

**Východoslovenská energetika
Holding a.s.**

Independent Auditor's report
on the Financial Statements and Annual report
and
Annual report
2024

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.

Contents

1. Independent Auditor's report

Attachment:

The Financial Statements for the year ended 31 December 2024 in accordance with International Financial Reporting Standards as adopted by the European Union

2. Annual report



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

Independent Auditors' Report

To the Shareholder, Supervisory Board and Board of Directors of
Východoslovenská energetika Holding a.s.

Report on the Audit of the Financial Statements

Opinion

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

- the statement of financial position as at 31 December 2024;
- and, for the year then ended:
- the statement of profit or loss and other comprehensive income;
 - the statement of changes in equity;
 - the statement of cash flows;

and

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

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements of the Act No. 423/2015 Coll. on statutory audit and on amendments to Act No. 431/2002 Coll. on accounting as amended ("the Act on Statutory Audit") including the Code of Ethics for an Auditor that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Reporting on other information in the Annual Report

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

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

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

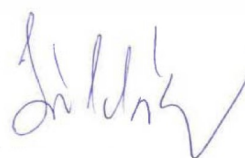
Based on the work undertaken in the course of the audit of the financial statements, in our opinion, in all material respects:

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

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

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




Responsible auditor:
Ing. Peter Žoldák
License UDVA No. 1061

Bratislava, 15 April 2025

Východoslovenská energetika Holding a.s.

**Financial Statements
for the year ended 31 December 2024**

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

Východoslovenská energetika Holding a.s.

Financial statements for the year ended 31 December 2024, prepared in accordance with International Financial Reporting Standards as adopted by the European Union were approved and authorized for issue on 11 April 2025 by the Board of Directors.



Ing. Tomáš Turek, Ph.D.
Chairman of the Board of Directors



Ing. Jana Palková, FCCA
Member of the Board of Directors

Index to the financial statements

Independent auditors' report to the Shareholders, Supervisory Board and Board of Directors of
Východoslovenská energetika Holding a.s.

Statement of Financial Position	3
Statement of Profit or Loss and Other Comprehensive Income.....	4
Statement of Changes in Equity	5
Statement of Cash Flows.....	6
1. General information	7
2. Summary of significant accounting policies	9
3. Financial risk management.....	27
4. Critical accounting estimates and judgments	32
5. Property, plant and equipment.....	33
6. Right of use assets and lease liabilities	34
7. Intangible assets	35
8. Subsidiaries, associates and joint ventures	36
9. Financial instruments by category	38
10. Other non-financial assets	39
11. Cash and cash equivalents.....	39
12. Equity	40
13. Trade and other payables	41
14. Borrowings	41
15. Other non-financial liabilities	42
16. Deferred income tax.....	43
17. Provisions.....	43
18. Employee benefit obligations.....	44
19. Revenues from contracts with customers	46
20. Profit from operations.....	47
21. Finance income and costs	48
22. Income tax expense	48
23. Cash generated from operations	49
24. Contingencies	49
25. Commitments and issued financial guarantees.....	50
26. Related party transactions and balances.....	50
27. Events after the reporting period	54

in EUR thousand	Note	As at 31 December	
		2024	2023
ASSETS			
Non-current assets			
Property, plant and equipment	5	4,434	5,094
Investment property	2.5	3,158	2,981
Right-of-use assets	6	1,195	1,318
Intangible assets	7	4,570	2,344
Investments in subsidiaries, associates and joint ventures	8	608	1,533
Deferred income tax asset	16	570	584
		14,535	13,854
Current assets			
Trade and other receivables	9	118,522	864,045
Receivables from cash-pooling	2.11	7,061	62,416
Cash and cash equivalents	9, 11	-	1,045
Income tax receivable		-	101
Other non-financial assets	10	299	291
		125,882	927,898
Total assets		140,417	941,752
EQUITY			
Share capital	12	33	111,618
Legal reserve fund	12	16,715	22,339
Other reserves	12	-	12,946
Retained earnings	12	(312)	633,211
Total equity		16,436	780,114
LIABILITIES			
Non-current liabilities			
Lease liabilities	6	873	986
Employee benefit obligations	18	815	1,425
Provisions	17	411	-
		2,099	2,411
Current liabilities			
Trade and other payables	9, 13	120,322	3,283
Liabilities from cash pooling	9	-	74,954
Lease liabilities	6	338	338
Borrowings	9, 14	-	79,563
Employee benefit obligations	18	80	84
Provisions	17	191	20
Corporate income tax payable		184	-
Other non-financial liabilities	15	767	985
		121,882	159,227
Total liabilities		123,981	161,638
Total equity and liabilities		140,417	941,752

in EUR thousand	Note	Year ended 31 December	
		2024	2023
Revenue from contracts with customers	19, 20	20,829	19,892
Own work capitalized	20	687	294
Raw materials and other consumed materials	20	(636)	(644)
Employee benefit expense	20	(10,615)	(12,645)
Services	20	(6,123)	(4,769)
Depreciation, amortization expense and impairment losses	2.5, 5, 6, 7, 20	(1,848)	(1,755)
Net gain / loss on sale of property, plant and equipment	5, 20	164	384
Net impairment losses on financial and contract assets	20	(948)	(7)
Dividend income	20	198	28,905
Gain on sale of subsidiaries	8	-	229,963
Other operating income	20	249	124
Other operating expenses	20	(548)	(254)
Profit from operations		1,409	259,488
Financial income / (costs)			
Interest income	21	1,398	2,574
Interest costs	21	(3,208)	(3,560)
Net finance income / (costs)		(1,810)	(986)
Profit before income tax		(401)	258,502
Income tax expense	22	(91)	48
Profit for the year		(492)	258,550
Other comprehensive income not subsequently reclassified through profit or loss			
Re-measurements of post-employment benefit obligation	18	236	(216)
Income tax		(56)	-
Total comprehensive income for the year		(312)	258,334

in EUR thousand	Share capital	Legal reserve fund	Other reserves	Retained earnings	Total equity
Balance at 1 January 2023	111,618	22,339	12,946	395,877	542,780
Dividends paid (Note 12, 26)	-	-	-	(21,000)	(21,000)
Total transactions with owners, recognized directly in equity	-	-	-	(21,000)	(21,000)
Profit for the year	-	-	-	258,550	258,550
Other comprehensive income for the year	-	-	-	(216)	(216)
Total comprehensive income for the year	-	-	-	258,334	258,334
Balance at 31 December 2023	111,618	22,339	12,946	633,211	780,114
Balance at 1 January 2024	111,618	22,339	12,946	633,211	780,114
Dividends paid (Note 12, 26)	-	-	-	(28,587)	(28,587)
Decrease in Retained earnings	-	-	-	(604,624)	(604,624)
Decrease in Other reserves	-	-	(12,946)	-	(12,946)
Decrease in Legal reserve fund	-	(5,624)	-	-	(5,624)
Decrease in Share capital	(111,585)	-	-	-	(111,585)
Total transactions with owners, recognized directly in equity	(111,585)	(5,624)	(12,946)	(633,211)	(763,366)
Profit for the year	-	-	-	(492)	(492)
Other comprehensive income for the year	-	-	-	180	180
Total comprehensive income for the year	-	-	-	(312)	(312)
Balance at 31 December 2024	33	16,715	-	(312)	16,436

in EUR thousand	Note	Year ended 31 December	
		2024	2023
Cash flows from operating activities			
Cash generated from operations	23	5,443	2,504
Interest paid w/o interest from lease liability	21	(3,195)	(3,529)
Interest paid from lease liability	6, 21	(38)	(12)
Interest received	21	1,398	2,574
Income tax paid (-) / received (+)		151	(624)
Payments for short-term and low-value leases		(76)	(94)
Net cash from operating activities		3,683	819
Cash flows from investing activities			
Purchase of property, plant and equipment (PPE) and intangible assets	5, 7	(3,226)	(1,239)
Net transfer to receivables from cash-pooling	2.11, 9	(19,620)	(28,664)
Proceeds from sale of PPE		164	384
Dividends received	26	198	28,905
Net cash used in investing activities		(22,484)	(614)
Cash flows from financing activities			
Received / (paid) bank overdraft	9, 14	46,730	(48,351)
Net transfer to payable from cash-pooling	2.11, 9	-	69,321
Principal elements of lease payments	6	(387)	(283)
Other borrowings	9	-	-
Dividends paid to shareholders	12, 26	(28,587)	(21,000)
Net cash from (used in) financing activities		17,756	(313)
Net increase/(decrease) in cash, cash equivalents and bank overdrafts		(1,045)	(108)
Cash, cash equivalents at the beginning of the year	9, 11	1,045	1,153
Cash, cash equivalents at the end of the year	9, 11	-	1,045

1. General information

These financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union for the year ended 31 December 2024 for Východoslovenská energetika Holding a.s. (hereinafter “The Company” or “VSE H”).

The Company was incorporated and is domiciled in the Slovak Republic. The Company is a joint stock company limited by shares and was set up in accordance with Slovak legislation in its current legal form on 17 December 2001. The Company was incorporated in the Commercial Register of the Municipal Court Košice on 21 December 2001.

Principal activity

The Company provides supporting services for its subsidiaries and other related parties as follows:

- Finance and taxes, accounting, controlling and risk controlling
- Purchase, logistics, fleet and facility management
- Human resources, business advisory, internal audit, security management and translations
- Communication,
- IT management and telecommunication management
- Billing
- Receivables management
- Rental of non-residential premises
- Implementation of software solutions.

Registered address and place of business.

The Company's registered address is Mlynská 31, 042 91 Košice, Slovak Republic. Its identification number (IČO) is: 36 211 222 and its tax identification number (IČ DPH) is: SK2020062319.

Principal subsidiaries and ownership structure

The Company's principal subsidiaries are as follows: VSE call centrum, s. r. o. (hereinafter “VSE CC”) which provides computer data processing services, VSE Ekoenergia, s.r.o. (hereinafter “VSE EE”) which outsources electricity network operations and maintenance, Nadácia VSE, established for public interest purposed. All of the subsidiaries are incorporated in the Slovak Republic and are wholly owned by the Company.

Till 23 November 2023 the Company owned Východoslovenská distribučná, a.s. (hereinafter “VSD”), which operates electricity distribution network in Eastern Slovakia, Východoslovenská energetika a.s. (hereinafter “VSE”) which supplies electricity and gas to its retail and wholesale customers.

General Assembly of the Company dated August 28, 2023 approved the transfer and deposit of VSE H shares into the share capital of ZSE and on November 23, 2023 it became effective, and thus ZSE became the sole shareholder of VSE H.

General Assembly of VSD and VSE dated September 19, 2023 approved the transfer and deposit of shares of VSD and VSE to ZSE. This transfer and deposit of shares took effect on November 24, 2023, and from that date the sole shareholder of VSD and VSE is ZSE. Based on this transfer, VSEH had a receivable in the amount of EUR 861,046 thousand.

On 21 August 2024, ZSE, as the sole shareholder, decided to pay out Retained earnings of EUR 604,624 thousand and to pay out Other reserves of EUR 12,946 thousand. It further decided to reduce the share capital of VSEH by EUR 111,585 thousand and to reduce the reserve fund by EUR 5,625. The whole ZSE's claim would be offset against the receivable that arose from the aforementioned sale of VSD and VSE.

The Company is included as a subsidiary in the consolidated financial statements of Západoslovenská energetika, a.s., Čulenova 6, 816 47 Bratislava. The consolidated financial statements are available directly at the seat of the Company.

By 22 November 2023 The Company was included in the consolidated financial statements of E.ON SE, Brüsseler Platz 1, 45131 Essen, Germany, which was the ultimate controlling party. The consolidated financial statements are available directly at the seat of the Company.

The Company's shareholders as at 31 December 2024 were as follows:

	Interest in share capital	
	in EUR thousand	%
Západoslovenská energetika, a.s.	33	100
Total	33	100

The Company's shareholders as at 31 December 2023 were as follows:

	Interest in share capital	
	in EUR thousand	%
Západoslovenská energetika, a.s.	111,618	100
Total	111,618	100

Statutory bodies of the Company

List of members of the Company's Board of Directors and of the supervisory board is publicly available from the Commercial Register operated by the Ministry of Justice of the Slovak Republic at www.orsr.sk.

The General Meeting of the Company decide within the competencies provided by the shareholders' agreement and articles of association of the respective company. The General Meeting of the Company decides by unanimous consent of all shareholders. The General Meeting of the Company elects the members of the Board of Directors of the Company.

The Board of Directors of the company manage the operations of the respective company and decide on all matters unless these are assigned to competencies of the General Meeting or the Supervisory Board by the shareholders' agreement and articles of association. The Board of Directors of the Company consist of three members. The chairman and one member of the Board of Directors are nominated by E.ON and the Ministry of Economy of SR nominates a vice-chairman.

The Supervisory Board is the supreme controlling body of the Company. The Supervisory Board supervise the activities of the Board of Directors of the respective company and its business activities. The Supervisory Board of the Company consist of nine members. The vice-chairman of the Supervisory Board is nominated by E.ON. Ministry of Economy of SR is represented by the chairman and four members. The employees are represented by three members.

On 23 November 2023, the new Shareholder's Agreement of the new ZSE Group and the related Articles of Association entered into force.

The Company employed 226 staff on average during 2024 (2023: 297). As at 31 December 2024, the company employed 206 employees (as at 31 December 2023: 293 employees).

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

The General Meeting held on 24 June 2024 approved the financial statements for 2023.

2. Summary of 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 the years presented, unless otherwise stated.

2.1. Basis for preparation

The Act on Accounting of the Slovak Republic no. 431/2002 as amended requires certain companies to prepare financial statements for the year ended 31 December 2024 in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union (“EU”).

The financial statements for the year ended 31 December 2024 have been prepared as ordinary financial statements under § 17 Sec. 6 Act of NR SR No. 431/2002 Coll. As amended (“Accounting Act”) for the accounting period from 1 January 2024 to 31 December 2024.

These financial statements have been prepared in accordance with IFRS. The Company applies all IFRS and interpretations issued by International Accounting Standards Board (hereinafter “IASB”), as adopted by the European Union, which were in force as of 31 December 2024. Consolidated financial statements of the group Západoslovenská energetika, a.s. are available at seat of the Company, stated in Note 1.

For purposes of preparation of these financial statements according to IFRS, the management of the Company defines critical assumptions and estimates, which have an influence on recognized amounts of assets and liabilities in the balance sheet and on expenses and revenues recognized in the profit or loss. At the application of accounting policies of the Company, the management makes certain critical judgments. The areas, which require a more complex decision-making process and areas, where the critical assumptions and estimates are material to these financial statements, are presented in Note 4.

