of the social fund during the reporting period are shown in the following table:

	Balance as at 31 December	
	2025	**2024**
Opening balance as at 1 January	74	48
Creation debited to expenses	532	576
Drawing	-533	-550
Closing balance as at 31 December	**73**	**74**

According to the Social Fund Act, the creation of the social fund is compulsory, debited to expenses, and a portion may be generated from profit. According to the Social Fund Act, the social fund is used for social, health, recreational and other needs of employees.

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

13 Bank loans

Bank loans

Reconciliation of bank loans and borrowings, and lease liabilities with cash flows from financing activities for the year ended 31 December 2025 and the immediately-preceding reporting period:

	Bank loans and borrowings	Lease liabilities	Total
Balance as at 1 January 2025	-	**15 161**	**15 161**
Changes in cash flows from financing activities			
Repayment of loans and borrowings	-	-	-
Lease payments	-	-1 545	**-1 545**
Interest paid – leases	-	-936	**-936**
Interest paid – loans and borrowings	-	-	-
Total changes in cash flows from financing activities	-	**-2 481**	**-2 481**
Other changes			
Interest expense	-	936	**936**
New lease contracts	-	1 976	**1 976**
Terminated lease contracts	-	-36	**-36**
Total other changes	-	**2 876**	**2 876**
Balance as at 31 December 2025	-	**15 556**	**15 556**

	Bank loans and borrowings	Lease liabilities	Total
Balance as at 1 January 2024	-	**35 190**	**35 190**
Changes in cash flows from financing activities			
Repayment of loans and borrowings	-	-	-
Lease payments	-	-1 763	**-1 763**
Interest paid – leases	-	-755	**-755**
Interest paid – loans and borrowings	-	-	-
Total changes in cash flows from financing activities	-	**-2 518**	**-2 518**
Other changes			
Interest expense	-	755	**755**
New lease contracts	-	5 606	**5 606**
Terminated lease contracts	-	-23 872	**-23 872**
Total other changes	-	**-17 511**	**-17 511**
Balance as at 31 December 2024	-	**15 161**	**15 161**

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

As at 31 December 2025, the Company, together with Stredoslovenská energetika Holding, a.s. and Stredoslovenská energetika, a. s., had opened a joint credit line with Slovenská sporiteľňa with a total limit of EUR 100 000 thousand (2024: EUR 100 000 thousand). The credit line is contracted until 30 June 2027. As at 31 December 2025, the Company did not draw the credit line (2024: EUR 0 thousand).

14 Deferred income tax

Deferred income tax is calculated from temporary differences using the balance sheet method.
The tax rate of 24% was used for the deferred tax calculation in 2025.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset a current asset and a current liability, and when deferred income tax relates to the same tax authority.

	Balance as at 31 December	
	2025	**2024**
Deferred tax asset:		
- Deferred tax asset to be settled after more than 12 months	6 226	6 075
- Deferred tax asset to be settled within 12 months	1 505	1 710
	7 731	**7 785**
Deferred tax liability:		
- Deferred tax liability to be settled after more than 12 months	-108 207	-106 766
- Deferred tax liability to be settled within 12 months	-386	-346
	-108 593	**-107 112**
Net deferred tax liability	**-100 862**	**-99 327**

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

Movements in deferred tax assets and liabilities during the year are as follows:

	Balance as at 1 January 2025	**(Debited)/ credited to (expenses)/ revenues**	**Charged to equity**	**Balance as at 31 December 2025**
Non-current assets	-95 268	85	-	-95 183
Lease (IFRS 16) – right of use	-3 463	-43	-	-3 506
Lease (IFRS 16) – lease liability	3 639	95	-	3 734
Relocation of a distribution facility	-8 381	-1 523	-	-9 904
Provisions for employee benefits and bonuses	3 089	68	-8	3 149
Provisions	229	-111	-	118
Receivables	565	-1	-	564
Expenses tax-deductible after payment	119	-38	-	81
Sunk investments	144	-59	-	85
	-99 327	**-1 527**	**-8**	**-100 862**

