

2024 ANNUAL  
REPORT OF  
ELEKTRO  
GORENJSKA  
– COMPANY  
AND GROUP  
PERFORMANCE



2x

A Network

as Reliable as the National Average

In 2024, Elektro Gorenjska demonstrated outstanding network reliability. The SAIDI indicator (own cause) – which tracks the average duration of unplanned electricity supply interruptions per customer – stood at just 18.79 minutes, compared to the Slovenian national average of 43.95 minutes. With 57% fewer unplanned outages than other Slovenian electricity distributors, Elektro Gorenjska delivered on its promise of a stable and resilient power supply.

Nearly

25%

Growth in Environmental Investments

In 2024, Elektro Gorenjska Group invested 27.1 million euros in environmental initiatives – up from 21.7 million euros in 2023. This nearly 25% growth highlights the Group's clear strategic focus on sustainable development, reducing its environmental footprint and accelerating the energy transition.



Stability is not about resisting change – it's about striking the right balance between resilience and flexibility.

STABLE

CARING

Caring means listening with empathy, nurturing positive change in society and nature and creating enduring energy for future generations – because tomorrow matters.

Quality is the cornerstone of trust and the driving force behind exceptional achievements. It is the foundation of lasting success.

QUALITY-DRIVEN

RELIABLE

Reliability is built step by step – through respect, integrity and responsibility. Every task completed and every goal achieved is a promise kept.

To constantly seek better solutions, challenge the limits of possibility and forge new paths toward meaningful progress.

INNOVATIVE

RESPONSIBLE

Responsibility means having the courage and commitment to do what is necessary.



In 2024, Elektro Gorenjska recorded a sharp rise in the integration of renewable energy sources (RES) into its distribution network. An additional 34.8 MW of RES capacity was connected, raising the total installed capacity to 185.9 MW – a more than 20% increase compared to 2023. This reinforces Elektro Gorenjska's key role in advancing the energy transition and accelerating regional decarbonization.

20%

Growth in Renewable Energy Sources (RES) Integration

According to the 2024 Gallup employee engagement survey, an impressive 39% of Elektro Gorenjska employees were actively engaged in their work – more than double the Slovenian national average of 16%.

This significantly above-average result reflects a positive organizational culture, effective leadership, strong internal communication, and a systematic approach to employee development.

Employee Engagement at 39% – Over

2x

the National Average

# ANNUAL REPORT

# WALK THROUGH



Sustainable energy is more than just a story about electricity.

It is the story of people who, with knowledge, dedication and heart, work every day to ensure a reliable power supply for Gorenjska. It is a story of cooperation and trust that Elektro Gorenjska builds with users, partners and the community. It is a story of reliability – where, in a world of rapid change, Elektro Gorenjska remains firmly anchored in the values of lasting innovation, responsibility and openness.

Elektro Gorenjska. Providing sustainable energy.



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|                |   |
|----------------|---|
| <b>ADMS</b>    | Advanced Distribution Management System               |
| <b>AGEN</b>    | Slovenian Energy Agency                               |
| <b>AMI</b>     | Advanced Meter Infrastructure                         |
| <b>CAIDI</b>   | The Customer Average Interruption Duration Index      |
| <b>CAIFI</b>   | The Customer Average Interruption Frequency Index     |
| <b>CAPEX</b>   | Capital Expenditures                                  |
| <b>CHP</b>     | Combined Heat and Power                               |
| <b>DPO</b>     | Data Protection Officer                               |
| <b>DSO</b>     | Distribution System Operator                          |
| <b>EEI</b>     | Electricity Energy Infrastructure                     |
| <b>EMS</b>     | Environmental Management System                       |
| <b>EMR</b>     | Electromagnetic Radiation                             |
| <b>ESG</b>     | Environmental, social, and governance                 |
| <b>ESRS</b>    | European Sustainability Reporting Standards           |
| <b>EU</b>      | European Union  |
| <b>GDP</b>     | Gross Domestic Product                                |
| <b>GHG</b>     | Greenhouse Gas  |
| <b>GIS</b>     | Gas Isolated Substation                               |
| <b>GJS DO</b>  | Public Utility Service – Distribution System Operator |
| <b>HPP</b>     | Hydropower Plant                                      |
| <b>HV</b>      | High Voltage  |
| <b>IASB</b>    | International Accounting Standards Board              |
| <b>ICT</b>     | Information and Communication Technology              |
| <b>IFRS</b>    | International Financial Reporting Standards           |
| <b>ILO</b>     | International Labour Organization                     |
| <b>INFOSEC</b> | Information Security System                           |
| <b>iQMS</b>    | Integrated Quality Management System                  |
| <b>ISMS</b>    | Information Security Management System                |
| <b>ISR</b>     | Information Security Risk                             |
| <b>IT</b>      | Information Technology                                |
| <b>LCA</b>     | Life cycle assessment                                 |

|                     |   |
|---------------------|---|
| <b>LV</b>           | Low Voltage   |
| <b>LVN</b>          | Low Voltage Network   |
| <b>MAIFI</b>        | Momentary Average Interruption Frequency Index  |
| <b>MC</b>           | Metering Centre   |
| <b>ML</b>           | Measurement Laboratory  |
| <b>MV</b>           | Medium Voltage  |
| <b>OECD</b>         | Organisation for Economic Co-operation and Development  |
| <b>OHS</b>          | Occupational Health and Safety  |
| <b>OHTL</b>         | Overhead Transmission Line  |
| <b>OPEX</b>         | Operating Expenditures  |
| <b>OT</b>           | Operational Technology  |
| <b>OU</b>           | Organizational Unit   |
| <b>PDU</b>          | Power Distribution Unit   |
| <b>Pogodba z DO</b> | Contract for the Lease of Electricity Distribution Infrastructure and for the Provision of Services for the Activities of the Distribution System Operator. |
| <b>PVPP</b>         | Photovoltaic Power Plant  |
| <b>RDl</b>          | Research, Development and Innovation  |
| <b>RES</b>          | Renewable Energy Sources  |
| <b>RMU</b>          | Ring Main Unit  |
| <b>RTP</b>          | Primary Substation – RTP used only when part of the name  |
| <b>SAS</b>          | Slovenian Accounting Standards  |
| <b>SAIDI</b>        | System Average Interruption Duration Index  |
| <b>SAIFI</b>        | System Average Interruption Frequency Index   |
| <b>SDH</b>          | Slovenian Sovereign Holding   |
| <b>SO</b>           | Strategic Orientation   |
| <b>TS</b>           | Transformer Station   |
| <b>UAP</b>          | Unified Access Point  |
| <b>UGC</b>          | Underground Power Cable   |
| <b>ZOEE</b>         | Electricity Supply Act  |

CONTENTS IN  
ACCORDANCE  
WITH  
ESRS  
STANDARDS



ESRS 2 – GENERAL DISCLOSURES

| Code  | Disclosure  | Chapter in the 2024 annual report   |
|-------|---|---|
| BP-1  | General basis for preparation of sustainability statements  | Foundations for Preparation   |
| BP-2  | Disclosures in relation to specific circumstances   | Events After the End of the Financial Year                                |
| GOV-1 | The role of the administrative, management and supervisory bodies   | Statement on Governance, Sustainable Business Policy                      |
| GOV-2 | Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies | Sustainable Business Policy   |
| GOV-3 | Integration of sustainability-related performance in incentive schemes  | Internal Audit  |
| GOV-4 | Statement on due diligence  | Statement on Governance   |
| GOV-5 | Risk management and internal controls over sustainability reporting   | Development of a Comprehensive Risk and Opportunity Management System     |
| SBM-1 | Strategy, business model and value chain  | Sustainable Development Strategy of Elektro Gorenjska, Our Business Model |
| SBM-2 | Interests and views of stakeholders   | Stakeholder Interests and Perspectives                                    |
| SBM-3 | Material impacts, risks and opportunities and their interaction with strategy and business model                                    | Managing Impacts, Risks and Opportunities                                 |
| IRO-1 | Description of the processes to identify and assess material impacts, risks and opportunities                                       | Development of a Comprehensive Risk and Opportunity Management System     |
| IRO-2 | Disclosure requirements in ESRS covered by the undertaking's sustainability statement   | Double Materiality Assessment   |

ESRS E2 – POLLUTION

| Code              | Disclosure   | Chapter in the 2024 annual report                   |
|-------------------|--|---|
| E1-1              | Transition plan for climate change mitigation  | Carbon Footprint Reduction Strategy                 |
| ESRS 2 SBM-3 (E1) | Material impacts, risks and opportunities and their interaction with strategy and business model | Managing Impacts, Risks and Opportunities           |
| ESRS 2 IRO-1 (E1) | Description of the processes to identify and assess material impacts, risks and opportunities.   | Managing Impacts, Risks and Opportunities           |
| E1-2              | Policies related to climate change mitigation and adaptation                                     | Guidelines for Responsible Environmental Management |
| E1-3              | Actions and resources in relation to climate change policies                                     | Measures to Reduce Environmental Impact             |
| E1-4              | Targets related to climate change mitigation and adaptation                                      | Carbon Footprint Reduction Strategy                 |
| E1-5              | Energy consumption and energy mix  | Energy Consumption and Resource                     |
| E2-2              | Actions and resources related to resource use and circular economy                               | Preserving Biodiversity and Ecosystems              |



| ESRS S – SOCIAL STANDARDS         |  |  |
|-----------------------------------|--|--|
| Code                              | Disclosure   | Chapter in the 2024 annual report                  |
| ESRS 2 SBM-2 (S1)                 | Interests and views of stakeholders  | Stakeholder Interests and Perspectives             |
| ESRS 2 SBM-3 (S1)                 | Material impacts, risks and opportunities and their interaction with strategy and business model   | Managing Impacts, Risks and Opportunities          |
| S1-1                              | Policies related to own workforce  | Responsibility Towards Employees                   |
| S1-2                              | Processes for engaging with own workers and workers’ representatives about impacts   | Responsibility Towards Employees                   |
| S1-3                              | Processes to remediate negative impacts and channels for own workers to raise concerns   | Responsibility Towards Employees                   |
| S1-4                              | Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions             | Responsibility Towards Employees                   |
| S1-5                              | Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities   | Strategic Guidelines for Human Resource Management |
| S1-6                              | Characteristics of the undertaking’s employees   | Responsibility Towards Employees                   |
| S1-7                              | Characteristics of non-employee workers in the undertaking’s own workforce   | Responsibility Towards Employees                   |
| S1-8                              | Collective bargaining coverage and social dialogue   | Responsibility Towards Employees                   |
| S1-9                              | Diversity metrics  | Gender Equality and Diversity                      |
| S1-10                             | Adequate wages   | Compensation Policy                                |
| S1-11                             | Social protection  | Social Protection                                  |
| S1-12                             | Persons with disabilities  | Employment of Persons with Disabilities            |
| S1-13                             | Training and skills development metrics  | Employee Training and Development                  |
| S1-14                             | Health and safety metrics  | Occupational Health and Safety                     |
| S1-15                             | Work-life balance metrics  | Creating a Positive Work Environment               |
| S1-16                             | Remuneration metrics (pay gap and total remuneration)  | Compensation Policy                                |
| S1-17                             | Incidents, complaints and severe human rights impacts  | Responsibility Towards Employees                   |
| S2-1                              | Policies related to value chain workers  | Workers in the Value Chain                         |
| S2-2                              | Processes for engaging with value chain workers about impacts  | Workers in the Value Chain                         |
| S2-3                              | Processes to remediate negative impacts and channels for value chain workers to raise concerns   | Workers in the Value Chain                         |
| S2-4                              | Taking action on material impacts on value chain workers, and approaches to mitigating material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions | Workers in the Value Chain                         |
| ESRS G – GOVERNANCE AND INTEGRITY |  |  |
| Code                              | Disclosure   | Chapter in the 2024 annual report                  |
| ESRS 2 GOV-1 (G1)                 | Role of administrative, management, and supervisory bodies   | Statement on Governance                            |
| G1-1                              | Business conduct policies and corporate culture  | Business Conduct Policies and Corporate Culture    |
| G1-2                              | Management of supplier relationships   | Supplier Relationship Management                   |
| G1-3                              | Prevention and detection of corruption and bribery   | Compliance Management                              |
| ESRS 2 IRO-1 (G1)                 | Description of the processes to identify and assess material impacts, risks, and opportunities   | Managing Impacts, Risks and Opportunities          |
| G1-4                              | Corruption or bribery incidents  | Corporate Integrity                                |
| G1-5                              | Political influence and lobbying activities  | Corporate Integrity                                |
| G1-6                              | Payment practices  | Business Conduct Policies and Corporate Culture    |





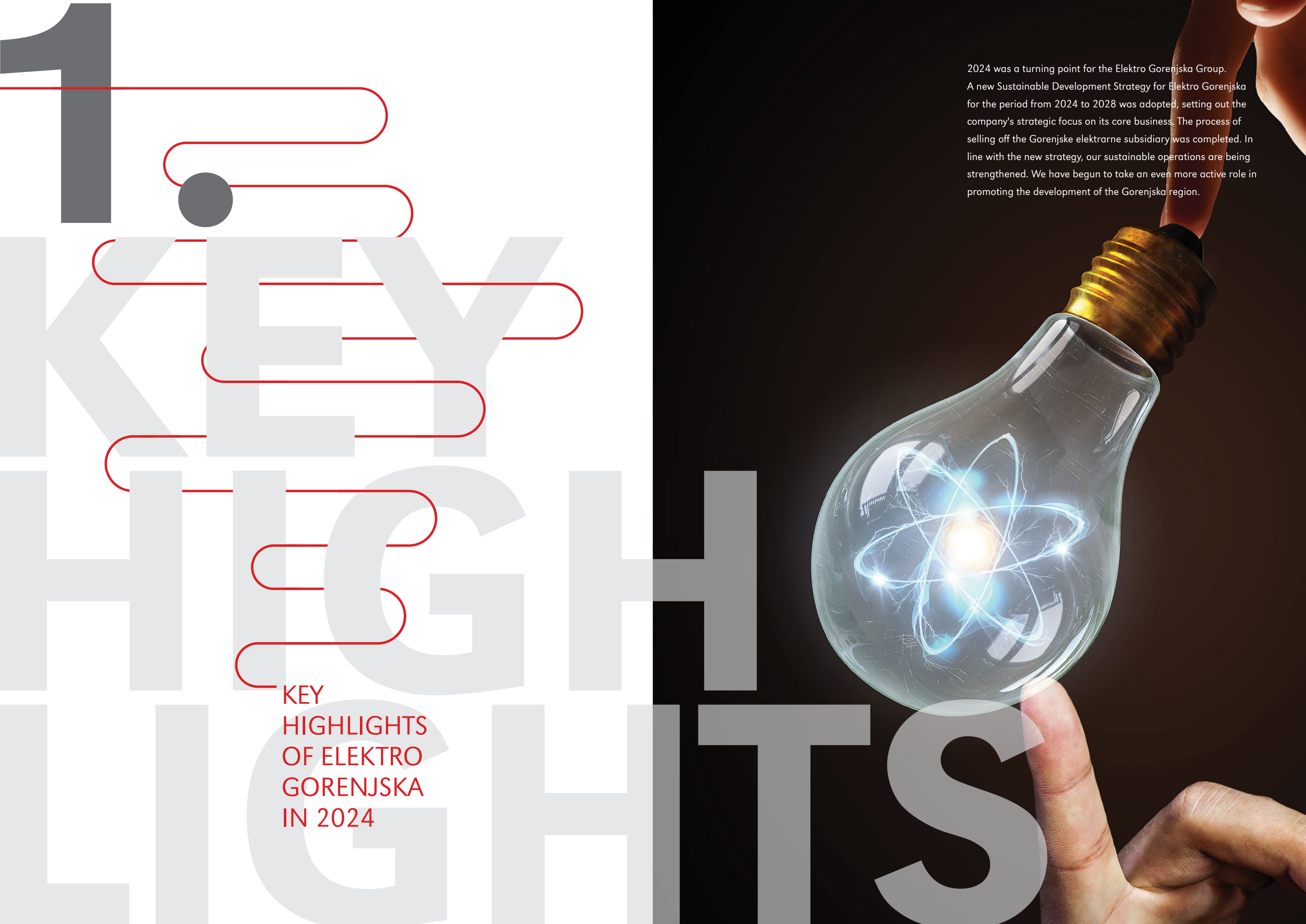
# BUSINESS FINANCIAL REPORT



BUSINESS  
REPORT OF  
ELEKTRO  
GORENJSKA –  
COMPANY AND  
GROUP







2024 was a turning point for the Elektro Gorenjska Group. A new Sustainable Development Strategy for Elektro Gorenjska for the period from 2024 to 2028 was adopted, setting out the company's strategic focus on its core business. The process of selling off the Gorenjske elektrarne subsidiary was completed. In line with the new strategy, our sustainable operations are being strengthened. We have begun to take an even more active role in promoting the development of the Gorenjska region.

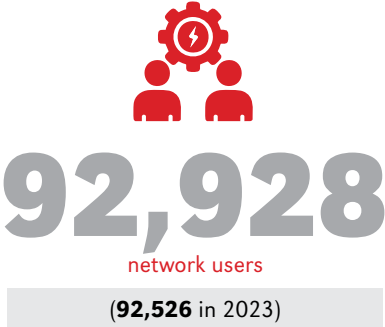
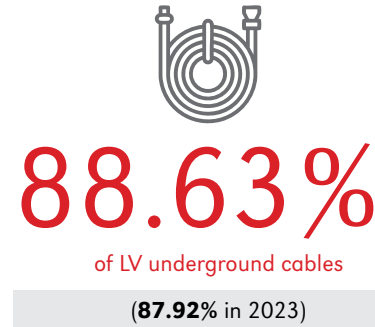
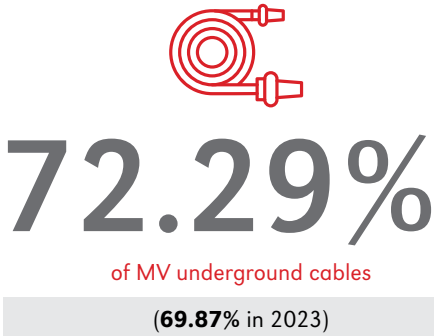
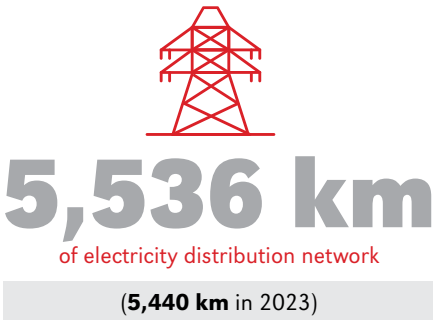
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# KEY

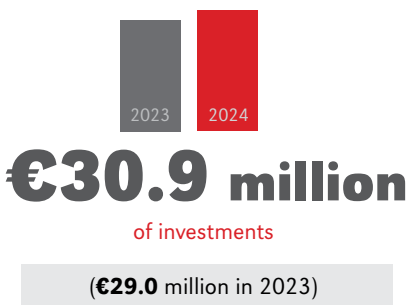
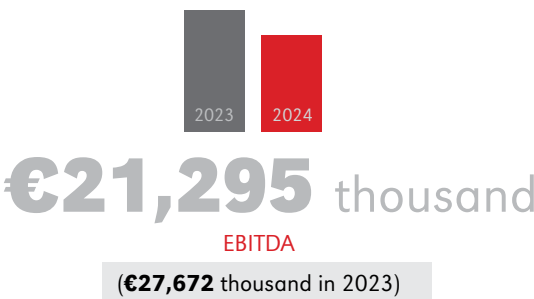
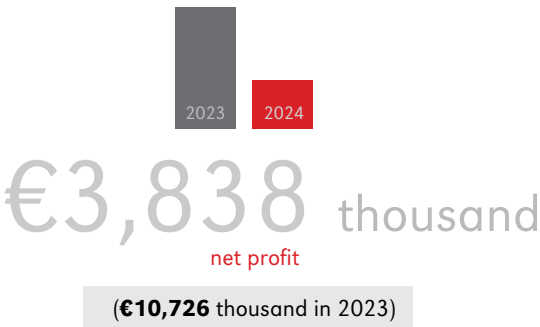
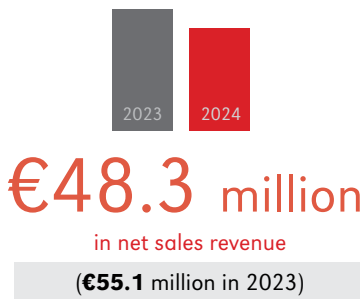
# HIGHLIGHTS

KEY  
HIGHLIGHTS  
OF ELEKTRO  
GORENJSKA  
IN 2024

ABOUT ELEKTRO GORENJSKA GROUP



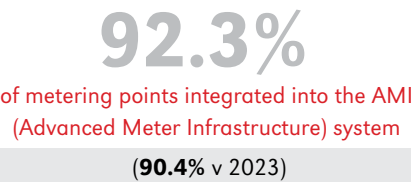
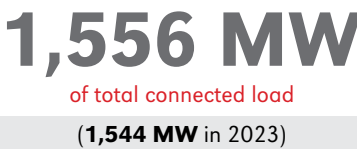
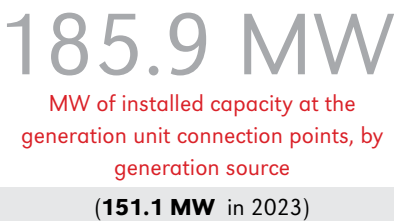
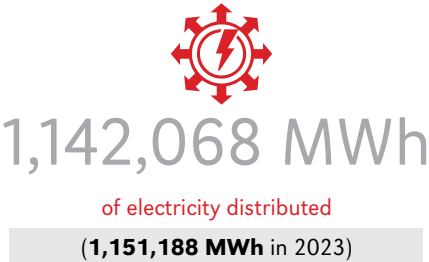
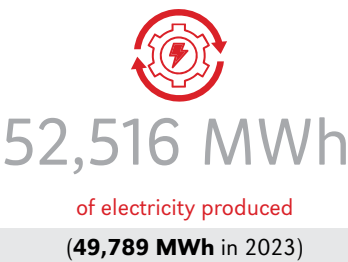
OUR OPERATIONS



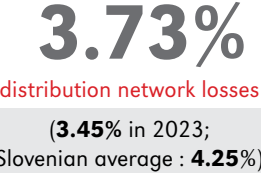
OUR EMPLOYEES



OUR OPERATIONS



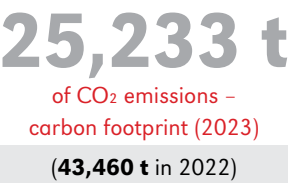
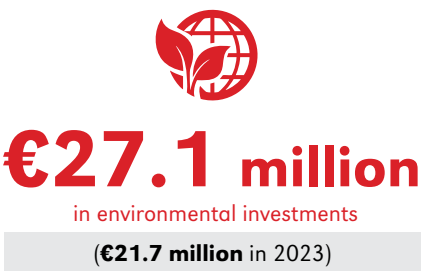
QUALITY OF OUR NETWORK



OUR CONTINUOUS INNOVATION



OUR ENVIRONMENTAL COMMITMENT



# 1.1. Elektro Gorenjska in 2024 – Key Events

Committed to stability. Dedicated to quality. Attentive to opportunity.  
Responsible toward the future. Reliable today. Innovative for tomorrow.

These words capture the dynamic spirit of Elektro Gorenjska in 2024. Throughout the year, we brought to life a wide range of ambitious projects that not only fueled our growth but also reinforced our strategic position in Slovenia's energy sector. True to our values, we upheld our role as a responsible and engaged corporate citizen. Our story is written day by day—through concrete actions that push the boundaries of what is possible.

- **Connecting generations.** The Elektro Gorenjska Group held its traditional gathering for retired employees.
- **Engaging with youth.** We welcomed electrical engineering and mechatronics students from the University of Ljubljana's Faculty of Electrical Engineering to our company headquarters.
- **Sharing knowledge and experience.** In partnership with Siemens, we presented the pilot project OT Companion to representatives of the Croatian transmission system operator (HOPS). The exchange focused on best practices in digitalisation and the development of secondary systems in the energy sector.

## ENDURING ENERGY CONNECTS GENERATIONS

»Many generations of employees have shaped our journey with innovation, responsibility, and care. Thanks to them, we have been delivering the most reliable electricity distribution network in Slovenia for years. We care deeply about our people, which is why we highlight the importance of staying connected with our retired colleagues – they will always form an important part of the Elektro Gorenjska family.«

- **Following trends.** Field workers at Elektro Gorenjska participated in training on cable installation techniques and innovations in electromechanical materials.
- **Shaping the future.** The Supervisory Board approved Elektro Gorenjska's new Sustainable Development Strategy for the 2024–2028 period.
- **Investing, developing, modernising.** Renovation works proceeded smoothly at three construction sites of the Sava Hydropower Plant. Factory acceptance tests were carried out at TES, and the synchronous generator was delivered.

## A NEW STRATEGY – A NEW MILESTONE IN THE DEVELOPMENT OF ELEKTRO GORENJSKA GROUP

»Our strategy is a living, dynamic document. It enables us to remain proactive, quickly respond to changes, adjust our business models, seize opportunities, and mitigate risks. Our new strategy focuses on our core mission—electricity distribution—while emphasising the development of a reliable grid, the adoption of modern technologies, and sustainable practices. Our main goal is the evolution of a sustainable distribution system.«

- **Supporting sustainable development in Gorenjska.** Elektro Gorenjska signed a climate neutrality pledge in Kranj alongside over 30 companies—an important step in the company's efforts to build a high-quality and sustainable way of life in Gorenjska.
- **Co-creating the energy of the future.** As part of the Society 5.0 – Hydrogen Future (Družba 5.0 – Prihodnost z vodikom) project, Elektro Gorenjska signed a consortium agreement with partners to establish a hydrogen ecosystem based on low-carbon sources.
- **Generating green energy.** Under the PS.2 scheme, Gorenjske elektrarne connected four photovoltaic power plants to the grid—installed on the rooftops of Kovinoplastika Lož facilities in Stari Trg pri Ložu, Nova Vas, and Unec, as well as on the sports hall of the Preddvor Primary School.

## PLAYING AN ACTIVE ROLE IN THE MUNICIPALITY OF KRANJ'S SUSTAINABLE FUTURE

»Electricity distributors are a key pillar of the green transition. We embrace this role with a strong sense of responsibility and a proactive mindset. Together with our partners, we are co-creating new pathways toward a sustainable future. Our commitment to the Gorenjska region is part of our DNA. The signing of the climate neutrality pledge by the Municipality of Kranj—an essential document within the Mission 100 Climate-Neutral and Smart Cities by 2030 initiative—supports our vision of a higher quality, more sustainable life in Gorenjska. The agreement outlines the key measures needed to achieve goals, along with the methods and financial resources for their implementation. We are creating a lasting future and delivering enduring energy.«

- **Working together.** The 8th Strategic Conference of Slovenian Electricity Distribution Companies took place in Nova Gorica under the theme Distribution for Environmental Sustainability and Technological Development. Elektro Gorenjska's representatives joined domestic and international experts in spotlighting sustainability and the challenges that accompany the green transition.
- **Laying the foundation for long-term business excellence.** Elektro Gorenjska received the Crystal Plaque for Golden Credit Excellence—a recognition of sustained financial stability, sound business policy, and integrity in business relations.
- **Fostering innovation.** Elektro Gorenjska organized its first Transformatorfest—a festival of continuous innovation open to all employees of the Elektro Gorenjska Group. The event featured interactive activities, engaging workshops, and presentations of the company's most current innovation projects.

## ELEKTRO GORENJSKA AWARDED THE CRYSTAL PLAQUE FOR GOLDEN CREDIT EXCELLENCE

»Elektro Gorenjska was recognized for its financial resilience, exemplary business strategy, and integrity. According to CompanyWall, the credit rating agency, the company has maintained top-tier credit excellence for three consecutive years—a testament to our results and the trust of our partners. This elite rating is awarded only to the most competitive companies in the region, reinforcing our commitment to stable and responsible operations.«



KEY EVENTS

- **Building bridges.** Elektro Gorenjska hosted a regional GreenSwitch meeting, bringing together representatives from Slovenia (ELES, Elektro Celje, Elektro Ljubljana), Austria (KNG-Kärnten Netz GmbH), and Croatia (HOPS, HEP ODS).
- **Inspiring future professionals.** Second-year students from the Vocational College of the Kranj School Centre visited Elektro Gorenjska to learn about the company's operations and career opportunities.
- **Taking care for our people.** Elektro Gorenjska received a special commendation from the Ekvilib Institute for promoting a family-friendly corporate culture.