The financial statements have been prepared under the historical cost convention, except for issued financial guarantees (Note 25).

The financial statements have been prepared on accrual basis and under the going concern assumption. The transactions are recognized in the financial statements in the period to which they relate.

The Board of Directors may propose to the Company’s shareholders to amend the financial statements after their approval by the General Shareholders Meeting. However, § 16, points 9 to 11 of the Accounting Act prohibit reopening an entity’s accounting records after the financial statements were prepared and approved. If, after the financial statements were approved, management identifies that comparative information would not be consistent with the current period information, the Accounting Act allows entities to restate comparative information in the accounting period, in which the relevant facts are identified.

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

Amendments to IAS 1 Presentation of Financial Statements Classification of Liabilities as Current or Non-current (Effective for annual periods beginning on or after 1 January 2024). The amendments clarify that the classification of liabilities as current or non-current shall be based solely on the Company’s right to defer settlement at the end of the reporting period. The Company’s right to defer settlement for at least 12 months from the reporting date need not be unconditional but must have substance. The classification is not affected by management’s intentions or expectations about whether and when the Company will exercise its right. The amendments also clarify the situations that are considered settlement of a liability. The Company applied the amendments from 1 January 2024.

Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (Effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively.) Amendments to IFRS 16 Leases impact how a seller-lessee accounts for variable lease payments in a sale-and-leaseback transaction. The amendments introduce a new accounting model for variable payments and will require seller-lessees to reassess and potentially restate sale-and-leaseback transactions entered into since 2019.

The amendments confirm the following:

- on initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction;
- after initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognises no gain or loss relating to the right of use it retains.

A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement.

These amendments do not change the accounting for leases other than those arising in a sale and leaseback transaction.

The Company assessed the impact of the amendments on its financial statements as not material because it neither did recognize any sale-and-leaseback transactions in a past (since 2019) nor recognizes them at present. When this kind of lease transaction will occur in a future, the Company will account for it according to these amendments of IFRS 16.

Amendments to IAS 1 Presentation of Financial Statements: Non-Current Liabilities with Covenants (Effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively.) Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments, as issued in 2020, has removed the requirement for a right to be unconditional and instead requires that a right to defer settlement must exist at the reporting date and have substance (the classification of liabilities is unaffected by management's intentions or expectations about whether the company will exercise its right to defer settlement or will choose to settle early).

The amendments, as issued in 2022, further clarify that when the right to defer settlement is subject to a company complying with conditions (covenants) specified in a loan arrangement, only covenants with which the company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date do not affect a liability's classification at that date. However, the amendments require companies to disclose information about these future covenants to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date. The amendments also clarify how a company classifies a liability that can be settled in its own shares (e.g. convertible debt). The Company applied the amendments from 1 January 2024.

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (Effective for annual periods beginning on or after 1 January 2024. Disclosure of comparative information for any reporting periods presented before, and information as at the beginning of, the annual reporting period in which the entity first applies those amendments is not required. Also, an entity is not required to disclose the information otherwise required by the amendments for any interim period presented within the annual reporting period in which the entity first applies those amendments.) The amendments introduce additional disclosure requirements for a company to provide information about its supplier finance arrangements that would enable users (investors) to assess the effects of these arrangements on the company's liabilities and cash flows, and the company's exposure to liquidity risk. The amendments apply to supplier finance arrangements (also referred to as supply chain finance, payables finance or reverse factoring arrangements) that have all of the following characteristics:

- a finance provider (also referred to as the factor) pays amounts a company (the buyer) owes its suppliers;

- a company agrees to pay under the terms and conditions of the arrangements on the same date or at a later date than its suppliers are paid;
- the company is provided with extended payment terms or suppliers benefit from early payment terms, compared with the related invoice payment due date.

However, the amendments do not apply to arrangements for financing receivables or inventory. The Company applied the amendments from 1 January 2024.

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

IAS 21 was amended to clarify:

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

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

The impact of the amendments on the financial statements is not material.

b) *New or amended Standards and Interpretations that are effective for annual periods beginning after 1 January 2025.*

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

A more structured statement of profit or loss

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

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

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

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

MPMs – Disclosed and subject to audit

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

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

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

Greater disaggregation of information

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

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

Other changes applicable to the primary financial statements

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

Transition

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

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

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

IFRS 19 Subsidiaries without Public Accountability: Disclosures (Effective for annual reporting periods beginning on or after 1 January 2027. Earlier application is permitted.) This new standard works alongside other IFRS Accounting Standards. An eligible subsidiary applies the requirements in other IFRS Accounting Standards except for the disclosure requirements and instead applies the reduced disclosure requirements in IFRS 19. IFRS 19's reduced disclosure requirements balance the information needs of the users of eligible subsidiaries' financial statements with cost savings for preparers. IFRS 19 is a voluntary standard for eligible subsidiaries.

A subsidiary is eligible if:

- it does not have public accountability; and
- it has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.

A subsidiary applying IFRS 19 is required to clearly state in its explicit and unreserved statement of compliance with IFRS Accounting Standards that IFRS 19 has been adopted. The Company is currently assessing the impact of the standard on its financial statements.

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

Settlement of liabilities through electronic payment systems

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

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

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

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

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

Classification of financial assets with ESG-linked features

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

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

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

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

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

Contractually linked instruments (CLIs) and non-recourse features

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

Disclosures on investments in equity instruments

The amendments require additional disclosures for investments in equity instruments that are measured at fair value with gains or losses presented in other comprehensive income (FVOCI). The Company is currently assessing the impact of the amendments on its financial statements.

Annual Improvements to IFRS Accounting Standards — Volume 11 (Effective for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted.) Annual improvements are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversights or conflicts between the requirements in the Accounting Standards. The 2024 amendments are to the following standards:

- IFRS 1 First-time Adoption of International Financial Reporting Standards;

- IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7;
- IFRS 9 Financial Instruments;
- IFRS 10 Consolidated Financial Statements; and
- IAS 7 Statement of Cash Flows.

The amendments to IFRS 9 address:

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

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

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

Amendments IFRS 9 and IFRS 7 Financial Instruments: Contracts Referencing Nature-dependent Electricity (Effective for annual reporting periods beginning on or after 1 January 2026 and shall be applied retrospectively. Earlier application is permitted.)

Amendments to IFRS 9 Financial Instruments

- the own-use requirements in IFRS 9 are 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 source of production of the electricity is nature-dependent; and
- the hedge accounting requirements in IFRS 9 are 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.

Amendments to IFRS 7 Financial Instruments: Disclosures and IFRS 19 Subsidiaries without Public Accountability: Disclosures

The IASB amends IFRS 7 and IFRS 19 to introduce disclosure requirements about contracts for nature-dependent electricity with specified characteristics.

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

Amendments to IFRS 10 and IAS 28: Sale or contribution of assets between an investor and its associate or joint venture (Effective date deferred indefinitely. Available for optional adoption in full IFRS financial statements. The European Commission decided to defer the endorsement indefinitely, it is unlikely that it will be endorsed by the EU in the foreseeable future).

The Amendments 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, such that:

- a full gain or loss is recognised when a transaction between an investor and its associate or joint venture involves the transfer of an asset or assets which constitute a business (whether it is housed in a subsidiary or not), while
- a partial gain or loss is recognised when a transaction between an investor and its associate or joint venture involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

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

2.2. Subsidiaries, associates and joint arrangements

The company applies the original price method in case of companies combinations with joint control, which has no economic substance and is only a reorganization of the internal structure of the group

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Company has control. The Company controls an entity when (i) has the power to govern those of their relevant activities that significantly affect their revenues, (ii) has the right, or rights, to participate in the variable returns from its involvement in those entities, and (iii) has the ability to exercise its power above those entities in order to affect the amount of the investor's income. In assessing whether the Company controls another entity, the existence and effect of substantive voting rights, including substantive potential voting rights, are considered. For a right to be substantive, the holder must have a practical ability to exercise that right when decisions about the direction of the relevant activities of the investee need to be made. The Company may have power over an investee even when it holds less than the majority of the voting power in an investee. In such a case, the Group assesses the size of its voting rights relative to the size and dispersion of holdings of the other vote holders to determine if it has de-facto power over the investee. Protection rights of other investors, e.g. those that relate to significant changes in the entity's operations or that apply only in exceptional circumstances do not prevent the Company from exercising a controlling influence in that entity.

Investments in subsidiaries are carried at cost in these financial statements according to IAS 27. Impairment losses are recognized using respective allowance accounts. The cost is expressed in terms of the value of cash or cash equivalents paid or the fair value of the assets and liabilities invested in acquiring subsidiaries at the time of their acquisition. Any decrease in their value is expressed through a provision. Provisions are made using the present value method of estimated future cash flows.

Associates and joint ventures

Associates are all entities over which the Company has significant influence, but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Jointly controlled entities ("joint ventures") are those in which the Company shares control of the operations with its joint venture partners.

Investments in associates and joint ventures are carried at acquisition cost in these financial statements according to IAS 27. The acquisition cost is expressed in terms of the value of cash or cash equivalents paid or the fair value of the assets and liabilities invested in acquiring associates and joint ventures at the time of their acquisition. Any decrease in their value is expressed through an allowance. Allowances are made using the present value method of estimated future cash flows.

Disposals of subsidiaries, associates or joint ventures

Gains and losses on disposals of subsidiary are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss for the year within gain on sale of subsidiaries.

2.3. Foreign currency translation

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). Company's functional and presentation currency is Euro ("EUR") and these financial statements are presented in thousands of EUR.

Transactions and balances

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

2.4. Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation less accumulated impairment loss.

Historical cost includes expenditure that is directly attributable to the acquisition. Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial time to get ready for the intended use or sale (qualifying assets) are capitalised as part of the costs of those assets if this capitalisation commenced on 1 January 2009 or later. The commencement date for capitalisation is when (a) the Company incurs expenditures for the qualifying asset; (b) it incurs borrowing costs; and (c) it undertakes activities that are necessary to prepare the asset for its intended use or sale. Capitalisation of borrowing costs continues up to the date when the assets are substantially ready for their use or sale.

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

The depreciation of property, plant and equipment begins in the month when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Property, plant and equipment is depreciated in line with the approved depreciation plan using the straight-line method. Monthly depreciation charge is stated as the difference between acquisition costs and residual value, divided by estimated useful life. The residual value of an asset is estimated amount that an entity would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life. The residual value is equal to zero or to value at the disposal if the Company expect a particular tangible asset to be used throughout its entire useful life. The residual values in the moment of disposal and estimated useful life of non-current asset are subject to reassessment at each end of the reporting period and adjusted, if necessary.

The estimated useful lives of individual groups of assets are as follows:

Buildings and infrastructure

Other residential buildings (small building units)	50 years
Administrative buildings	25 - 40 years
Garage buildings	30 years
Infrastructure	25 - 50 years

Machinery and equipment

Containers	8 years
Air conditioning units	8 years
Vehicles	5 - 10 years
Office equipment	3 - 12 years
Safe deposits	25 years

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

Land and assets under construction are not depreciated.

The most significant items of property, plant and equipment are buildings and infrastructure.

Gains and losses from disposal are determined as the difference between proceeds from disposal and the asset's carrying amount and are recognized in profit or loss of sold property, plant and equipment. In case of disposals of assets without their sale, net book value of disposed items is recognised in profit or loss within Depreciation, amortization expense and impairment losses.

2.5. Investment property

Investment property is property held by the Company to earn rental income or for capital appreciation, or both and which is not occupied by the Company. Investment property includes assets under construction for future use as investment property.

Investment properties are stated at cost less accumulated depreciation and provision for impairment, where required. If any indication exists that investment properties may be impaired, the Company estimates the recoverable amount as the higher of value in use and fair value less costs to sell. The carrying amount of an investment property is written down to its recoverable amount through a charge to profit or loss for the year. An impairment loss recognised in prior years is reversed if there has been a subsequent change in the estimates used to determine the asset's recoverable amount.

Subsequent expenditure is capitalised only when it is probable that future economic benefits associated with the item will flow to the Company, and the cost can be measured reliably. All other repairs and maintenance costs are expensed when incurred. If an investment property becomes owner-occupied, it is reclassified to property, plant and equipment.

Earned rental income is recorded in profit or loss for the year. Gains or losses on disposal of investment property are calculated as proceeds less carrying amount.

Investment property as of 31 December 2024 and 31 December 2023 represent an administrative building that was completed and put into use in 2020. The net book value of the building as of 31 December 2024 was of EUR 4,773 thousand (31 December 2023: EUR 5,019 thousand). Investment property is considered 66% (2023: 60 %) of the value of the building, which is used by the VSE, which corresponds to a net book value of EUR 3,158 thousand in 2024 (2023: EUR 2,981 thousand). The Company may decide to change the use of the building in its ownership and its individual parts at its own discretion.

in EUR thousand	2024	2023
At 1 January		
Cost	3,326	3,326
Accumulated depreciation	(345)	(230)
Net book value	2,981	3,096
Additions	-	-
Reassessment of % of investment property utilisation	306	-
Disposals	-	-
Depreciation	(129)	(115)
Closing net book value	3,158	2,981
At 31 December		
Cost	3,833	3,326
Accumulated depreciation	(675)	(345)
Net book value	3,158	2,981

2.6. Intangible assets

Intangible assets are stated at historical cost less accumulated amortization and accumulated impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of the items including costs needed to bring the intangible assets to a condition so that the intangible assets can be used as intended by management.

The amortization of an intangible asset begins in the month when the intangible asset is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Intangible assets are amortized in line with the approved amortization plan. Intangible assets are amortized using the straight-line method. Monthly amortization charge is stated as the difference between acquisition costs and residual value, divided by the estimated useful life of the intangible assets. The residual value of intangible assets is assumed to be zero, unless (a) there is a commitment by a third party to purchase the asset at the end of its useful life, or (b) there is an active market for the asset and residual value can be determined by the reference to that market, and it is probable that such a market will exist at the end of the asset's useful life.

The Company does not have intangible assets with indefinite useful lives. The Company does not have any internally generated intangible assets.

Costs associated with maintaining computer software programs are recognized as an expense as incurred.

Subsequent expenditures, which enhance or extend the performance of computer software programs beyond their original specifications and meets criteria for recognizing it as an intangible asset according to IAS 38, is recognized as a capital improvement and added to the original cost of the software.

The estimated useful lives of individual groups of intangible assets are as follows:

Licences	6 years
Other intangible assets	3 years

2.7. Impairment of non-financial assets

At each reporting date the Company reviews the carrying amounts of its non-financial assets (other than inventory and deferred tax assets) to determine whether there are any events or changes in circumstances that may indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are individually identifiable cash flows (cash-generating units). Non-financial assets that were impaired are reviewed for possible reversal of the impairment at each end of the reporting period.