	Balance as at 1 January 2024	**(Debited)/ credited to (expenses)/ revenues**	**Charged to equity**	**Balance as at 31 December 2024**
Non-current assets	-83 450	-11 818	-	-95 268
Lease (IFRS 16) – right of use	-7 286	3 823	-	-3 463
Lease (IFRS 16) – lease liability	7 389	-3 750	-	3 639
Relocation of a distribution facility	-7 174	-1 207	-	-8 381
Provisions for employee benefits and bonuses	2 687	77	325	3 089
Provisions	1 268	-1 039	-	229
Receivables	768	-203	-	565
Expenses tax-deductible after payment	74	45	-	119
Sunk investments	177	-33	-	144
	-85 547	**-14 105**	**325**	**-99 327**

** Includes the difference between the carrying amount and the tax base of non-current tangible and intangible assets.*

As at 31 December 2025 and as at 31 December 2024, the Company did not have any temporary deductible differences for which no deferred income tax assets were recognised.

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

15 Provisions for liabilities

	Pensions and other long term employee benefits (a)	Termination benefits (b)	Other	Total
Balance as at 1 January 2025	9 150		102	9 252
Creation of provisions	970	-	107	1 077
Use of provisions	-326	-	-102	-428
Reversal of unused provision	-	-	-	-
Balance as at 31 December 2025	**9 794**	**-**	**107**	**9 901**

	Pensions and other long term employee benefits (a)	Termination benefits (b)	Other	Total
Balance as at 1 January 2024	8 069	228	237	8 534
Creation of provisions	1 934	-	102	2 036
Use of provisions	-853	-228	-237	-1 318
Reversal of unused provision	-	-	-	-
Balance as at 31 December 2024	**9 150**	**-**	**102**	**9 252**

Analysis of total provisions	**Balance as at 31 December 2025**	**2024**
Non-current	9 794	9 150
Current	107	102
Total	**9 901**	**9 252**

(a) Pension programs and other employee benefits

Pension programs with defined benefits, and other long-term employee benefits, are recognised as follows:

(i) Pension programs upon retirement

	Balance as at 31 December 2025	**2024**
Present value of unfunded retirement obligations	8 605	8 032
Liability as per Statement of Financial Position	**8 605**	**8 032**

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

Amounts recognised in the Statement of profit or loss are as follows:

	2025	2024
Current service cost	592	562
Interest expense	240	220
Total charge included in personnel expenses	**832**	**782**

Movements in the present value of pension program liabilities are as follows:

	Balance as at 31 December	
	2025	2024
Present value of unfunded retirement obligations at the beginning of the year	8 032	7 044
Current service cost	592	562
Interest expense	240	220
Paid out	-224	-709
Actuarial profit/loss	-35	915
Present value of unfunded retirement obligations at the end of the year	**8 605**	**8 032**

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

	Balance as at 31 December	
	2025	2024
Present value of unfunded liabilities	1 189	1 118
Liability as per Statement of Financial Position	**1 189**	**1 118**

Amounts recognised in the statement of profit or loss are as follows:

	2025	2024
Current service cost	133	120
Actuarial profit/loss	-38	59
Interest expense	74	58
Total charge included in personnel expenses	**169**	**237**

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

Movements in the present value of liabilities of the defined benefit pension program are as follows:

	Balance as at 31 December 2025	**2024**
Present value of unfunded liabilities at the beginning of the year	1 118	1 025
Current service cost	133	120
Interest expense	74	58
Paid out	-98	-144
Actuarial profit/loss	-38	59
Present value of unfunded liabilities at the end of the year	**1 189**	**1 118**

Basic actuarial assumptions in determining provisions for retirement are as follows:

	2025	**2024**
Number of employees as at 31 December	1 443	1 380
Employee fluctuation rate	2.04% p.a.	2.05% p.a.
Expected increase in salaries – long-term	3.00% p.a.	3.00% p.a.
Discount rate	0.00 – 4.33% p.a. (2026 – 2071)	0.00 – 3.66% p. a. (2025 – 2070)

If the actual discount rate differed by 1% from the estimated discount rate, the amount of pension provisions would be by EUR 795 thousand lower or by EUR 910 thousand higher (2024: by EUR 739 thousand lower or by EUR 841 thousand higher).