STRENGTHENING TIES WITH YOUNGER GENERATIONS

»We are committed to openness and knowledge-sharing with young people, knowing the value of fresh perspectives. Through regular student visits, we give future professionals the chance to explore the energy sector and meet our experts. This exchange is vital to building the next generation of talent for a sustainable energy future.«

- **Innovating.** Elektro Gorenjska launched a virtual advisor on its website. The chatbot EGON provides users and employees with 24/7 access to key information, making it easier to find answers quickly and conveniently.
- **Investing.** Elektro Gorenjska began upgrading the RTP Primskovo energy facility. This included the expansion of the 20 kV switchgear, replacement of secondary equipment, and construction of a new 110 kV GIS switchgear. Mid-month, teams successfully completed the first phase—reconstruction of protection and control systems for the 20 kV switchgear.
- **Managing responsibly.** Elektro Gorenjska held its 31st Annual General Meeting of shareholders. Shareholders approved the proposed resolutions, granted discharge to the Management and Supervisory Boards, and confirmed the distribution of the 2023 balance sheet profit.

MEET EGON, ELEKTRO GORENJSKA'S VIRTUAL ASSISTANT

»Innovation has always been at the heart of Elektro Gorenjska's operations. With the launch of EGON, our digital advisor, we've taken a significant step forward in user-focused solutions. EGON is available 24/7, offering quick and easy access to information on grid connections, metering point changes, network charges, and outages. It streamlines communication and drastically reduces the time needed to get essential answers.«

- **Developing young talents.** Elektro Gorenjska hosted the third edition of the Transformator Summer School. Participants engaged in hands-on projects, field trips, and learning activities to gain practical skills and explore best practices in energy and sustainability.
- **Ensuring energy resilience.** A nighttime storm with heavy rainfall caused damage to Elektro Gorenjska's infrastructure in the Kokra area, including a 20 kV underground cable, most of the LV network in the TP Kokra Vas area, and the 20 kV Jezersko cable line.
- **Modernising.** Gorenjske elektrarne completed the final phase of equipment upgrades at the Sava Hydropower Plant, including the 7.2 kV generator switchgear and 24 kV measurement and disconnection switchgear.

SHAPING A STORY OF LASTING ENERGY WITH YOUNG TALENTS

»The Transformator Summer School is designed for young individuals passionate about technology, innovation, and sustainability. With mentorship, expert lectures, fieldwork, and collaborative projects, participants gain valuable experience in real-world energy challenges. Through this initiative, Elektro Gorenjska is nurturing a new generation of professionals committed to a sustainable energy future.«

- **Modernising infrastructure.** As part of the GreenSwitch project, upgrades to 50 transformer stations began. Two new stations, TS Visoko and TS Cveljar, were built, and a new 20 kV cable loop was completed between Sveti Andrej and Bodoveljska Grapa—areas heavily affected by the 2023 floods.
- **Expanding.** Gorenjske elektrarne installed a new e-charging station at the Kranjska Gora HPP parking area.
- **Strengthening partnerships.** At the Goodyear Slovenia facility, Gorenjske Elektrarne installed 3,676 m<sup>2</sup> of solar panels that will generate about 788 MWh of renewable electricity annually, reducing CO<sub>2</sub> emissions by approximately 386 tonnes per year.

ENHANCING RELIABILITY AND CROSS-BORDER CONNECTIVITY

»GreenSwitch is a multi-million-euro EU project focused on the modernisation and digitalisation of the electricity distribution network. Its core goals include boosting capacity, resilience, and cross-border connectivity with Austria.

At Elektro Gorenjska, seven key investments are underway, including upgrades to secondary systems at Distribution Transformer Stations RTP Zlato polje and RTP Primskovo, installation of new transformers, remote control upgrades, and enhancement of the ADMS system. The project also includes three new base stations, new medium-voltage loops, and a cross-border connection through the Ljubelj tunnel and an upgrade of the connection at Jezerski vrh.«

# KEY EVENTS

- **Bringing people together.** Elektro Gorenjska Group held its traditional Company Day at the Visoko Mansion in the Poljane Valley.
- **Celebrating success.** The third edition of the Transformator Summer School concluded successfully.
- **Building expertise.** All five Slovenian electricity distribution companies joined forces for a joint emergency pole-setting drill held in Dolsko.
- **Deepening cooperation.** Elektro Gorenjska and Siemens completed the 18-month OT Companion project, implemented at RTP Labore and RTP Škofja Loka.

ENDURING ENERGY IS CREATED BY PEOPLE, FOR PEOPLE

»Every success and every step forward is the result of teamwork, trust, and mutual support. The true strength of our company lies in its people—in their knowledge, experience, and passion. We are encouraged by the energy of our colleagues and associates to continue to develop, grow, and contribute to a better tomorrow both within the company and in society.

Our annual Company Day is a celebration of that spirit, reminding us how powerful we are when united around a shared purpose. It is a day to honour the energy that drives our networks and the people who shape our common story.«

- **Creating innovations.** Elektro Gorenjska launched the #TOPSTART innovation project, encouraging employees to submit ideas for solving a specific challenge.
- **Building resilience.** Elektro Gorenjska participated in Odpornost 2024, Slovenia's largest national crisis management and response exercise to date.
- **Honouring cooperation.** Elektro Gorenjska and Kärnten Netz (Austria) marked the 10th anniversary of their joint response to the 2014 ice storm, highlighting the importance of cross-border collaboration during emergencies.
- **Promoting health.** As part of our workplace health promotion efforts, employees had access to blood sugar, blood pressure, and cholesterol screenings.
- **Achieving goals.** Gorenjske elektrarne won a public tender by the Municipality of Tržič to install six new rooftop solar power plants on public buildings, including primary schools Podljubelj, Lom and Tržič, kindergartens Deteljica and Palček and the municipality premises.

IN CHALLENGING TIMES, TRUE PARTNERSHIPS EMERGE

»In October 2024, Elektro Gorenjska and Kärnten Netz marked the tenth anniversary of the devastating ice storm that struck Slovenia in February 2014. The natural disaster caused severe damage to the electricity connection to Jezersko. Thanks to the rapid cooperation between Elektro Gorenjska and Austria's Kärnten Netz, power was restored to customers in Jezersko in an exceptionally short time.

The anniversary celebration in Jezersko served as a symbol of lasting friendship and a reminder that storms know no borders. Representatives of both companies gathered to commemorate the milestone, joined by State Secretary MSc. Tina Seršen and Carinthian Governor Peter Kaiser, who both highlighted the importance of cross-border energy cooperation. What began as a response to an emergency call has become a symbol of solidarity and partnership between Slovenia and Austria.

This partnership continues today through the EU-funded GreenSwitch project, which strengthens the electricity connection between Carinthia and Slovenia and establishes a backup network for future emergencies.«

- **Delivering excellence.** Elektro Gorenjska successfully passed an external audit of its Integrated Quality Management System (IQMS), conducted by a six-member team from SIQ. No non-conformities were found.
- **Fostering international collaboration.** As part of the EU-funded PEDvolution project (running through December 2026), Elektro Gorenjska hosted a meeting for all 16 project partners in Slovenia.
- **Promoting continuous learning.** Elektro Gorenjska conducted theoretical and practical training sessions on live-line working for qualified employees.
- **Building strong partnerships.** Gorenjske elektrarne and TAB signed a letter of intent for long-term strategic cooperation on solar PV installations with battery storage systems, strengthening their presence in the sustainable energy market.

DRIVING QUALITY OF ELEKTRO GORENJSKA THROUGH CERTIFIED SYSTEMS

»Elektro Gorenjska successfully completed an external audit of its quality management systems. The audit was conducted by a six-member team under the auspices of the Slovenian Institute of Quality (SIQ). It was based on a random sampling of 15 business processes across various Elektro Gorenjska locations. The team also assessed compliance with the requirements of the company's Integrated Quality Management System (IQMS). No non-conformities were identified in relation to the audit's requirements or objectives. The auditors found no discrepancies in the company's operations.

A quality management system audit is a process for verifying whether an organization's system meets specific requirements. It is a key process that enables Elektro Gorenjska to continuously improve and strengthens the trust of its stakeholders.«

- **Strengthening partnerships.** Elektro Gorenjska hosted its traditional pre-holiday gathering for business partners at Brdo pri Kranju.
- **Giving back.** Elektro Gorenjska donated €8,000 to Zavod 7 in support of Neodvisen.si, a programme that raises youth awareness about modern addictions.
- **Supporting social responsibility.** Elektro Gorenjska Group once again partnered with social enterprises to create year-end business gifts and promotional materials. Supporting organizations that provide employment opportunities for people facing barriers to the job market remains a long-standing and ongoing commitment of the company.

A UNIQUE HOLIDAY GESTURE WITH A SOCIALLY RESPONSIBLE TOUCH

»The Elektro Gorenjska Group has a long-standing tradition of preparing its holiday gifts in partnership with social enterprises that support individuals with limited employment opportunities. Each year, in partnership with the Korak Employment Centre and Birografika Bori, the company creates unique New Year's gifts for children, business partners, and employees alike. These holiday gifts go beyond being symbolic gestures—they represent meaningful actions that contribute to positive change in society.«

## 1.1.1. Events After the End of the Financial Year

In January 2025, Elektro Gorenjska signed an agreement to sell its 100% stake in Gorenjske elektrarne. The sale is subject to certain conditions precedent, which had not been fulfilled by the date of approval of the Group's financial statements.

On 31 March 2025, Gorenjske elektrarne became the 100% owner of ALFI SOL 2.



# MESSAGE FROM THE CEO

## 1.2. Message from the CEO

Dr. Ivan Šmon, MBA, CEO





2024 opened a new chapter for Elektro Gorenjska. Our Sustainable Development Strategy for 2024–2028 was adopted as a strategic response to the dynamic business landscape.

## 2024: A YEAR OF SUCCESS, MILESTONES AND TRANSFORMATION FOR THE ELEKTRO GORENJSKA GROUP

2024 was one of the most pivotal in the history of the Elektro Gorenjska Group. Despite highly dynamic conditions in the energy market and a rapidly evolving business environment, all members of the Group—from the parent company Elektro Gorenjska to the subsidiary Gorenjske elektrarne and its dependent company GEK Solar—successfully achieved the most important objectives. Through further investments in infrastructure, development-focused projects, and digitalisation that is transforming established practices in the energy sector, we laid a solid foundation for a future defined by responsible, innovative, and sustainable growth.

### POSITIVE FINANCIAL RESULTS AS A TESTAMENT TO THE ELEKTRO GORENJSKA GROUP'S STABILITY AND STRENGTH

In 2024, Elektro Gorenjska Group recorded €48.3 million in net sales revenue. All our companies ended the financial year with positive results. The parent company Elektro Gorenjska generated €4.2 million in net profit, Gorenjske elektrarne €3 million, and GEK Solar €119,000.

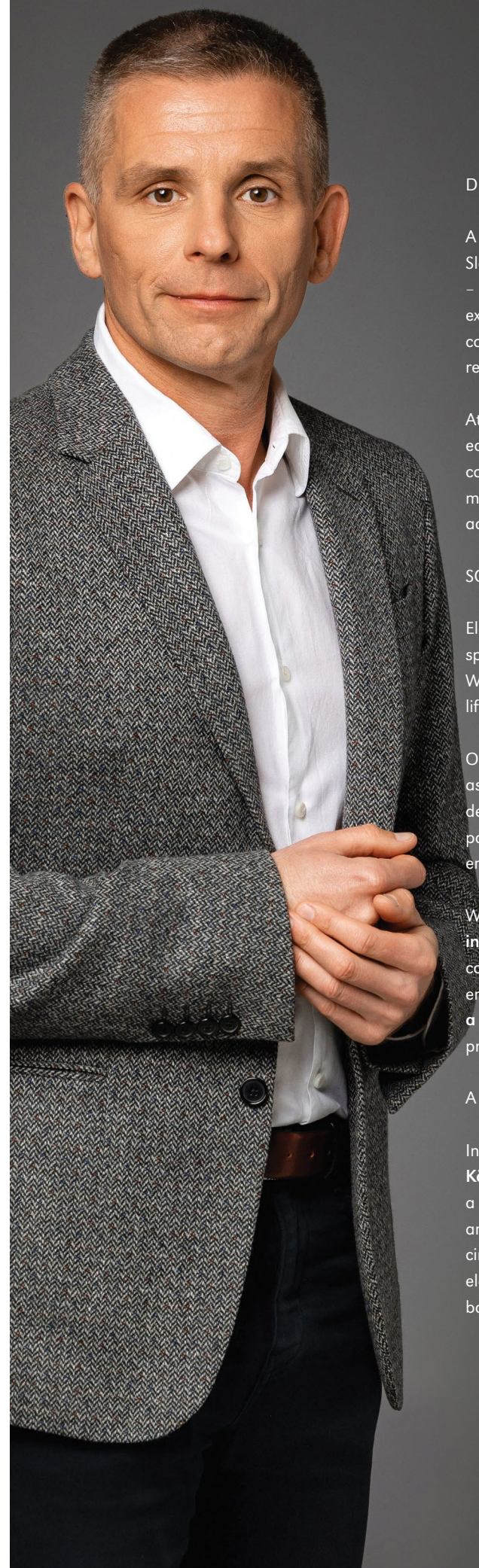
Our strong performance was driven primarily by ongoing electricity infrastructure upgrades, a rising number of solar power plant connections, and additional services related to the development of smart grids. These activities are carried out in cooperation with domestic and international experts in the fields of distribution, renewable energy, and digital solutions—helping us maintain high standards and modern approaches.

### DIGITALISATION AND INNOVATION IN ACTION

A significant milestone in 2024 was the major upgrade of **the RTP Primskovo facility**, advancing the digitalisation of our network. This step is crucial for more efficient monitoring, management, and optimisation of electricity transmission, enabling near real-time data acquisition and faster response in the event of faults or emergencies.

Another achievement was the launch of EGON, our virtual assistant available 24/7 to provide users with easy access to information and services. While not a replacement for personal contact with our experts, EGON facilitates faster, simpler resolution of basic inquiries—bringing us closer to a modern, user-friendly experience that balances digital accessibility with our tradition of expert, human support.

Our development projects—carried out in partnership with local communities, research institutions, and other industry stakeholders—bring added value. Currently, **19 development and investment projects** are underway, ranging from advanced transformer station construction and smart metering systems to grid stability solutions under extreme weather conditions. In 2024, we initiated several major infrastructure investments to support the growth of renewables and emerging technologies.



### DEEPENING STRATEGIC PARTNERSHIPS

A key element of our long-term strategy is strengthening cooperation with **ELES**, the Slovenian transmission system operator that has taken on the role of public utility service – distribution system operator (GJS DO). This partnership enhances knowledge sharing, exchange of best practices, and improved coordination of investment planning. Our contractual performance of GJS DO duties in 2024 led to a high level of supply quality, reflected in excellent user feedback.

At the same time, we continue to build broader partnerships within the energy ecosystem—developing integrated solutions for sustainable energy production, consumption, and management. Closer cooperation with major consumers and municipalities improves understanding of needs, optimises investment plans, and accelerates project implementation.

### SOCIAL RESPONSIBILITY AND REGIONAL DEVELOPMENT

Elektro Gorenjska remains a committed corporate citizen, actively supporting local sports, cultural, and humanitarian organisations through **sponsorship and donations**. We believe these efforts create long-term value for the Gorenjska region and those facing life's challenges every day.

Our role as a **regional development facilitator** has grown through new projects such as **GreenSwitch** and **OT Companion**, which have improved network reliability and delivered advanced, flexible, and sustainable energy solutions. A record number of solar power plants were connected in 2024, contributing to the green transition, greater energy independence, and the co-creation of a renewable energy ecosystem.

We also finalised an **Action Plan for Sustainable Energy Infrastructure Transition in Gorenjska by 2030**, bringing together all municipalities in the region. The plan coordinates infrastructure development, the deployment of smart technologies, and energy efficiency improvements. In November 2024, we joined 12 partners in supporting **a sustainable development initiative for the Julian Alps Biosphere Reserve**—a pilot project for green energy self-sufficiency, with global potential.

### A MILESTONE ANNIVERSARY AND A SYMBOL OF INTERNATIONAL COOPERATION

In 2024, we celebrated **the 10th anniversary of our energy partnership with Austria's Kärnten Netz**, which began in early 2014 following a devastating ice storm. More than a technical collaboration, this connection has become a powerful symbol of solidarity and friendship between Slovenia and Austria—proving that even in the most demanding circumstances, determined cooperation and innovation can ensure uninterrupted electricity supply. The anniversary reminded us of the importance of nurturing cross-border partnerships that strengthen grid stability and preparedness for the future.





This clear vision positions us as a central stakeholder in co-creating a sustainable future for Gorenjska. We aim to shape all strategic decisions in cooperation with users, employees, local communities, investors, and other partners—while upholding high standards of efficiency, profitability, and environmental responsibility.

## CORPORATE INTEGRITY AND SUSTAINABLE BUSINESS

In 2024, we introduced a more systematic approach to **corporate integrity**—enhancing transparency and setting higher standards for ethical and responsible business conduct. By establishing a dedicated function in this area, we aim to foster open communication, clearly define responsibilities, and ensure compliance with legal and social expectations.

Embracing corporate integrity is not only a moral obligation but **a strategic advantage**—especially in a world where ethical and sustainability criteria are increasingly emphasised. It enables Elektro Gorenjska to fulfil its commitments to stakeholders while creating long-term value and building strong, trust-based relationships.

## A KEY BUSINESS MILESTONE: SALE OF GORENJSKE ELEKTRARNE

One of the most significant milestones of 2024 was **the sale of Gorenjske elektrarne subsidiary**—marking the largest business transaction in our company’s history. This strategic decision, made following in-depth analysis and consultation, will generate important capital inflows to strengthen our core electricity distribution business, modernise our network, and accelerate renewable energy development.

The transaction is expected to be finalised in 2025 upon receipt of all required regulatory approvals. **Results have already exceeded our initial expectations.** The sale will also reshape the organisational structure and portfolio of the Elektro Gorenjska Group, allowing us to focus more sharply on our core mission as a distribution system operator.

## NEW STRATEGY: A TURNING POINT FOR ELEKTRO GORENJSKA 2024–2028

The adoption of the new **Sustainable Development Strategy 2024–2028** in 2024 marked a new chapter for Elektro Gorenjska. Developed in response to changes in the business environment—and in alignment with the sale of Gorenjske Elektrarne—the strategy reaffirms our focus on delivering a stable and reliable electricity supply throughout Gorenjska. This means **divesting from non-core activities and assets and pursuing our long-standing strategic goal of obtaining our own GJS DO concession.**

The strategy also shifts away from the Group-based concept and returns to the core processes of Elektro Gorenjska, based on two key strategic directions:

1. Sustainable operations of Elektro Gorenjska.
2. Development and management of a sustainable distribution system.

This clear vision positions us as a central stakeholder in co-creating a sustainable future for Gorenjska. We aim to shape all strategic decisions in cooperation with users, employees, local communities, investors, and other partners—while upholding high standards of efficiency, profitability, and environmental responsibility.

## DELIVERING LASTING ENERGY AND INVESTING IN HUMAN CAPITAL

Our top priority remains the **modernisation and digitalisation of the network**, already recognised as the most reliable in Slovenia. In the coming years, we plan to further renovate outdated transformer stations, implement smart metering systems, and improve grid load management and outage response.

In parallel, we’re enhancing **digital solutions for users**, including personalised consumption data access, simplified service requests, and advisory tools for those exploring self-sufficiency or new energy services such as community solar, energy storage, or demand response.

We know that **real transformation depends on people**. That’s why we continue to invest in workforce development, mentorship for young talent, international exchange opportunities, and continuous education on emerging technologies. Our teams have consistently shown they can rise to any challenge—and we look to the future with optimism, ready to embrace further technological shifts and new business models in the power sector.

## GRATITUDE AND LOOKING AHEAD

I would like to sincerely thank everyone who supports our mission—from employees who keep the network running smoothly each day, to partners who share our vision of progress and innovation, and to the users who place their trust in us and increasingly take an active role in shaping a sustainable energy future.

Through the successful execution of major strategic projects, increased investments, and the implementation of digital and innovative solutions across all levels of our operations, we are reinforcing Elektro Gorenjska’s position as a leading electricity distributor in Slovenia. At the same time, we continue to act responsibly—toward the environment and society—especially in an era where climate and energy topics dominate public discourse.

Despite our success and growth, we are fully aware of the challenges ahead: uncertain energy markets, regulatory demands, diversification of energy sources, fast-paced technological progress, and the evolving needs of our users. Yet we are confident that our knowledge, experience, strong community ties, ethical standards, and passion for innovation will keep us at the forefront of Slovenia’s and Europe’s energy future.

**Our vision remains clear:** to continue delivering the most reliable electricity supply in Gorenjska, to lead by example, and to remain a key player in the transition toward a sustainable, digital society. With the challenges of the future on the horizon, we are ready to respond quickly and effectively—because we have proven, time and again, that we know how to act reliably, responsibly, and with unwavering dedication.

Let 2024 be remembered as a year of major achievements, perseverance, innovation, and courage for all of us at Elektro Gorenjska—and may it be a source of inspiration for continued growth, progress, and success in the years to come.

Dr. Ivan Šmon, MBA, CEO

Our vision remains clear:  
to continue delivering the  
most reliable electricity  
supply in Gorenjska, to  
lead by example, and to  
remain a key player in  
the transition toward a  
sustainable, digital society.

### 1.3. Supervisory Board Report on the review of the Annual Report of the Elektro Gorenjska Company and Group for 2024 pursuant to article 282 of the companies act (ZGD-1)

#### ACTIVITIES OF THE SUPERVISORY BOARD IN 2024

In 2024, the Supervisory Board held a total of fourteen meetings, of which twelve were regular sessions and two were held by correspondence. Compared to 2023, one additional correspondence meeting was held. The increase in the number of meetings in 2024 compared to the adopted work plan is attributed to the adoption of the company's new strategy (a special session held at the beginning of January), close monitoring of the sale of the subsidiary Gorenjske elektrarne, d. o. o. and the need for correspondence sessions regarding the sale of a real estate complex in Žirovnica and decisions related to additional tasks of the Audit Committee of the Supervisory Board of Elektro Gorenjska, d. d., in performing the audit committee duties for the subsidiary Gorenjske elektrarne, d. o. o.

At the beginning of 2024, the Supervisory Board adopted the Sustainable Development Strategy of Elektro Gorenjska, d. d. for 2024–2028, which was approved on 10 January 2024. The strategy was prepared in line with the new expectations of the majority shareholder regarding the sustainable development of the joint-stock company, and it did not include guidance or provisions for other companies within the Group due to the planned divestment of the subsidiary.

In 2024, the Supervisory Board adopted a total of 126 resolutions. The implementation of these resolutions is monitored at the beginning of each regular meeting. All Supervisory Board members acted independently in their decision-making, in accordance with the submitted declarations, which are transparently published on the company's website. Members were well prepared for the meetings and the topics discussed, contributing constructive suggestions, corrections and remarks. Following prior deliberation, they adopted decisions in line with their competencies. The members carried out their duties diligently and responsibly, with the due care and diligence of a prudent and conscientious manager, in accordance with their fundamental role of overseeing the company's management and based on their powers as defined primarily in the Companies Act (ZGD-1), the Articles of Association, and the Rules of Procedure of the Supervisory Board.

In carrying out their duties, members of the Supervisory Board adhered to the Recommendations and Expectations of the Slovenian Sovereign Holding (SDH) and the Corporate Governance Code for State-Owned Enterprises. The Management Board confirmed compliance with these regulations and recommendations in Statement on Governance, which forms an integral part of the Annual Report.

The Supervisory Board made continuous efforts to enhance good practices in overseeing the company's operations. Its members complemented each other with their knowledge and experience. The Board is composed in a manner that ensures all required professional competencies are present for the effective supervision of the company's operations. Particular recognition is due to the two employee representatives, who have demonstrated strong engagement by closely following the Board and committee meetings, contributing to effective oversight through their in-depth understanding of the company. The work of the Supervisory Board was carried out in accordance with the adopted Financial Plan and the Annual Work Plan of the Supervisory Board and its Committees, as well as in response to additional unforeseen tasks. In addition to regular reporting, the Management Board consistently reported on the status and progress of strategic projects.

The Supervisory Board continued to closely monitor the reports of the Management Board regarding the effects of the Act on Emergency Measures to Mitigate the Consequences of High Energy Prices (Official Gazette of the Republic of Slovenia, No. 29/22 – intervention act), which deprived the company of revenue from three months of network charges. Despite the reduced guaranteed return, the company was required to carry out planned investments, which were limited due to the impacts of the aforementioned act. The Supervisory Board requested the Management Board to present measures aimed at mitigating the financial and other business consequences of the intervention act. It closely monitored the implementation of such measures, with particular attention to the status of investment projects. In line with established practice, this monitoring was carried out via regular semi-annual reports on the status of major investments and public procurement procedures.

In line with its competencies and good corporate governance practices, the Supervisory Board also continued to monitor the operations of Gorenjske elektrarne, d. o. o. as part of reporting on the performance of companies within the Elektro Gorenjska Group. This oversight was further strengthened through the Audit Committee. Pursuant to the exception under Article 514a of the Companies Act (ZGD-1), which stipulates that in the case of subsidiaries that are medium-sized companies and do not have their own Supervisory Board, the audit committee duties may exceptionally be carried out by the audit committee of the parent company, the Supervisory Board adopted a resolution in June to expand the powers of its Audit Committee to include the performance of tasks for the subsidiary Gorenjske elektrarne, d. o. o.

## COMPOSITION OF THE SUPERVISORY BOARD IN 2024

In 2024, the Supervisory Board operated in the following unchanged composition:

- Gabrijel Škof, Chair of the Supervisory Board,
- Rajko Stanković, Deputy Chair of the Supervisory Board,
- Vid Meglič, Member,
- Franjo Curanović, Member,
- David Gogala, Member (Employee Representative),
- Borut Jereb, Member (Employee Representative).

## REVIEW OF COMPANY OPERATIONS AND THE WORK OF THE MANAGEMENT BOARD IN 2024

Throughout the year, the Supervisory Board reviewed the company's operations based on quarterly financial reports, reports on the implementation of strategic projects by the Management Board and additional performance data (monthly performance estimates for the companies in the Group).

The Supervisory Board devoted particular attention to the following areas:

- Ongoing oversight and monitoring of the sale process of the subsidiary Gorenjske elektrarne, d. o. o.;
- Regular monitoring of the company's operations, with particular emphasis on adjustments related to the consequences of the intervention act, which in 2024 resulted in a negative operating result for the 2022 financial year;
- Supervision of all procedures related to the reimbursement of network charge funds withdrawn from the company during the COVID period under the intervention act;
- Monitoring of the sale of non-essential business assets (the real estate complex in Žirovnica);
- Oversight of investments, execution of construction works, and ongoing monitoring of operations and financial reporting;
- Continuous monitoring of operations of the Elektro Gorenjska Group companies – Gorenjske elektrarne, d. o. o. and GEK Solar, projektiranje in inženiring, d. o. o. – also through the audit committee of the parent company;
- Supervision of the implementation of shareholders' resolutions;
- Monitoring of major investment projects;
- Supervision of strategic projects as set out in the Sustainable Development Strategy of Elektro Gorenjska, d. d. for 2024–2028;
- Oversight of contracts requiring the Supervisory Board's approval under the company's Articles of Association;
- Monitoring of public procurement procedures;
- Drafting of proposals for resolutions to be adopted at the regular General Meeting;
- Monitoring of risks, particularly in connection with the increased volume of investments under the Development Plan and NEPN (National Energy and Climate Plan of the Republic of Slovenia).