2.8. Financial assets

Classification

The Company classifies its financial assets except for investments in subsidiaries, associates and joint ventures (see Note 2.2) in only one measurement category - those to be measured at amortised cost. The Company has no financial assets to be measured subsequently at fair value either through other comprehensive income or through profit or loss as defined in IFRS 9.

The classification depends on the purpose for which these financial assets were acquired and on the intention of management of the Company on further use. Management determines the classification of its financial assets at initial recognition.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date, the date on which the Company commits to purchase or sell the asset. A financial asset is derecognised if the contractual rights to cash inflows from the asset expire or if the financial asset is transferred. The latter is the case if all substantial risks and rewards of ownership of the asset are transferred or if control over the asset is lost.

Measurement

At initial recognition, the Company measures a financial asset (other than trade receivables without a significant financing component) at its fair value plus, transaction costs that are directly attributable to the acquisition of the financial asset.

Subsequent measurement of financial assets depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses.

Trade receivables are amounts due from customers for services performed in the ordinary course of business. Trade receivables are recognised initially at their transaction price, unless they contain significant financing components, when they are recognised at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. They are generally due for settlement within 30 days and therefore are all classified as current.

Contract asset represent the Company's claims relating to when the Company has provided performance to a customer and when that claim is dependent on something other than the expiration of time (for example, further performance by the Company).

Impairment

The Company assesses on a forward-looking basis the expected credit losses associated with its financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Further details on impairment considerations are in the Note 3.1.

The Company implemented a new model for estimation of expected credit loss for trade receivables. To satisfy requirements of the new standard, a history of unpaid receivables was gathered, and a provision matrix was created based on customer segment and expected credit loss based on history of defaulting receivables over a period of 24 months. IFRS 9 also requires applying forward looking information to estimate expected credit loss reliably. The provision matrix adjustment mechanism was implemented to satisfy this requirement.

Impairment of trade receivables is recognized on the account of allowance for receivables. Set-up and release of the allowance is recognized in the profit or loss within "Net impairment losses from financial assets". Trade receivables that cannot be collected are written off against the allowance account for trade receivables or they are recognized in the profit or loss also within "Net impairment losses from financial assets".

Trade receivables that were written off and subsequently paid by the debtors are recognized in the profit or loss within "Net impairment losses from financial assets".

2.9. Leases

Leases are presented as right-of-use assets and corresponding lease liabilities initially at the commencement date of the lease, which is the date when leased assets are available for use by the Company. Right-of-use assets are presented on a separate line in the SOFP.

The Company leases mainly various offices and technological buildings and devices. Rental contracts are typically made for indefinite period. Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

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

- fixed payments (including in-substance fixed payments) for non-cancellable period of leases;
- lease payments to be made based on determined lease term (the Company has lease arrangements where more than insignificant economic penalty is present).

There are no significant lease incentives provided by lessors, variable lease payments, residual value guarantees provided by the Company, purchase options, or contractual penalties for terminating leases.

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

To determine the incremental borrowing rate, the Company used recent received third-party financing provided to companies within ZSE group (2023: VSEH) as a starting point, adjusted to reflect changes in financing conditions since third party financing was received. The weighted average incremental borrowing rate in the ZSE applied to the lease liabilities on 31 December 2024 was 4.02% (on 31 December 2023: 3.39%).

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Lease liabilities are subsequently measured at amortized cost using effective interest rate. Carrying amount of lease liability is subsequently remeasured in order to reflect any reassessment or modification of the lease or changes in in-substance fixed payments.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability. There are no significant lease payments made at or before the commencement date, received lease incentives, initial direct costs or restoration costs.

Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Carrying amount of right-of-use assets is also adjusted by accumulated impairment allowance and by any revaluation of lease liability resulting from modification of lease contracts.

Depreciation of right-of-use-assets

In case of fixed-term leases with the possibility of exercising the option to extend / terminate the lease, the Company assesses the probability of exercising these options. The assessment shall consider all relevant facts, such as:

- the duration of the contractual relationship with the customer concerning the lease of the right-of-use assets,
- whether the lease is at or below market prices.

In case of leases for an indefinite period, the lease term is derived from the expected useful life of the leased asset, and the Company has considered all relevant facts when estimating the expected useful life of the leased asset. In leases for an indefinite period, the Group applies the following estimates of the expected useful life of advertising equipment:

ROU Asset	Lease term (in years)
Administrative premises	5
Cars	5

Payments associated with short-term leases of equipment and all leases of low-value assets (which are assets with individual value of EUR 5,000 or less when new). are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise equipment and small items of office furniture.

The Company does not have any non-cancellable lease arrangements, which would not be effective yet as of the balance sheet date.

Lease arrangements where the Company is lessor

The company did not need to make any adjustments to the accounting for assets held as lessor under operating leases as a result of the adoption of IFRS 16.

Income from operating leases is recognised on a straight-line basis over the lease term. The respective leased assets are included in the statement of financial position based on their nature.

2.10. Financial liabilities

When a financial liability is recognized initially, the Company measures it at its fair value adjusted for transaction costs that are directly attributable to the acquisition of the financial liability.

The Company classifies its financial liabilities according to IFRS 9 as other financial liabilities held at amortized cost (trade and other payables, borrowings, liability from cash pooling), or as financial guarantee contracts.

Issued financial guarantee contracts are recognised as financial liabilities at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of (i) the amount determined in accordance with the expected interest loss model under IFRS 9, or (ii) the initial measurement less the accumulated amount of revenue recognised in accordance with IFRS 15. The fair value is based on the present value of the difference in cash flows between the contractual interest payments required to satisfy the guarantee and the payments that would be required without the guarantee. The Company estimated the book value of the issued financial guarantees as insignificant (Note 25).

All other financial liabilities of the Company are subsequently measured at amortized cost using effective interest rate method.

The classification of financial liabilities depends on the contractual obligations associated with the financial instrument and on the intentions with which management has entered into the contract. Management determines the classification of its financial liabilities at initial recognition.

A financial liability (or a part of financial liability) is removed from the Company's SOFP when, and only when it is extinguished – i.e. when the obligation specified in the contracts is discharged or cancelled or expires, resulting in gain or loss to be recognized in the profit or loss at derecognition.

2.11. 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.

Commencing 3 June 2024 the company implemented cash pool financing withing ZSE group. By this time there was implemented the cash pool financing within the former VSEH group. The Company has recognized receivable from cash pooling from ZSE as at 31 December 2024 in the amount of EUR 7,084 thousand. In accordance with group impairment provision rules there was posted a provision of 23 thousand EUR.

The Company has recognized liability from cash pooling to VSE and VSE CC as at 31 December 2023 in the amount of EUR 74,954 thousand as well as a receivable from cash pooling from VSD, VSE SOL and VSE EE in the amount of EUR 62,416 thousand.

2.12. Share capital

Ordinary shares are considered as share capital. Additional costs attributable to issuing of new ordinary shares are presented in equity as decrease in equity, net of income tax.

2.13. Dividends

Dividend pay-out is recognized as liability and decreases equity as of the end of the reporting period only if it has been declared by the end of the reporting period. The decision on profit distribution for accounting period and the declaration of dividends to Company's shareholders is made by the General Meeting of the Company.

2.14. Legal reserve fund

Legal reserve fund is created in accordance with Commercial Code, based on financial statements, in the amount of 10% of profit after tax, up to 20% of share capital. Legal reserve fund can be used only for increase of share capital or cover the losses.

2.15. Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset in accordance with IAS 23. To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalization is determined by applying a capitalization rate to the expenditures on that asset. The capitalization rate is the weighted average of the borrowing costs applicable to the borrowings of the entity that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs capitalized during a period does not exceed the amount of borrowing costs incurred during that period.

2.16. Current and deferred income tax

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

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for, if it arises from initial recognition of an asset or liability in a transaction other than a business combination, and that at the time of the transaction affects neither accounting, nor taxable profit or loss.

Deferred income tax is determined using tax rates and respective legislation that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

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

The Company shall offset deferred tax assets and deferred tax liabilities, if the Company has a legally enforceable right to set them off and when the deferred tax balances relate to the same taxation authority.

2.17. Value added tax

Output value added tax related to sales is payable to tax authorities on the earlier of (a) collection of receivables from customers or (b) delivery of goods or services to customers. Input VAT is generally recoverable against output VAT upon receipt of the VAT invoice. The tax authorities permit the settlement of VAT on a net basis. VAT related to sales and purchases is recognised in the statement of financial position on a net basis. Where provision has been made for impairment of receivables, the impairment loss is recorded for the gross amount of the debtor, including VAT.

2.18. Employee benefits

Pension plans and jubilee awards

The Company has defined benefit and defined contribution plans.

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

Unfunded defined benefit pension plan

According to the contract with the Trade Unions effective to 31 December 2024 the Company is obliged, based on the number of years in service, to pay its employees on early retirement, regular retirement or disability the following multiples of their average monthly salary (condition that an employee is not entitled to termination benefits must be met):

Years of service	Multiple of the average monthly salary	
	2024	2023
Up to 10 years	2x	2x
10-15	3x	3x
15-20	4x	4x
20-25	5x	5x
25-30	6x	6x
30-35	7x	7x
Over 35	8x	8x

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

One average monthly salary will be added to the retirement benefits when more than 35 years worked and when the Company was the only one employer of employee.

The Company also pays life jubilees benefits. Jubilee benefits when the employee reaches age of 50 years depend on the length of the service within the Company and are as follows:

Years of service	Benefit	
	2024	2023
5 – 20 years	623 EUR	623 EUR
Over 20	670 EUR	670 EUR

The Group has created expectations on the side of its employees that it will continue to provide the benefits, and it is the management's judgment that it is not realistic for the Company to cease providing them.

The conditions of an unfunded defined benefit pension plan resulting from the currently valid collective agreement do not differ significantly from the previous one, valid from 1 January 2020 to 31 December 2022.

The liability recognized in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period.

The defined benefit obligation is calculated annually by independent actuaries using the Projected Unit Credit Method. The amount of the retirement benefit to which an employee is entitled depends on the length of service before the retirement and equals one month of final salary for each year of service.

For determining the present value, the discount rate derived from the yield curve LSEG (2023: WTW Global RATE:Link) for high quality Europe corporate bonds (AA) quoted as at 31 December 2024 (2023: 30 November 2023) was used.

Re-measurements arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs.

Defined contribution pension plans

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

The Company makes contributions to retirement benefit at the statutory rates being in force during the year, based on the gross salary payments.

Throughout the year, the Company contributed to such schemes in the amount of up to 14% (2023: 14%) of gross salaries up to a monthly salary, which is defined by the relevant law together with the contributions of the employees of a further up to 4% (2023: 4%) of gross salaries. The costs contributed by the Company are charged to the profit or loss in the same period as the related salary costs.

In addition, with respect to employees who have chosen to participate in a supplementary pension scheme, the Company contributed to the supplementary scheme based on tariff wages and years of service provided in the Company in the following way:

Years of service	Benefit	
	From 1 January 2024	From 1 January 2023
up to 5 years	1.50 % of gross salary	1.50 % of gross salary
from 5 till 10 years	1.75 % of gross salary	1.75 % of gross salary
from 10 till 15 years	2.00 % of gross salary	2.00 % of gross salary
from 15 till 20 years	2.50 % of gross salary	2.50 % of gross salary
from 20 till 25 years	3.00 % of gross salary	3.00 % of gross salary
from 25 till 30 years	3.50 % of gross salary	3.50 % of gross salary
from 30 till 35 years	4.00 % of gross salary	4.00 % of gross salary
from 35 till 40 years	5.00 % of gross salary	5.00 % of gross salary
Over 40 years	6.00 % of gross salary	6.00 % of gross salary

Termination benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes termination benefits at the earlier of the following dates: (a) when the Company can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefit. In the case of an offer made to encouraged voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

2.19. Provisions and contingent liabilities

A provision is recognized by the Company when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognized for future operating losses. An entity may expect reimbursement of some or all expenditure required to settle a provision (e.g. through insurance contracts). It recognizes a reimbursement when, and only when, it is virtually certain that reimbursement will be received.

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

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

Contingent liability is defined as (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, or (b) a present obligation that arises from past events, but is not recognized, because: (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or (ii) the amount of the obligation cannot be measured with sufficient reliability.

2.20. Revenues from contracts with customers

Sales of services to related parties

The Company derives revenue from the transfer of services over time. The Company is providing services to companies within ZSE group. Nature of these services is as follows:

- Finance and taxes, accounting, controlling and risk controlling
- Purchase, logistics, fleet and facility management
- Human resources, business advisory, internal audit, security management and translations
- Communication,
- IT management and telecommunication management
- Billing
- Receivables management
- Rental of non-residential premises
- Implementation of software solutions.

The rendering of these services is based on Service Level Agreements ('SLA'). Revenues are calculated based on the actual costs of the Company plus 5% mark-up. Respective revenues of the Company for these services amounted to EUR 20,829 thousand (2023: EUR 19,892 thousand).

2.21. Dividend income

Dividend income is recognized within profit from operations when the Company's right to receive payments is established.

2.22. Interest income

Interest income is recognized using effective interest rate method independent of the timing of settlement of interest.

2.23. Related party disclosures

The Company applies exemptions under IAS 24 and discloses only qualitative and selected quantitative disclosures with entities under control of the government.

2.24. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the SOFP when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The Company did not offset any financial assets and financial liabilities and has no offsetting arrangements.

2.25. Gain / (loss) on disposal of property, plant and equipment

The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the item. It is included in the Statement of Profit or Loss and Other Comprehensive Income when the item is derecognised and reported in other Gain / (loss) on disposal of property, plant and equipment.

3. Financial risk management

The Company's activities are exposed to a variety of financial risks: market risk (including risk of changes in foreign currency exchange rates, interest rates, and price risk), credit risk and liquidity risk. The strategy of risk management of the Company is focused on the mitigation of potential negative impacts on financial results of the Company. The Company has established risk management framework, focusing on contractual, credit and financial risk.

Risk management function is carried out by the central department Risk controlling, governed by policies approved by the Chief Executive Officer. Risk controlling identifies, evaluates and manages financial risks in close co-operation with the Company's operating units. The Risk controlling department provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, credit risk, use of derivative financial instruments and non-derivative instruments. Management of liquidity and interest rate risks is carried out by department Finance.

3.1. Credit risk

The Company has the following types of financial assets that are subject to the expected credit loss model:

- Trade and other receivables,
- Receivables from cash-pooling,
- Cash and cash equivalents.