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

16 Revenue

Revenue from the sale of own outputs by individual segments comprises the following:

	Segment VHV		Segment HV		Segment LVE		Segment LVC				Total	
Voltage level	**VHV**		**HV**		**LVE**		**LVC**		**Other**			
	2025	**2024**	**2025**	**2024**	**2025**	**2024**	**2025**	**2024**	**2025**	**2024**	**2025**	**2024**
Revenues from the distribution and other fees	32 693	34 605	115 874	103 130	57 447	54 019	91 970	87 938	-	-	297 984	279 692
TPS revenues	-	-	-	-	-	-	-	-	1	13 397	1	13 397
SLA revenues	-	-	-	-	-	-	-	-	2 549	2 335	2 549	2 335
Other	-	-	-	-	-	-	-	-	2 751	1 288	2 751	1 288
Total	**32 693**	**34 605**	**115 874**	**103 130**	**57 447**	**54 019**	**91 970**	**87 938**	**5 301**	**17 020**	**303 285**	**296 712**

The Company divides sales by voltage levels as follows:

a) VHV (VVN) – very high voltage;
b) HV (VN) – high voltage;
c) LVE (NN-MOP) – low voltage, entrepreneurs;
d) LVC (NN-MOO) – low voltage, households.

Revenue from electricity distribution is regulated by ÚRSO, based on binding decisions which define distribution fees over a specified period, and for specific customer tariff categories.

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

Distribution fees are invoiced to electricity suppliers, based on consumption at the customers' offtake points, and to customers with separate distribution agreements.

The total amount of revenue was generated in the Slovak Republic.

17 Other operating income

An overview of other operating income from business activities is presented in the following table:

	2025	2024
Revenue from the use of assets	559	844
Rental income*	2 807	2 313
Release of deferred income	926	890
Insurance claims	1 005	881
Profit from the sale of assets	319	2 026
Compensation of distribution tariffs	-7	31 379
Other	9 193	4 184
Total	**14 802**	**42 517**

Compensation of distribution tariffs is a revenue related to the compensation of the end electricity price for end electricity customers for 2025 based on Regulation of the Government of the Slovak Republic No. 472/2023 Coll., establishing the amount of tariffs for end electricity customers and gas customers, as amended. Compensation of distribution tariffs primarily comprises compensation to cover electricity losses in the distribution network.

The Company also receives contributions from customers for connection to the electricity distribution network. Revenues in the form of such contributions are recognised as deferred income (recognised as contract liabilities, Note 11) and are released to income over the average useful life of the distribution network.

** The income from the optical fibre capacity and support points as at 31 December 2025 is in the amount of EUR 2 250 thousand (2024: EUR 1 832 thousand), and rental services in the amount of EUR 557 thousand (2024: EUR 481 thousand).*

18 Purchase of electricity, system and other related fees

The following items are included in purchase of electricity and system related charges:

	2025	2024
Variances settlement expenses	4 330	4 199
Supplies from SEPS	38 771	39 178
Purchase of electricity for distribution losses and related fee	50 873	67 197
Total	**93 974**	**110 574**

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

19 Other operating expenses

An overview of other operating expenses is as follows:

	2025	2024
Repairs and maintenance	8 148	3 788
IT services	5 366	4 948
Forest cutting	2 899	1 601
Security service	1 700	1 401
Rent	1 472	1 426
Insurance costs	1 256	1 196
Costs of advisory services	1 247	855
Fees and other taxes	1 004	728
Post and telecommunication costs	960	648
SLA services	897	835
Metering of consumed electricity for invoicing purposes	647	649
Waste disposal	541	498
Metrological services	253	246
Creation of impairment allowances for receivables	111	60
Servicing of electricity devices	58	69
Other operating expenses	5 669	5 753
Total	**32 228**	**24 701**

Costs of audit services were as follows:

Costs of audit services	2025	2024
Audit of the financial statements	83	69
Other assurance services	38	12
Total	**121**	**81**

20 Personnel expenses

	2025	2024
Wages and salaries	43 926	40 796
Other personnel expenses	3 773	3 231
Social and health insurance expenses – defined contribution plans	15 468	14 126
Pension and other long-term employee benefits	1 001	1 019
Total	**64 168**	**59 172**

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

21 Finance income, net

Finance income/(costs), net, comprise the following:

	2025	2024
Interest income on cash pooling	698	1 755
Received bank interest	301	2 152
Interest expense from borrowings	-936	-755
Other finance costs	-5	-35
Finance income, net	**58**	**3 117**

The following table summarises the lease transactions recognised in profit or loss:

	2025	2024
Interest expense	936	755
Short-term lease expenses	39	297
Low-value tangible assets lease expenses, except for short-term low-value tangible assets lease expenses	524	463
Total	**1 499**	**1 515**

22 Income tax

Reconciliation between theoretical and recorded income taxes is as follows:

	Year ended 31 December	
	2025	**2024**
Profit before tax	84 013	104 522
Theoretical income tax for current period as the rate of 24% (2024: 21%)	20 163	21 950
- Tax non-deductible income	198	-286
- Special levy on businesses in regulated industries, including effect on tax	2 446	3 335
- Change in the income tax rate	-	12 549
- Withholding tax on received interest (19%)	60	433
- Other	-16	234
	22 851	**38 215**

Income tax recognised		
Total income tax for the current period comprises:		
- Deferred tax expense	1 527	14 105
- Current tax for the current period from continuing operations	21 293	24 093
- Income tax related to prior periods	31	17
	22 851	**38 215**

The corporate income tax rate for 2025 is 24% (2024: 21%). As a result of the 2025 amendment, ie the Consolidation Package, the corporate income tax rate changed to 24% with effect from 1 January 2025 (if taxable revenues of more than EUR 5 000 000 are generated in the respective taxation period). The Company's effective income tax rate for 2025 is 27.20% (2024: 36.56%). An increase in the effective tax rate in 2024 was primarily caused by the recalculation of a deferred income tax due to a change in the corporate income tax rate from 21% to 24%.

The Company is part of the multinational EP Group (the "EP Group"), which is subject to the new rules for the minimum taxation of multinational groups of 15% from 2024, introduced under BEPS 2.0 Pillar 2 rules.

To put it simply, Pillar 2 rules stipulate that if the effective tax rate (calculated as the ratio of adjusted accounting result to adjusted corporate income tax in a given jurisdiction) falls below 15% in the jurisdictions where the EP Group operates, the EP Group will be obliged to pay a top-up tax to reach the minimum tax rate of 15%.

The relevant rules also provide for a transitional period during which the affected groups can avoid the complex calculation of the effective tax rate required under the new legislation. The Pillar 2 legislation introduces a transitional simplification measure known as the transitional safe harbour (TSH), which is valid for up to three years from the date the relevant regulation comes into effect. TSH replaces the complex calculation according to the Pillar 2 rules with simplified calculations based primarily on the data provided in the Country-by-Country Report and on three types of alternative tests. In each jurisdiction where the EP Group operates and at least one of the tests is met, the top-up tax is considered zero.

The Company, in cooperation with the EP Group Pillar 2 team, carried out an assessment of its potential liability for the Pillar 2 top-up tax for 2025. This assessment is based on the available preliminary financial data of the EP Group companies for 2025 and the data presented in the Country-by-Country Report for 2024.