In light of the areas outlined above, the following activities of the Supervisory Board in 2024 should be particularly highlighted:

- The Supervisory Board regularly reviewed quarterly reports on the performance of Group companies and assessed business results, focusing on the implementation of the 2024 business plan.
- In accordance with the Companies Act (ZGD-1), the Supervisory Board reviewed and approved the audited Annual Report of Elektro Gorenjska and the Group for 2023 and issued a written report confirming its review and approval for the 2023 financial year.
- The Supervisory Board approved the Sustainable Development Strategy of Elektro Gorenjska, d. d. for 2024–2028, with a focus on the sustainable operations of the joint-stock company rather than the Group.
- The Supervisory Board contributed to the preparation of draft resolutions for the 31st regular General Meeting of shareholders, held on 20 June 2024. It proposed that the General Meeting approve and confirm the performance of the President of the Management Board in 2023 and grant him discharge from liability.
- Two committees operated actively within the Supervisory Board in 2024: the Audit Committee and the Human Resources Committee. Both worked in accordance with their rules of procedure. In the second half of 2024, the Audit Committee additionally took on the role of audit committee for the subsidiary Gorenjske elektrarne, d. o. o.

- The Supervisory Board continued its good practice of monitoring reports on the review of major company projects. Under standing resolutions, the Management Board is obliged to report biannually – based on the situation as at 31 May and 31 October – on all major investment projects outlined in the business plan.

- In accordance with standing resolutions, the Supervisory Board monitored public procurement processes from their initiation, receiving early-stage notifications. The Management Board reports in advance on transactions for which Supervisory Board consent is required under the Articles of Association. The practice introduced during the previous term of the Supervisory Board – monitoring reports on all public procurement procedures, including those not requiring Supervisory Board consent – continued in 2024. The Audit Committee monitors such reports quarterly and informs the Supervisory Board of its findings.

- In 2024, the Supervisory Board, in accordance with the company's Articles of Association, approved 9 legal transactions, including annexes due to increased contract values, totalling over €24.4 million (excluding VAT).

- Based on the company's Articles of Association, during the review of the 2025 Business Plan of Elektro Gorenjska, d. d., and financial projections for 2026 and 2027, the Supervisory Board – having received assurance from the Management Board that the company would comply with the Regulation on the Conditions and Procedures for Borrowing by Legal Entities pursuant to Article 87 of the Public Finance Act, and that the company is capable of independently borrowing and repaying the planned debt – granted consent to short-term borrowing of up to €7 million.

- Pursuant to the Act on the Remuneration of Directors of Companies (ZPPOGD), the Supervisory Board determined the amount of the variable remuneration component for the President of the Management Board for 2023 and adopted performance criteria for the variable remuneration for 2025.

- The Supervisory Board, together with the Management Board, monitored all activities related to the implementation of the National Energy and Climate Plan (NEPN), company decarbonisation, and the connection of solar power plants.

## COOPERATION WITH THE PRESIDENT OF THE MANAGEMENT BOARD

The Supervisory Board considers that the President of the Management Board, Dr Ivan Šmon, MBA, led the company successfully in 2024, which is expected to result in a profit for the financial year.

The Supervisory Board evaluates the cooperation with the President of the Management Board as highly professional and constructive. All meeting materials were submitted in a timely manner, thoroughly and expertly prepared, and appropriately presented at sessions. Reports on the implementation of resolutions and other reports requested by the Supervisory Board were prepared on a regular basis.

The Supervisory Board had access to all necessary and relevant reports, data, and information, enabling it to monitor company operations responsibly and make well-informed decisions.

The Supervisory Board assesses its cooperation with the President of the Management Board over the past year as very successful.

## FUNCTIONING OF THE SUPERVISORY BOARD COMMITTEES

In 2024, two committees operated within the Supervisory Board.

### AUDIT COMMITTEE

The Audit Committee provides expert support to the Supervisory Board, particularly in the areas of financial and sustainability reporting, financial operations, internal controls and risk management, and internal and external audits. It prepares expert bases and draft resolutions required for the work and decision-making of the Supervisory Board.

In 2024, the Audit Committee comprised Franjo Curanović (Chair), Rajko Stanković (Member) and Prof. Dr Simon Čadež (External Member). The committee held eight regular meetings, which were regularly attended by all members.

The President of the Management Board and the internal auditor (Head of Internal Audit) were invited to all meetings, alongside additional presenters as needed.

In accordance with its rules of procedure, the Supervisory Board was kept informed of invitations and minutes. The Chair of the Audit Committee reported periodically to the Supervisory Board on its activities.

Key activities of the Audit Committee in 2024 included:

**Annual Report 2023:** The Committee reviewed the Annual Report, including sustainability disclosures of Elektro Gorenjska, d. d., and the consolidated report of the Group. In connection with this review, the Committee met with the audit partner from BDO and examined the auditor's report.

**Business Plan and Current Operations:** The Committee reviewed the parent company's 2025 Business Plan with projections through 2027 and proposed it for adoption by the Supervisory Board. It also reviewed the 2025 Business Plan of the subsidiary with the same projection period.

The Committee reviewed the quarterly performance of Group companies and reported to the Supervisory Board.

**Internal Audit:** The Audit Committee worked closely with the internal auditor in their role as Head of Internal Audit. It reviewed the Internal Audit Annual Report for 2023, reports on completed internal audit engagements, and monitored the implementation of recommendations. The Committee also reviewed interim internal audit reports and the external quality assessment report of the internal audit function. Furthermore, it reviewed the internal audit work plan and proposed that the Supervisory Board approve it.

**Cooperation with External Auditor:** The Committee met with the external auditor before the finalisation of the 2023 financial statement audit and during the pre-audit phase for 2024. Self-Assessment: The Audit Committee conducted a self-assessment of its activities.

### HUMAN RESOURCES COMMITTEE

The Human Resources Committee operated in 2024 with the following composition:

- Gabrijel Škof, Chair,
- Vid Meglič, Member, and
- Borut Jereb, Member.

The Committee held three meetings in 2024, all of which were regularly attended by its members. During the reporting period, the Committee adopted a total of 13 resolutions, all of which were implemented.

At its meetings, the Committee reviewed, discussed and adopted the following matters:

- Familiarisation with the Permanent Innovation initiative at Elektro Gorenjska, which had also been presented during the SDH training held on 31 January 2024;
- Adjustment of the President of the Management Board's gross salary in accordance with the Remuneration Policy for management bodies of Elektro Gorenjska, d. d. and those of subsidiaries within the Elektro Gorenjska Group (annually, by the end of March at the latest);
- Review of succession management in the company;
- Proposal to the Supervisory Board to adopt a revised Remuneration Policy for the management bodies of Elektro Gorenjska, d. d. and its subsidiaries, aligned with the amendments to the SDH Recommendations and Expectations of December 2023;
- Amendments to the employment contract with the President of the Management Board (Annex No. 2 – gross salary adjustment for 2024; Annex No. 3 – alignment with the new remuneration policy);
- Proposal to the Supervisory Board regarding the amount of the variable remuneration component for the President of the Management Board for 2023;
- Amendments to the employment contract with the President of the Management Board (Annex No. 2 – gross salary adjustment for 2024; Annex No. 3 – alignment with the new remuneration policy);
- Proposal to the Supervisory Board regarding the amount of the variable remuneration component for the President of the Management Board for 2023;
- Proposal to the Supervisory Board for the adoption of performance criteria for the variable remuneration component for the President of the Management Board for 2025.

### SUPERVISORY BOARD POSITION ON THE 2024 AUDIT REPORT

In the opinion of BDO Revizija, d. o. o., Ljubljana, the audit firm that carried out the audit of the Group's 2024 financial statements, the financial statements present, in all material respects, a true and fair view of the financial position of Elektro Gorenjska and the Group as at 31 December 2024, as well as their profit or loss, comprehensive income and cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union. The company received the independent auditor's report on 16 April 2025. A representative of BDO presented the audit process and findings on 17 April 2025 at the 15th regular meeting of the Supervisory Board's Audit Committee.

Upon submission of the audited Annual Report of Elektro Gorenjska and the Group for 2024, the Supervisory Board reviewed the Audit Committee's conclusions regarding the auditor's report and confirmed that the audit had been conducted in accordance with applicable legislation and auditing standards. The Supervisory Board had no comments on the independent auditor's report and adopted a positive stance on it.

The Audit Committee and the Supervisory Board concluded that an unqualified (positive) audit opinion had been issued.

### APPROVAL OF THE COMPANY AND GROUP ANNUAL REPORT FOR 2024 AND PROPOSAL FOR PROFIT ALLOCATION

The Management Board submitted the Company and Group Annual Report, together with the audit report, to the Supervisory Board for review and approval within the statutory deadline. The Audit Committee thoroughly reviewed both the Annual Report and the audit report and presented its opinions and findings. Based on regular monitoring of the Company's and Group's performance and a detailed examination of the submitted reports, the Supervisory Board concludes that the 2024 Annual Report has been prepared in accordance with applicable legislation and regulations and provides a clear and transparent representation of the company's assets, liabilities, financial position, profit or loss and comprehensive income. The 2024 Annual Report of Elektro Gorenjska and the Group has been prepared in accordance with the provisions of the Companies Act and applicable international accounting standards.

In addition to the parent company, the Elektro Gorenjska Group includes Gorenjske elektrarne, d. o. o. (a 100% subsidiary), and GEK Solar, d. o. o., which is fully owned by Gorenjske elektrarne, d. o. o.

All companies within the Group concluded the 2024 financial year with a profit. The distributable profit of Elektro Gorenjska, d.d. for 2024 amounts to €1,381,878.00, consisting of €1,380,886.35 in net profit for 2024 and €991.65 in retained earnings. Compared to the distributable profit for 2023, this represents a decrease of €162,734.75. The Management Board will propose to the General Meeting that the entire distributable profit for 2024 be distributed to shareholders in the amount of €0.08 per share.

The Supervisory Board reviewed and agreed with the proposed profit allocation.

Following its review of the Company and Group Annual Report for 2024, the members of the Supervisory Board raised no comments and unanimously adopted this report of the Supervisory Board on the verification and approval at its 24th regular session, held on 16 May 2025.

Kranj, 16 May 2025

Gabrijel Škof,  
Chair of the Supervisory Board



# 1.4. Supervisory Board

The powers and composition of the Supervisory Board are defined by the company’s Articles of Association. The Supervisory Board is composed of six members, four of whom represent capital interests and two who represent employees. Members of the Supervisory Board are elected for a term of four years and may be re-elected. The shareholder-appointed members are elected by the General Meeting of Shareholders by a simple majority of the votes cast. The two employee representatives are appointed by the company’s Works Council.

Composition of the Supervisory Board in 2024:

| SUPERVISORY BOARD OF EG, D. D. | FUNCTION        | TERM FROM  | TERM TO     |
|--------------------------------|-----------------|--|-------------|
| Gabrijel Škof                  | Chairman        | 29 Aug 2021<br>(Chairman since 31 Aug 2023)        | 29 Aug 2025 |
| Rajko Stanković                | Deputy Chairman | 25 Aug 2023<br>(Deputy Chairman since 31 Aug 2023) | 25 Aug 2027 |
| Vid Meglič                     | Member          | 29 Aug 2021  | 29 Aug 2025 |
| Franjo Curanović               | Member          | 25 Aug 2023  | 25 Aug 2027 |
| Borut Jereb                    | Member          | 9 Aug 2023   | 9. Aug 2027 |
| David Gogala                   | Member          | 9 Aug 2023   | 9. Aug 2027 |

By resolution of the General Meeting, in addition to session fees of €275, members of the Supervisory Board receive a monthly remuneration of €942 for members and €1,412.50 for the Chairman of the Supervisory Board. Details of the 2024 remuneration are presented in the chapter Transactions with Related Parties.

## AUDIT COMMITTEE OF ELEKTRO GORENJSKA SUPERVISORY BOARD

In 2024, the standing Audit Committee of the Supervisory Board of Elektro Gorenjska operated in the following composition:

| AUDIT COMMITTEE SB EG, D. D. | FUNCTION        | TERM FROM                                   | TERM TO     |
|------------------------------|-----------------|---|-------------|
| Franjo Curanović             | Chairman        | 25 Aug 2023<br>(Chairman since 31 Aug 2023) | 25 Aug 2027 |
| Rajko Stanković              | Member          | 25 Aug 2023<br>(Member since 31 Aug 2023)   | 25 Aug 2027 |
| Dr. Simon Čadež              | External Member | 31 Aug 2023                                 | 25 Aug 2027 |

The committee's term is tied to the term of the Supervisory Board.

## HUMAN RESOURCES COMMITTEE OF THE SUPERVISORY BOARD OF ELEKTRO GORENJSKA

In 2024, the standing Human Resources Committee of the Supervisory Board of Elektro Gorenjska operated in the following composition:

| HUMAN RESOURCES COMMITTEE OF SB EG, D. D. | FUNCTION | TERM FROM                                  | TERM TO     |
|---|----------|--|-------------|
| Gabrijel Škof                             | Chairman | 29. 8.2021<br>(Chairman since 31 Aug 2023) | 29 Aug 2025 |
| Vid Meglič                                | Member   | 29 Aug 2021                                | 29 Aug 2025 |
| Borut Jereb                               | Member   | 9 Aug 2023                                 | 9 Aug 2027  |

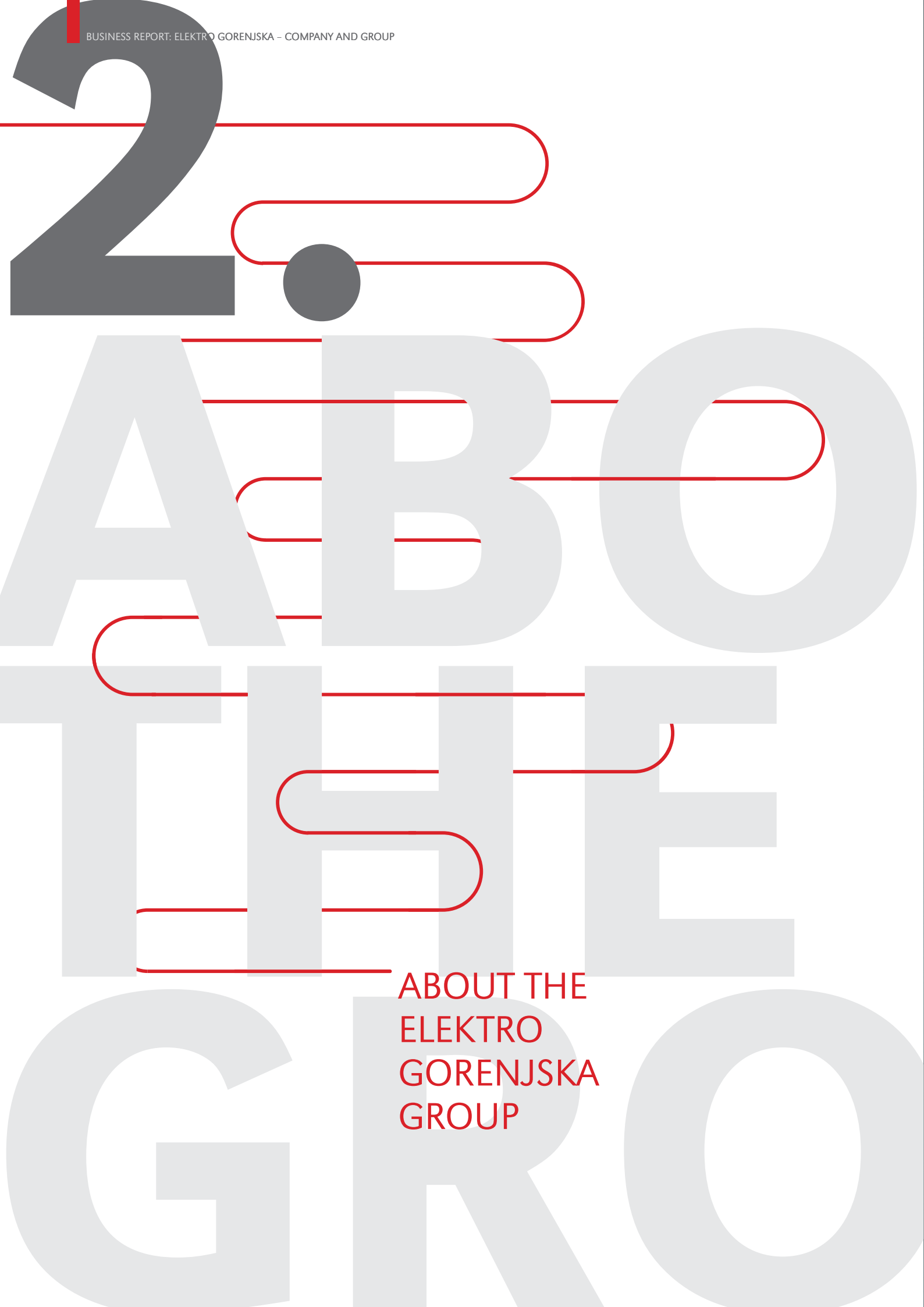
# 1.5. General Meeting of Shareholders

In 2024, the Management Board convened one regular session of the company’s General Meeting.

The **31st regular General Meeting** was held on **20 June 2024**, with **85.62%** of voting shareholders present. Shareholders voted on four agenda items, as published in the meeting notice on the online portal of the Agency of the Republic of Slovenia for Public Legal Records and Related Services (AJPES).

Shareholders were first presented with the audited annual report of the company and the Group for 2023, the auditor’s opinion, and the written report of the Supervisory Board on the review and approval of the annual report for the 2023 financial year. They were also informed about the remuneration of members of the management and supervisory bodies within the Elektro Gorenjska Group for 2023, the remuneration policy for members of the management and supervisory bodies of Elektro Gorenjska, and the remuneration policy for members of the management bodies of the Group’s subsidiaries for the same year.

Shareholders were informed of the net profit for 2023. As of 31 December 2023, the retained earnings amounted to €1,554,612.75. A resolution was adopted to allocate the entire amount for the payment of dividends, in the gross amount of €0.09 per share. The General Meeting granted discharge for 2023 separately to the President of the Management Board and to the members of the Supervisory Board.



## ABOUT THE ELEKTRO GORENJSKA GROUP

Elektro Gorenjska is the highest-quality and most development-oriented electricity distribution company in Slovenia. Theop priority is to ensure a continuous and stable electricity supply for the Gorenjska region.

It is Elektro Gorenjska's heartfelt responsibility to drive progress, create opportunities for talent, and remain attentive to the needs of people.

With the spirit of an innovator, Elektro Gorenjska contributes to the sustainable transformation of modern society—an invisible force that guides our every step. The company seeks out and creates sustainable green solutions, committed to actively shaping a more sustainable future.

Elektro Gorenjska's competent, dedicated, and creative employees are the driving force behind its future. The company fosters a work environment defined by organisational stability and reliability and driven by agility and dynamism.

Elektro Gorenjska Group. Delivering lasting energy.





## 2.1. Our Mission, Vision, and Values

### OUR MISSION

Our mission answers the question: Why do we exist?  
It defines the reason and purpose behind the existence of Elektro Gorenjska.

#### WE PROVIDE SUSTAINABLE ENERGY.

Our mission to provide sustainable energy encompasses four key dimensions:

HIGH-QUALITY,  
CONTINUOUS  
AND RELIABLE  
ELECTRICITY  
SUPPLY

INNOVATIVE  
SOLUTIONS  
THAT DRIVE A  
SUSTAINABLE  
AND GREEN  
TRANSITION  
FOR SLOVENIA

COMMITMENT TO  
ENVIRONMENTAL  
RESPONSIBILITY IN  
OUR OPERATING  
ENVIRONMENT

SUCCESSFUL BUSINESS

### OUR VISION

The vision outlines what Elektro Gorenjska strives to be.  
It is a roadmap to the desired future of Elektro Gorenjska.

#### ELEKTRO GORENJSKA IN 2028

- We are a central stakeholder in co-creating a sustainable future for the Gorenjska region.
- With a highly competent and well-organized team, we efficiently develop and manage a modern and sustainable electricity distribution system.
- We rank among the top 10% of European electricity distributors in terms of supply quality and service continuity.
- Through the intensive use of advanced grid technologies and carefully planned investments, we fully support the goals of a sustainable transition, in line with the Distribution System Development Plan.
- We act as a key facilitator of the flexibility services market, following the best practices of leading European distribution operators.
- 100 % of our users are connected to the system and benefit from high-quality services.
- Network cabling is optimally implemented, covering on average more than 85% of our network—ensuring strong resilience to climate change impacts.
- Our operations are efficient and successful, both in terms of process execution and project delivery. We maintain a well-balanced and stable workforce—both in numbers and in expertise.
- Our performance indicators in sustainable development and stakeholder cooperation continue to improve steadily.
- Thanks to high levels of investment, we have maintained financial stability, solid profitability, and comprehensive security across all operational areas.

### OUR VALUES

Our values define how we operate.  
They are the guiding principles of our daily actions and the compass that keeps us aligned with our vision.

#### RESPONSIBILITY

WE STAND BY OUR COMMITMENTS.

We recognize personal responsibility in making timely, realistic decisions and in how we engage with all stakeholders. We care about others. We act with honesty, care, and social responsibility. We take responsibility for our mistakes, our own development, and staying informed. We manage company resources and assets as responsible stewards. We demonstrate social responsibility by contributing to the sustainable development of both the local and broader community. We are committed to safety in all areas of operation and set an example of corporate integrity.

We are responsible for progress and willingly take on challenging tasks. We carry out our work professionally and competently, striving for excellence. We strengthen the company's reputation by taking initiative and acting proactively within our stakeholder environment.

We persevere and demonstrate strong dedication to achieving our goals. We remain engaged and committed.

#### SUSTAINABLE INNOVATION

WE EMBRACE INNOVATION AND PURSUE SUSTAINABLE, GREEN SOLUTIONS.

We recognize opportunities in our environment and continuously look for new ways to innovatively and effectively implement and improve internal processes and services in cooperation with external stakeholders. We seek new green and sustainable solutions that support the transition to a low-carbon society.

We respect the past and the knowledge of experienced colleagues while continually building on it. We invest in our personal development. We care for one another, listen to colleagues, involve them in decisions, and support them in thinking creatively and independently so they can grow and develop. We resolve conflicts constructively. We build and share knowledge among ourselves and with our partners. We analyse market and regulatory trends and their impact on the industry, customers, markets, and competitiveness. Within the limits of the law, we offer services that exceed expected standards.

#### OPENNESS

WE BUILD TRUST WITH OUR CUSTOMERS AND NURTURE STRONG, LASTING RELATIONSHIPS.

We develop customer relationships and continually seek ways to improve quality and satisfaction. We respond quickly to issues and complaints, addressing them with dedication and timeliness. We take initiative. We build customer trust by making realistic, achievable promises—and keeping them. We understand our services and provide expert guidance. We prioritize quality over quantity and carry out even the simplest tasks with care.

We pay attention to the needs of employees and other stakeholders. We are open, share ideas, and strive to find mutually acceptable solutions. We act with tact and aim for the overall satisfaction of the Group. We motivate colleagues through friendly relationships. We behave respectfully and kindly, communicate openly, and share our thoughts and feelings with one another.

## 2.2. Our Operations

The companies within the Elektro Gorenjska Group perform three main activities:

- Electricity distribution, a regulated activity carried out in accordance with the Agreement with the Distribution System Operator (DSO),
- Electricity production, and
- Other (market-based) services.

### ENSURING A RELIABLE ELECTRICITY SUPPLY

The core activity of Elektro Gorenjska is the distribution of electricity to end users. This is a regulated activity, performed under an agreement with ELES, the company holding the concession for this service.

The distribution activity includes public utility services performed by Elektro Gorenjska under contract for the distribution system operator ELES, and comprises:

- Maintenance of primary electricity energy infrastructure (EEI),
- Organisation and operation of an on-call service,
- Operation and management of the electricity distribution network,
- Network development planning,
- Preparation and implementation of investments in EEI,
- Monitoring and assessing electricity supply quality,
- Electricity metering,
- Provision of access services and other services for users,
- User connections,
- Provision of data for covering electricity losses in the distribution network and for the supply of ELES,
- Other user services.

### PRODUCING GREEN ENERGY

Gorenjske elektrarne, our subsidiary, generates electricity through HPPs, PVPP, and CHPs. For many years, it has also been active in the fields of energy efficiency and energy management.

The electricity production activity includes:

- Generation in hydropower plants (HPPs),
- Generation in solar or photovoltaic power plants (PVPP), and
- High-efficiency cogeneration of heat and power (CHPs).

### EXPERT PARTNERS IN ENERGY PROJECTS

GEK Solar, a dependent company of Gorenjske elektrarne, was established in 2023. It focuses on engineering services in the field of solar energy—covering both the construction of infrastructure facilities for electricity and telecommunications, and the construction of solar power plants.

The Group also includes Soenergetika, which operates in the energy supply chain within the market segment. Its main activity is the production of electricity and heat in cogeneration facilities.

Other services—provided both within the regulated framework and the open market—include:

- Investment implementation and maintenance,
- Research and development,
- Design and engineering,
- Energy efficiency projects and energy management, and
- Comprehensive engineering services.

### GORENJSKA IS OUR HOME

The main area of operations for the Elektro Gorenjska Group is the northwestern part of Slovenia – the Gorenjska region.

**1,986 km<sup>2</sup>** SERVICE AREA

**5,536 km** OF DISTRIBUTION NETWORK

**92,928** USERS



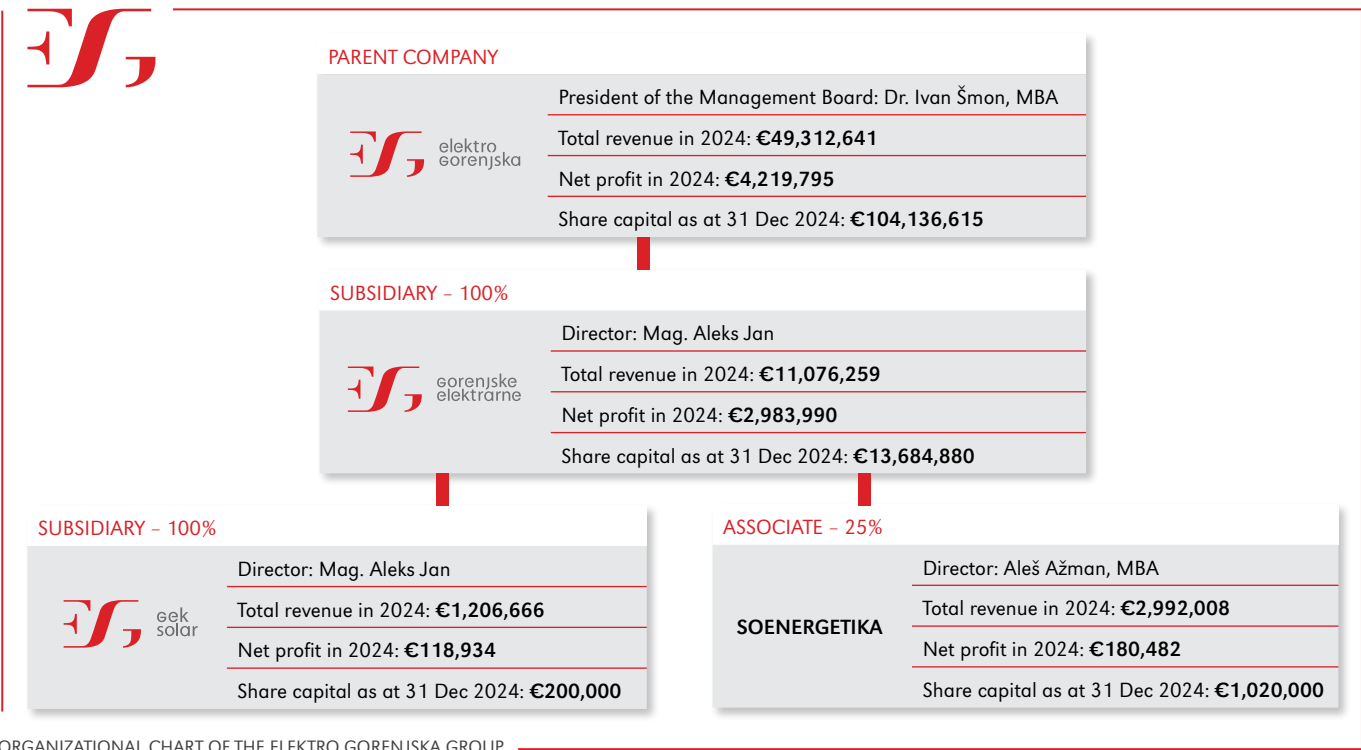
OVERVIEW OF THE ELECTRICITY SUPPLY AREAS OF DISTRIBUTION COMPANIES.