The Company is exposed to credit risk due to issued financial guarantees. For information on guaranteed borrowings see Note 25.

Trade and other receivables

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

The Company has considered that almost all these balances were with the companies within ZSE group in 2024 and 2023. In prior years remaining part consisted from receivable from 3rd parties (1%) and employees (1%). Therefore, the Company identifies 2 group of customers that give rise to trade and other receivables.

For first most significant group of customers the Company has determined that there were no delays in payments for sales over a period of 24 months before 31 December 2024 and 31 December 2023 respectively and no historical credit losses experienced within this period. The zero historical loss rates were adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the counterparties to settle the receivables. The Company has identified the GDP and the unemployment rate in Slovakia and European Union countries to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

As at 31 December 2024 and 31 December 2023, the Company decided to adjust the expected credit losses by a risk premium (3% in 2024 and in 2023) due to the expected economic slowdown.

The Company has concluded that there is immaterial impact on allowance for trade and other receivables and did not record any adjustment to the allowance for trade and other receivables as of 31 December 2024 and 31 December 2023.

The following is a matrix based on due dates of trade and other receivables and percentage of expected credit losses.

Companies within ZSE group As at 31 December 2024	Not yet due	0 to 3 months	overdue			Total
			3 to 6 months	6 to 12 months	More than 12 months	
Expected credit loss percentage	0.0%	0.0%	0.0%	0.0%	0.0%	
Trade and other receivables before allowance	118,511	1	-	-	-	118,512
Expected credit loss	-	-	-	-	-	-
Recognized bad debt allowance	-	-	-	-	-	-
Companies within ZSE group As at 31 December 2023	Not yet due	0 to 3 months	overdue			Total
Expected credit loss percentage	0.0%	0.0%	1.4%	1.8%	2.2%	
Trade and other receivables before allowance	863,809	236	-	-	-	864,045
Expected credit loss	-	-	-	-	-	-
Recognized bad debt allowance	-	-	-	-	-	-
3rd party companies and employees As at 31 December 2024	Not yet due	0 to 3 months	overdue			Total
Expected credit loss percentage	3.00%	13.00%	28.00%	53.00%	100%	
Trade and other receivables before allowance	10	-	-	-	3	13
Expected credit loss	-	-	-	-	3	3
Recognized bad debt allowance	-	-	-	-	3	3
3rd party companies and employees As at 31 December 2023	Not yet due	0 to 3 months	overdue			Total
Expected credit loss percentage	3.00%	13.00%	28.00%	53.00%	100%	
Trade and other receivables before allowance	-	-	-	-	3	3
Expected credit loss	-	-	-	-	3	3
Recognized bad debt allowance	-	-	-	-	3	3

An overview of the overdue receivables is shown in the following table:

in EUR thousand	As at 31 December	
	2024	2023
up to 90 days including	1	236
from 91 to 120 days including	-	-
from 121 to 150 days including	-	-
from 151 to 180 days including	-	-
from 181 to 360 days including	-	-
from 361 days and more	3	3
Total	4	239

The movements of bad debt provisions are presented in the profit of loss as "Net impairment losses from financial assets". Movements are presented below:

in EUR thousand	As at December	
	2024	2023
Balance at 1 January	3	3
Movement of bad debt provision	-	-
Balance at 31 December	3	3

Information on the net impairment losses on financial assets that have been recognized in the income statement and other comprehensive income for the current period is set out in the following table:

in EUR thousand	As at December	
	2024	2023
Creation of bad debt provision	-	-
Impairment of a Financial investment (Note 8)	(925)	(7)
Impairment of a receivable from cash pooling	(23)	-
Total	(948)	(7)

There are no individually significant impaired receivables. The Company does not hold any collateral as security. There are no restrictions of ownership relating to receivables.

Cash and cash equivalents

Credit risk also originates from cash and bank accounts. Risk resulting from bank accounts is reduced through diversification of deposits in several banks. A long-term global rating of bank accounts in the local currency is stable for all banks. As a result, the Company evaluates the risk of bank accounts as standard.

The table below shows the amounts of cash and bank accounts and overdraft facilities:

in EUR thousand	Rating		31 December 2024		31 December 2023	
	2024	2023	Bank balance	Overdraft facility	Bank balance	Overdraft facility
VÚB	A2/P-1	A2/P-1	-	-	-	80,000
Citibank	Aa3/P-1	Aa3/P-1	-	-	1,045	72,000
Slovenská sporiteľňa	A2/P-1	A2/P-1	-	-	-	40,000
ČSOB	A2/P-1	Aa3/P-1	-	-	-	80,000
ING Bank	Aa3/P-1	Aa3/P-1	-	-	-	20,000
Total			-	-	1,045	292,000

The Company does not have any credit limit stated for these banks in 2024. Overdraft facility of VÚB, Citibank, SLSP and ING bank in 2023 was uncommitted.

In 2024, ZSE took over VSEH's bank loan agreements. By taking over the financing, the group consolidated its external loan financing so that the parent company became the sole debtor to the banks. The financial needs of all companies within the group are secured by intra-group financing through a cash pooling framework. Receivables from cash-pooling are presented separately in the SOFP (see Note 2.11).

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial in 2023.

3.2. Liquidity risk

For the Company, prudent liquidity risk management means maintaining sufficient cash and marketable securities and availability of credit facilities. The Company's financing position management is focused on maintaining flexibility of financing by ensuring availability of credit lines.

Management monitors interim liquidity forecasts based on expected cash flows that are presented in cash and cash equivalents.

Beside the cash in banks, the Company had in 2023 overdraft facilities available in total amount of EUR 292,000 thousand. The Company drew the overdraft as at 31 December 2023 of EUR 79,563 thousand.

The table below shows the analysis of financial liabilities of the Company according to remaining contractual maturities. The amounts in the table present the undiscounted cash flows. The amounts due up to 1 year are equal to their carrying amount, as the impact of discounting is not significant.

in EUR thousand	Less than 3 months	3 months to 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
31 December 2024						
Borrowings (Note 9, 14)	-	-	-	-	-	-
Lease liabilities (Note 6)	96	272	369	521	23	1,281
Trade and other payables (net of liabilities within the ZSE group presented below) (Note 9, 13)	2,517	-	-	-	-	2,517
Liabilities within ZSE group (Note 9, 13)	117,805	-	-	-	-	117,805
Liabilities from cash pooling (Note 9)	-	-	-	-	-	-
Total	120,418	272	369	521	23	121,603
31 December 2023						
Borrowings (Note 9, 14)	79,563	-	-	-	-	79,563
Lease liabilities (Note 6)	88	264	353	1,009	-	1,714
Trade and other payables (net of liabilities within the ZSE group presented below) (Note 9, 13)	3,192	-	-	-	-	3,192
Liabilities within ZSE group (Note 9, 13)	91	-	-	-	-	91
Liabilities from cash pooling (Note 9)	74,954	-	-	-	-	74,954
Total	157,888	264	353	1,009	-	159,514

In addition, the Company issued financial guarantees in 2023 as per Note 25 that could be called immediately in case the primary obligors do not meet their obligations.

3.3. Cash flow interest rate risk

The Company's overdrafts beared interest at a variable interest rate. Interest expenses on loans are not significant in terms of financial statements and interest rate risk has been determined as insignificant. Sensitivity analysis is not disclosed.

3.4. Foreign exchange risk

The Company is not exposed to significant foreign exchange risk as foreign currency expenditures and revenues are not significant to the Company.

3.5. Capital management

The Company's capital management objective is focused on maintaining optimal structure of debt and own capital (debt/equity ratio). Management monitors and manages this ratio. Equity represents the capital that is managed by the Company. The value of ratio as at 31 December 2024 is 7.0% (19.8% as at 31 December 2023). The Company is allowed to draw funds from cash-pooling (Note 2.12), established within the ZSE group.

3.6. Fair value estimation of financial instruments

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements and fair value disclosures related to financial instruments measured at amortized cost. To provide an indication about the reliability of the inputs used in determining fair value, the Company classifies its financial instruments into the three levels prescribed under the accounting standards.

Level 1: The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The Company has no financial instruments classified within Level 1 of fair value hierarchy.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The Company has financial instruments that are measured at fair value at their initial recognition and that are subsequently measured at amortized cost using effective interest rates.

Fair values analysed by level in fair value hierarchy for financial assets and liabilities is as follows:

Level 1 – Cash in hand (Note 11),

Level 2 – Cash and cash equivalents except for cash in hand (Note 11), Trade and other receivables (Note 3.1), Receivables from cash-pooling (Note 2.11), Trade and other payables (Note 13),

Level 3 – Financial guarantee contracts (Note 25), Borrowings at floating rate (Note 9 and 14),

Carrying amounts of financial instruments is not materially different to their fair values.

4. Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are considered reasonable under the circumstances.

4.1. Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. In years 2024 and 2023 the Company has not made Estimates and assumptions that would have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

5. Property, plant and equipment

in EUR thousand	Land	Buildings and infrastructure	Machinery, equipment, vehicles and office equipment	Construction in progress	Total
At 1 January 2023					
Cost	132	5,870	6,320	211	12,533
Accumulated depreciation	-	(2,060)	(5,337)	-	(7,397)
Impairment	-	-	-	-	-
Net book value	132	3,810	983	211	5,136
Additions	-	-	-	411	411
Transfer from CIP	-	54	401	(455)	-
Net book value of disposals	-	(2)	-	-	(2)
Damaged asset	-	-	-	-	-
Depreciation charge	-	(134)	(317)	-	(451)
Net book value of asset sold	-	-	-	-	-
Closing net book value	132	3,728	1,067	167	5,094
At 31 December 2023					
Cost	132	5,789	6,145	167	12,233
Accumulated depreciation	-	(2,061)	(5,078)	-	(7,139)
Impairment	-	-	-	-	-
Net book value	132	3,728	1,067	167	5,094
At 1 January 2024					
Cost	132	5,789	6,145	167	12,233
Accumulated depreciation	-	(2,061)	(5,078)	-	(7,139)
Impairment	-	-	-	-	-
Net book value	132	3,728	1,067	167	5,094
Additions	-	-	-	72	72
Transfer from CIP	-	141	94	(235)	-
Net book value of disposals	-	-	-	-	-
Damaged asset	-	-	-	-	-
Depreciation charge	-	(162)	(264)	-	(426)
Net book value of asset transferred into investment	(29)	(208)	(69)	-	(306)
Closing net book value	103	3,499	828	4	4,434
At 31 December 2024					
Cost	103	5,858	5,247	4	11,212
Accumulated depreciation	-	(2,359)	(4,419)	-	(6,778)
Impairment	-	-	-	-	-
Net book value	103	3,499	828	4	4,434

There are no restrictions of ownership relating to property, plant and equipment or investment property. No property, plant and equipment or investment property are pledged.

The Company recognizes and uses no significant real estate subscribed in Cadastral Register, which are not legally permitted for the usage of the Company as at the end of the reporting period.

Property, plant and equipment is insured up to the amount of EUR 53,715 thousand (2023: EUR 47,345 thousand).

6. Right of use assets and lease liabilities

This note provides information for leases where the Company is a lessee.

Amounts recognised in the SOFP

The SOFP shows the following amounts relating to leases:

	31 December 2024	31 December 2023
Right-of-use assets		
Buildings	547	796
Vehicles	648	522
	<u>1,195</u>	<u>1,318</u>
Lease liabilities		
Current	338	338
Non-current	873	986
	<u>1,211</u>	<u>1,324</u>

Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

	2024	2023
Depreciation charge of right-of-use assets		
Buildings	(226)	(228)
Vehicles	(137)	(48)
	<u>(363)</u>	<u>(276)</u>
Interest expense (included in finance cost)	(38)	(12)
Expense relating to short-term leases (included in service expenses) Note 20	-	-
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in service expenses) Note 20	(76)	(94)

The total cash outflow for leases in 2024 was EUR 463 thousand. (2023: EUR 377 thousand).

7. Intangible assets

in EUR thousand	Computer software and other	Intangible assets not yet ready for use	Total
At 1 January 2023			
Cost	20,641	544	21,185
Accumulated amortization	(18,758)	-	(18,758)
Net book value	1,883	544	2,427
Additions	-	828	828
Transfer from CIP	412	(412)	-
Damaged asset	-	-	-
Disposal	-	-	-
Net book value of asset sold	-	-	-
Amortization charge	(911)	-	(911)
Closing net book value	1,384	960	2,344
At 31 December 2023			
Cost	21,028	960	21,988
Accumulated amortization	(19,644)	-	(19,644)
Net book value	1,384	960	2,344
At 1 January 2024			
Cost	21,028	960	21,988
Accumulated amortization	(19,644)	-	(19,644)
Net book value	1,384	960	2,344
Additions	-	3,157	3,157
Transfer from CIP	700	(700)	-
Damaged asset	-	-	-
Disposal	-	-	-
Net book value of asset sold	-	-	-
Amortization charge	(931)	-	(931)
Closing net book value	1,153	3,417	4,570
At 31 December 2024			
Cost	21,728	3,417	25,145
Accumulated amortization	(20,575)	-	(20,575)
Net book value	1,153	3,417	4,570

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

8. Subsidiaries, associates and joint ventures

Subsidiaries

Subsidiaries have share capital consisting solely of ordinary shares that are held directly by the Company, and the proportion of ownership interests held equals the voting rights held by the Company. The country of incorporation or registration is also their principal place of business. As mentioned in Note 1 the structural changes resulted in decrease in number of Company's subsidiaries.

The Company's subsidiaries at 31 December 2024:

Name	Country of incorporation	Date of incorporation	Date of commencement of operation	% interest held	Purpose
VSE Ekoenergia, s.r.o.	Slovak Republic	November 2003	November 2003	100%	Outsourcing of electricity network operations and maintenance
VSE Call centrum, s.r.o.	Slovak Republic	July 2009	January 2010	100%	Computer data processing services
Nadácia VSE	Slovak Republic	December 2018	2021	100%	Public interest purposes

The Company's subsidiaries at 31 December 2023:

Name	Country of incorporation	Date of incorporation	Date of commencement of operation	% interest held	Purpose
VSE Ekoenergia, s.r.o.	Slovak Republic	November 2003	November 2003	100%	Outsourcing of electricity network operations and maintenance
VSE Call centrum, s.r.o.	Slovak Republic	July 2009	January 2010	100%	Computer data processing services
Nadácia VSE	Slovak Republic	December 2018	2021	100%	Public interest purposes

On 24 November 2023 the Company sold its interests in share capital of subsidiaries VSD and VSE to ZSE. Fair value of consideration received was EUR 861,046 thousand. The difference between consideration and carrying value of subsidiaries sold was recognised in income statement as "gain on sale of subsidiaries" of EUR 229,963 thousand.