Based on the assessment made, the Company should meet the TSH conditions.

The Company is obliged to pay a special levy in accordance with the Act on Special Levy on Businesses in Regulated Industries.

The base for the levy is profit or loss before tax recognised according to Slovak accounting standards for the period, multiplied by a coefficient. The coefficient for the special levy base is calculated as the ratio of income from the regulated activity to total income for the period, for which recognised profit or loss was used to calculate the special levy base. For 2025, the coefficient is 0.99 (2024: 0.98). For 2025, the rate of the levy is 0.00363 per calendar month, which amounts to 0.04356 (4.356%) for 12 months. The levy is calculated by multiplying the base by the rate. The levy is paid on a monthly basis and is subject to annual settlement.

23 Contingent assets and liabilities

Taxation

Many parts of Slovak tax legislation remain untested 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 as legislative precedents are set or when the official interpretations of the authorities are available.

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

24 Commitments

Capital commitments

Capital expenditures contracted as at the reporting date, but not recognised in the Statement of financial position, are as follows:

	Balance as at 31 December	
	2025	**2024**
Non-current tangible assets	26 416	16 116
Intangible assets	7 063	4 775
Total	**33 479**	**20 891**

25 Information on off-balance sheet accounts

Leased assets

By application of IFRS 16, lease contracts would be recognised in the Statement of financial position, as a part of non-current tangible assets.

26 Related party transactions

Related party transactions are recognised as follows:

Related parties

a) Parent company
Stredoslovenská energetika Holding, a.s.

b) Fellow subsidiaries
Stredoslovenská energetika, a. s.
Elektroenergetické montáže, s.r.o.
SSE – Metrológia, s.r.o.
Stredoslovenská energetika - Project Development, s.r.o.
SSE-Solar, s.r.o.
SSE-TelcoHub, s.r.o.
SSE - MVE, s.r.o.
Kinet, s.r.o.
PW geoenergy a. s.

c) Related parties through the parent company
Energotel, a.s.
SPX, s.r.o.

d) Entities controlled by the Government of the Slovak Republic
OKTE, a.s.
Slovenská elektrizačná prenosová sústava, a.s.
Slovenský plynárenský priemysel, a.s.
Východoslovenská energetika a.s.
ZSE Energia, a.s.
MH Teplárenský holding, a.s.
Other (municipalities, water management companies, state hospitals, etc.)

e) Entities controlled by the EP Investment S.a.r.l. Group, Group's joint ventures and associates and their branches
EP ENERGY TRADING, a.s., organizačná zložka
EP Commodities, a.s.
eustream, a.s.
SPP - distribúcia, a.s.
EP Investment Advisors, s.r.o.
NAFTA a.s.
Slovenské elektrárne, a.s.
Energetický a průmyslový holding, a.s.

f) Other related parties
Companies controlled by members of key management, or companies in which members of key management of the entity or its parent company and their family members have significant influence

Related party transactions are performed under standard market conditions.

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

Related party transactions are shown in the following table:

SSE Holding Group (a,b,c)	2025	2024
Sale of goods, services and merchandise	**171 404**	**164 270**
Stredoslovenská energetika, a.s.*	169 049	162 710
Stredoslovenská energetika Holding, a.s.	120	32
Elektroenergetické montáže, s.r.o	736	382
SSE-PD	104	61
SSE – Metrológia, spol. s r.o.	12	12
SSE - Solar, s.r.o.	166	40
PW geoenergy a. s.	13	18
SSE-TelcoHub, s.r.o.	456	-
SSE - MVE, s.r.o.	25	25
Kinet, s.r.o.	74	357
Energotel, a.s.	649	633
Sale of assets	**5**	**-**
Stredoslovenská energetika, a.s.	5	-
Finance income	**698**	**1 755**
Stredoslovenská energetika Holding, a.s.	698	1 755
Total revenue	**172 107**	**166 025**
Purchase of energy and other non-storable items	**54 011**	**70 811**
Stredoslovenská energetika, a. s.	54 004	70 811
Stredoslovenská energetika Holding, a.s.	7	-
Purchase of assets	**1 508**	**2 784**
Stredoslovenská energetika Holding, a.s.	-	-
Elektroenergetické montáže, a.s.	217	175
SSE-Metrológia, spol. s r.o.	599	395
Kinet, s.r.o.	673	2 003
SSE-TelcoHub, s.r.o.	-	211
Stredoslovenská energetika, a. s.	19	-
Purchase of services	**3 610**	**3 799**
Stredoslovenská energetika, a.s.	979	964
Stredoslovenská energetika Holding, a.s.	933	1 209
SSE-Metrológia, spol. s r.o.	141	181
Elektroenergetické montáže, a.s.	725	708
SSE-TelcoHub, s.r.o.	115	-
Kinet, s.r.o.	9	73
Energotel, a.s.	708	664
Other expenses	**33**	**23**
SPX, s. r. o., Žilina	33	23
Total purchases	**59 162**	**77 417**

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

Related parties through the state (d), through EP Investment (e) and other related parties (f)	**2025**	**2024**
Related parties through the state	50 743	123 205
Related parties through EP Investment	18 009	18 318
Other related parties	23	92
Total sales	**68 775**	**141 615**
Related parties through the state	42 014	41 386
Related parties through EP Investment	152	272
Other related parties	66	66
Total purchases	**42 232**	**41 724**

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

** The Company realises its revenues through its fellow subsidiary, Stredoslovenská energetika, a. s., which is not the final customer of the Company.*

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

The balances with related parties are shown in the following table:

SSE Holding Group (a,b,c)	**Balance as at 31 December**	
	2025	**2024**
Trade receivables:	**15 149**	**14 308**
Stredoslovenská energetika, a.s.	14 606	13 741
Stredoslovenská energetika Holding, a.s.	13	222
Elektroenergetické montáže, a. s.	74	22
SSE-PD	49	-
SSE - Solar, s.r.o.	15	-
SSE - MVE, s.r.o.	8	-
Kinet, s.r.o.	6	199
PW geoenergy a. s.	1	2
SSE-TelcoHub, s.r.o.	308	-
Energotel, a.s.	69	122
Other receivables within the Consolidated Group:	**20 208**	**26 307**
Stredoslovenská energetika Holding, a.s.	20 208	26 307
Total assets	**35 357**	**40 615**
Trade liabilities:	**7 606**	**12 895**
SSE-Metrológia, spol s r.o.	125	68
Stredoslovenská energetika, a.s.	5 170	9 171
Elektroenergetické montáže, a. s.	-	456
SSE-TelcoHub, s.r.o.	77	-
Kinet, s.r.o.	267	293
Energotel, a.s.	1 967	2 907
Total liabilities	**7 606**	**12 895**

Related parties through the state (d), through EP Investment (e) and other related parties (f)	**Balance as at 31 December**	
	2025	**2024**
Trade receivables		
Related parties through the state	5 089	11 713
Related parties through EP Investment	1 405	1 145
Total assets	**6 494**	**12 858**
Total liabilities		
Related parties through the state	3 895	14 074
Related parties through EP Investment	18	22
Total liabilities	**3 913**	**14 096**

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

Remuneration of statutory bodies and key management

The structure or remuneration received by the directors, key management and other members of statutory bodies of the Company is as follows:

Board of Directors and key management	2025	2024
Salaries and other short-term employee benefits	1 230	1 483
Other non-monetary compensations	48	36
Total	**1 278**	**1 519**

Supervisory Board	2025	2024
Salaries and other short-term employee benefits	114	114
Other non-monetary compensations	2	-
Total	**116**	**114**

27 Events after the reporting date

After 31 December 2025, there were no such events that would require the disclosure or recognition in the 2025 financial statements.