## 2.3. Structure of the Elektro Gorenjska Group

The Elektro Gorenjska Group is composed of the parent company Elektro Gorenjska and its wholly owned subsidiary Gorenjske elektrarne. The Group also includes two affiliated companies: GEK Solar, which is 100% owned by Gorenjske elektrarne, and Soenergetika, in which Gorenjske elektrarne holds a 25% ownership stake. Additionally, Gorenjske elektrarne owns a 20% stake in the company Alfi Sol 2.

The Group’s financial statements include the accounts of the parent company Elektro Gorenjska, its subsidiaries, and the share of profit from the associated company.

The Group also includes the company Informatika, in which Elektro Gorenjska holds a 10.50% share. Due to its limited scope of operations, Informatika is not included in the consolidated financial statements. None of the companies in the Elektro Gorenjska Group operate through branches.



ORGANIZATIONAL CHART OF THE ELEKTRO GORENJSKA GROUP

Elektro Gorenjska identifies related parties based on the provisions of the International Financial Reporting Standards (IFRS), primarily IFRS 24 and IFRS 28, the Companies Act (ZGD-1, Official Gazette of the Republic of Slovenia, No. 65/09 with amendments), and the Corporate Income Tax Act (ZDDPO-2, Official Gazette of the Republic of Slovenia, No. 117/06 with amendments).

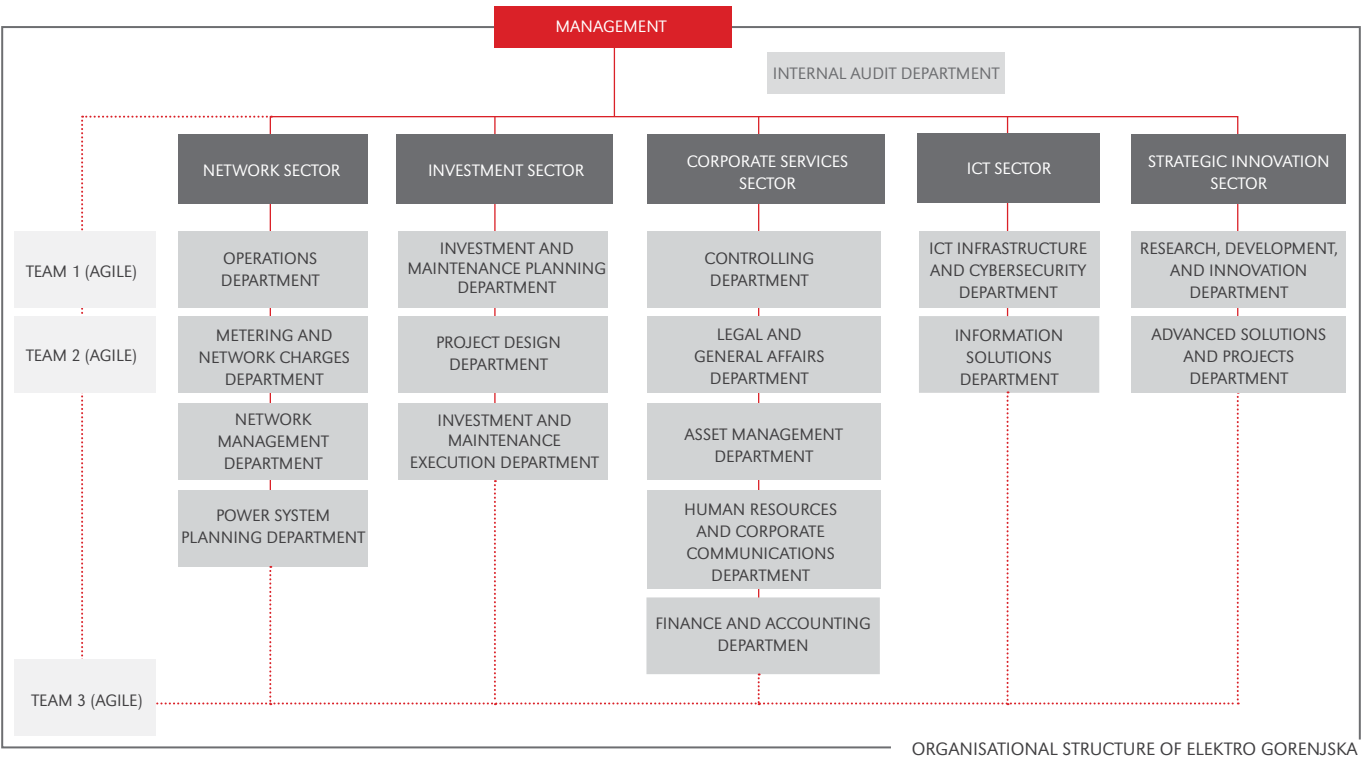
Elektro Gorenjska does not directly or indirectly own at least 20% of the value or number of shares or equity interests in the capital, management, or supervision of any company other than those already mentioned. The company also does not control any other company under a contract in a way that differs from relationships between unrelated parties, nor does it have significant influence over any other company..

## 2.4. Organisational Structure of Elektro Gorenjska

### MANAGEMENT AND ORGANISATION OF ELEKTRO GORENJSKA

The Management Board of Elektro Gorenjska consists of a single member—the President of the Management Board—who is appointed by the Supervisory Board. The President serves a four-year term and may be reappointed.

The company is led by Dr. Ivan Šmon, MBA. In accordance with the Articles of Association, he holds powers related to the organisation and management of the company. Based on legal requirements, the Articles of Association, and the Rules of Procedure of the Supervisory Board, he reports in detail to the Supervisory Board on the company’s operations and performance at least four times per year.



ORGANISATIONAL STRUCTURE OF ELEKTRO GORENJSKA

Each sector is composed of several departments. The Internal Audit Department reports directly to the Management Board.

The Network Sector manages the tasks of the public utility service for the distribution system operator, which Elektro Gorenjska performs under contract with ELES.

The Investment Sector is responsible for implementing investments and maintenance activities.

The Strategic Innovation Sector focuses on research, development, innovation, and advanced solutions and projects.

The Corporate Services Sector provides general and financial services, occupational health and safety services, and fleet management for all other sectors and companies within the Group.

The Information and Communication Technology (ICT) Sector delivers ICT services across the entire Elektro Gorenjska Group.

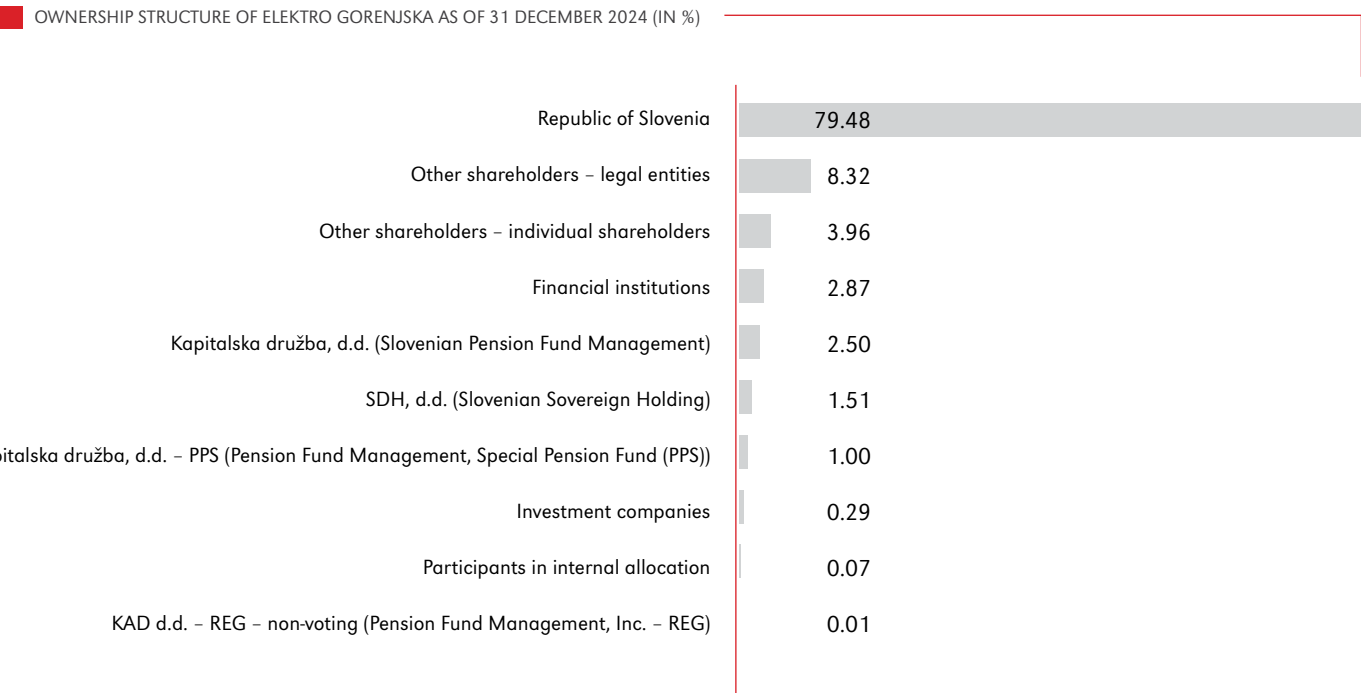
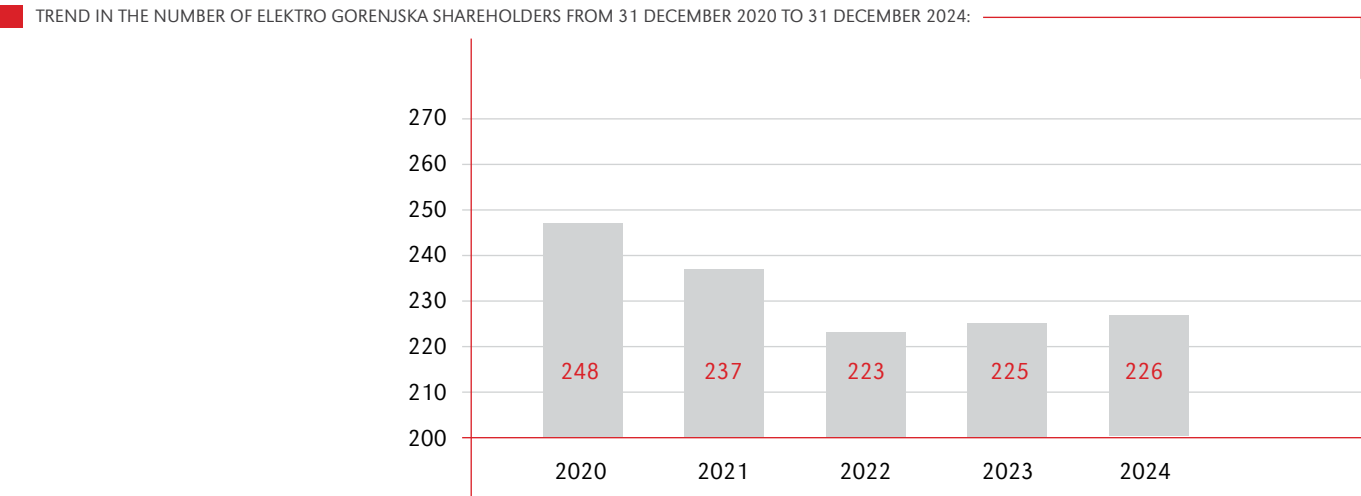
On 1 April 2024, a reorganisation was carried out with the goal of optimising business processes and preparing for a larger volume of investments required for our sustainable transition.

## 2.5. Share Capital and Ownership Structure

As of 31 December 2024, the share capital of Elektro Gorenjska amounted to EUR 104,136,615.39. It is divided into 17,273,475 ordinary registered no-par value shares (ticker symbol: EGKG). All shares belong to the same class.

The company has no authorised capital. In 2024, Elektro Gorenjska shares were not traded on any regulated market.

As of 31 December 2024, 95.98% of the company's shares were owned by the Republic of Slovenia and legal entities, representing 19.91% of all shareholders.



As of 31 December 2024, the largest shareholder of Elektro Gorenjska was the Republic of Slovenia, holding a 79.48% ownership stake. It was followed by Kapitalska družba with a 2.50% stake and Bau 1, d. o. o., with a 1.94% stake.

## 2.6. Sustainable Development Strategy of Elektro Gorenjska

Sustainable practices have been part of Elektro Gorenjska's values since the very beginning. Even in times when sustainability was neither widely discussed nor prioritised, we strove to operate in harmony with both the natural and social environment. In 2024, we took a significant step forward by formally committing to sustainability through the adoption of the Sustainable Development Strategy of Elektro Gorenjska for 2024–2028.

At Elektro Gorenjska, sustainability represents a holistic approach that integrates environmental, social, and economic aspects to ensure long-term business responsibility and stability. It is more than a business strategy. It is our commitment to building a fairer, cleaner, and more resilient future for all.

We are committed to sustainable strategic development. This means addressing people, nature, and business performance in a balanced way (ESG), in line with the European Sustainability Reporting Standards (ESRS). Our commitment to sustainability is also reflected in our daily operational excellence, which ensures the stable supply of electricity.

Fully aware of our responsibility, we are continuing and expanding our story of continuity – one of consistent, reliable, and long-term presence in service of the environment and the people. This ENDURING PRESENCE is the essence of our purpose and operations.

### 2.6.1. Strategic Directions and Initiatives

Under the new Sustainable Development Strategy, Elektro Gorenjska will in the future focus exclusively on its core activity – the provision of the public utility service as a distribution system operator. Its central mission will be to ensure a stable and reliable electricity supply for the Gorenjska region.

To achieve this, we are prioritising the development and maintenance of a reliable network, with strong emphasis on digitalisation, the introduction of modern technologies, and innovative energy solutions.

The new strategy also places greater focus on sustainability and active stakeholder engagement. These stakeholders include network users, employees, partner organisations, professional associations, suppliers, municipalities, and the wider local community.

Elektro Gorenjska's new strategy is stakeholder-oriented, meaning that the company aligns its activities with a deep understanding of stakeholder interests. Through broader social responsibility and professional expertise, we aim to work collaboratively – through co-strategizing – to find long-term sustainable solutions that benefit society.

At the same time, we recognise that efficiency and appropriate profitability are vital qualities of our operations. Especially in the context of accelerated investments and rapid technological development, they are essential to ensure the long-term continuity of our mission and our lasting presence.

**Key strategic directions of Elektro Gorenjska until 2028:****1. Sustainable Operations**

We continue the story of ENDURING PRESENCE under evolving regulatory conditions. Our focus is on creating the right conditions to transform our network into a modern, sustainable electricity distribution system.

We proactively take co-responsibility across the entire value chain and within the broader stakeholder environment. We strive to be a place for top talent. Our corporate culture is evolving toward agility, inclusiveness, collaboration, accountability, widespread innovation, and a strong commitment to sustainable goals.

Within the strategic direction of Sustainable Operations, we are implementing the following key initiatives:

- Implementation of the Distribution System Development Plan,
- Securing adequate financial resources and an appropriate regulatory framework for the execution of the plan,
- Achieving a high level of strategic innovation to support the distribution system's development,
- Realising sustainable development in line with ESRS standards,
- Ensuring enough competent and engaged employees at all levels,
- Strengthening an agile culture and inclusive leadership,
- Achieving financial stability and optimal profitability.

**2. Development and Management of a Sustainable Distribution System**

The Distribution System Development Plan must be implemented in a sustainable way, to the greatest and most optimal extent. In the digital age, the development of smart grids is essential for electricity distributors. The effects of changing climate conditions in the planning and operation of our distribution system are being taken into account.

We continue to improve our performance and processes for both external and internal users. We implement development projects that directly benefit the distribution system.

We ensure the sustainable and long-term management of distribution system assets, in line with the principles of sound management and the circular economy.

Within the strategic direction of Development and Management of a Sustainable Distribution System, we are implementing the following initiatives:

- Ensuring a sustainable distribution system,
- Increasing satisfaction among users and key business partners in the value chain,
- Implementing high-quality and efficient project management,
- Enhancing cost efficiency and lean process organisation.

**2.6.2. Strategic Projects**

Strategic projects are key elements for implementing the strategy, defining exact tasks and the manner of their execution. They provide a clear framework for the activities, timelines, priorities, opportunities, and expectations needed to achieve strategic goals. The advantage of pre-defined strategic projects is the early identification of potential challenges and their logical integration with other projects within the company.

The key strategic projects of Elektro Gorenjska, arising from the new Sustainable Development Strategy, are as follows:

**1. Establishment of a Strategic-Innovation Centre**

The aim of the project is to position Elektro Gorenjska as a leader in modern energy and technological solutions in Gorenjska and Slovenia. It focuses on enabling strategic innovation within the company, which will support talent development and acquisition. The innovation centre will be a space for strategic stakeholder engagement and development.

The final objective is to create a modern innovation infrastructure, including a high-innovation energy testing ground for research, development, and EU projects. It will serve as a “showroom” for modern energy products and services offered by Elektro Gorenjska and will introduce a “living lab” concept and a hub for cultivating a start-up culture.

**2. Implementation of an Agile Operating Model**

This project aims to foster cooperation across processes, departments, sectors, and subsidiaries in the field of green technologies, making agile operations a core process within Elektro Gorenjska. Agile working will support the development of flexibility markets, provision of system services, establishment of energy communities, and implementation of large RES.

The goal is to unify technical and business competencies into a central agile workforce dedicated to developing a long-term business strategy. The project will establish coordination processes for green transition activities and implement digital tools to enhance information flow and monitoring of the entire process.

**3. Development of a Comprehensive Asset Lifecycle Management System (Methodology)**

The project aims to improve the technical, operational, and financial management of assets. It focuses on developing a system for research planning and advanced data analytics to support network management.

The final goal is to establish the conditions for a comprehensive asset management system, incorporating technologies such as IoT, Big Data Analytics, AI, AR/VR, and more.

**4. Optimisation of the Grid Connection Process**

The goal of this project is to optimise and fully digitalise user services while simplifying the connection process to Elektro Gorenjska from the customer perspective.

The final goal is to streamline internal processes, create tools for load calculation support, and redesign the website. The project also includes the introduction of unified digital application forms and a digital inquiry system to provide users with easy access to information through ChatBot, e-channels, and the contact centre.

**5. Technological Upgrade of the Control Centre and Implementation of an Advanced Distribution Management System (ADMS)**

This project involves the introduction of a new ADMS system, based on a thorough analysis of the company's current state and future needs.

The final goal is to implement an advanced ADMS platform that ensures secure and robust management of the distribution network. The system will integrate all information sources for operational control, consolidate technical, topological, and metering data, and enable advanced data analytics to support decision-making, load management, safety, availability, asset lifespan, and overall network planning and development.



C O

### 2.6.3. Our Business Model

Our business model is grounded in our mission to deliver sustainable energy. We provide the public utility service of electricity distribution in the Gorenjska region and are committed to ensuring accessibility, quality, and affordability of services for all residents.

A distinctive feature of our model is that most of our revenue comes from public service activities. Therefore, the long-term stability and success of the company depend on appropriate regulatory pricing (network charges) and the continuous delivery of the prescribed quality of electricity supply.

#### CORE CAPABILITIES OF ELEKTRO GORENJSKA

Our core capabilities form a strong foundation for our operations. They represent the essential strengths that set us apart, enabling us to deliver consistent value to users – with reliable service, exceptional user experience, and lasting support for the competitive advantage of businesses and the quality of life of households.

##### Our core capabilities are:

1. In-depth knowledge of energy and power systems, built on over 60 years of experience.
2. A forward-looking mindset, ambition, and prudence.
3. Well-structured business operations and processes.
4. A high level of employee dedication.

#### KEY ADVANTAGES OF ELEKTRO GORENJSKA

Our key advantages enable us to thrive in a rapidly changing business environment.

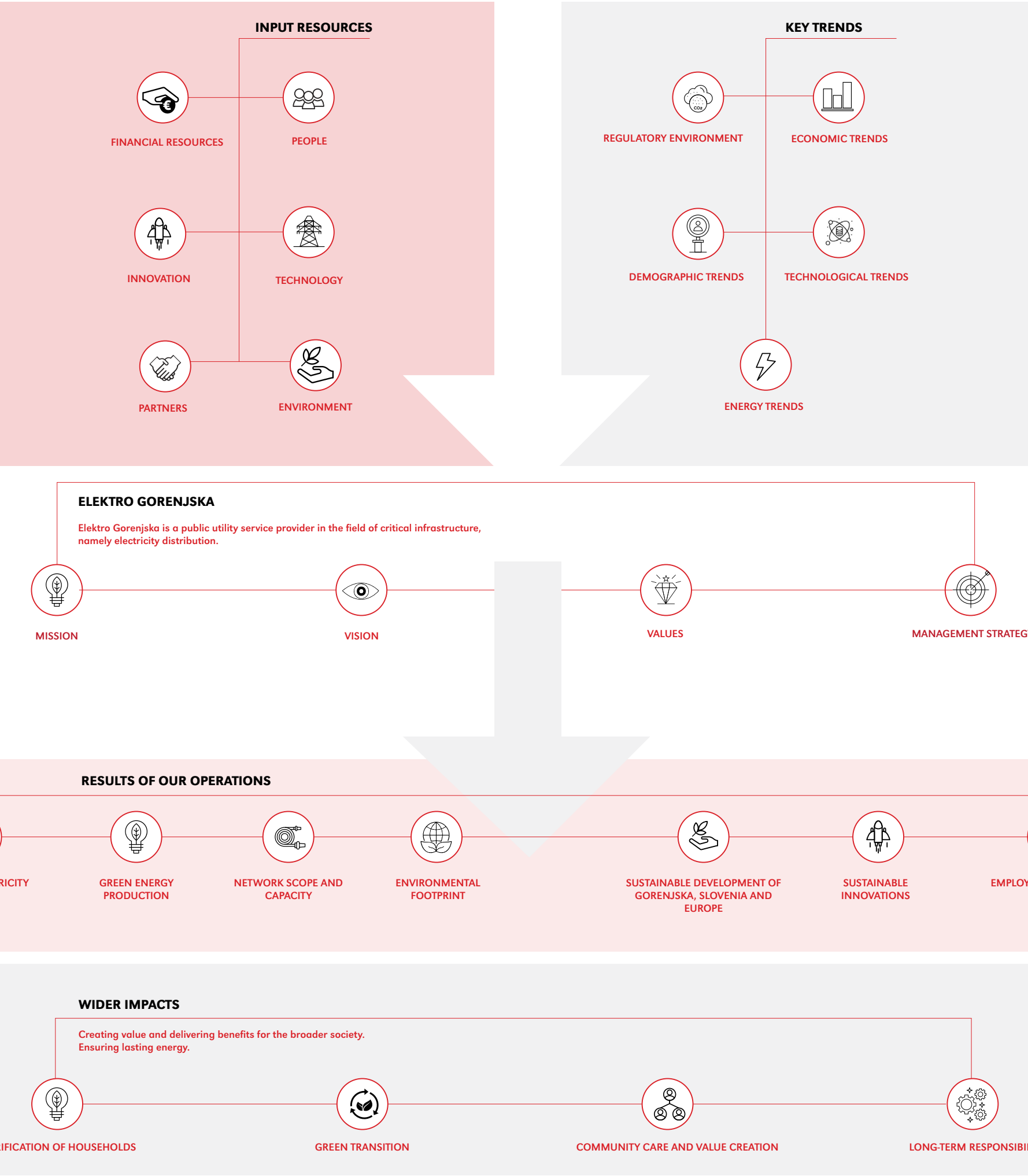
##### They are:

1. A highly sustainable network at the top European level.
2. Strong development capabilities in research, innovation, human resources, monitoring systems, digitalisation, and cybersecurity.
3. Deep integration with the local community.
4. A trusted and reputable brand, especially in the Gorenjska region.
5. Proven reliability in project implementation and resolving user challenges.





# BUSINESS MODEL OF ELEKTRO GORENJSKA



2.6.4. Our Development Plan

The current Electricity Network Development Plan for the Elektro Gorenjska area has been prepared for the period 2025–2034. It serves as a strategic document that outlines the key elements of the network’s development and anticipates investments that will continue to ensure sufficient network capacity and enable reliable and long-term electricity supply to consumers. The plan is based on the guidelines of the Distribution System Operator and is harmonised with representatives of all Slovenian distribution companies, the transmission system operator ELES, the Slovenian Energy Agency (AGEN), as well as Elektro Gorenjska’s own data on network development for the specified period. The legal basis for preparing this ten-year development plan is laid out in the Electricity Supply Act (ZOE), which requires that the distribution operator updates or prepares a comprehensive development plan for the distribution system every two years and submits it to AGEN for approval. In doing so, we must follow the methodology prescribed by AGEN under the ZOE.

Network development planning is becoming increasingly complex and is significantly influenced by uncertainties over which we, as a distribution company and planner, have limited control. These include the emergence of new technologies and operational models (e.g. smart grid solutions and integration of the flexibility market), a rapid increase in electricity demand due to electrification (e.g. heat pumps, EV charging stations), a surge in investments in the construction of distributed generation (e.g. sPVs), the development and integration of electricity storage systems, and the evolution of the regulatory framework, which, within the expected flexibility market, envisions a more active role for consumers in the future.

As part of the development plan, Elektro Gorenjska has outlined a comprehensive portfolio of investments for the next decade. Among these, the following key projects are particularly noteworthy:

- In the upcoming ten-year period, the construction of new 110/20 kV distribution transformer substations (RTPs) is planned, including RTP 110/20 kV Brnik – 110 kV GIS and transformation, RTP 110/20 kV Kranjska Gora – 110 kV GIS and transformation, and RTP 110/20 kV Trata – 110 kV GIS and transformation.
- Several reconstruction projects are foreseen, such as the replacement of the switchgear at RTP 110/20 kV Jesenice, the replacement of the 20 kV and 110 kV switchgear at RTP 110/20 kV Tržič, and the gradual replacement of selected power transformers across distribution transformer substation locations (RTP Radovljica, RTP Labore, RTP Medvode, RTP Jesenice, RTP Železniki).
- Simultaneously, the construction of 110 kV networks will take place, including 2x110 kV overhead lines Kamnik–Brnik–Visoko, the 110 kV cable connection RTP Jeklarna–RTP Železarna–RTP Jesenice (in cooperation with ELES), as well as the reconstruction of the 110 kV lines RTP Škofja Loka – RTP Železniki and RTP Moste–RTP Jesenice.
- To improve overall network reliability, several major medium-voltage (MV) connections will be implemented, such as the 2x20 kV integration of the Jesenice power supply station, 2x20 kV Moste–Lipce–Jesenice, 20 kV connection across the Vršič Pass, 20 kV connection to Austria through the Ljubelj tunnel, 20 kV Rateče–Planica and Poligon–Rateče connections, and 2x20 kV integration of Otoče, among others.
- A portion of the funds will be invested in the automation of the MV network (remotely controlled switches in RMUs at transformer stations), and two projects are underway: operational measurements via metering centers (MC) at transformer stations, and remote meter reading for consumers via the AMI system. In the coming decade, substantial focus will also be placed on smart grid development projects.

The approved ten-year development plan serves as the basis for preparing both the investment and business plans of Elektro Gorenjska.

At Elektro Gorenjska Group, continuous innovation goes beyond the latest technologies and processes.

2.6.5. Our Commitment to Continuous Innovation

At Elektro Gorenjska Group, continuous innovation goes beyond the latest technologies and processes. It represents a fundamental value that unites us. We are recognised for our innovative spirit, actively participating as a partner in numerous national and international research and development projects. In addition, we implement our own development and investment projects, constantly strengthening our competitiveness and technological advancement. We systematically, purposefully, and strategically encourage innovation among employees, fostering an environment where innovation is not just a goal but a way of thinking and working.