Cost of subsidiaries is as follows:

in EUR thousand	As at 31 December	
	2024	2023
VSE Ekoenergia, s.r.o.	925	925
VSE Call centrum, s.r.o.	50	50
Nadácia VSE	7	7
Total	982	982

The company created an impairment provision of the investment in VSE Ekoenergia of EUR 925 thousand in 2024 based on unfavourable result from projected discounted cashflow. In 2023 there had been created an impairment provision of the investment in Nadácia of EUR 7 thousand.

Carrying value of investment is in following table:

in EUR thousand	As at 31 December	
	2024	2023
VSE Ekoenergia, s.r.o.	-	925
VSE Call centrum, s.r.o.	50	50
Nadácia VSE	-	-
Total	50	975

Financial results of subsidiaries are as follows:

2024 in EUR thousand	Assets	Liabilities	Equity	Profit/loss
VSE Ekoenergia, s.r.o.	388	477	(89)	(83)
VSE Call centrum, s.r.o.	768	734	34	(21)
Nadácia VSE	376	370	6	-
	1,532	1,581	(49)	(104)

2023 in EUR thousand	Assets	Liabilities	Equity	Profit/loss
VSE Ekoenergia, s.r.o.	746	752	(6)	(158)
VSE Call centrum, s.r.o.	455	283	172	117
Nadácia VSE	189	183	6	-
Total	1,390	1,218	172	(41)

Investments in associates and joint ventures

Name of entity	Country of incorporation	Date of incorporation	% Interest held	Activities
SPX, s.r.o., Žilina	Slovak Republic	January 2005	33.33% Joint venture	Consulting services provider in the area of energy industry
TRANSELEKTRO spoločnosť s ručením obmedzeným Košice	Slovak Republic	November 1993	25.50% Associate	Electricity importer
Energotel, a.s. Bratislava	Slovak Republic	March 2000	20,00% Joint venture	Fixed line telecom and data services provider
Bioplyn Rozhanovce, s.r.o.	Slovak Republic	July 2010	34,00% Joint venture of VSE Ekoenergia, s.r.o.	Production of electricity from biomass

The Company, together with other shareholders, has joint control of the financial and operational policies of Energotel, SPX and Bioplyn Rozhanovce through the shareholder agreement together with its other venturers.

The cost of shares in associates and joint ventures is as follows:

in EUR thousand	As at 31 December	
	2024	2023
SPX, s.r.o.	33	33
TRANSELEKTRO spoločnosť s ručením obmedzeným Košice	9	9
Energotel,a.s.	525	525
Total	567	567

In addition, Company's subsidiary VSE Ekoenergia has 34% share on share capital of its joint venture Bioplyn Rozhanovce s.r.o. measured at cost in the statutory financial statements of VSE Ekoenergia in the amount of EUR 387 thousand.

The financial results of the Company's associates and joint ventures are as follows (in EUR thousand):

2024	Assets	Liabilities	Equity	Profit/(loss)
SPX, s.r.o.	199	13	186	13
TRANSELEKTRO spoločnosť s ručením obmedzeným Košice	147	153	(6)	(50)
Energotel,a.s.	12,171	8,044	4,127	497
Bioplyn Rozhanovce, s.r.o.	2,512	252	2,260	148
Total	15,029	8,462	6,567	608

2023	Assets	Liabilities	Equity	Profit/(loss)
SPX, s.r.o.	180	7	173	15
TRANSELEKTRO spoločnosť s ručením obmedzeným Košice	187	137	50	(48)
Energotel,a.s.	9,638	5,602	4,036	407
Bioplyn Rozhanovce, s.r.o.	2,295	183	2,112	176
Total	12,300	5,929	6,371	550

The financial figures for year 2024 are based on interim not audited and not approved financial statements as at 31 December 2024. They are not expected to differ significantly from the final amounts.

9. Financial instruments by category

The Company holds the following financial instruments:

Financial assets

in EUR thousand	As at 31 December 2024	As at 31 December 2023
Financial assets – investments in subsidiaries, associates and joint ventures at cost		
Investments in subsidiaries	50	975
Investment in associates and joint ventures	558	558

Financial assets at amortized cost

Loan provided to subsidiary (Note 3.1)	-	-
Trade and other receivables	118,522	864,045
Receivable from cash-pooling (Note 2.11)	7,061	62,416
Cash and cash equivalents (Note 11)	-	1,045
Total financial assets	126,191	929,039

Financial liabilities

in EUR thousand	As at 31 December 2024	As at 31 December 2023
Financial liabilities at amortised cost		
Trade and other payables net of liabilities to subsidiaries (Note 13)	2,517	3,192
Liabilities to ZSE group companies included in trade and other payables (Note 13)	117,805	91
Current financial liabilities from cash pooling (Note 2.11)	-	74,954
Lease liability (Note 6)	1,211	1,324
Borrowings (Note 14)	-	79,563
Total financial liabilities	121,533	159,124

The financial risk management and the Company's impairment policies are described in Note 3 Financial risk management.

10. Other non-financial assets

in EUR thousand	As at 31 December 2024	2023
Prepaid expenses	282	254
Paid advances	14	36
Other taxes	3	1
Total	299	291

11. Cash and cash equivalents

in EUR thousand	As at December 2024	2023
Cash at bank and in hand	-	1,045
Total	-	1,045

The effective interest on a weighted average basis on interest bearing deposits was 0% (2023: 0%) and these deposits had an average maturity of 1 day (2023: 1 day). For the purposes of the Statement of Cash Flow, the cash and cash equivalents comprise of the above-mentioned items.

The Company has no bank guarantees as at 31 December 2024 (31 December 2023: 0).

The Company had no cash related restrictions in 2023.

12. Equity

Ordinary shares	Number of shares (in thousand)	Ordinary shares (EUR thousand)
At 31 December 2024	1	33
At 31 December 2023	3,363	111,618

The total authorized number of ordinary shares is 1 thousand shares (31 December 2023: 3,363 thousand) with a nominal value of EUR 33.19 per share. All issued shares are fully paid. The Company does not have any equity subscribed but not listed in the Commercial Register.

The Company is obliged to create a reserve fund at its establishment in amount and in the way described in Articles of the Company. The minimum amount of reserve fund is 10% of registered capital. This fund is to be replenished annually by a sum defined in the Articles, minimum 5% of net profit up to the amount stated in the Articles, minimum up to 20% of registered capital.

Portion of the reserve fund required by the Commercial Code can be used only to cover losses of the Company or for actions, which should be set to overcome an unfavourable development of results of the Company. The Board of Directors decides on the use of reserve fund, if not stated in Articles otherwise.

The Company created the legal reserve fund in amount of 20% of share capital established at the incorporation (EUR 16,480 thousand) and by the contribution from retained earnings in the amount of EUR 5,846 thousand and by the difference from translation of share capital by the conversion exchange rate at 1 January 2009 in the amount of EUR 13 thousand. By decision of sole shareholder described in Note 1, the part of legal reserved fund was distributed to shareholder. The Company had created as at 31 December 2024 the required amount of legal reserve fund in accordance with Commercial Code.

In 2005, the Company allocated EUR 12,946 thousand from profit for the year 2004 to the fund for the investment support in the region. It was presented within Other funds. As mentioned in Note 1 during year 2024 this fund was decreased to 0 together with retained earnings and distributed to owner.

On 24 June 2024, the General Meeting approved the separate financial statements for 2023 and decided to pay out dividends to the shareholders for 2023 of EUR 28,587 thousand (Note 26).

The profit for the period ended 31 December 2024 of EUR 433 thousand (2023: EUR 258,550 thousand) is available for distribution. The General Meeting will decide about the profit distribution. The Board of Directors shall submit to the General Meeting a proposal for a dividend payment in accordance with the rules agreed in the Shareholder Agreement.

There is no income tax consequence related to this dividend.

Retained earnings amount is available for distribution to shareholders.

Dividends per share are calculated as follows:

	2024	2023
Dividends approved and paid out (EUR thousand)	28,587	21,000
Weighted average number of ordinary shares (thousand)	1	3,363
Dividends per share (EUR/share)	28,857	6.24

13. Trade and other payables

in EUR thousand	As at 31 December	
	2024	2023
Trade and other payables (net of liabilities to subsidiaries)	1,138	1,689
Liabilities to ZSE group companies included in trade and other payables	117,805	91
Accrual for bonuses and untaken holiday	846	994
Payables to employees	533	509
Total	120,322	3,283

There are no liabilities pledged or secured in another way. The Company recognizes no payables overdue as at 31 December 2024 and as at 31 December 2023.

14. Borrowings

In 2024, ZSE took over company's bank loan agreements. By taking over the financing, the group consolidated its external loan financing so that the parent company became the sole debtor to the banks. The financial needs of all companies within the group are secured by intra-group financing through a cash pooling framework.

in EUR thousand	As at 31 December	
	2024	2023
Non-current borrowings		
Bank loans	-	-
Current borrowings		
Bank loans	-	79,563
Total borrowings	-	79,563

The carrying amounts of bank borrowings are as follows:

in EUR thousand	As at 31 December	
	2024	2023
VÚB	-	32,863
SLSP	-	667
ING	-	682
ČSOB	-	45,351
Citibank	-	-
Total	-	79,563

Further details on loans outstanding as of 31 December 2023 are provided below (in EUR thousand):

Bank / creditor	Currency	Amount in EUR thousand	Interest rate in %	Maturity date	Collateral	Proportion due in the next 12 months in EUR
			1M EURIBOR +			
VÚB	EUR	32,863	0.4297%	90-day notice	-	32,863
SLSP	EUR	667	1M EURIBOR + 0.55%	90-day notice	-	667
ING	EUR	682	1M EURIBOR + 0.45%	60-day notice	-	682
ČSOB	EUR	5,352	1M EURIBOR + 0.50%	90-day notice	-	5,352
ČSOB	EUR	39,999	Fix 0.00%	15 Feb 2024	-	39,999
Total		79,563				79,563

The effective average interest rates at the end of the reporting period were as follows:

in EUR thousand	2024	2023
Bank borrowings	4.09%	2.62%
<i>Borrowing facilities</i>		

The Company has the following borrowing facilities:

Bank / creditor	Type	Currency	Funds availability up to the amount	
			2024	2023
Citibank	Overdraft	EUR	-	72,000
VÚB	Overdraft	EUR	-	80,000
SLSP	Overdraft	EUR	-	40,000
ČSOB	Overdraft	EUR	-	80,000
ING Bank	Overdraft	EUR	-	20,000
Total			-	292,000

The borrowing facilities were available to be used by the Company for covering temporary discrepancies between the requirements on cash and funds available. All borrowing facilities, except ČSOB, were uncommitted. ZSE issued parent company guarantees to cover liabilities of VSEH resulting from the credit agreements.

The reconciliation of loan balances is set out in table below:

In EUR thousand	2024	2023
1 January	79,538	127,889
Increase / (decrease) of bank overdraft	46,730	(48,351)
Take-over of loans by ZSE	(126,268)	-
Received / (paid) bank loan	-	-
31 December	-	79,538

15. Other non-financial liabilities

in EUR thousand	As at 31 December	
	2024	2023
Social security and other liabilities	329	455
Current income tax liability (employees)	95	120
Value added tax (VAT)	228	303
Social fund	111	107
Other liabilities	4	-
Total	767	985

16. Deferred income tax

Deferred income taxes are calculated in full on temporary differences under the liability method using a principal tax rate of 24% (2023: 21%). Based on the Income Tax Act, the corporate tax rate will increase to 24% in the 2025 tax period.

in EUR thousand	As at 31 December	
	2024	2023
Deferred tax asset	570	584
Deferred tax liability	-	-
Total	570	584

The movement in deferred tax assets and liabilities during the year is as follows:

in EUR thousand	At 1 January 2024	(Charged) / credited to the profit or loss	(Charged) / credited to the OCI	At 31 December 2024
Difference between tax base and carrying amount of non-current assets	(56)	7	-	(49)
Bad debt provisions	-	6	-	6
Provision for other liabilities and charges	639	25	(56)	608
Right-of-use assets	(277)	(10)	-	(287)
Lease liability	278	14	-	292
Other	-	-	-	-
Total	584	42	(56)	570

in EUR thousand	At 1 January 2023	(Charged) / credited to the profit or loss	At 31 December 2023
Difference between tax base and carrying amount of non-current assets	(57)	1	(56)
Bad debt provisions	-	-	-
Provision for other liabilities and charges	601	38	639
Right-of-use assets	(152)	(125)	(277)
Lease liability	152	126	278
Other	-	-	-
Total	544	40	584

17. Provisions

Analysis of provisions:

in EUR thousand	As at 31 December	
	2024	2023
Non-current provisions		
Restructuring	411	-
	411	-
Current provisions		
Restructuring	191	20
Total	191	20

Movements during the year related to provision for other liabilities and charges are as follows:

in EUR thousand	Restructuring	Total
At 1 January 2024	20	20
Provisions creation	602	602
Unused amount released	(20)	(20)
Used/paid during year	-	-
At 31 December 2024	602	602

in EUR thousand	Restructuring	Total
At 1 January 2023	20	20
Provisions creation	20	20
Unused amount released	(20)	(20)
Used/paid during year	-	-
At 31 December 2023	20	20

Restructuring provision

The aim of the ongoing integration of the ZSE Group companies and the former VSEH Group is to create a larger, more financially stable and stronger organisation that can serve its customers more effectively. In the next 3 years (2025-2027) in the new ZSE Group, we expect various organisational changes. For this purpose, the Company created a restructuring provision as of 31 December 2024, which assumes the assumption of future employee performance with organisational changes. The provision is based on the expected number of job positions, average wages and the resulting expected impact on severance pay. The expected use of the long-term part of the restructuring provision is EUR 193 thousand in 2026 and EUR 218 thousand in 2027. The Company has created a provision for restructuring in accordance with the provisions of the international accounting standard IAS 37 Provisions, Contingent Liabilities and Contingent Assets. The establishment of the provision meets the conditions set out in this accounting standard.

18. Employee benefit obligations

The following amounts have been recognized with respect of the defined benefit pension plan in the financial statements:

in EUR thousand	As at 31 December	
	2024	2023
Balance sheet obligation for:		
Present value of recognized unfunded retirement obligations	850	1,441
Jubilee awards	45	68
Liability in the SOFP	895	1,509

Use of the provision for retirement depends on the termination of employment by employees at the normal retirement date, which is expected in accordance with actual legislation. Provision for jubilee awards is expected to be used at life or work milestones, when such an event occurs.

in EUR thousand	2024	2023
Income statement charge included in operating profit		
Current service cost	(4)	95
Interest cost	61	37
Past service cost, other	(106)	-
Total charge / (credit) included in employee benefit expense and interest expenses	(49)	132

in EUR thousand	2024	2023
Re-measurements for:		
Defined pension benefits	(236)	216
Total re-measurements	(236)	216

The movement in defined benefit pension over the year is as follows:

in EUR thousand	Present value of obligation
As at 1 January 2024	1,509
Current service cost	(4)
Past service cost	(106)
Interest cost	61
	1,460
Re-measurements:	
- Gain (+) / loss (-) from change in financial assumptions	(198)
- Gain (+) / loss (-) from change in fluctuation	27
- Gain (+) / loss (-) from adjustments to actual	(65)
	(236)
Payments from plan	(72)
Transfer of rights and obligations of VSEH employees to ZSE	(257)
As at 31 December 2024	895

in EUR thousand	Present value of obligation
As at 1 January 2023	1,305
Current service cost	95
Past service cost	-
Interest cost	37
	1,437
Re-measurements:	
- Loss from change in financial assumptions	103
- Gain / loss from change in fluctuation	(63)
- Loss from adjustments to actual	176
	216
Payments from plan	(144)
As at 31 December 2023	1,509

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

	Year 2024	Year 2023
Number of employees with entitlement to the benefit	210	317
Expected salary increases	6% in 2025, 2.5% from 2026	5.0%
Discount rate	4.0%	3.70%

Amounts paid for defined contribution pension plans:

in EUR thousand	2024	2023
Defined contribution pension plan	1,190	1,303
Total	1,190	1,303

Sensitivity analysis of liability for employee benefits is stated in following table. The Company does not expect a significantly different change in the liability for employee benefits due to a change in fluctuations, or other parameters, compared to the previous year.

Description of change of parameter	Liability as at 31 December 2024 (EUR thousand)	Change in comparison with basic scenario	Change in comparison with basic scenario in %
Basic scenario	895		
Increase in salaries +10% compared to principal assumptions	916	21	(2%)
Decrease in salaries -10% compared to principal assumptions	875	(20)	2%
Discount rate +0,5% compared to principal assumptions	856	(39)	(5%)
Discount rate -0,5% compared to principal assumptions	938	42	5%

Description of change of parameter	Liability as at 31 December 2023 (EUR thousand)	Change in comparison with basic scenario	Change in comparison with basic scenario in %
Basic scenario	1,509		
Increase in salaries +0,25% compared to principal assumptions	1,548	39	3
Decrease in salaries -0,25% compared to principal assumptions	1,471	(38)	(3)
Discount rate +0,5% compared to principal assumptions	1,433	(76)	(5)
Discount rate -0,5% compared to principal assumptions	1,591	82	5

Sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practise, this is unlikely to occur, and changes in some of the assumptions may be correlated.

19. Revenues from contracts with customers

The Company derives revenue from the transfer of services over time. Further details are as follows:

in EUR thousand	2024	2023
Services provided within the ZSE group	20,822	19,529
Other revenues	7	363
Total revenues from contracts with customers	20,829	19,892

20. Profit from operations

The following amounts have been charged or credited in arriving at profit from operations:

in EUR thousand	2024	2023
Revenues from contracts with customers (Note 19)	20,829	19,892
Own work capitalized	687	294
Raw materials and other consumed materials	(636)	(644)
Wages and salaries	(6,605)	(8,748)
Defined contribution pension plan (Note 18)	(1,190)	(1,303)
Social security costs excluding retirement fund	(1,638)	(1,784)
Other staff costs	(1,182)	(810)
Employee benefit expense total	(10,615)	(12,645)
Repairs and maintenance	(146)	(186)
IT maintenance fees	(2,314)	(2,479)
Training and consulting	(122)	(115)
Post and telecommunication costs	(101)	(104)
Short-term and low-value leases (Note 6)	(77)	(94)
Protection of property	(65)	(57)
Assurance services provided by auditor	(37)	(48)
Travel expenses	(81)	(118)
Consultancy services	(144)	(587)
Representation costs	(61)	(76)
SLA services	(2,170)	(109)
Other services	(805)	(796)
Services total	(6,123)	(4,769)
Depreciation (Note 5)	(554)	(568)
Amortization (Note 7)	(931)	(911)
Amortisation of right-of-use assets (Note 6)	(363)	(276)
Depreciation and amortization total	(1,848)	(1,755)
Dividends income (Note 26)	198	28,905
Gain/(loss) on sale of property and equipment	164	384
Gain on sale of subsidiaries	-	229,963
Net impairment losses on financial and contract assets	(948)	(7)
Other income attributable to rent	114	17
Insurance expenses	(93)	(108)
Parent company guaranties	(327)	(21)
Other operating income / (expenses)	7	(18)
Other operating income / (expenses) total	(299)	(130)
Profit from operations	1,409	259,488

21. Finance income and costs

The following amounts have been charged or credited in arriving at profit from finance.

In EUR thousand	2024	2023
Finance income		
Interest income from financial assets	1,398	2,574
Finance income	1,398	2,574
Finance costs		
Interests and finance charges paid / payable for financial liabilities not at fair value through profit or loss	(3,211)	(3,563)
	(3,211)	(3,563)
Amount capitalised in accordance with IAS 23	3	3
Finance costs	(3,208)	(3,560)
Other finance gains / (losses) net		
Other	-	-
Other finance gains / (losses) net	-	-

Capitalized borrowing costs

The capitalization rate used to determine the amount of borrowing costs to be capitalized is the weighted average interest rate applicable to the Company's general borrowings during the year, in this case 4.12% (2023: 2.98%).

22. Income tax expense

in EUR thousand	2024	2023
Current tax expense charge / (credit) in profit or loss	134	(8)
Deferred tax expense charge / (credit) in profit or loss	(43)	(40)
Income tax expense	91	(48)

The reconciliation between the reported income tax cost and the theoretical amount that would arise using the standard tax rates is as follows:

in EUR thousand	2024	2023
Profit before tax	(401)	258,502
Income tax calculated at a tax rate of 21%	(84)	54,285
Tax effects of:		
Expenses not deductible for tax purposes	263	87,560
Income not subject to tax	(43)	(186,890)
Recognition of previously unrecognized deferred tax assets		44,997
Effect of increased tax rate from 2025	(45)	-
Tax charge	91	(48)
Effective tax rate	(22.7)%	(0.07)%

The corporate income tax rate applicable for the year 2024 is 21% (2023: 21%). There has been change of tax rate after the balance sheet date. There is an expectation of change of tax rate to 24% applicable in 2025 onwards.

The Company has not recorded a deferred tax liability in respect of investments in subsidiaries because (a) the tax is applicable to future profits and thus temporary differences, if any, may only arise in the future, and (b) the tax is not applicable to dividends from Slovak subsidiaries, associates and joint ventures.

In addition, the Company is able to control the timing of the reversal of such temporary differences in respect of subsidiaries and does not intend to reverse them in the foreseeable future, e.g. through sale or taxable dividend income from subsidiaries.

23. Cash generated from operations

The Company prepared cash flow statement using indirect method. The amounts for comparative period include both continuing and discontinued operations.

in EUR thousand	2024	2023
Profit before tax	(401)	258,502
Adjustments for:		
Depreciation (Note 5, 20)	554	568
Amortization (Note 7, 20)	931	911
Amortisation of right-of-use assets (Note 6, 20)	363	276
Impairment of financial and non-current assets (Note 5)	946	7
(Profit)/loss on sale of property and equipment (Note 20)	(164)	(384)
Gain on sale of subsidiaries	-	(229,962)
Dividend income (Note 20,26)	(198)	(28,905)
Interest income (Note 21)	(1,398)	(2,574)
Interest expense (Note 21)	3,208	3,560
Payments for short-term and low-value leases	76	94
Addition of Right of use and lease liabilities	34	11
Other non-cash transactions	(2)	-
Changes in working capital (excluding the effects of acquisition and disposal of subsidiaries):		
Trade and other receivables (Note 3.1, 9)	1,685	147
Other non-financial assets (Note 10)	(8)	21
Trade and other payables (Note 13)	(170)	87
Other non-financial liabilities (Note 15)	(218)	157
Provisions	205	(12)
Cash generated from operations	5,443	2,504

24. Contingencies

Taxation

Tax legislation in Slovakia which was enacted or substantively enacted at the end of the reporting period, is subject to varying interpretations when being applied to the transactions and activities of the Company. Consequently, tax positions taken by management and the formal documentation supporting the tax positions may be challenged by tax authorities. Slovak tax administration is gradually strengthening, including the fact that there is a higher risk of review of tax transactions without a clear business purpose or with tax challengeable counterparties. Management is not aware of any circumstances that may give rise to future material expenses in this respect.

25. Commitments and issued financial guarantees

Capital commitments

As at 31 December 2024, the Company has contracted the capital commitments in amount EUR 930 thousand (31 December 2023: EUR 500 thousand).

Financial guarantee contracts

The Company provided financial guarantees to suppliers and potential suppliers of VSE. In case that VSE fail to fulfil its payment obligations against suppliers of natural gas and electricity, the Company is obliged to perform the obligations of VSE to the suppliers as if the Company is the supplier's primary obligor. The maximum amount of guarantees to individual suppliers of VSE guaranteed by the Company are as follows:

in EUR thousand	As at 31 December	
	2024	2023
RWE Supply & Trading GmbH	-	168,000
EDF Trading Limited	-	21,000
Total	-	189,000

The borrowings of VSD guaranteed by the Company are as follows:

in EUR thousand	As at 31 December	
	2024	2023
UniCredit Bank Czech Republic and Slovakia, a.s.	-	60,000
Slovenská sporiteľňa, a.s.	-	50,000
Total	-	110,000

Fair value of these financial guarantees was EUR 104,086 thousand.

26. Related party transactions and balances

Related parties are divided into following categories:

a) Parent company

- Západoslovenská energetika, a.s.(ZSE) – parent company (from 23 November 2023)

b) Subsidiaries

- Východoslovenská distribučná, a.s. (until 23 November 2023)
- Východoslovenská energetika, a.s. (until 23 November 2023)
- VSE Ekoenergia, s.r.o.
- VSE Call centrum, s.r.o.
- VSE Solutions s.r.o. (till 23 November 2023)
- iWATT s.r.o. (till 30 October 2023)
- Nadácia VSE

c) Entities under control of ZSE Group

- Východoslovenská distribučná, a.s. (from 24 November 2023)
- Východoslovenská energetika, a.s. (from 24 November 2023)
- Západoslovenská distribučná, a.s. (from 23 November 2023)
- ZSE Energia, a.s. (from 23 November 2023)

d) Entities under control of E.ON Group, that were not part of VSEH group

- E.ON SE
- E.ON Energija d.o.o.
- E.ON Digital Technology GmbH
- Westenergie AG (innogy Westenergie GmbH)
- E.ON First Future Energy Holding B.V.
- Innogy South East Europe s.r.o.

e) Associates and joint ventures in which the entity is a venturer

- TRANSELEKTRO spoločnosť s ručením obmedzeným Košice
- Energotel, a.s.
- SPX, s.r.o.
- Bioplyn Rozhanovce, s.r.o.

f) Key management personnel of the entity

- members of Board of Directors
- members of Supervisory Board
- division directors

g) State controlled entities

Significant transactions or balances with state-controlled entities are related to dividend payments.

The nature of relationship with related parties with which the Company carried out significant transactions or had significant balances with are described below. The related party transactions were made on an arm's length basis.

a) Parent company

Transactions with parent company ZSE are stated in the following table:

in EUR thousand	2024	2023
Sale of subsidiaries VSD and VSE	-	861,046
Services	114	-
Other operating income	73	-
Purchase of services	(2,069)	(3)
Other operating expenses	(309)	-
Dividends paid (Note 12)	(28,587)	-

Balances with parent company are stated in the following table:

in EUR thousand	As at 31 December	
	2024	2023
Trade receivables (gross) (Note 3.1)	117,210	861,046
Receivables from cash-pooling (gross) (Note 2.11)	7,084	-
Trade and other payables (Note 9, 13)	117,508	-

b) Subsidiaries

Transactions with subsidiaries are stated in the following table:

in EUR thousand	2024	2023
Sale of services (Note 19)	270	18,624
Other income	-	46
Purchase of electricity	-	(89)
Other	-	(2)
Purchase of services	-	(117)
Personnel costs	-	(1)
Interest income (Note 21)	10	2,236
Dividend income (Note 8, Note 20)	117	28,836

Balances with subsidiaries are stated in the following table:

in EUR thousand	As at 31 December	
	2024	2023
Trade receivables (gross) (Note 3.1)	-	-
Receivable from cash-pooling (Note 2.11, 9,)	-	4,411
Financial liabilities from cash pooling (Note 9)	-	87
Trade and other payables (Note 9, 13)	-	-

c) Entities under control of ZSE Group except for subsidiaries of the Company

Transactions with entities under control of ZSE Group except for subsidiaries of the Company are stated in the following table:

in EUR thousand	2024	2023
Sale of services	20,438	1,631
Other operating income	109	-
Purchase of services	(154)	(20)
Purchase of energy	(93)	(11)
Interest income (Note 21)	1,388	-

Balances with entities under control of ZSE except for subsidiaries of the Company are stated in the following table:

in EUR thousand	As at 31 December	
	2024	2023
Trade receivables (gross) (Note 3.1)	1,249	2,980
Receivable from cash-pooling (Note 2.11, 9,)	-	74,867
Financial liabilities from cash pooling (Note 9)	-	61,856
Trade and other payables (Note 9, 13)	297	91

d) Entities under control of E.ON Group except for subsidiaries of the Company

Transactions with entities under control of E.ON Group except for subsidiaries of the Company are stated in the following table:

in EUR thousand	2024	2023
Purchase of services	(1,122)	(853)
Personnel costs	-	(291)
Dividends paid (Note 12)	-	(10,290)

Balances with entities under control of E.ON Group except for subsidiaries of the Company are stated in the following table:

in EUR thousand	As at 31 December	
	2024	2023
Trade receivables (gross)	-	-
Trade and other payables	10	647

e) Associates and joint ventures in which the entity is a venturer

Transactions with associates and joint ventures in which the entity is a venturer are stated in the following table:

in EUR thousand	2024	2023
Rental revenues	-	8
Purchase of services	(9)	(14)
Dividend income (Note 8, Note 20)	81	69

Balances with associates and joint ventures in which the entity is a venturer are stated in the following table:

in EUR thousand	As at 31 December	
	2024	2023
Trade receivables (gross)	-	-
Trade and other payables	-	8

f) Key management personnel of the entity

Transactions with key management personnel of the entity are stated in the following table:

in EUR thousand	2024		2023	
	Board of Directors	Supervisory board	Board of Directors	Supervisory board
Short-term employee benefits	245	127	309	109
Defined benefit plan	44	22	35	18
Total	289	149	344	127

g) Entities controlled by government or where government has significant influence

The Company performs collectively significant transactions with entities controlled by government or where government has significant influence. These transactions are represented by:

in EUR thousand	2024	2023
Revenues	9	15
Purchases	(47)	(116)
Dividends paid (Note 12)	-	(10,710)

Balances are stated in the following table:

in EUR thousand	As at 31 December	
	2024	2023
Trade and other payables	-	-

27. Events after the reporting period

On January 17, 2025, the Commercial Register recorded the reduction of the registered capital, thereby enabling the offset of the remaining receivables and liabilities that arose from the sale of subsidiaries and from the reduction of equity and the take-over of loans by the parent company.