PARTNERING FOR PROGRESS: OUR ROLE IN NATIONAL AND EU R&D PROJECTS

In our ambition to become one of the most pioneering and innovative companies, we actively engage in various R\&D projects in collaboration with external partners. We secure additional funding for these projects through EU funding mechanisms and national co-financing instruments provided by AGEN, the Slovenian Research and Innovation Agency (ARIS), and Public Agency for Entrepreneurship, Internationalization, Foreign Investments and Technology (SPIRIT Slovenia).

Key research and development projects undertaken in 2024 include:

| PROJECT TITLE  | BRIEF DESCRIPTION AND TYPE OF PROJECT   | DURATION                   | ACTIVITIES IN 2024   | TOTAL PROJECT VALUE |
|--|---|----------------------------|--|---------------------|
| OneNet – One Network for Europe  | Establishment of a pan-European platform for flexibility trading.<br><br>Project Type: EU project, project qualified by AGEN  | 1 Oct 2020 – 31 March 2024 | Activities to develop a joint European platform for trading flexibility services continued. The Slovenian part of the consortium, which includes Elektro Gorenjska, focused on demonstrating the use of flexibility services and developing software interfaces for standardized information exchange with stakeholders in the flexibility services market.  | € 27,900,419        |
| Creators – Creating Community Energy Systems   | Establishment of energy communities with a pilot site in Jesenice. Involvement of the entire Elektro Gorenjska Group.<br><br>Project Type: EU project   | 1 Sept 2020 – 30 June 2024 | Focused primarily on the development of hardware and software to support future energy community managers. Elektro Gorenjska Group supported the implementation of the pilot site at Acroni in Jesenice and developed business models for various forms of energy communities.   | € 7,247,500         |
| DN-FLEX – Local-Flexibility Market Platforms for Distribution Networks   | Development of a platform for local flexibility trading, connecting DSOs, aggregators, and active consumers.<br><br>Project Type: ARIS project, project qualified by AGEN   | 1 Oct 2021 – 30 Sept 2024  | An algorithm to activate flexibility services for voltage regulation at metering points was developed. Demonstration in the village of Srakovlje is being carried out. A connection with flexibility service providers was established via a unified access point (UAP), with implementation of message exchange in CIM format.  | € 400,000           |
| DRIFT – Optimization of LV Network Operation with Integrated Real-Time Flexibility Using Deep Reinforcement Learning | Addressing challenges of controlling elements in LV networks using deep reinforcement learning algorithms.<br><br>Project Type: ARIS project, project qualified by AGEN   | 1 Oct 2022 – 30 Sept 2025  | An algorithm for managing LV networks for optimal use of available flexibility services was developed and optimized. A data storage process and compiled datasets for training machine learning models were established.   | € 400,000           |
| SmartEAM – Smart Enterprise Asset Management   | Development of an intelligent system for monitoring and predictive maintenance of critical infrastructure in the electricity distribution network. Providing an innovative solution that transforms the current paradigm of infrastructure monitoring and maintenance in distribution networks is being introduced.<br><br>Project Type: EU Project | 1 Oct 2022 – 30 Sept 2025  | A health index calculation for distribution and power transformers was developed. To support this calculation, the range of data considered was expanded, a dedicated database was established, and an application was created to display the calculation results. A set of additional sensors was also prepared, which will be installed on power equipment to provide better insight into the real-time condition of transformers. | € 1,091,985         |

| PROJECT TITLE   | BRIEF DESCRIPTION AND TYPE OF PROJECT   | DURATION                 | ACTIVITIES IN 2024  | TOTAL PROJECT VALUE |
|---|---|--------------------------|---|---------------------|
| DigiGRID – Digital Twin of the LV Network to Accelerate the Energy and Green Transition                     | Development of a digital twin of the LV distribution network to accelerate the energy and green transition by increasing the integration of RES into the grid. The project will also result in faster connection processes for these sources and reduced operational costs.<br><br>Project Type: SPIRIT project | 2 Nov 2022 – 31 Oct 2024 | Analytical modules to monitor the operational status of the distribution network and to generate time series for simulations in the form of APIs have been established. An information infrastructure was set up, into which the first version of the final software was installed. A database was implemented for storing the network model in CIM format, and the network model was exported in CIM format from the source system, i.e., the geographic information system. | € 571,614           |
| E.Efficient.Industry – Utilizing Electricity Flexibility in Energy Facilities to Optimize Power Consumption | CDeveloping a system that, using adaptive software logic, will help identify the most optimal electricity consumption patterns for large industrial consumers and actively manage consumption in real time using controllers.<br><br>Project Type: SPIRIT Project   | 3 Jan 2023 – 31 Dec 2025 | An algorithm to reduce electricity consumption peaks by managing the start-up sequences of industrial machines was developed. Another algorithm to detect faults in industrial equipment based on electricity consumption measurements is under development. A calculator to estimate network charges under the new five-tier tariff system was created.  | € 2,239,768         |
| VoltAware – Voltage Stabilization and Optimization Using AI   | Developing a system for short-term voltage forecasting at metering points to enable the use of flexibility services.<br><br>Project Type: EU project  | 1 Oct 2023– 30 Sept 2025 | A review of professional literature in the field of voltage and electricity consumption forecasting at metering points was carried out. Simple forecasting models for voltage prediction were implemented, which will serve as the basis for the development of algorithms for optimal use of flexibility services.   | € 747,120           |
| ForVolt –Development of Algorithms for Voltage Condition Forecasting at Metering Points                     | Using advanced machine learning algorithms to accurately assess voltage conditions in the network and optimize user flexibility to stabilize the grid during critical periods.  | 1 Jan 2024–31 Dec 2024   | Methodologies and tools to forecast voltage conditions in low-voltage networks 1–2 days in advance for the reservation of flexibility services were developed. The solutions also enable more accurate forecasting of voltage conditions 1–2 hours in advance for the activation of flexibility services.   | € 130,000           |
| PredOkvaro –Tools for Predictive Fault Detection in the Electricity Distribution Network                    | Development of the algorithms for the predictive detection of physical faults in the electricity distribution network based on data and events from smart meters.   | 1 Jan 2024–31 Dec 2024   | The project revealed that predictive fault detection systems can identify early signs of malfunction. A correlation was found between voltage fluctuations and other metering parameters (meter events) that occur before certain faults. These correlations served as the basis for developing machine learning algorithms that, when data is processed in a timely manner, can predict potential faults in the network.   | € 50,000            |
| TwinEU – Advancing Digital Twin Technology for European Energy Infrastructure                               | Developing a digital twin of the European electricity network.  | 1 Jan 2024–31 Dec 2026   | The project focused on defining a network model in the context of observability between transmission and distribution system operators and on defining a data exchange format. High-resolution measurements were conducted during transient events in the distribution network to assess their impact on the transmission network.  | € 25,216,061        |
| Hedge-IoT – A Comprehensive Approach to the Digitalisation of the Energy Ecosystem with IoT Solutions       | Developing a comprehensive approach to empowering the digitalisation of the energy ecosystem through the implementation of IoT solutions.   | 1 Jan 2024–31 Dec 2026   | Critical transformers were identified for the integration of IoT devices at the network edge, and key use cases were defined for the Slovenian demonstration version. The adaptation of computer code for the calculation of Dynamic Thermal Rating (DTR) is currently underway.  | € 17,999,755        |
| PEDvolution – Interoperable Solutions for the Development of Cross-Sectoral Integration                     | Developing interoperable solutions that accelerate and optimise the development of Positive Energy Districts (PEDs) and cross-sectoral integration.   | 1 Jan 2024–31 Dec 2026   | Measurements were established in the Labore industrial zone to accurately assess the potential for utilising waste heat from industrial processes. A study has been initiated to evaluate the possibility of using this waste heat for heating residential buildings in the Planina neighbourhood in Kranj.   | € 4,303,393         |

| PROJECT TITLE   | BRIEF DESCRIPTION AND TYPE OF PROJECT   | DURATION                | ACTIVITIES IN 2024   | TOTAL PROJECT VALUE |
|---|---|-------------------------|--|---------------------|
| StoreMore – Analysis and Promotion of Energy Storage Solutions  | Developing strategies for integrating a larger number of electricity storage units into energy networks by involving a wide range of stakeholders.  | 1 Jan 2024–31 Dec 2026  | A review and inventory of various technical energy storage options was carried out. Stakeholders in the energy storage ecosystem were identified, and an analysis was conducted on the barriers hindering large-scale deployment of energy storage systems at the national level. Several study visits to international best practices in the field of energy storage were also conducted. | € 2,218,540         |
| AHEAD – Holistic Approaches to the Integration of Electric Vehicles into Power Distribution Networks Using AI | Developing a simulation environment capable of identifying the most suitable locations for setting up electric vehicle charging stations and optimising both the use of the power infrastructure and the utilisation of charging points in urban and rural areas. | 1 June 2024–31 May 2028 | As part of the project, we defined the objectives of Work Package 3 (WP3). Initial work is underway on simulating electric truck charging scenarios, and a plan has been developed for a custom Python library that will serve as the key deliverable of our contribution.   | € 10,997,750        |
| EnerTEF – Joint Pan-European Facilities for Testing and Experimenting with AI in the Energy Sector            | Establishing a shared environment for testing and experimenting with AI tools in the energy sector, aiming to bridge the gap between practical needs and the limited number of validated AI solutions.  | 1 Nov 2024–31 Oct 2027  | The project launched in 2024 with the identification of use cases. The pilot project and specific activities of each partner were further defined.   | € 6,687,663         |

OUR IN-HOUSE DEVELOPMENT AND INVESTMENT PROJECTS

Elektro Gorenjska implements several own innovative and investment projects. These are focused on technological progress and the integration of innovative solutions into our regular operations.

Key development and investment projects implemented in 2024:

| PROJECT TITLE  | BRIEF DESCRIPTION   | DURATION                 | ACTIVITIES IN 2024   | TOTAL PROJECT VALUE |
|--|---|--------------------------|--|---------------------|
| GreenSwitch  | The Project of Common Interest (PCI) is partially funded through the Connecting Europe Facility (CEF). The aim is to modernize our existing electricity infrastructure and equipment through targeted investments.  | 1 March 2023–31 Dec 2028 | In 2024, the reconstruction of secondary equipment at the RTP Zlato Polje was almost completed, and the RTP Primskovo was nearly finalized (completion expected in 2025). Ten existing transformer stations were equipped with a remote control system, and three replacement stations were built. One network cable loop was also installed. Activities are underway to establish a cable connection with the Austrian distribution network KNG through the Ljubelj tunnel. | € 146,204,508       |
| ŠPAIZA – Reconstruction and Establishment of an Innovation Centre at Zlato Polje | The aim of the project is to renovate an existing vacant building next to the RTP Zlato Polje into a modern innovation centre that will showcase key technological solutions to the wider public. The space is envisioned as a “living laboratory” in ongoing collaboration with the Kranj School Centre. | 1 Apr 2021–31 Dec 2025   | Reconstruction of the building began in 2024. Completion of all construction and craft work is planned before summer 2025.   | € 550,000           |
| MDMS – Implementation of a Meter Data Management System                          | The aim of the project is to upgrade the information system for managing measurements from various data sources to support advanced data analytics.   | 1 Jan 2024–31 Dec 2024   | The meter data management system was established.  | € 229,000           |



## ELEKTRO GORENJSKA SYSTEMATICALLY ENCOURAGES CONTINUOUS INNOVATION AMONG EMPLOYEES

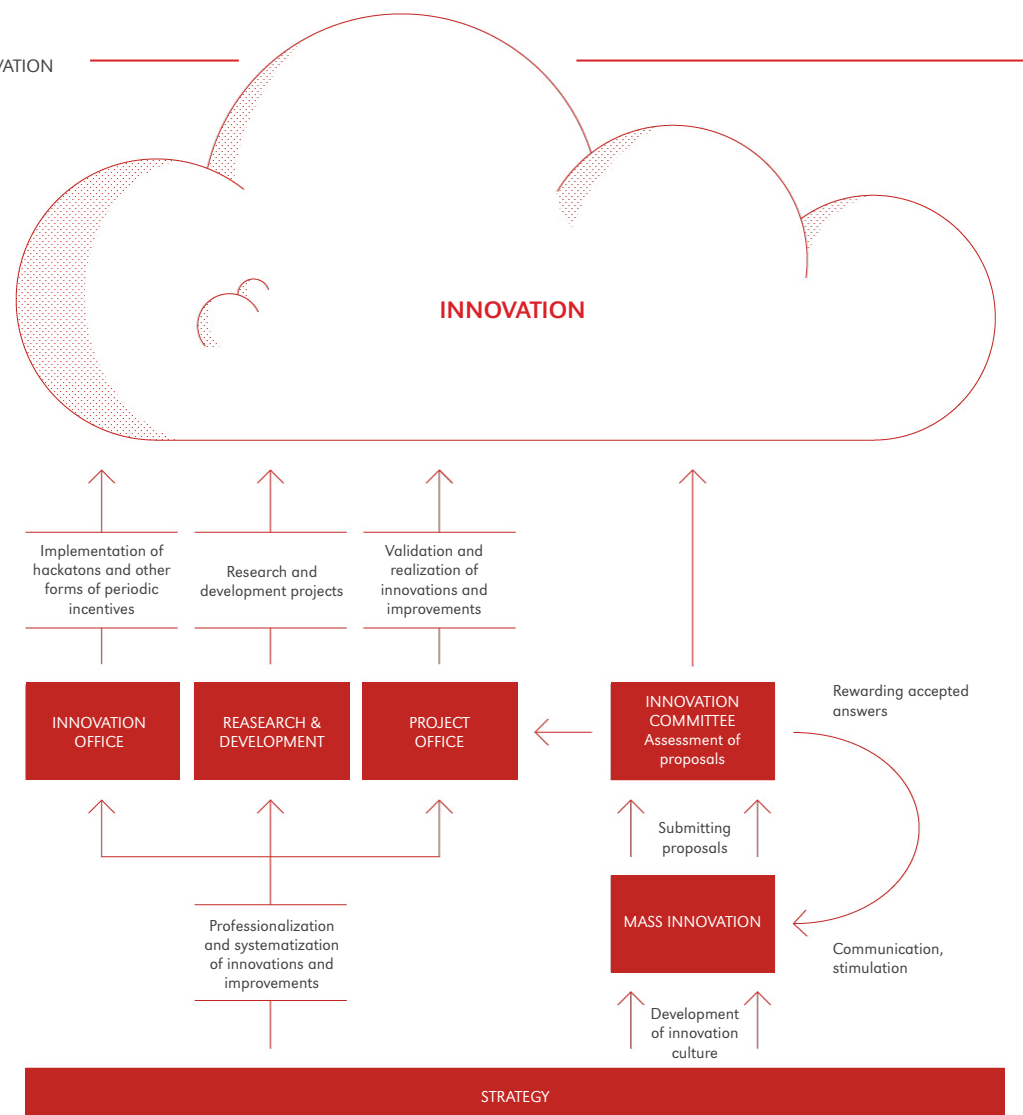
Special attention is devoted to innovation activities, which is why Elektro Gorenjska has maintained a systematic process for fostering innovation among employees for many years. In 2024, the Innovation Committee held seven sessions. A total of 66 innovation proposals were submitted (compared to 51 in 2023).

The Innovation Committee and its members further engaged in promoting innovation among employees.

In 2024, the Elektro Gorenjska Group formalised and consolidated its employee innovation process with the introduction of a new initiative called #TopStart. The project encourages employees to take part in solving current challenges each quarter. The Elektro Gorenjska Group issues a challenge, and employees submit innovative proposals and ideas for its resolution. This approach fosters creativity, collaboration, and the pursuit of new solutions, while also strengthening the culture of innovation within the organisation. #TopStart represents an important step toward promoting continuous improvement and involving all employees in the development of the Elektro Gorenjska Group. In 2024, the Innovation Committee launched two challenges open to all employees. The autumn challenge sought ideas for more effective onboarding of new hires, while the winter challenge focused on identifying which functions Elektro Gorenjska should address as a facilitator in the flexibility services market.

Also in 2024, the Elektro Gorenjska Group introduced a new activity as part of its efforts to systematically promote innovation among employees: Transformatorfest – the Festival of Continuous Innovation. This day, filled with various activities, is dedicated to encouraging and strengthening innovation and creativity among employees across the Elektro Gorenjska Group.

THE PROCESS OF IMPLEMENTING INNOVATION ACTIVITIES AT ELEKTRO GORENJSKA







ECONOMIC  
ASPECTS

### 3.1. Business Environment Analysis

The operations of Elektro Gorenjska and its Group are significantly influenced by both general economic conditions and the specific regulatory framework governing the electricity sector.

| Indicators for the Republic of Slovenia                 | 2024 | Spring Forecast (February 2025) |      |      |
|---|------|---------------------------------|------|------|
|   |      | 2025                            | 2026 | 2027 |
| GDP (real growth, %)                                    | 1.6  | 2.1                             | 2.4  | 2.3  |
| Employment (growth, %)                                  | 0.1  | 0.1                             | 0.4  | 0.5  |
| Unemployment rate (%)                                   | 4.6  | 4.6                             | 4.5  | 4.5  |
| Inflation (Dec./Dec., %)                                | 1.9  | 2.7                             | 2.2  | 2.1  |
| Inflation (annual average, %)                           | 2.0  | 2.3                             | 2.3  | 2.1  |
| Gross wage per employee (real growth, %)*               | 4.1  | 3.8                             | 3.1  | 3.0  |
| Labour productivity – GDP per employee (real growth, %) | 1.4  | 2.0                             | 2.0  | 1.7  |

Source: UMAR – Institute of Macroeconomic Analysis and Development of the Republic of Slovenia – Spring Economic Forecast 2025

\*Note: the spring forecast 2025 includes statistical data, information, and adopted measures as of 14 february 2025.

In 2024, economic growth slowed to 1.6%, down from 2.1% the previous year. While export performance exceeded expectations, both private and public consumption aligned with forecasts. However, there was a notable decline in investments, contrary to the initially anticipated stagnation. Compared to the European average, Slovenia’s GDP in 2024 was 0.4 percentage points higher. In their latest forecasts, international institutions predict only a slightly higher GDP growth in the euro area for 2025 compared to 2024, followed by a gradual acceleration – albeit slower than projected in the autumn outlook, particularly in Germany. Rising geopolitical and economic uncertainty, reflected in the record-high trade policy uncertainty index in January 2025, coupled with measures already implemented by the U.S. government, signal potential further slowdowns and heighten risks of worsening economic prospects. For the euro area, GDP growth is forecast at 0.8% in 2025, with expected increases to 1.1% in 2026 and 1.2% in 2027.

In Slovenia, economic growth is projected to rise to 2.1% in 2025, slightly below expectations from autumn 2024. Following a strong performance in early 2024, which notably slowed towards the end of the year, merchandise exports in 2025 are expected to grow at a more moderate pace, aligning more closely with foreign demand trends. The main driver of economic growth in 2025 will be domestic consumption, particularly private spending, supported by higher income from wages and social transfers, alongside a recovery in investment activity following a downturn in 2024. Public investment will gain renewed momentum, driven by funding from the Recovery and Resilience Plan (RRP) and the 2023 Flood Recovery Fund. Nonetheless, uncertainty and weak economic recovery in key trading partner countries will lead export-oriented companies to adopt more cautious investment strategies. Additional stimulus will come from falling interest rates, positively impacting housing investments – although primarily in the medium term. Over the following two years, a slightly faster pace of economic growth is expected: 2.4% in 2026 and 2.3% in 2027.

Following a gradual slowdown in 2022 and 2023, employment growth nearly came to a halt in 2024 – while simultaneously reaching its highest level to date. At the same time, due to reduced labour demand, the decline in the number of registered unemployed persons also slowed. In addition to economic activity, labour market conditions are strongly influenced by demographic factors. Given the already high employment levels and labour shortages, employment in 2025 is expected to grow by only 0.1%, and by 0.4% and 0.5% in 2026 and 2027 respectively. After near-stagnation at record employment levels throughout most of 2024, only modest growth is projected for 2025, with a potential acceleration in the following two years, mainly due to the hiring of foreign workers. The unemployment rate is expected to decline further, driven not only by job placements but also by a rising trend of transitions from unemployment to inactivity or retirement.

By the end of 2024, inflation decreased to 1.9%, with the average annual inflation rate at 2% - more than half the rate recorded in 2023 (4.2%). The main drivers of easing inflationary pressures were slower price increases in services and non-energy industrial goods. Year-on-year inflation was also strongly affected by base effects, mostly linked to anti-inflationary interventions introduced in 2023. In 2025, price growth is expected to remain moderate across most segments, although service prices will continue to outpace the overall inflation rate. Inflation dynamics will be shaped significantly by past and ongoing policy measures and their gradual withdrawal. Annual inflation is forecast to reach 2.7% by the end of 2025, with an average annual rate of 2.3%. Assuming relatively stable energy prices on international markets, year-on-year fluctuations in energy prices will reflect the phasing out of energy crisis mitigation measures. Service price growth is expected to remain above average in 2025 and beyond, driven by continued labour shortages and rising wages. In the absence of major external shocks, inflation is expected to gradually ease after 2025, stabilising around 2%.

Nominal wage growth moderated slightly in 2024; however, due to lower inflation, real wage growth increased to 4.1%. In 2025, gross wages are expected to grow at a relatively high pace, supported by increases in both the private and public sectors. Thereafter, wage growth is likely to slow somewhat, though real wage growth will still reach around 3% – higher than the average over the past decade. Labour shortages will continue to exert upward pressure on wages, reinforced by the so-called “demonstration effect” of public sector pay increases. Nevertheless, to remain competitive, businesses are likely to restrain excessive wage growth, contributing to a gradual moderation in real wage growth.

There is always a degree of uncertainty in macroeconomic forecasts – one that has increased significantly in recent years. In particular, the spring forecast for 2025 is subject to numerous risks, mainly from the international environment, though some stem from domestic factors as well. These risks are predominantly negative and more pronounced than those outlined in the autumn forecast. Still, some scenarios could lead to higher-than-expected economic growth. The main risk to lower economic growth stems from heightened global uncertainty, which is partly factored into baseline assumptions but could be further exacerbated by a potential escalation of U.S. protectionist measures and retaliatory responses from affected countries.

### 3.2. Key Results and Performance Indicators in 2024

The operations of Elektro Gorenjska and the Elektro Gorenjska Group are significantly influenced by regulatory conditions related to the electricity distribution activity, which Elektro Gorenjska performs under the Agreement with the Distribution System Operator (DSO).

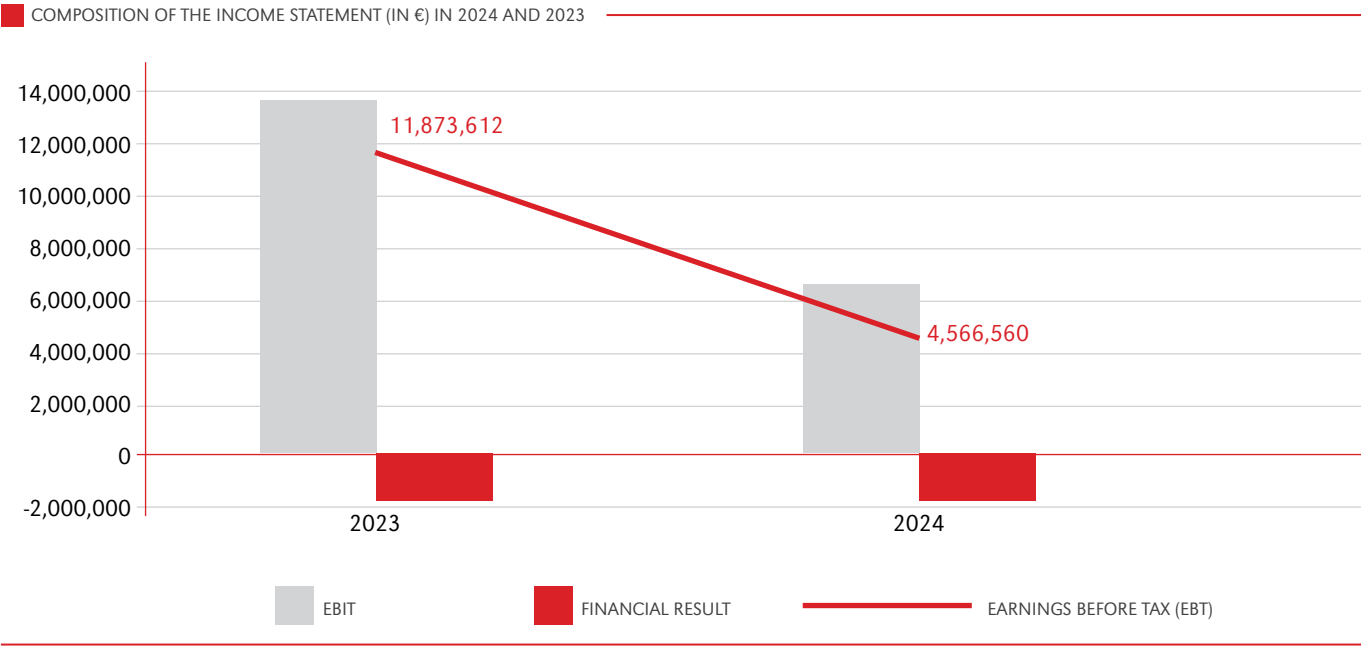
KEY RESULTS AND PERFORMANCE INDICATORS:

|  | EG Company |         | EG Group |         |
|--|------------|---------|----------|---------|
|  | 2023       | 2024    | 2023     | 2024    |
| Indicator  |            |         |          |         |
| Net financial debt / EBITDA                      | 3.1        | 3.6     | 1.8      | 2.8     |
| Current ratio (%)                                | 0.8        | 1.0     | 1.3      | 1.4     |
| Value added (€000)                               | 33,379     | 32,569  | 44,665   | 39,267  |
| Share of labour costs in value added (%)         | 46.0       | 49.7    | 38.0     | 45.8    |
| EBITDA (€000)                                    | 18,026     | 16,394  | 27,672   | 21,295  |
| ROA (%)  | 2.1        | 1.6     | 4.0      | 1.3     |
| ROE (%)  | 3.2        | 2.4     | 6.0      | 2.1     |
| Revenue per employee (€)                         | 153,380    | 151,222 | 195,850  | 170,044 |
| Value added per employee (€)                     | 113,856    | 107,607 | 138,316  | 117,274 |
| Income Statement (€000) Indicator                |            |         |          |         |
| Operating revenue                                | 44,966     | 45,770  | 63,244   | 56,936  |
| Operating expenses                               | 39,492     | 42,621  | 49,660   | 50,203  |
| EBIT   | 5,474      | 3,150   | 13,584   | 6,733   |
| Financial result                                 | -160       | 1,269   | -1,710   | -2,166  |
| Net profit for the year                          | 5,386      | 4,220   | 10,726   | 3,838   |
| Statement of Financial Position (€000) Indicator |            |         |          |         |
| Assets   | 260,197    | 267,367 | 280,305  | 288,595 |
| – Long-term assets                               | 243,742    | 252,484 | 248,367  | 262,492 |
| – Short-term assets                              | 14,974     | 14,705  | 31,937   | 26,103  |
| Equity   | 170,316    | 174,346 | 182,985  | 186,621 |
| Liabilities                                      | 89,881     | 93,021  | 97,320   | 101,974 |

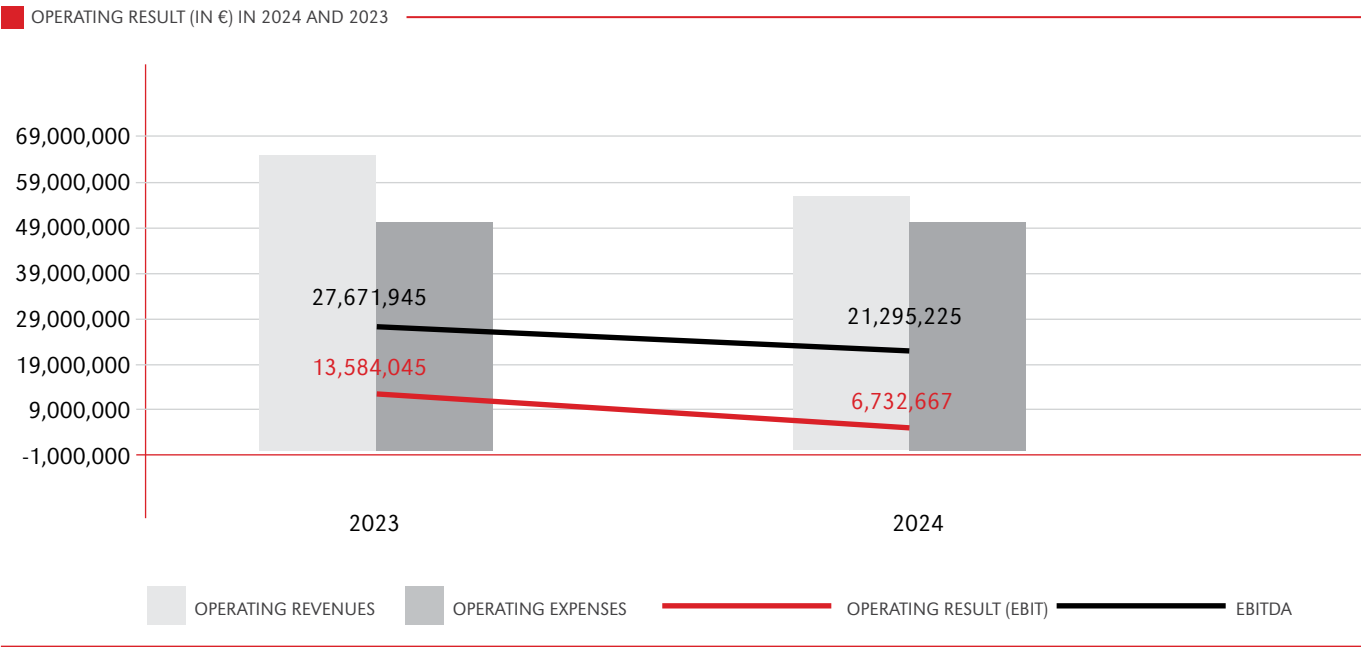
### 3.3. Business Performance Analysis of the Group in 2024

ANALYSIS OF THE INCOME STATEMENT OF THE ELEKTRO GORENJSKA GROUP

In 2024, the Elektro Gorenjska Group generated a profit of €4.567 million before tax. This result is €7.307 million lower than in 2023.



The profit before tax (EBT) is influenced by the operating result, primarily from the distribution activity performed by Elektro Gorenjska under contract with the Distribution Operator (DO), as well as from electricity production. The lower profit before tax (EBT) is primarily the result of a decrease in net sales revenue. The main reason for this is a decline in revenue from electricity sales.





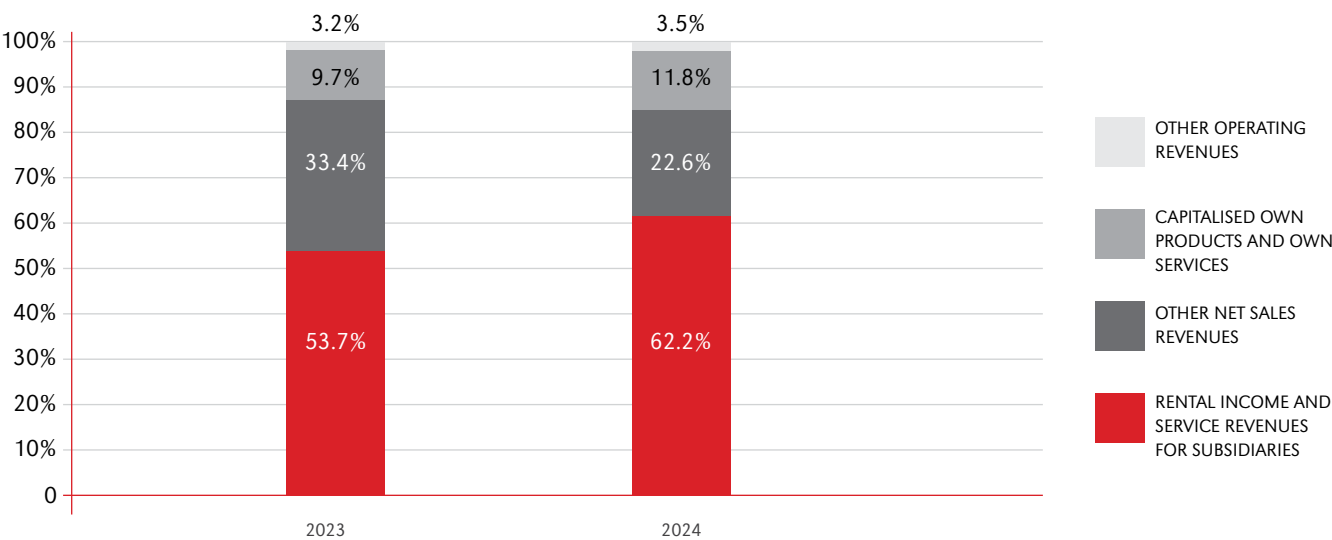
In 2024, the Elektro Gorenjska Group generated €56.936 million in operating revenue.

**Operating result (EBIT)** in 2024 amounted to **€6.733 million**. Compared to 2023, it was lower by €6.851 million due to reduced operating revenue. The drop in operating revenue was mainly a result of lower electricity sales and a reduced volume of market-based projects.

**EBITDA**, as an approximation of cash flow, stood at **€21.295 million** which is **€6.377 million** less than in 2023.

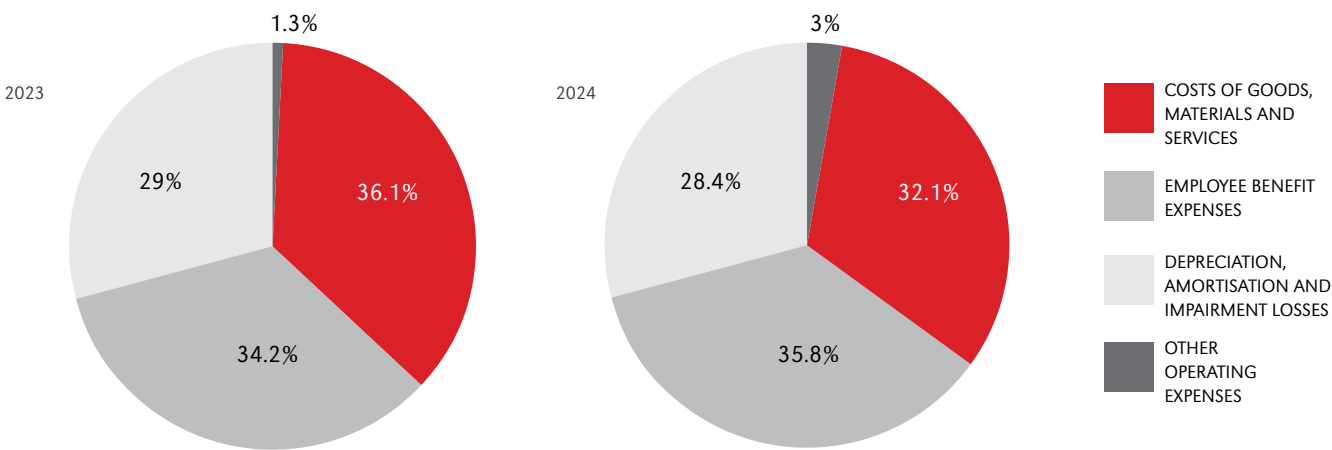
In 2024, the Elektro Gorenjska Group generated €56.936 million in operating revenue. Net sales revenue amounted to € 48.269 million, representing a 12.4 % decrease compared to 2023. Most of the net sales revenue came from the rental of electricity distribution infrastructure and services provided to the Distribution Operator (DO), which totalled €35.398 million – an increase of 4.2 % compared to 2023. Revenue from capitalized own products and services amounted to €6.702 million, up 9.3% from 2023. Other operating revenue totalled €1.965 million, which is 3.5% less than in 2023.

STRUCTURE OF OPERATING REVENUE

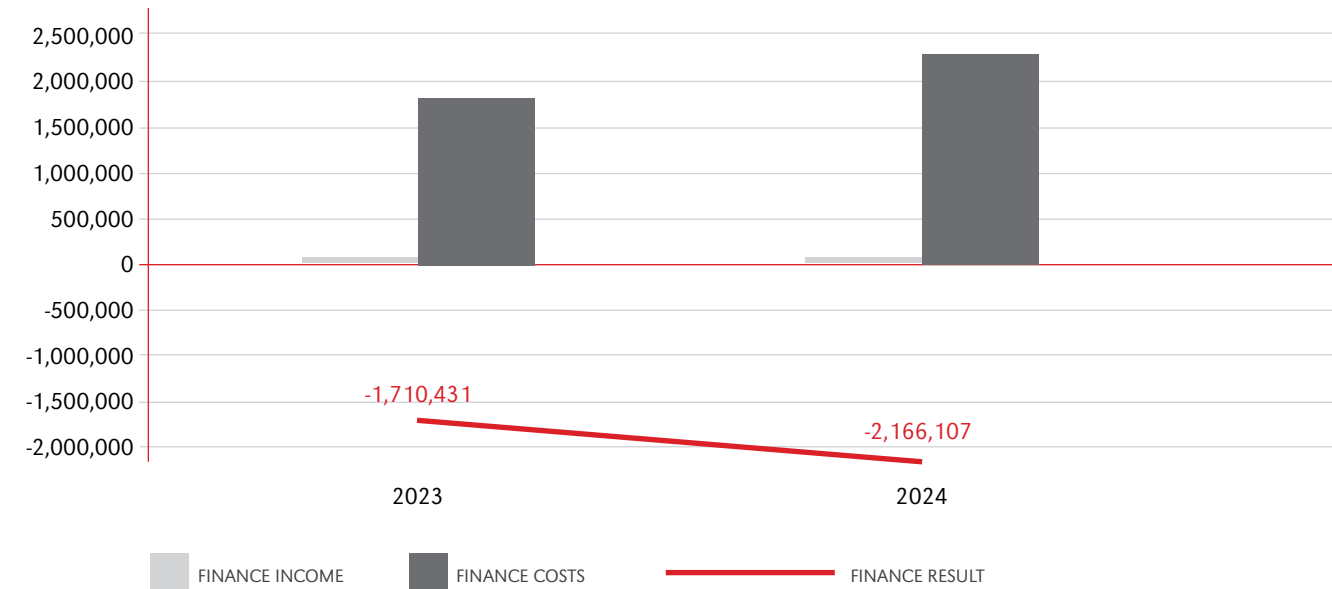


Operating expenses in 2024 amounted to €50.203 million, which is 1.1% more than in 2023. The largest share of operating expenses were employee benefit expenses, which reached €17.972 million in 2024 – an increase of 5.8% compared to the previous year, primarily due to an increase in the number of employees. Costs of goods, materials and services totalled €16.139 million in 2024, which is 10.1 % less than the previous year. This reduction was due to a lower volume of market projects. Depreciation and amortization expenses amounted to €14.563 million in 2024, which is 3.4 % more than in 2023. This includes increased depreciation due to new investments, while impairment losses were lower than in 2023. Other operating expenses amounted to €1.530 million, more than double compared to 2023, due to higher provisions related to the denationalization of the Sava Hydropower Plant.

STRUCTURE OF OPERATING EXPENSES



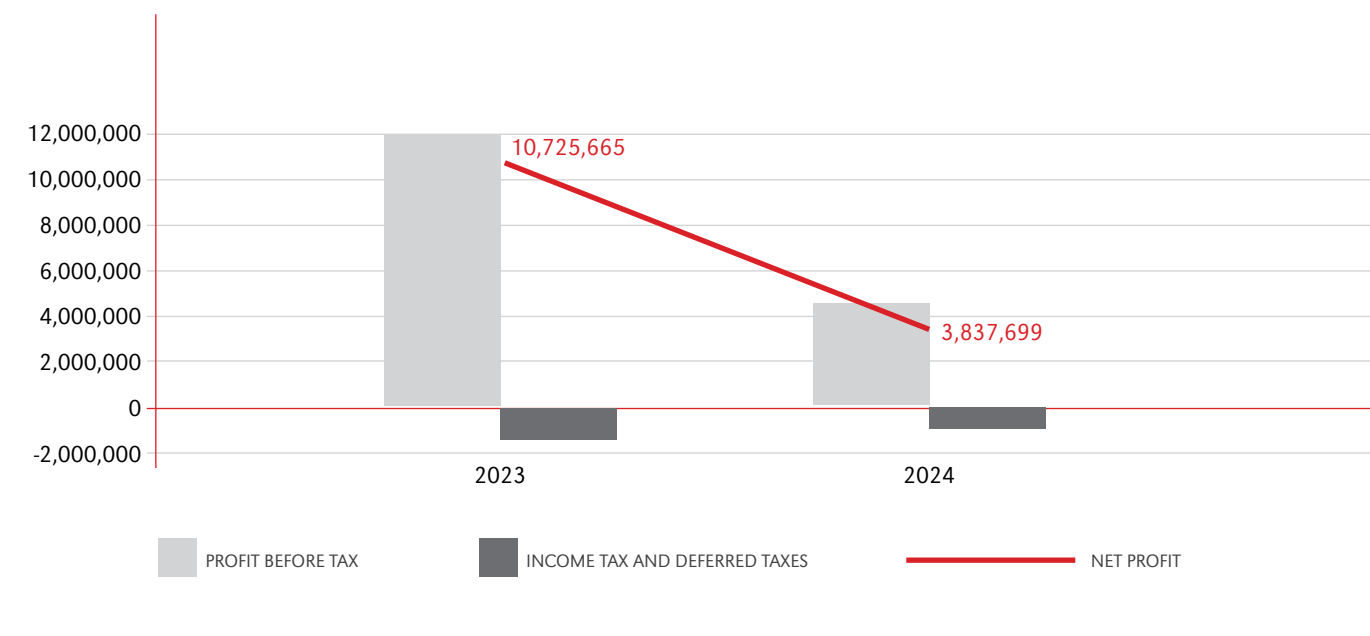
FINANCE RESULT IN 2023 AND 2024 (IN €)



The finance result was negative in 2024, amounting to €2.166 million. It was also negative in 2023, at €1.710 million. The negative result was influenced by interest payments on loans received from banks to finance investments.

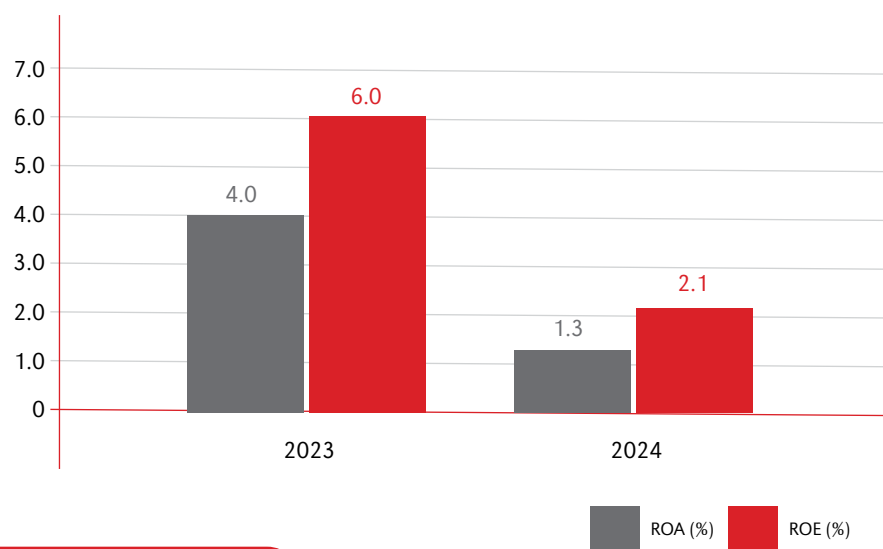


NET PROFIT IN 2023 AND 2024 (IN €)



The Elektro Gorenjska Group generated a net profit of €3.838 million in 2024, down from a net profit of €10.726 million in 2023. The decrease in net profit compared to 2023 is primarily due to lower revenues from electricity sales and a reduced volume of market-based projects.

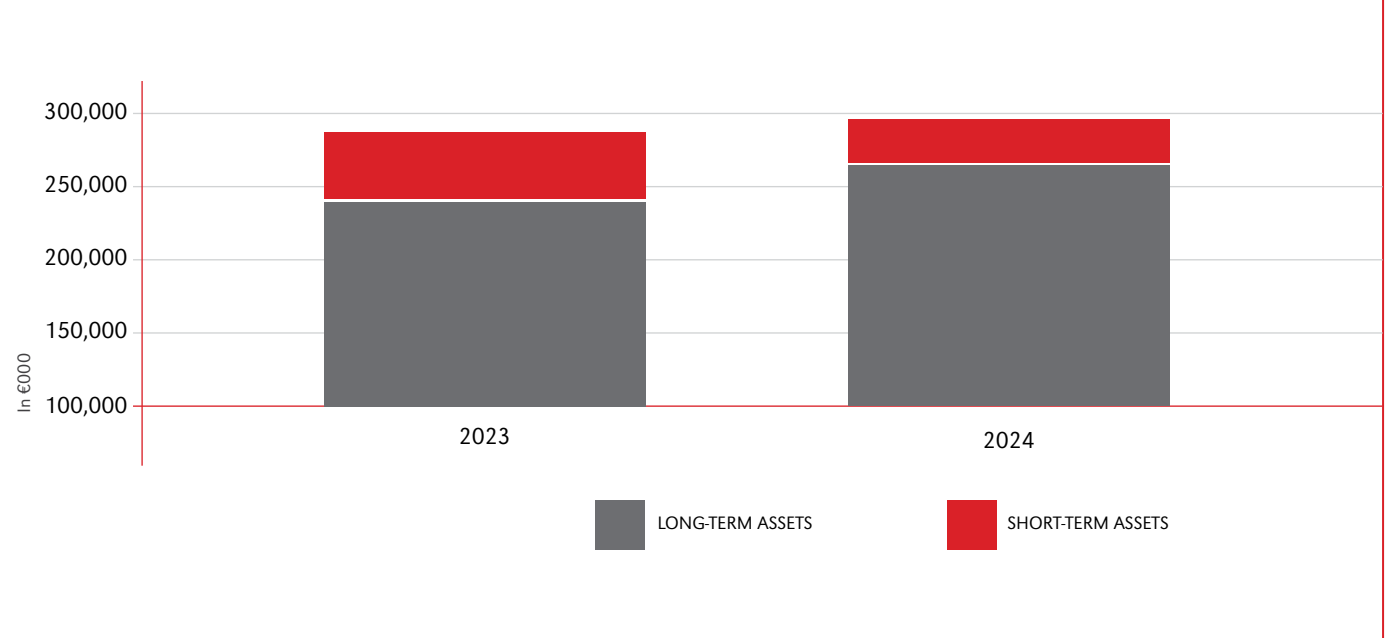
The values of the **ROA** and **ROE** indicators in 2024 were significantly lower compared to 2023. As of 31 December 2024, the ROA stood at 1.3% and the ROE at 2.1%, which is noticeably below the end-of-year 2023 values of 4.0% for ROA and 6.0% for ROE. The lower indicator values are primarily the result of reduced revenues. Given the sector and the regulatory framework in which the Elektro Gorenjska Group operates, relatively low values of these indicators are to be expected. It is important to note that the continuous investment efforts have a negative impact on the ROA. At the same time, it should be emphasized that only through consistent investment can the Elektro Gorenjska Group's mission be pursued and a high-quality, reliable electricity distribution ensured.



## ANALYSIS OF THE STATEMENT OF FINANCIAL POSITION OF THE ELEKTRO GORENJSKA GROUP

As of the last day of 2024, the **total assets** of the Elektro Gorenjska Group amounted to **€289 million** (31 December 2023: €280 million), representing an increase of 3.0 % since the beginning of the year. Long-term assets increased by 5.7 % in 2024, while short-term assets were 18.3 % lower. The equity-to-debt ratio at the end of 2024 stood at 2:1, which is the same as on 31 December 2023.

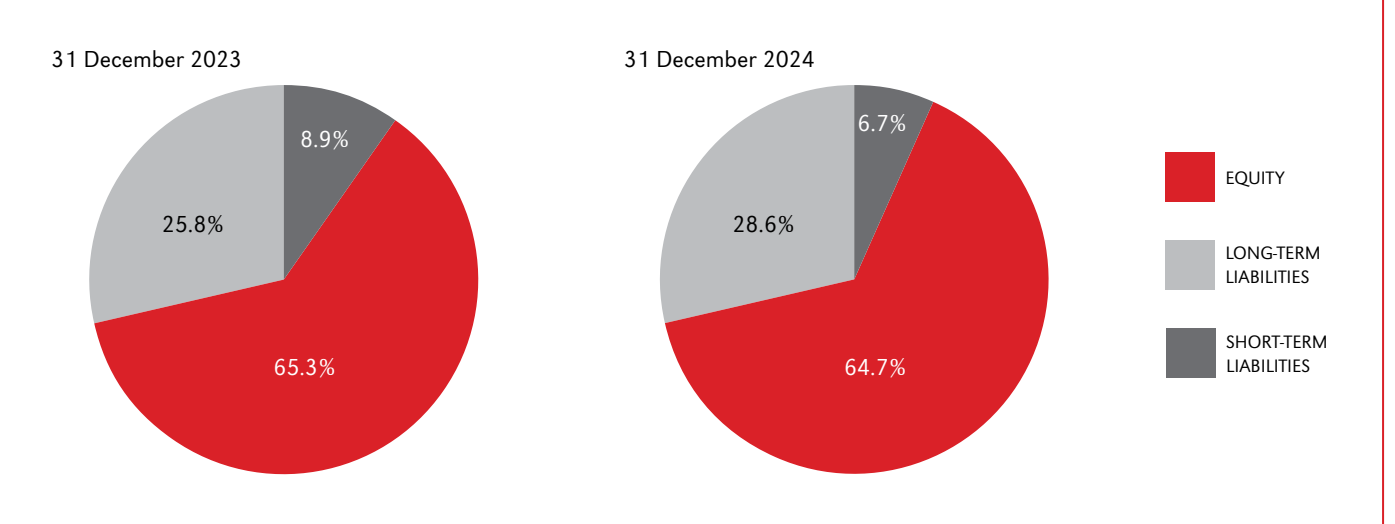
STRUCTURE OF ASSETS AS AT 31 DECEMBER 2023 AND 31 DECEMBER 2024



**Long-term assets** account for 91.0 % of the Elektro Gorenjska Group's total assets. Within this category, the most significant component is property, plant and equipment (PPE), which represents 97.2% of all long-term assets. PPE increased by EUR 14.8 million, as investments in 2024 exceeded depreciation.

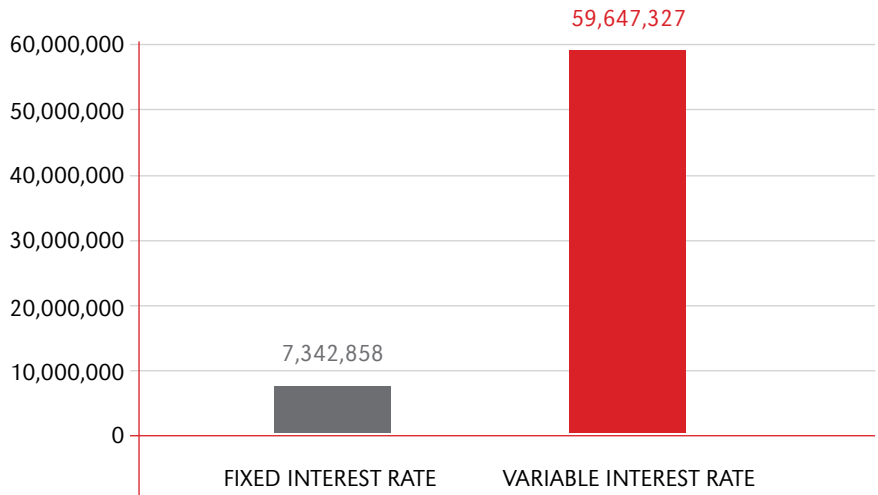
**Short-term assets** represent 9.0 % of the company's total assets. Compared to the end of 2023, they decreased by €5.8 million, primarily due to lower cash and cash equivalents as well as inventories.

STRUCTURE OF FUNDING SOURCES AS AT 31 DECEMBER 2023 AND 31 DECEMBER 2024

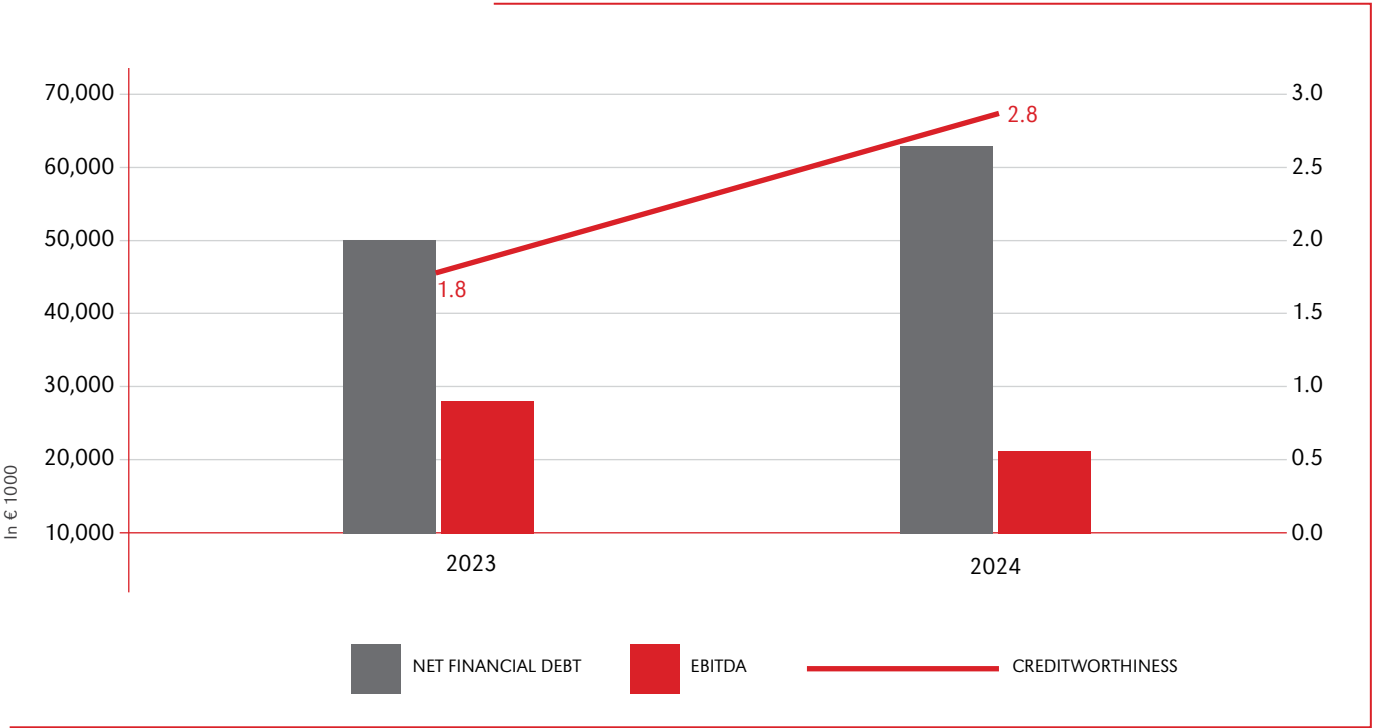


As part of the liabilities to sources of funds, equity accounted for 64.7%. In 2024, the value of equity increased by 2.0%, or €3.6 million. This change was primarily driven by the net profit generated during the reporting period.

Long-term liabilities – mainly long-term financial obligations to banks – represented 28.6% of total funding sources as of 31 December 2024. They increased by 14.3%, or €10.3 million, in 2024, as the repayment of principal on existing loans was lower than the amount of newly drawn loans. As of 31 December 2024, 11% of the Elektro Gorenjska Group’s long-term loans carried a fixed interest rate.



Short-term liabilities accounted for 6.7% of funding sources at the end of 2024. Compared to the end of 2023, they decreased by 22.7%, or €5.7 million, primarily due to a reduction in short-term operating and financial liabilities.