There has been no other material event after the reporting period that should be disclosed in these financial statements prepared in accordance with IFRS valid in the EU.

ANNUAL REPORT OF
VÝCHODOSLOVENSKÁ ENERGETIKA HOLDING A.S.
FOR THE YEAR 2024

Basic indicators

of the Company Východoslovenská energetika Holding a.s.

drawn according to the IFRS valid in the EU

Basic economic data	2024	2023
in EUR million		
Revenues	20.8	19.9*
Loss after tax	(0.5)	258.6
Balance sheet amount	140.4	941.8
Share capital	0.033	111.6
Investments (material and financial)	3.2	1.2

**Excluding proceeds from the sale of subsidiaries*

Contents

1. Foreword by the Chairman of the Board of Directors of Východoslovenská energetika Holding a.s.	4
2. Basic Data and Company Profile	6
3. Employees.....	13
4. Social Responsibility.....	16
5. Economics.....	17
6. Costs of Research and Development Activities.....	18
7. Acquisition of Own Shares, Temporary Certificates, Business Interests and Shares.....	18
8. Foreign Organizational Units of an Accounting Entity	18
9. Information on Events of Special Significance that Occurred after the End of the Accounting Period for which the Annual Report is Prepared	19
10. Information on Significant Risks and Uncertainties to which the Entity is Exposed.....	19
11. Special Regulations	19
12. Information on Profit Distribution for the Year 2024.....	19
13. Business Outlook 2025.....	19

1. Foreword by the Chairman of the Board of Directors of Východoslovenská energetika Holding a.s.

Dear ladies, dear gentlemen,

the Company Východoslovenská energetika Holding a.s. entered 2024 as part of the ZSE Group.

At the end of November 2023, our Company's shares contributed to the registered capital of Západoslovenská energetika, a.s. (ZSE). The transfer of Východoslovenská energetika a.s. (VSE) and Východoslovenská distribučná, a.s. (VSD) shares to ZSE also became effective. This completed an important stage of an integration process, and all three companies mentioned above became sister companies and a significant part of the ZSE Group.

In 2024, the ZSE Group continued with further integration projects, which significantly affected the organisation and activities of our Company, VSE Holding.

The new organisational structure confirmed the Company's set direction, which is a shift towards creating a shared services centre, especially in information technology and transactional activities. We can highlight, for example, changes in the IT Division and the Purchasing and Logistics Department, which were supported by the creation of personnel unions at management levels. Selected managers were thus able to directly and equally manage activities and lead people across several companies of the ZSE Group.

Thanks to this, the departments mentioned above were able to implement significant integration projects successfully. The IT Division invested significantly, and in 2024 began implementing the HR Suite Project. Its goal is to harmonise HR processes within individual companies of the ZSE Group and replace many HR systems with a unified HR solution for the entire ZSE Group. The IT Division has put into use on the Humanet Platform a new system for submitting attendance in the western part of the Group, a business travel module, and is finalising the payroll processing module. The entire project will be completed in 2027.

IT employees also played a significant role in the project to unify and replace four existing SAP ERP systems used in the ZSE Group companies with one new modern system on the SAP – S4/HANA platform. The project concerns financial accounting management and processes, and will continue in 2025, with a transition to a new system taking place between 2024 and 2025. The Purchasing and Logistics Department colleagues worked on unifying processes and applications to implement tender procedures.

Regarding ongoing integration projects, development and investments, 2024 was also a significant year for our subsidiary VSE Call centrum, s.r.o. The decision to build an internal call centre for the ZSE brand began in 2024. Within a few months, the company hired and trained 50 new consultants and at the same time built a new workplace in Nitra. In the second half of the year, the call centre team was already internally servicing almost 1.5 million ZSE and VSE customers from two workplaces - from Nitra and Košice.

The VSE Foundation, founded by our Company VSE Holding, **continued to represent the VSE brand in community support in Eastern Slovakia. It was primarily dedicated to supporting projects in education, sports, culture, the environment,** and social areas.

In addition, our Company, VSE Holding, was directly involved in and supported diversity and inclusion topics. We continued cooperating with the Association for Culture, Education and Communication (ACEC), expressed our support for tolerance and the LGBTI+ community by symbolically raising the flag during the PRIDE FESTIVAL Košice 2024, and organised traditional Diversity Days for our employees. We actively participated in organising the Girl's Day event. The day is dedicated to supporting girls' studies and general interest in the IT industry.

One of our Company's key tasks in 2024 was taking care of VSE Holding, VSE, and VSD employees. Our Human Resources Department continued to provide them with a wide range of benefits. A new feature was possibly installing home wall boxes from ZSE Drive, intending to reduce CO2 and improve air quality, especially in cities. The Company's management thus supported employees in using electric vehicles for business trips and private purposes.

As a shared services centre, we are ready to provide the ZSE Group with top-notch value-added services, bring process optimisation, and become a driving force for digitalisation and innovation in the coming period.

Ing. Tomáš Turek, Ph.D.

Chairman of the Board of Directors of VSE Holding a.s.

2. Basic Data and Company Profile

Basic company information

The joint-stock company Východoslovenská energetika Holding a.s. (until 30 June 2014 Východoslovenská energetika a.s., also "VSE Holding a.s.", "VSE Holding", "VSEH", "the Company") was established by the decision of its founder (National Property Fund of the Slovak Republic) with a foundation deed dated 17 December 2001, following the conclusion of the Government of the Slovak Republic No. 645 of 11 July 2001 on the privatisation of the enterprise Východoslovenské energetické závody, š.p. Košice. Východoslovenská energetika Holding a.s. took over all the assets, rights, obligations and liabilities of the state-owned enterprise Východoslovenské energetické závody, š.p. Košice, which was dissolved without liquidation based on the decision of the Ministry of Economy of the Slovak Republic No. 288/2001, dated on 14 December 2001.

On 1 July 2014, the Company was renamed Východoslovenská energetika Holding a.s.

Current data:

Business name: Východoslovenská energetika Holding a.s.

Registered office: Mlynská 31, 042 91 Košice

Company ID: 36 211 222

Registered in the Commercial Register of the City Court Košice, Section: Sa, file No. 1203/V

The main activities of VSE Holding a.s.:

- activities of economic, organisational and accounting consultants,
- computing and reprographic technology services,
- software provision,
- organisation of training, exams and seminars,
- accounting,
- data processing,
- rental of real estate associated with the provision of services other than essential rental services,
- complex solutions for information and computing systems,
- automated data processing.

The Company's share capital of EUR 111,617,970 as of 31 December 2024 consisted of 3,363 thousand registered shares with a nominal value of EUR 33.19 per share.

As of 31 December 2024, the sole shareholder of VSE Holding a.s. is the company Západoslovenská energetika, a.s., registered office at Čulenova 6, 816 47 Bratislava - Staré Mesto, registered in the Commercial Register of the City Court Bratislava III, Section: Sa, file No. 2852/B, Company ID: 35 823 551.

Composition of the Statutory Body and the Supervisory Board as of 31 December 2024:

Statutory Body

Board of Directors	
As of 31 December 2024,	
Chairman	Ing. Tomáš Turek, Ph.D. (since 23 November 2023, 15 March 2023 to 22 November 2023 - member of the Board of Directors)
Vice Chairman	JUDr. Rastislav Hanulák (office terminated on 2 September 2024) Ing. Peter Mihaľov (since 3 September 2024)
Members	Ing. Jana Palková (since 1 January 2024)

Supervisory Body

Supervisory Board	
As of 31 December 2024,	
Chairman	Ing. Jozef Klink EMBA (office terminated on 2 September 2024) Emil Chlapeček (office of the Supervisory Board member started on 3 September 2024, elected to the office of the Supervisory Board Chairman on 19 September 2024)
Vice Chairman	Markus Kaune (office started on 23 November 2023)
Members	Ing. Štefan Lasky (office terminated on 2 September 2024) Ing. Peter Kolár (office terminated on 2 September 2024) Mgr. Katarína Varhoľáková (office terminated on 14 January 2024) Ing. Michal Gallik (office terminated on 2 September 2024) Ing. Marek Zborovjan, MBA, DBA (office started on 3 September 2024) Ing. Pavol Kubáni (office started on 3 September 2024) Mgr. Ján Štefaňák (office started on 3 September 2024) Ing. Jaroslava Danko (office started on 3 September 2024) Ing. Peter Sýkora* (office started on 23 February 2023) Magdaléna Gogoláková* (office started on 23 February 2023) Ing. Drahomír Štefko* (office started on 23 February 2023) <i>*Employee representative in the Supervisory Board</i>

Equity shares

Subsidiaries

As of 31 December 2024, the Company owned the subsidiaries listed below. The share capital of the companies consisted of shares and interests directly held by the Company.

Name	Activities	Capital share in %	
		as of 31 December 2024	as of 31 December 2023
VSE Ekoeenergia, s.r.o.	Outsourcing of the operation and the grid maintenance	100	100
VSE Call centrum, s.r.o.	Computer data processing services	100	100
VSE Foundation	Support for public interest activities	100	100

Associates and joint ventures

Name and location of business	Activities	Capital share in %
SPX, s.r.o., Žilina	Providing consulting services in the field of energy	33.33 joint venture
TRANSELEKTRO spoločnosť s ručením obmedzeným Košice	Island network lessor	25.50 affiliated company
Energotel, a.s. Bratislava	Operation of a fixed public telecommunications network and provision of data services	20.00 joint venture
Bioplyn Rozhanovce, s.r.o.	Electricity generation from biomass	34.00 joint venture VSE Ekoeenergia

Compliance

The Company continuously pays special attention to building, implementing, and strengthening the Compliance Program, a set of processes to ensure compliance with laws and ethical behaviour of ZSE Group employees in all working areas. The Compliance Program is gradually implemented and strengthened in all subsidiaries of the ZSE Group, including Východoslovenská energetika Holding a.s.

The main objective of the Compliance Program is to prevent, detect, and respond to behaviour that could be considered to violate internal and legal regulations, possibly resulting in personal liability for the persons involved, the Company's management, or the Company as such (criminal liability of legal entities).

Code of Conduct

The essential document of the Compliance Program is the Company's Code of Conduct (also known as the "Code of Conduct"), which enshrines the principles of responsible business to which the ZSE Group companies adhere. It also represents a binding guide to conduct for employees and all those who cooperate with the ZSE Group companies.

Additional binding internal regulations that provide deeper insight into relevant compliance areas (e.g., conflict of interest and whistleblowing) further develop the Code of Conduct.

To increase employee ethical awareness, ZSE Group companies organise various educational activities, the scope of which depends on individual participants' tasks and responsibilities.

In 2024, ZSE Group companies continued to offer new e-learning courses to employees across the group. All employees must complete the Code of Conduct e-learning module annually. The training focuses on responsible business and compliance (including whistleblowing and internal reporting systems).

With this educational activity, ZSE Group companies continued supporting the so-called speak-up culture, encouraging employees to address and escalate their compliance concerns openly. The academic module also contained several hypothetical practical situations employees may face, testing their acquired knowledge.

Employees in departments without internet access received training in an offline format.

New employees completed e-learning on the Code of Conduct, during which they were familiarised with the ZSE Group's compliance rules and who to contact if they need consultation or want to submit a complaint.

Integrity and whistleblowing training was made available to leaders in the ZSE Group.

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

Compliance and notifications

Transparent and sustainable business relationships, a good working atmosphere and responsible entrepreneurship are vital for the ZSE Group, its managers, employees and shareholders. To ensure these standards, the ZSE Group has established reporting channels through which whistleblowers (employees and other persons within the meaning of the whistleblowing legislation) can point out anti-social activities and violations of internal or legal regulations. In 2024, the ZSE Group implemented a new reporting channel, a web form on the ZSE Group website intended for both ZSE Group employees and other parties. Following the published information, potential whistleblowers are instructed in detail about the reporting methods and their position in the investigation process. They can also report anonymously using the ZSE Group's reporting channels if interested.

Number of compliance notifications in the ZSE Group in 2024

Concerning the aspect of transparency and clarity, we divide the notifications into the following categories:

Category	Number
Business integrity concern, potential illegal activity, violation of laws, corruption, antitrust rules, compliance with KYC and integrity rules of business partners, insider trading,	2
Fraud against ZSE Group companies, such as theft, embezzlement, other fraudulent behaviour,	4
Reporting HR-related concerns, such as conflict of interest, mobbing, bossing, sexual harassment, discrimination, etc.,	7
Any other topics related to the Code of Conduct	0
Total	13*

**Compliance notifications are directed to responsible persons from the Compliance Team through the relevant communication channels. The number of notifications does not include customer complaints and claims that do not reflect anti-social activity or do not contain specific information necessary to verify the notification, as well as repeated notifications that were delivered through internal reporting channels.*

Zero tolerance for corruption

In line with the ten principles of the Global Compact, according to which companies and firms strive to prevent corruption, the ZSE Group is committed to fighting corruption. It expresses this commitment in the Code of Conduct, which covers activities most exposed to corruption risks and unfair practices. The commitment to zero tolerance for corruption is also reflected between the ZSE Group and its suppliers, as this is incorporated into the ZSE Group Supplier’s Code of Conduct.

Giving and receiving gifts

The procedures for giving and receiving gifts are part of the anti-corruption measures incorporated in the Code of Conduct. All gifts provided, except those within defined limits, must be approved and documented according to established procedures in the central gift register.

Anti-corruption behaviour, including giving and receiving gifts or entertainment, is regularly communicated to employees through internal communication channels. Gifts and entertainment are also regularly trained for new employees and are part of annual training on compliance and the Code of Conduct.