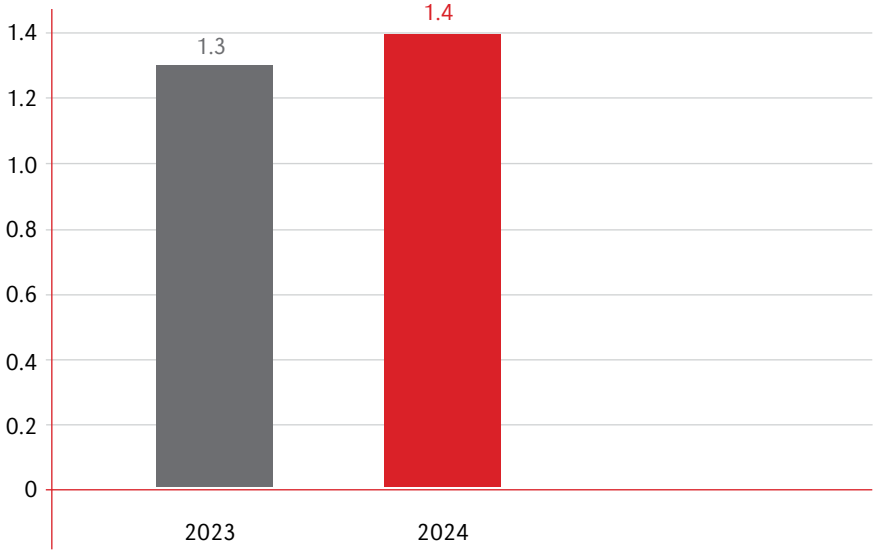


In 2024, the value of equity increased by



The Elektro Gorenjska Group monitors its safe level of indebtedness using the **Net Financial Debt/EBITDA** ratio. As of 31 December 2024, this ratio stood at 2.8, which is 1.0 percentage point higher than at the end of 2023. An unacceptable level of indebtedness is a ratio exceeding 3.5. This covenant is applied by some banks in existing loan agreements.

**The current ratio** indicates liquidity. At the end of 2024, it stood at 1.4, slightly higher than on the last day of 2023, when it was 1.3. A recommended value for the current ratio is 1.



## DEVELOPMENT OF A COMPREHENSIVE RISK AND OPPORTUNITY MANAGEMENT SYSTEM

The risk management system is part of the integrated quality management system (iQMS). It is designed to ensure the effective management of strategically important risks, following the ISO 31000 standard, and defines the procedure for their control. To achieve long-term business goals, the system includes the identification, assessment, and treatment of risks that could adversely impact operations. The occurrence of a loss or damage could negatively affect the company's assets, cash flow, profitability, reputation and financial results.

The key objective of risk management at Elektro Gorenjska is the proactive control of those risks that influence the achievement of goals defined in the strategic and business plans. The established risk management system enables Elektro Gorenjska to detect and identify negative trends and to take timely and appropriate measures to manage each identified risk. In addition to addressing known risks, the system also effectively and promptly identifies emerging risks, new threats or factors, existing and additional measures, quality indicators and more.

Risk is defined as an event or condition that may occur in the future in an uncontrolled way and could adversely impact the achievement of our objectives and the value of the company. Risk can also stem from missed opportunities.

Each strategic risk within the company is defined by the following key elements:

- It is classified into one of three categories: business, financial or operational.
- A designated risk owner and a responsible process or operational owner are assigned.
- Key threats and contributing risk factors are clearly identified.
- The risk's potential impact – after mitigation – is assessed, with a direct influence on the company's financial performance.
- Control measures are in place, including both existing actions already implemented and additional measures under development to further reduce the likelihood of occurrence.
- The risk is monitored through a dedicated reporting system and supported by comprehensive documentation.



# 4.1. Risk Management System at Elektro Gorenjska

The risk management system is based on the Risk Matrix of Elektro Gorenjska, which systematically defines the severity of each identified risk. It incorporates a combination of the likelihood of occurrence and the assessment of its potential impact.

RISK MATRIX OF ELEKTRO GORENJSKA

| POTENTIAL DAMAGE                    |      |      |     |     |     |
|-------------------------------------|------|------|-----|-----|-----|
| > 10.0 million €                    | 5    | 10   | 15  | 20  | 25  |
| > 2.0 million € in ≤ 10.0 million € | 4    | 8    | 12  | 16  | 20  |
| > 0.5 million € in ≤ 2.0 million €  | 3    | 6    | 9   | 12  | 15  |
| > 0.1 million € in ≤ 0.5 million €  | 2    | 4    | 6   | 8   | 10  |
| ≤ 0.1 million €                     | 1    | 2    | 3   | 4   | 5   |
| PROBABILITY                         |      |      |     |     |     |
| Frequency (in years)                | 1x20 | 1x10 | 1x6 | 1x4 | 1x2 |

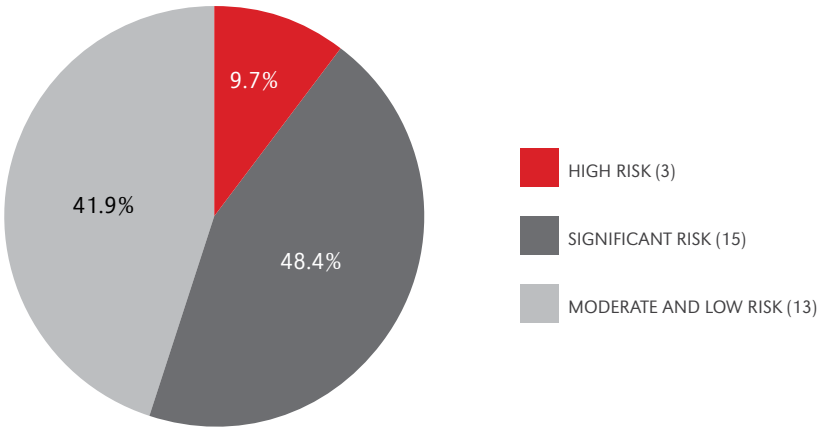
High risk (H)

Significant risk (S)

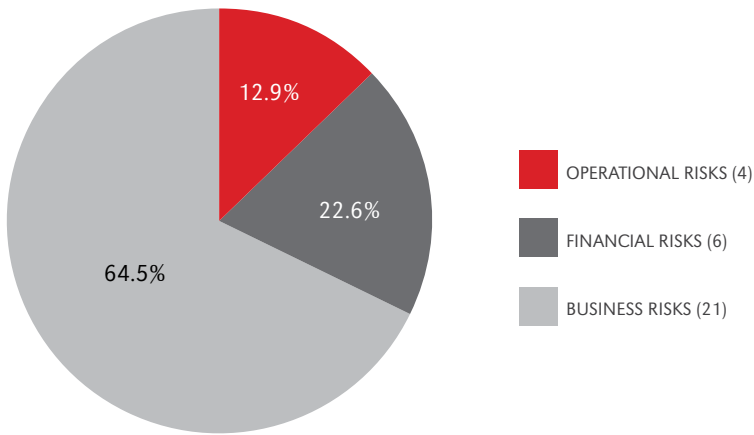
Moderate and low risk (ML)

Most of the key risks identified by Elektro Gorenjska in 2024 originated from the category of business risks (21), followed by financial risks (7) and operational risks (4).

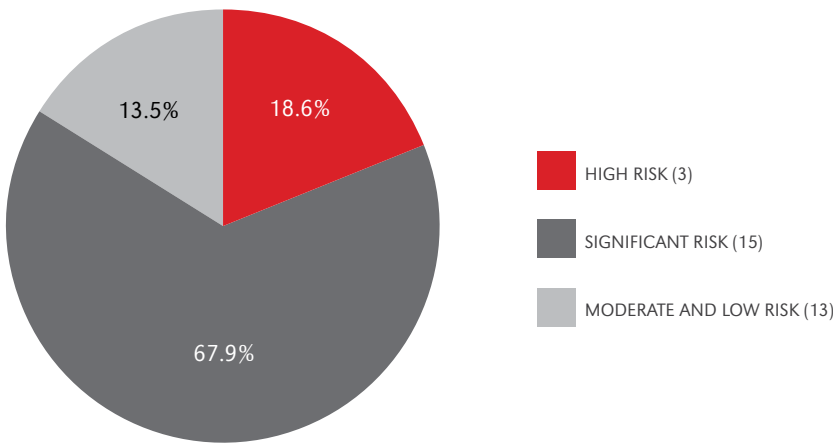
IDENTIFIED RISKS BY SEVERITY AS AT 31 DECEMBER 2024 (SHARE)



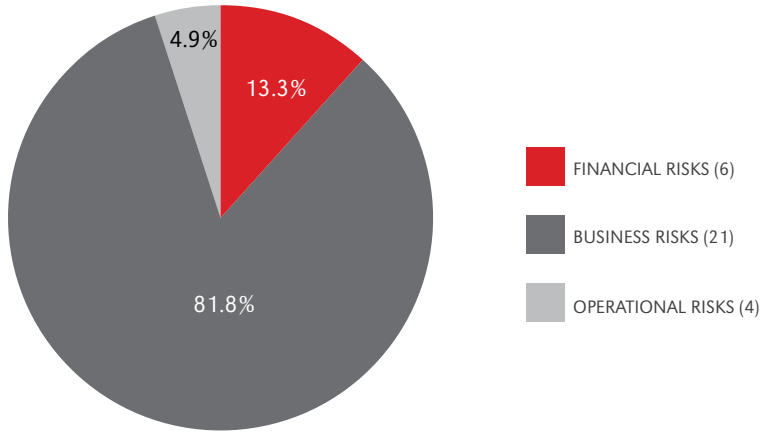
IDENTIFIED RISKS BY TYPE AS AT 31 DECEMBER 2024 (SHARE)



SHARE OF ESTIMATED MAXIMUM LOSSES BY RISK SEVERITY (IN %)



SHARE OF ESTIMATED MAXIMUM LOSSES BY RISK TYPE (IN %)



## 4.2. Risk Management System at Gorenjske elektrarne

The foundation of effective risk management lies in identifying and assessing the severity of risks, which the company evaluates as the product of the likelihood of the risk materializing and its impact on business operations. This is visually represented in the Risk Matrix of Gorenjske elektrarne.

The company recognizes the importance of timely and proactive identification of all types of risks. Risk management is a process aimed at identifying, evaluating, managing and controlling potential events that could negatively affect the company. It includes implementing appropriate safeguards to ensure the achievement of the company's objectives.

The basis of comprehensive risk management is the identification and evaluation of risks, where severity is assessed as the product of the likelihood of residual risk and its post-mitigation impact on business performance.

Based on the severity assessment, strategic risks are classified into the following categories:

- High (critical),
- Significant and
- Moderate to low.

| IMPACT | 5           | 10          | 15              | 20 | 25 |
|--------|-------------|-------------|-----------------|----|----|
|        | 4           | 8           | 12              | 16 | 20 |
|        | 3           | 6           | 9               | 12 | 15 |
|        | 2           | 4           | 6               | 8  | 10 |
|        | 1           | 2           | 3               | 4  | 5  |
|        | PROBABILITY |             |                 |    |    |
| High   |             | Significant | Moderate to low |    |    |

## 4.3. Presentation of Key Risks of the Elektro Gorenjska Group and Their Mitigation

Below is an overview of the key risks that the Elektro Gorenjska Group actively manages in its business environment.

### AGEN METHODOLOGY AND OTHER ELECTRICITY DISTRIBUTION REGULATIONS

Revenue from infrastructure rental and service fees is determined by AGEN through the Act on the Methodology for Determining the Network Fee and criteria for determining eligible costs. Due to legislative changes in the field of the public service of the Distribution Operator (DO), there is a risk of lower revenues if required cost efficiency is not achieved, as well as a risk to appropriate development in accordance with current investment plans defined in the company's Business Plan, Network Development Plan and Investment Plan.

The Elektro Gorenjska Group therefore continuously ensures cost-effective operations and actively participates in the drafting of laws and by-laws through various working groups. Additionally, it focuses on appropriate planning and optimized execution of business processes.

### LIQUIDITY RISK

The Elektro Gorenjska Group could face liquidity challenges due to uneven cash inflows and outflows, prolonged loan acquisition procedures, or significantly exceeding planned investments.

This risk is managed through diligent debt collection processes, short- and long-term financial planning, regular monthly meetings with departments affecting this risk, internal cash flow management, timely loan acquisition procedures, financial oversight and adjustments to the pace and scale of investment execution.

### INTEREST RATE RISK

The Elektro Gorenjska Group has long-term loans with both fixed and variable interest rates, which are heavily influenced by EU central bank policies. An increase in interest rates has a direct negative impact on performance due to higher financing costs.

The Elektro Gorenjska Group manages this risk by negotiating lower margins or markups with banks, refinancing existing loans or repaying loans with unfavourable financial terms, actively monitoring trends in variable and fixed interest rates and bank margins and seeking the most favourable funding conditions.

### WEATHER CONDITION RISK

Gorenjske elektrarne's core activity is highly dependent on weather conditions. About 90% of total production comes from hydropower plants (HPPs), which are directly affected by precipitation, with potential fluctuations of  $\pm 25\%$  from the long-term average. Photovoltaic operations depend on sunlight, while Small Photovoltaic Power Plant performance depends on whether the winter is mild or harsh. Risks are also associated with climate change due to global warming.

This risk is primarily managed through a strong development policy focused on revenue diversification and introducing new energy efficiency-related income streams.

## MARKET RISK – ELECTRICITY PRICE FLUCTUATIONS

Gorenjske elektrarne faces market risk due to fluctuating electricity prices.

This is managed through ongoing monitoring of factors influencing prices and forecasting their movements. Electricity sales for future periods are based on these analyses. Buyers are chosen based on the most favourable offers. The Gorenjske elektrarne mitigates price volatility through hedging at various times throughout the year and by selling electricity through operating support schemes.

## PRODUCTION CAPACITY AVAILABILITY

As a concessionaire, Gorenjske elektrarne must regularly maintain water infrastructure and related land it owns or leases. Any production outage, combined with equipment failure, unexpected shutdowns, or poor maintenance, can result in significant revenue loss.

The company therefore ensures that malfunctions in production units are prevented through regular monitoring, enhanced monitoring during adverse weather conditions and diligent maintenance. In the event of a production outage, the company mobilizes its employees and internal resources, or engages external contractors, to resolve the issue as quickly as possible. All production facilities are adequately insured.

## NETWORK EFFICIENCY

The power system is undergoing major changes. Distribution networks are at the forefront of the low-carbon transition. There has been a surge in solar panel and heat pump installations, increased use of electric vehicles and batteries—all of which increase stress on low-voltage (LV) networks and impact voltage quality. Some networks are already overloaded and require reinforcement, which involves high costs, complex spatial planning and resource strain.

Elektro Gorenjska manages this risk by connecting distributed energy sources to network points with adequate short-circuit power, using the QGIS tool for low-voltage (LV) network planning and employing other support tools that enhance the observability of the LV network. It also conducts appropriate analyses before connecting new large consumers or new consumers in areas where poor voltage conditions are anticipated. To ensure network efficiency during planning, the company uses AMI and MiSmart measurement data and introduces advanced analytics. It is also exploring options for utilizing flexibility services (demand-side response).

## SERVICE QUALITY AND USER EXPERIENCE

In 2022, Gorenjske elektrarne began installing Small Photovoltaic Power Plant systems and supplying electricity on customer premises. The company is therefore committed to delivering expected output, safe operation, and service upgrades.

It mitigates this risk by using Solaredge technology, installing high-quality materials, implementing monitoring systems and ensuring proper insurance.

## LACK OF INVESTMENT FUNDS

The risk may arise if the Elektro Gorenjska Group is unable to secure sufficient funds for the implementation of planned investments due to a lack of internal financial resources and limited borrowing capacity. There is a possibility of a shortage of internal funds because of legislative changes that reduce operating results and may also impose more stringent conditions for obtaining loans to finance investments. The level of internal funds is also influenced by dividend payouts to shareholders. Over the long term, this risk could increase, as reduced investment in infrastructure could lead to poorer voltage quality, more frequent supply interruptions, and a decline in commercial service quality.

This risk is managed by adjusting the scope of investments (rebalance) in accordance with available resources, maintaining active communication with SDH as the central manager of capital assets and majority owner, timely coordination with the company's supervisory bodies, and continuous employee awareness-raising regarding the company's strategic direction.

## BREAKDOWNS AND ACCIDENTS

Breakdowns and accidents of unknown magnitude may occur due to external factors (weather conditions or unintentional damage caused by third parties) or faults in power equipment.

Elektro Gorenjska Group primarily manages this risk through appropriate construction, maintenance, and operation of the network, as well as by continuously upgrading information technology and securing EEI.

## PROCUREMENT RISKS

There is a risk that an individual company within Elektro Gorenjska Group may fail to ensure the timely, required, or ordered and cost-aligned delivery of materials or execution of services/construction. Procurement risks and the resulting inability to carry out public procurement procedures for purchasing equipment or executing services/construction may lead to non-compliance with applicable legislation. Delays in initiating procurement procedures, submitted audit requests, and other risk factors can cause project delays, jeopardize planned investments, increase company costs, and hinder the ability to carry out core business processes.

These risks are managed through proper scheduling of procedures, larger stockpiles of materials with anticipated supply difficulties, strict legal compliance, consistent application of supplier evaluation guidelines, expert preparation of tender documentation, monitoring the Public Procurement Directorate portal and State Audit Commission practices, and professional training.

## IMPACT OF ECOLOGICALLY ACCEPTABLE FLOW (QES) REQUIREMENTS

Qes is the ecologically acceptable flow that must be maintained when using water for hydropower generation. A potential change – especially an increase in the ecologically acceptable flow due to the introduction of water permits (replacing concessions) – would reduce the hydroelectric production capacity and consequently the revenue in that segment.

Gorenjske elektrarne mitigates this risk through active dialogue with the Ministry of Infrastructure and the Ministry of the Environment and Spatial Planning of Republic Slovenia, as well as by diversifying income streams.



## ENVIRONMENTAL RISKS

Risk factors that can lead to harmful environmental impacts include non-compliance with laws and internal environmental procedures, ignoring energy and environmental inspector decisions, equipment breakdowns, handling of hazardous substances, hazardous waste, and external factors (weather conditions, third-party damage, natural and other disasters).

Elektro Gorenjska Group manages these risks by complying with environmental legislation, meeting ISO 14001:2015 standards, educating employees on environmental management, systematically identifying new environmental impacts, and insuring both energy and non-energy infrastructure.

In hydroelectric operations, environmental risks may arise from impacts on the environment, groundwater, and aquatic life. The biggest risks are during installation of machinery and electrical equipment containing oils, which could contaminate the environment or water in case of leakage. Gorenjske elektrarne addresses this with high construction standards and careful spatial placement of production facilities. Any potential interventions in the riverbed are carried out professionally, based on prepared solutions developed in cooperation with a water management company, ensuring minimal environmental impact. The company also holds insurance to mitigate risks in the unlikely event that ecological damage occurs despite all preventive measures and actions.

## LACK OF QUALIFIED PERSONNEL

This risk includes a shortage of professionally competent staff, loss of key personnel, and challenges in recruiting qualified employees.

Elektro Gorenjska Group manages this by hiring qualified (especially highly educated) personnel, motivating existing staff, offering scholarships, educational opportunities, upskilling, and professional development (e.g., personal and team coaching, soft skills training).

## OPERATION OF THE INTERNAL INFORMATION SYSTEM

ICT risks refer to any threat to business data, critical systems, and processes. This includes risks associated with use, ownership, operation, integration, impact, and adoption of ICT within the Group.

The Elektro Gorenjska Group manages the operation of its own information system through the implementation of an information security policy, systematic risk management, regular audits of information systems conducted by external providers, business continuity planning, and the execution of activities outlined in the information strategy. The Group also mitigates risks by adopting new technological solutions.

## INFORMATION SECURITY

In Elektro Gorenjska Group's activities, there is a risk of intentional or accidental misuse, loss, or disclosure of information, which could constitute a legal violation and, in the worst-case scenario, threaten company operations through financial losses, cash flow issues, reputational damage, and breaches of contractual obligations.

This risk is managed primarily through legal compliance, ongoing risk monitoring via the established information security system (ISS), raising employee awareness and providing guidance on managing information risks, systematic identification and control of new information risks, implementation of risk management programmes, maintenance of an ICT backup location, enforcement of security policies, and communication of the corporate security system action plan.

## OCCUPATIONAL HEALTH AND SAFETY RISKS

This area mainly includes the risk of serious injury or death on the job. Risk is managed through mandatory use of protective equipment, training, and other legal requirements related to occupational health and safety. All employees are also covered by collective accident insurance.

# 4.4. Opportunity Management System

The Opportunity Management System is a key process within the Elektro Gorenjska Group, enabling the identification, evaluation, and leveraging of opportunities for business improvement and growth. It provides a structured approach to discovering new business prospects, assessing risks, and responding to market changes with the aim of increasing competitiveness and ensuring long-term success. Through effective opportunity management, the Elektro Gorenjska Group not only capitalizes on advantages but also actively shapes its future, adapts more swiftly to evolving demands, and enhances value for its employees, users, and other stakeholders.

For decades, the Elektro Gorenjska Group has been intensively modernizing and strengthening its distribution network.

A system is in place for collecting, evaluating, and implementing innovation proposals, actively managed by employees from all departments. The number and quality of proposals have been continuously improving over the past five years.

Research and development are coordinated by the Research and Development Department, which actively works with all internal sectors on European development and implementation projects.

Business development is recognized as one of the company's core processes and is managed at the highest level, coordinated by the Innovation Office. Priority areas include:

- Active search for and identification of new business models and opportunities;
- Active participation in flexibility markets;
- Implementation of smart grid concepts;
- Management of green transition projects;
- Management of e-mobility projects;
- Internal process improvements to enhance the performance of public utility services;
- Introduction of innovative solutions into operations;
- Active management of user relationships, including prosumer engagement;
- Development and implementation of supporting methodological and software solutions to aid operations within the new business paradigm.

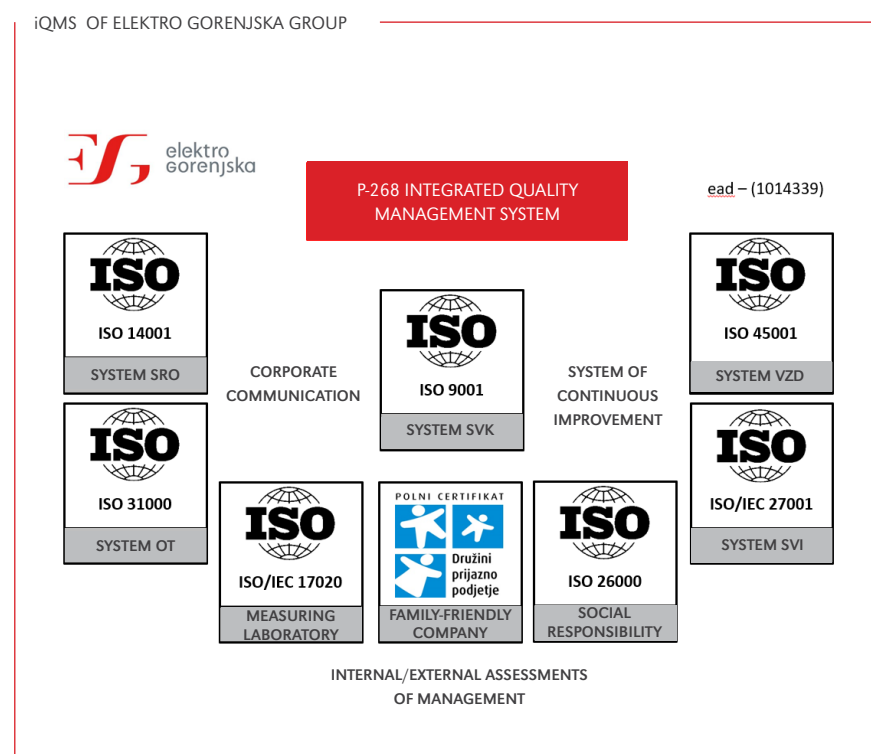
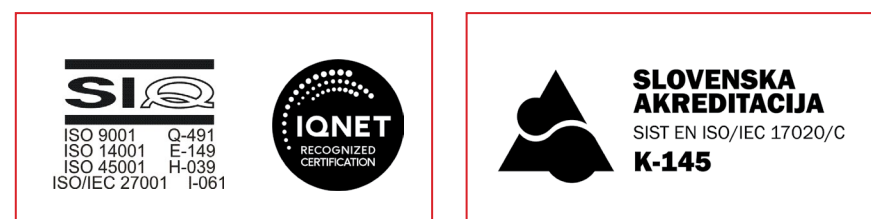
## 4.5. Integrated Quality Management System at Elektro Gorenjska

The Integrated Quality Management System (iQMS) is an essential part of Elektro Gorenjska's management system, through which the company's leadership commits to fulfilling its quality policy.

As part of its broader business policy, the quality policy reflects the company's long-term commitment to its vision and strategic objectives. Elektro Gorenjska's leadership is committed to upholding a company culture grounded in quality leadership, risk management, information security, employee and environmental protection, investment in personnel, employee engagement, work-life balance, and continuous improvement.

With its established and actively managed iQMS, Elektro Gorenjska meets:

- The requirements of multiple certification systems, evidenced by the SIQ mark;
- The accreditation system requirements of its Metrology Laboratory and other standards, including risk management aligned with ISO 31000 and the Family-Friendly Company certificate.



The iQMS connects all activities that support the company's vision, strategy, and mission while ensuring effective risk management and strong relationships with customers, employees, shareholders, and the broader environment. To ensure iQMS effectiveness, Elektro Gorenjska emphasizes strong communication, continuous improvement, and regular monitoring and evaluation of all subsystems within iQMS.

Each component of the iQMS (system – QMS, EMS, INFOSEC, Measurement Laboratory, and OHS) is overseen by a dedicated council responsible for ensuring compliance with both legislative requirements and the system's core standards. Key goals of the iQMS include:

- Monitoring the implementation of Elektro Gorenjska's 2024–2028 strategy using 35 strategic performance indicators (KPIs);
- Managing 46 business processes, tracked by 161 performance indicators;
- Managing 32 strategic risks (OT);
- Managing 16 environmental risks;
- Managing 56 ISR – including cyber threats and risks related to essential service providers and critical infrastructure, and
- Managing occupational health and safety risks through workplace-specific risk assessments.

Elektro Gorenjska has developed its own software tools to support iQMS implementation, including:

- A strategic risk management system (OT system);
- Tools for inputting and evaluating risk control measures (OT system);
- A QMS application which oversees changes in documents, processes, risks, and indicators used to monitor both strategic implementation and the performance of individual processes;
- An internal and external audit and accreditation management tool based on the PDCA approach (iQMS system);
- An information security risk management system (ISMS system).

The performance of each business process is reviewed quarterly and discussed in Quality Committee and Management Board meetings, alongside updates from other management systems within the iQMS. This structured approach demonstrates the company's ongoing commitment to continuous improvement, growth, and sustainable operations.

In 2024, employees submitted 56 proposals for improvements and corrective actions, which contributed to system enhancements and fostered a proactive approach toward innovation, environmental responsibility, and business excellence.

Elektro Gorenjska recognizes that its success relies on its people. Employee engagement and loyalty are critical to the company's growth and development. Since 2015, Elektro Gorenjska has implemented 16 family-friendly measures aimed at improving the overall well-being of employees in the workplace – aligned with the objectives of the Family-Friendly Company certificate.