Contributions to political parties, charitable donations and sponsorships

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

- The goals are tied to the Company's goals and mission,
- The funds have a clear purpose, and their use is appropriately, transparently documented, and verifiable at any time.

The ZSE Group does not finance political parties, their candidates or representatives, whether in Slovakia or abroad, nor does it sponsor conventions or rallies whose sole or primary purpose is political propaganda.

Combating money laundering and terrorist financing

In the fight against money laundering and terrorist financing, the ZSE Group acts following the Slovak and European legislation. The ZSE Group never condones, facilitates or supports money laundering or terrorist financing, which means that it:

- complies with laws and regulations regarding money laundering and terrorist financing,
- never engages in risky activities possibly aimed at financing or supporting crime or terrorism,
- adopts measures and mechanisms to assess potential and current business partners.

Competition and anti-competitive behaviour

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

Competition rules govern the ZSE Group, which does not tolerate prohibited agreements restricting competition (cartel agreements) or abusing a dominant position in any way. All employees of the ZSE Group are obliged to behave according to the rules of competition protection, which are further discussed in the Code of Conduct.

Following the internal rules of the ZSE Group, special attention is paid to compliance with the principles of competition protection regarding competitors. When in contact with competitors, employees must ensure they do not receive or provide any information that would lead to conclusions on current or future behaviour of the ZSE Group companies or its market competitors.

It is also vital for the ZSE Group to comply with national and international law rules. The ZSE Group companies also require the same from their business partners.

Know Your Counterparty (KYC) check

The ZSE Group selects its business partners based on professional and economic criteria. However, it also pays close attention to environmental protection, compliance with human rights, labour and other binding standards, and anti-discrimination and anti-corruption policies. When selecting business partners, it also considers international sanctions and regulatory, legal, or reputational risks that could seriously impact the ZSE Group.

Internal control system:

The internal control system is a continuous process by the Board of Directors through the Company's managers and experts, to provide all stakeholders with adequate guarantees of achieving the Company's strategic objectives. The Company has established for these purposes:

1. Internal control mechanisms have been implemented at the level of individual processes to identify and prevent risks of fraud, corruption, and unfair practices. The role of the internal control system is to prevent and timely identify errors and irregularities that may arise because of intentional fraud and unintentional acts or omissions.
2. Internal audit is a set of independent, objective, assurance and consulting activities to improve management and control processes, considering the internationally recognised auditing standards "International Standards for the Professional Practice of Internal Auditing". The ZSE Group has

an established Internal Audit Department that constantly monitors the system of implemented control mechanisms, identifies its shortcomings and proposes action plans to improve and make the internal control system more efficient. The Head of Internal Audit is responsible for developing and implementing the Internal Audit Plan based on a risk assessment, considering the Company's risk management framework and the levels of management response to risk for various activities.

3. The Compliance Team is part of the ZSE Group's organisational structure. Its tasks include, but are not limited to, developing, implementing, and updating documentation related to the Compliance Program, updating the ZSE Group Code of Conduct, performing activities related to training activities, methodological support, and investigating violations of the Code of Conduct.

3. Employees

2024 was marked by significant organisational changes aimed at optimising the structure and streamlining processes throughout the Company. These changes dominated and became a key factor in our Company's efforts to adapt to dynamic and constantly evolving market conditions.

Throughout the year, we have explored and analysed various topics in human resources management. We have focused on diversity and inclusion, sustainability, and training new talent. 2024 has been full of innovative steps and interesting projects for us.

Respect and inclusion

The Company is a member of the Coalition of Companies for Mental Health. This allows employees to access professional materials from the League for Mental Health. Initiatives such as a talk show with experts, hosted by Peter "Šarkan" Novák, and free consultations with Human Dynamic contribute to creating a supportive and healthy work environment.

The Respect Week took place from 25 to 29 September 2024. As the title suggests, the common denominator of all activities was respect, but also diversity, openness and tolerance. We participated in the Roma Award Spirit. This step represents an integral part of our efforts to strengthen diversity and inclusion. The above activities support a safe and respectful work environment and emphasise accepting people regardless of their differences.

Cooperation with organisations and employee recruitment

The Company actively participated in the significant job fairs Profesia Days and Kariéra EXPO in Košice. We presented ourselves as a modern Company, interested not only in its current or future employees, but also in the sustainability of the business. We also participated in the traditional job fair at the Technical University of Košice, which is organised annually for university students by the student organisation IAESTE. At this fair, we mainly presented our development programs, Trainee and Practice, intended for high school and university graduates, which have been helping us build succession in key professions in the electrical power industry for years.

As part of the Grow with DofE event, in the autumn, we accepted an invitation to discuss the current situation on the labour market and our approach to selection procedures. The audience was the principals of 50 secondary schools involved in the project. They appreciated the practical information presented and the experience from our practice. Subsequently, we focused on the impact of digitalisation, automation and demographics on recruitment and education. We also emphasised the growing importance of soft skills, which are crucial for the career growth of pupils and students but are often overlooked in the school system. At the same time, we appealed to a need for lifelong learning and the ability to learn as an essential skill for the young people's future.

Home office and flexibility

After assessing the pilot year of remote work, also known as the New Normal, we decided to continue it until the end of 2025, based on positive employee feedback. In addition, we extended the possibility of working from home to include working from EU countries under specific conditions. We also increased the maximum share of working from home from 60% to 80% of an employee's monthly work fund. This option is beneficial for our employees who request the approval of their superiors to work from home. Hybrid work's benefit is supporting an efficient, motivating work environment.

Partnerships with schools

In 2024, we continued our efforts to ensure a future quality workforce and to support young students through dual education, which prepares students to perform their profession according to specific needs and requirements directly at their assigned workplace. By completing this education, students learn about our working environment and develop work habits essential for successful employment after graduation, without needing further training or retraining.

Employee development

In 2024, we also cared about developing and utilising the potential of current employees, as evidenced by completing the seventh round of the Talent Management Program. The participants themselves organised the final event. The goal was to convince top management that the investment in this development program is worth it. Throughout the year, colleagues completed five trainings - Motivation and Feedback, Challenging Interviews, Building Highly Productive Teams, Adaptive Leadership and an internal workshop on the topic, It's Not Only About You or Culture of Mutual Care and Occupational Safety. The talents helped the community during their extracurricular project, which involved specific assistance in a selected kindergarten. They also participated in development programs for young people through partner non-profit organisations (DofE, Nexteria).

Sustainability and environmental responsibility

In 2024, we continued our commitment to sustainability and environmental protection by strengthening our electric vehicle fleet. This year, we are putting additional electric vehicles into service, further reducing the environmental impact of our operations.

A new benefit for our employees was the launch of the Home Wallbox program by ZSE Drive. The program provides convenient charging for electric vehicles in the comfort of the home. Employees with electric company vehicles can receive a Home Wallbox with fully paid equipment and a basic installation package.

We have also extended the possibility of setting up home charging for employees with private electric vehicles, who can take advantage of a 50% discount on equipment and installation.

Thanks to initiatives like these, we continue our efforts to reduce our carbon footprint and contribute to a sustainable future.

Employment structure

As of 31 December 2024, the Company was employing 212 employees. The number of employees gradually decreased compared to 2023 and 2022. The reason is the transfer of employee rights and obligations within the new organisational structure of the ZSE Group. Voluntary fluctuation was maintained at approximately 2.7%.

Basic data				
Employment structure	UoM	2024	2023	2022
number of men as of 31 December	number	69	108	109
number of women as of 31 December	number	137	185	189
status as of 31 December*	number	212	301	307
average headcount	number	226	297	297
voluntary turnover	%	2.7	3.7	4.0
total fluctuation	%	43.0	11.1	12.1
average employee age	year	47.0	45.8	45.3
average seniority	year	14.8	13.8	13.9

**Including the personnel union of employees from the ZSE Group*

4. Social Responsibility

Philanthropy and volunteering are among the most essential activities of our Company, VSE Holding, in supporting community development. Since 2021, the VSE Foundation has actively represented us by supporting selected projects, including employee volunteering and engagement.

VSE Foundation

The VSE Foundation, founded by the Company, supported projects in education, sports, culture, the environment, and social issues by almost EUR 179,000 in 2024.

Most of the projects were supported through the grant calls. However, the Foundation did not forget about long-standing partnerships. It supported the activities of the Society of Friends of Children from Orphanages Úsmev ako Dar with the amount of EUR 30,000 and 13 vocational schools to implement innovations for students with a total amount of almost EUR 27,000.

The VSE Foundation also raked Kopanecké Meadows in the Slovak Paradise National Park. At the same time, it involved employees of VSE Holding, VSD, and VSE in the raking itself. Thanks to the Companius - Helping Together Grant Program, it also supported the employees' volunteer work and commitment.

In 2024, a Children's Hospital in Kiev, where children with disabilities were rehabilitated, was bombed. The nearest hospital where these children could be provided with appropriate therapy was in Svalyava. To transport the children from Shevchenko, where they were gathered, to Svalyava, the Foundation contributed almost EUR 9,000 to purchase a 9-seater vehicle.

Cooperation with the E.ON Foundation

In cooperation with the E.ON Foundation, which donated EUR 100,000 to mitigate climate change, the VSE Foundation launched a Grant Program entitled Together with E.ON, we Connect Energy for a Better Climate. The program supported 12 projects, covering various initiatives in the energy, construction, mobile, food and industrial sectors.

A unique combination of charity, sports and social events

VSE Holding initiated the organisation and participation in the VSE CITY RUN event again in 2024. It was the 17th year of the sports and charity event, boasting the highest number of participants and aid. The proceeds from the entry fee, a record EUR 12,206, were donated to the Early Intervention Centre in Košice, of which our company donated EUR 3,000.

For over 15 years, we have supported extending the children's audio collection of Matej Hrebenda Slovak Library for the Blind in Levoča. 2024 was no exception. Another initiative to support employee engagement was organising the donation of the most precious fluid, blood, in cooperation with the National Transfusion Station in Košice. Of course, participation in the activities of the declared Volunteer Week and the nationwide event Let's Clean Slovakia, was included. At the end of the year, our employees and VSE and VSD companies employees collected various therapeutic aids and board games for senior people in four charity houses in Michalovce and Trebišov, as part of the #GivingTuesday material collection.

5. Economics

At the end of November 2023, the contribution of our Company's shares to the registered capital of Západoslovenská energetika, a.s. (ZSE) came into effect. The transfer of shares in Východoslovenská energetika a.s. (VSE) and Východoslovenská distribučná, a.s. (VSD) to ZSE also came into effect. This meant that the VSE Holding Group, as we knew it, ceased to exist, and so did it stop functioning as a parent organisation. Naturally, there was a significant decrease in dividend income.

There were no other sales of subsidiaries in 2024. Personnel costs decreased due to a transfer of some employees to the parent company ZSE.

The selected key indicators are based on the Individual Financial Statements of VSE Holding a.s., prepared following the International Financial Reporting Standards (IFRS) applicable in the European Union:

EUR million	2024	2023
Revenue from customer contracts and other operating income	21.9	20.7
Dividend income	0.2	28.9
Profit from sale of subsidiaries	0	230
Financial returns	1.3	2.6
Total revenue	23.4	282.2
Material consumption	-0.6	-0.6
Services	-6.1	-4.8
Personal expenses	-10.6	-12.6
Depreciation	-1.8	-1.8
Other costs	-1.5	-0.2
Financial costs	-3.2	-3.6
Total costs (excluding income tax)	-23.9	-23.6
Income tax	-0.1	0
Annual profit (loss)	-0.5	258.6

The sole shareholder, company ZSE, reduced the Company's registered capital and reserve fund. There was also a dividend payment for the previous year profit and a distribution of retained earnings, as well as the cancellation of the investment support fund. The loss of 2024 of EUR 0.5 million as well as previous decision caused decrease in equity of EUR 763.7 million.

In 2024, ZSE took over VSE Holding's bank loan agreements. By taking over the financing, the Group consolidated its external loan financing so that the parent company became the sole debtor to the banks.

The financial needs of all companies within the Group are secured through intragroup financing through a cash pooling framework.

EUR million	2024	2023
Tangible fixed assets	4.4	5.1
Real estate investments	3.1	3
Intangible assets	4.6	2.3
Receivables	118.5	927.2
Right-of-use assets	1.2	1.3
Investments in subsidiaries, associates and joint ventures	0.6	1.5
Cash	0	1
Cash pooling receivables	7.0	0
Other	1.0	0.4
Total assets	140.4	941.8
Equity	16.4	780.1
Trade and other payables	120.3	3.3
Loans and lease liabilities	1.2	80.9
Reserves	1.5	1.5
Cash pooling liabilities	0	75
Other liabilities	1	1
Total equity and liabilities	140.4	941.8

6. Costs of Research and Development Activities

VSE Holding did not incur any costs for research and development activities in 2024.

7. Acquisition of Own Shares, Temporary Certificates, Business Interests and Shares

VSE Holding did not acquire any treasury shares or temporary certificates in 2024.

8. Foreign Organizational Units of an Accounting Entity

VSE Holding has no foreign organisational units.

9. Information on Events of Special Significance that Occurred after the End of the Accounting Period for which the Annual Report is Prepared

On January 17, 2025, the Commercial Register recorded the reduction of the registered capital, thereby enabling the offset of the remaining receivables and liabilities that arose from the sale of subsidiaries and from the reduction of equity and the take-over of loans by the parent company.

After 31 December 2024, until the date of preparation of the Company's Financial Statements, no other events occurred that would require disclosure or recognition in the financial statements for 2024.

10. Information on Significant Risks and Uncertainties to which the Entity is Exposed

The Company's management is unaware of any risks significantly affecting its future financial performance.

11. Special Regulations

The Company is not obliged to provide information under any special regulations other than those based on which it has compiled this annual report and included all the information it is compelled to include in the annual report.

12. Information on Profit Distribution for the Year 2024

The Company's Board of Directors will submit a proposal to the General Meeting to settle the loss following the rules agreed to in the Shareholders' Agreement.

13. Business Outlook 2025

The year 2024 was already marked by the implementation of the agreed-upon steps of the transformation and integration process in the ZSE Group, of which VSEH Holding is also a part. This process will continue in 2025 so VSE Holding will be a fully functional Shared Services Centre for the ZSE Group companies in transactional financial and personnel services, administrative and technical support, and information technology.

Standard information systems are one of the essential prerequisites for providing the above services for the ZSE Group. The deployment of the new SAP and HR systems in 2025 will represent a fundamental shift in delivering economic and personnel services. At the same time, VSE Holding will focus on increasing the digitalisation and automation of processes to serve our customers as effectively as possible, considering the changing internal and external environment.