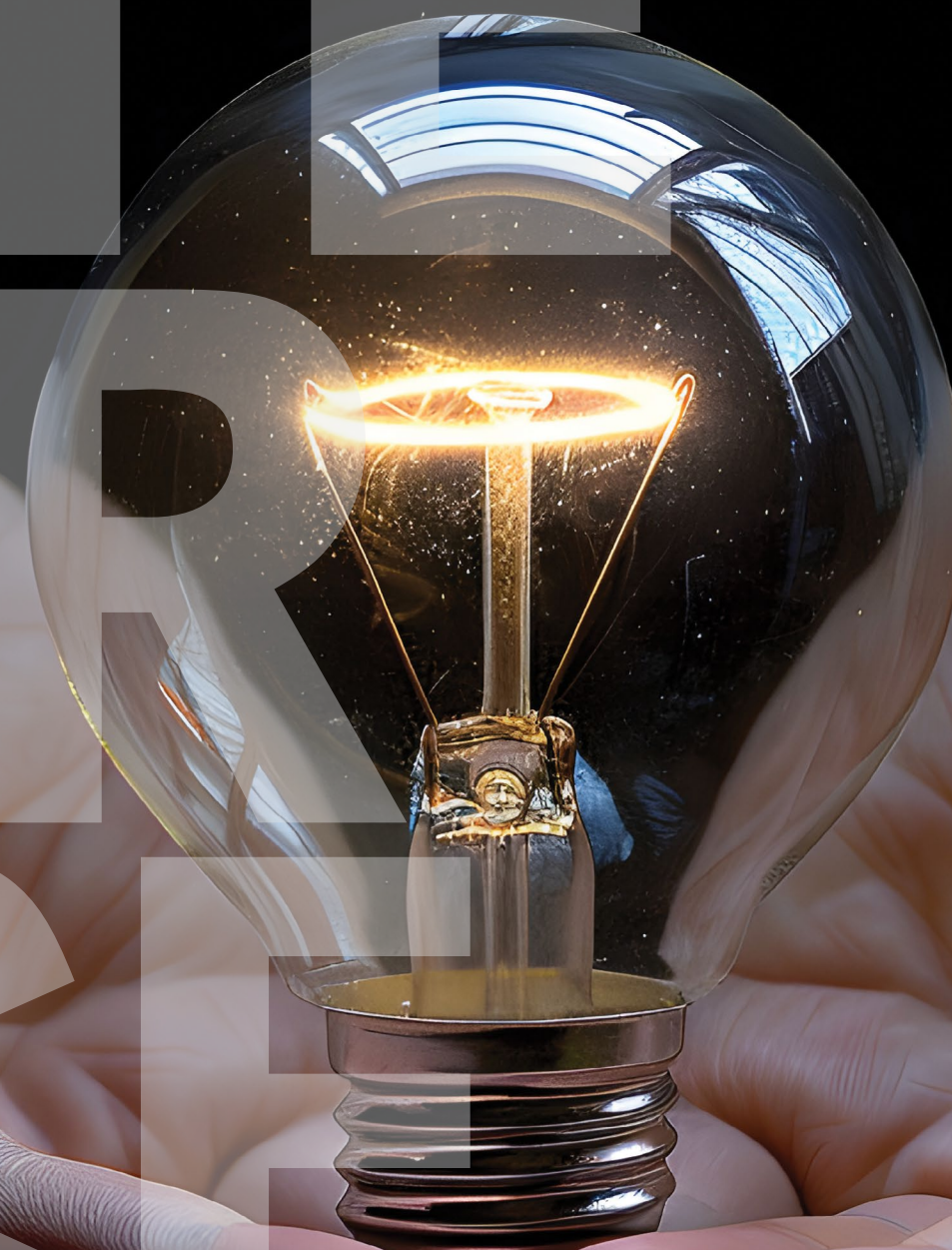
Elektro Gorenjska recognizes that its success relies on its people. Employee engagement and loyalty are critical to the company's growth and development.



## CORPORATE GOVERNANCE

In line with the new sustainable development strategy of the Elektro Gorenjska Group, the owner's directives, and sustainable operation guidelines, we have initiated the development of Corporate Governance Guidelines. Their goal is to reduce potential unacceptable risks, poor practices, or irregularities that may affect business partners, clients, employees of Elektro Gorenjska, the company itself, and the public interest. By acting lawfully, ethically, and transparently, we aim to preserve the good reputation of our company and firmly reject corruption, anti-competitive behaviour, harm to the company, and unequal treatment of business partners and colleagues.

Elektro Gorenjska group adopted a comprehensive approach to corporate governance in accordance with the guidelines of Slovenian Sovereign Holding (SDH).





## 5.1. Statement on Governance

The companies within the Elektro Gorenjska Group operate in accordance with applicable regulations and internal acts. The management of each company represents and acts on behalf of the company, conducting business independently and at its own responsibility. In doing so, decisions are made in line with the company's strategic goals and in the interest of shareholders and owners. Group companies adhere to the documents adopted by the Slovenian Sovereign Holding (SDH), that is, the Corporate Governance Code for State-Owned Enterprises, the Recommendations and Expectations of the Slovenian Sovereign Holding, and the Procedures and Criteria for the Conduct of Management and Supervisory Board Members of State-Owned Enterprises.

The applicable regulations relevant to operations – especially for the parent company – and the parent company's Articles of Association are published on our website ([www.elektro-gorenjska.si/](http://www.elektro-gorenjska.si/)). Other applicable acts for Group companies are available on the SDH website ([www.sdh.si/](http://www.sdh.si/)).

In 2024, the companies within the Elektro Gorenjska Group did not significantly deviate from the principles, procedures, and criteria prescribed by the SDH documents. The parent company declares that it does not fully adhere to provisions of codes or recommendations that are already governed by law or are otherwise regulated by its Articles of Association in a manner different from the codes, or where non-binding conduct is not specified in the company's acts or not legally required.

Members of the supervisory board act professionally, responsibly, and independently in the performance of their duties, and comply with the provisions of the relevant SDH acts. The parent company also informs supervisory board members and committees about updates to SDH acts and about training sessions organized free of charge by SDH, as well as enabling participation in other trainings in the energy sector.

The Group does not have a formal diversity policy in place and does not implement it in the context of the Companies Act (ZGD-1). The management board consists of a single member, while supervisory board members representing shareholders are elected by the general assembly, and two worker representatives are elected by the workers' council. In practice, the Group companies do not discriminate among job candidates or employees based on gender, age, race, or religion.

The management board of each company is responsible for maintaining proper business records, establishing and ensuring the operation of internal controls, selecting and applying accounting policies, and safeguarding the company's assets.

When establishing and operating internal controls, the Elektro Gorenjska Group pursues the following primary objectives:

- Accuracy, reliability, and completeness of accounting records and the truthfulness and fairness of financial reporting,
- Compliance with legislation, regulations, and internal rules,
- Efficiency and effectiveness of operations.

Elektro Gorenjska Group strives to ensure that the control system is both effective and efficient in terms of risk management while remaining cost-efficient. To this end, the Group maintains:

- A transparent organizational structure;
- Clear accounting policies consistently applied throughout the Elektro Gorenjska Group;
- An effective and fully staffed accounting function;
- A modern and efficient accounting and business information system;
- Regular external and internal audits of business processes and overall operations.

Accounting control is based on the principles of responsibility allocation, record accuracy and timeliness, reconciliation of accounting records with actual conditions, separation of record-keeping from transaction execution, and the professionalism and independence of accountants. Accounting controls are closely linked to general and application controls in the field of IT, which ensure access restrictions, monitoring, and the completeness and accuracy of data collection and processing.

Control mechanisms for specific operational areas are further detailed in the chapter Development of an Integrated Risk and Opportunity Management System. Elektro Gorenjska Group believes that the current internal control system has successfully supported the operations of both the company and the Group, ensured compliance with regulations, and enabled fair and transparent financial reporting.

Elektro Gorenjska also declares that the management board of the parent company has, in line with strategic objectives, actively monitored and directly supervised the operations of its subsidiary Gorenjske elektrarne and indirectly the operations of GEK Solar, a subsidiary of Gorenjske elektrarne. In managing these subsidiaries, the parent company has applied the same corporate governance standards that are in force for the parent company within the Elektro Gorenjska Group.

Elektro Gorenjska will continue to respect the recommendations set forth by SDH and, in line with these, will refine and improve its governance system. In the event of any deviations from the stated declaration regarding compliance with governance codes, the company will ensure timely disclosure.

## 5.2. Sustainable Business Policy

Elektro Gorenjska continuously strives to improve outcomes in terms of employee satisfaction, occupational health and safety, environmental protection, and quality. Our operations are grounded in universally accepted principles of ethics and integrity, employment, occupational health and safety, environmental and biodiversity protection, and quality, along with related management and governance systems.

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Our sustainable business policy encompasses management, social responsibility, and environmental stewardship. At the same time, we are committed to developing a supplier network that operates in line with the principles of sustainable policy.

### SUSTAINABLE BUSINESS STRATEGY OF ELEKTRO GORENJSKA

Elektro Gorenjska's strategy for 2024–2028 sets a clear course for the company's business development. Even amid evolving regulatory landscapes, the company remains firmly committed to advancing its sustainability journey – embracing technological innovation and driving the green transition forward.

SUSTAINABLE BUSINESS GOALS OF ELEKTRO GORENJSKA

Sustainable business at Elektro Gorenjska considers environmental, social, and governance (ESG) aspects.

1. Environmental Aspect:

- Reducing the carbon footprint: emphasis on reducing carbon emissions and promoting the use of renewable energy sources;
- Protection of natural resources: a policy focused on reducing environmental impact;
- Energy efficiency: promoting investment in energy-efficient equipment and infrastructure;
- Encouraging the use of renewable energy sources;
- Investing in energy efficiency and low-carbon technologies;
- Implementing policies to reduce pollution and preserve biodiversity;
- Supporting the circular economy and recycling.

2. Social Aspect:

- Employee health and safety: ensuring safe working conditions, appropriate equipment, and policies that support employee health and well-being;
- Social responsibility: engaging with the communities in which the company operates and contributing to local development;
- Diversity and inclusion: fostering diversity among employees and ensuring equal opportunities for all;
- Introducing policies to combat social inequality;
- Promoting gender equality;
- Protecting labour rights and encouraging decent working conditions;
- Education and training for sustainable development.

3. Governance:

- Commitment to ethics and integrity: setting high standards for ethical conduct and integrity across all business practices;
- Sound governance: establishing an effective governance system that includes transparency, accountability, and effective risk management;
- Monitoring and reporting: recording, measuring, and regularly reporting on the implementation of ESG goals and initiatives.

4. Innovation and Technology:

- Continuously seeking and introducing innovations and technological solutions that contribute to a sustainable electricity distribution system;
- Monitoring technological advances that enable better management and efficiency of the electricity distribution network.

MANAGEMENT COMMITMENT

The Management Board of Elektro Gorenjska commits to doing everything necessary to ensure the implementation of all defined sustainable business goals, including the provision of resources, implementation of measures, progress monitoring, and the engagement of all employees. To this end, the management will:

- Allocate and provide the necessary financial and human resources for implementing sustainability measures;
- Develop and carry out concrete actions to achieve the defined sustainability goals;
- Regularly monitor and measure progress towards these goals and adapt strategies and actions as needed;
- Involve all levels of employees in the sustainable development process by encouraging their participation, education, and awareness;
- Ensure transparency and accountability in implementing sustainability policies through regular reporting and communication with all stakeholders.

The Management Board affirms its strong commitment to sustainable business practices based on responsible environmental stewardship, respect for social responsibility, and the establishment of effective governance practices.

The Sustainable Business Policy of Elektro Gorenjska entered into force on August 1, 2024.

5.3. Internal Audit

The Elektro Gorenjska Group has an established internal audit function, organized within the parent company and covering the operations of the entire Elektro Gorenjska Group. The audits were carried out by an internal auditor acting as Head of Internal Audit, in accordance with the International Standards for the Professional Practice of Internal Auditing and, from 2025 onwards, in accordance with the Global Internal Audit Standards (hereinafter referred to as the Standards). The Head of Internal Audit is functionally accountable to and reports to the Supervisory Board or the Audit Committee of the Supervisory Board and administratively reports directly to the President of the Management Board of the parent company and the Director of the subsidiary.

The internal audit function has operated independently within the Elektro Gorenjska Group since 2012. Its work is based on the Internal Audit Charter, approved by the management of the Group companies and endorsed by the Supervisory Board. The function operates in accordance with the Standards and other rules included in the International Professional Practices Framework (hereinafter referred to as the Framework), as well as with the Internal Audit Rule Hierarchy.

Internal auditing enhances Elektro Gorenjska Group’s ability to create, protect, and sustain value by providing independent, risk-based assurance, advisory services, insights, and foresight to the supervisory and management bodies. It contributes to achieving the company’s objectives through systematic and methodical evaluation and enhancement of risk management, internal controls, and governance processes, in accordance with principles of integrity, professionalism, due professional care, impartiality, and independence.

Activities are focused on areas where significant risks exist or may arise for the company and the Elektro Gorenjska Group, where internal audit can contribute to improved operations, increased business security, and benefits for the company and the Group. These are areas where operational weaknesses and threats to the company's long-term viability and development may be present, or where there are opportunities for fraud, errors, avoidance, or disputes – with the goal of fostering more successful, economical, and efficient operations.

In 2024, internal audit activities were conducted in line with the approved annual work plan. All eight planned internal audits were completed, alongside other internal audit tasks such as periodic monitoring of recommendation implementation, audit planning, methodology-related activities, and more. The internal auditor regularly reported audit findings and other activities to the relevant auditees and the management, and periodically to the Audit Committee and the Supervisory Board.

An external quality assessment of the internal audit function was also successfully carried out during the year, confirming full conformance with the Standards and other mandatory elements of the Framework.

Internal auditing enhances Elektro Gorenjska Group’s ability to create, protect, and sustain value by providing independent, risk-based assurance, advisory services, insights, and foresight to the supervisory and management bodies.



# SUSTAINABILITY REPORT



SUSTAINABILITY  
REPORT OF  
ELEKTRO  
GORENJSKA –  
COMPANY AND  
GROUP





6

FOUNDATIONS

FOR

PREPARATION

FOUNDATIONS FOR  
PREPARATION



Sustainability stands as the cornerstone of our collective future—both for society and for the planet. It extends beyond environmental responsibility; it is a profound obligation to generations yet to come. Every decision we make today shapes the world our children and grandchildren will inherit. To leave behind not just a liveable world, but a better one, we must act now – embracing sustainable practices as a shared responsibility. This is more than a business imperative; it is a moral commitment to fostering a more just, cleaner, and resilient future for all.

FRAMEWORK FOR SUSTAINABILITY REPORTING

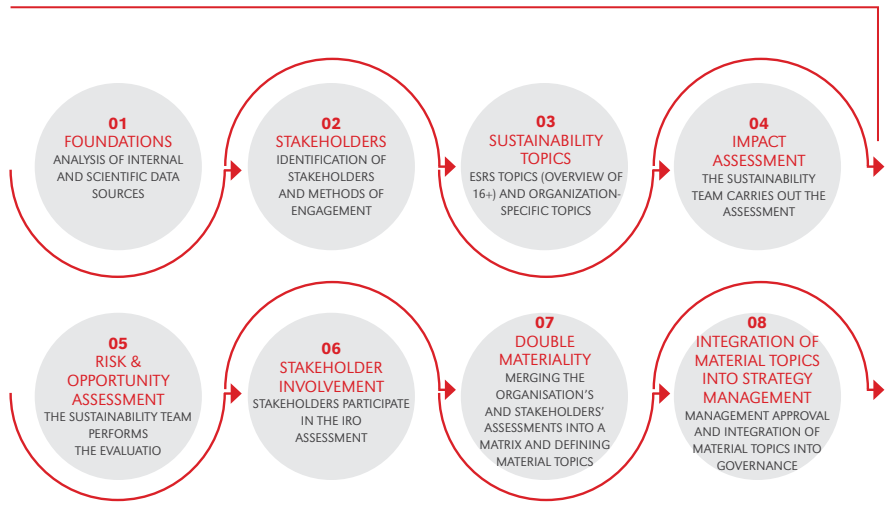
Sustainability calls for a comprehensive, integrated approach – one that weaves together environmental, social, and economic considerations to promote long-term responsibility and resilience. A company's success is no longer measured solely by its financial performance, but increasingly by its broader impact on the environment and society. True sustainability seeks to achieve a societal optimum that respects the interests of all stakeholders. Within this evolving landscape, the recent amendment to the Slovenian Companies Act (ZGD-1M) incorporates the Corporate Sustainability Reporting Directive (CSRD) into national legislation. This directive introduces mandatory disclosure of ESG factors, representing a vital step toward enhanced transparency, accountability, and a deeper integration of sustainability into corporate strategies – unlocking new pathways for transformation and growth.

6.1. Double Materiality Assessment

Within the Elektro Gorenjska Group, the impacts of business activities on people and the environment, as well as potential risks to operations, have been identified and assessed. The value chain, including its impacts and associated risks, was also evaluated – primarily focusing on direct suppliers and drawing on internal expertise.

The double materiality assessment process began with the identification of key internal experts possessing in-depth knowledge and experience relevant to the new European Sustainability Reporting Standards (ESRS). A total of 54 experts from various fields participated from the outset, ensuring a consistent and integrated approach to evaluating the relevance of different sustainability topics. Workshops were held to present the objectives and requirements of the Corporate Sustainability Reporting Directive (CSRD), along with the methodology used by the company to conduct the double materiality assessment.

DOUBLE MATERIALITY MATRIX DEVELOPMENT PROCESS

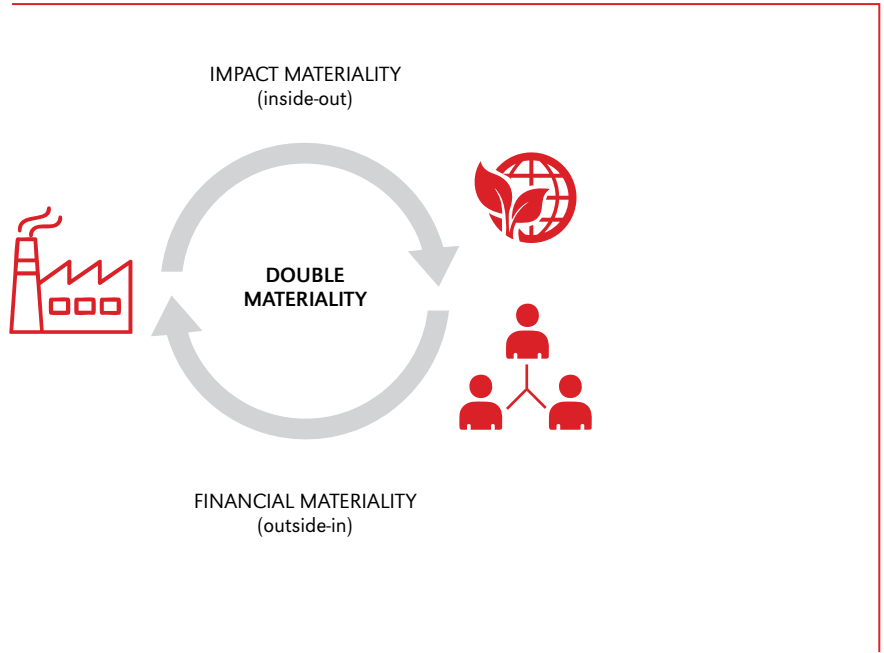


The process began with an assessment of inside-out impacts on the environment and society, based on previously identified and evaluated sustainability-related impacts of operations and the value chain. In parallel, an outside-in financial assessment was conducted to evaluate sustainability-related risks to the business. Where feasible, these effects were quantified and supplemented with qualitative evaluations.

Given the prior work in assessing sustainability impacts and the complexity involved in quantifying sustainability-related risks to the business, the initial phase focused primarily on impact assessment.

Considering the extensive scope of the ESRS double materiality principles and assessment requirements, the evaluation of sustainability-related impacts and risks was limited to internal experts.

THE CONCEPT OF DOUBLE MATERIALITY



| IMPACT MATERIALITY  | FINANCIAL MATERIALITY  |
|---|--|
| A sustainability topic is considered material from an impact perspective if it relates to actual or potential significant positive or negative impacts on people or the environment over the short, medium, or long term. | A sustainability topic is considered material from a financial perspective if it triggers or may trigger significant financial effects on the company, creating risks or opportunities that materially affect cash flows, development, performance, position, cost of capital, or access to financing. |

Key inputs for the double materiality assessment:

- Elektro Gorenjska’s 2024–2028 Sustainable Development Strategy,
- National Energy and Climate Plan of the Republic of Slovenia (NEPN),
- National Energy Report for Slovenia,
- ISO 9001 Quality Management,
- ISO 14001 Environmental Management,
- Environmental Risk Register,
- ISO 45001 Occupational Health and Safety,
- ISO/IEC 27001 Information Security,
- ISO 31000 Risk Management,
- HR and Communications Strategy,
- Recommendations by Slovenian Sovereign Holding (SDH),
- Identified risks and opportunities from EDP workshops,
- Climate change projections to the end of the 21st century,
- REDOS Study.

STAKEHOLDER IDENTIFICATION AND ENGAGEMENT

One of the key strategic sustainability challenges is reconciling short-term stakeholder interests – which may vary or even conflict – with the long-term interests of all stakeholders and society as a whole.

The ESRS double materiality principle, which encompasses both the organisation’s impacts on the environment and the environment’s impacts on the organisation, reflects a structured approach to addressing Impact-Risk-Opportunity (IRO) requirements. Detailed stakeholder-specific risks, opportunities, engagement methods, and identified impacts are presented in the accompanying table.

| KEY STAKEHOLDERS   | KEY RISKS AND OPPORTUNITIES  | FORMS OF PROACTIVE ENGAGEMENT   | KEY IDENTIFIED IMPACTS  |
|--|--|---|---|
| <b>1. Network Users</b> (consumers, producers, and electricity suppliers, aggregators) | <p><b>Risks:</b> Higher short-term operating costs; lack of understanding of ESG initiatives</p> <p><b>Opportunity:</b> More active users contribute to a more stable and sustainable network; enhanced social reputation</p> <p><b>Risk:</b> Suboptimal network development due to difficulties in <b>anticipating future user needs</b></p> <p><b>Opportunity:</b> Growing electricity consumption; increased interest in investing in personal renewable energy sources (RES)</p>   | <p>1. Participation in development projects</p> <p>2. Promotion of community self-sufficiency models; raising user awareness about optimal consumption capacity, efficient electricity use, and appropriate sizing of self-supply systems</p>   | <p>- Lower investment costs, reduced environmental burden, and lower financing costs for stakeholders,</p> <p>- Accelerated sustainable development (ESG); the company's carbon footprint (Scope 1 and Scope 2) is expected to be reduced by 55% by 2030,</p> <p>- Reduced carbon footprint, lower maintenance and investment costs, increased connection capacity, higher revenues and returns</p> |
| <b>2. Employees</b> (Internal Stakeholders)  | <p><b>Risk:</b> Resistance to cooperation or change</p> <p><b>Opportunities:</b> Interest in modern solutions, expansion of competencies and employability, meaningful work aligned with the company's mission</p> <p><b>Risks:</b> Opposition to change, intergenerational non-cooperation, disagreements with trade unions and the works council, incompetent leadership</p> <p><b>Opportunities:</b> Improved competencies and employability, higher engagement, satisfaction due to inclusion and dynamic work environment</p> <p><b>Risks:</b> Increased workload, staff shortages, and overburdened existing personnel</p> <p><b>Opportunity:</b> Engagement in optimizing project management implementation, enhancing meaningfulness of work and reducing workload</p> <p><b>Risks:</b> Understaffing, poor organizational structure, resistance to change due to lack of understanding of initiatives</p> <p><b>Opportunity:</b> More engaged and efficient employees because of better work organization</p> | <p>1. Implementation of a comprehensive innovation system</p> <p>2. Employee involvement through collective innovation systems, training, and internal communication channels ...</p> <p>3. Internal and external training, structured two-way communication, regular meetings with the Works Council, timely/prior coordination of interests, inclusion in decision-making</p> <p>4. Training and optimization of existing staff performance, timely recruitment of suitably qualified new employees, appropriate digital support</p> <p>5. Workshops, meetings, and targeted training sessions</p> <p>6. Systematic and gradual development involving key employees already in the early stages of designing changes (e.g. "design thinking" workshops)</p> | <p>- Faster implementation of meaningful sustainability-related changes, higher added value, potentially higher wages, smart investments, reduced CAPEX and OPEX, increased profitability</p> <p>- Reduced operating costs (e.g. commuting), higher employee engagement and satisfaction, lower absenteeism-related costs</p>   |

|  |   |  |   |
|--|---|--|---|
| <b>3. Partner Organizations and Professional Associations</b> (including electricity distribution companies, transmission system operators, CIGRE, CIRED, Chamber of Commerce and Industry (GZS), educational and research institutions) | <p><b>Risks:</b> Pursuit of fragmented solutions/interests, disagreements on technological and organizational solutions</p> <p><b>Opportunity:</b> Willingness to collaborate and reduce development risks and poor decision-making</p> <p><b>Risk:</b> Implementation of incorrect or irrational solutions</p> <p>Opportunities: Joint problem-solving and knowledge transfer ...</p> <p><b>Risk:</b> Talent poaching (loss of key personnel)</p> <p><b>Opportunity:</b> Collaboration on developing competent personnel</p> <p>Risks: Coordination requiring more time</p> <p><b>Opportunities:</b> Sharing knowledge and solutions; shared development costs</p> | <p>1. Development partnerships across various projects</p> <p>2. Collaboration on joint projects, training, and promotional events...</p> <p>3. Systematic agreements on staff development based on clear ethical and professional standards; agreements on personnel exchange</p> <p>4. Participation in projects through already established groups and wider networks</p> | <p>- Joint solutions implemented in support of green ESG goals; lower development costs and risks</p> <p>- Reduced development costs and shared implementation of solutions</p> <p>- Sufficient number and competency of staff for stakeholders; enhanced reputation and easier realization of stakeholders' missions; more competent employees</p> <p>- Reduced development costs through joint solution deployment</p>  |
| <b>4. Suppliers and Development Companies</b> (including their employees)  | <p><b>Risks:</b> Lack of understanding of the specific needs of the distribution operator (DO), strong bargaining power of large suppliers, instability of startup companies</p> <p><b>Opportunities:</b> Interest or need for development collaboration in new areas, high "test" potential of solutions for various purposes</p> <p><b>Risks:</b> Higher short-term operating costs, misunderstanding of ESG initiatives</p> <p><b>Opportunities:</b> More long-term and stable partnerships, long-term cost reductions, enhanced company reputation</p>  |  | <p>- Modern solutions with profitability potential in multiple market segments; more prudent investment decisions</p> <p>- Support for corporate decarbonisation; joint development leading to short-term reductions in financing costs</p> <p>- Opportunity to involve a wider range of providers; clearer and more timely information; better pricing in public tenders</p> <p>- Modern solutions with profitability potential across multiple (diverse) market segments, more prudent investments, and lower CAPEX and OPEX.</p> |
| <b>5. Municipalities, Local Communities, and Civil Society</b>   | <p><b>Risks:</b> Higher short-term costs, misunderstanding of project goals</p> <p><b>Opportunities:</b> Easier acceptance of new investment projects, smoother spatial integration ...</p> <p><b>Risks:</b> Spatial planning challenges, increased costs due to additional local community demands</p> <p><b>Opportunities:</b> Optimised shared construction of energy infrastructure, willingness to pursue timely and optimal solutions</p>   | <p>1. Involvement of local communities and civil society in investment and other joint projects from the earliest planning stages</p> <p>2. Timely and transparent coordination of investment plans</p>  | <p>- More optimal solutions for both nature and people; shared savings in comprehensive investment evaluations</p> <p>- Fewer disruptive interventions in the environment; greater stakeholder satisfaction due to inclusion</p>  |



|   |  |  |  |
|---|--|--|--|
| <b>6. National Institutions and Regulators</b> (Government of the Republic of Slovenia, ministries, AGEN) | <p><b>Risks:</b> Inadequate financial resources for development and financial stability, regulatory environment that hinders timely investment</p> <p><b>Opportunities:</b> Securing or obtaining additional funding, Willingness to implement changes driven by national commitments to international bodies (EU, UN, etc.)</p> <p><b>Risk:</b> Lack of financial resources for implementation of development plans, reduced network tariff revenue</p> <p><b>Opportunities:</b> Calls for co-financing</p> | <p>1. Proactive dialogue with the regulator to amend regulations and with legislators to ensure systemic funding sources for development plans</p> <p>2. Proactive cooperation with the regulator to ensure appropriate regulatory changes, and with the legislator to secure a suitable systemic funding source for RDI (Research, Development, and Innovation) activities.</p> | <p>– Stable and adequately sized network infrastructure, integration of renewable energy sources, fewer penalties for unmet national commitments, higher investments, increased revenues (returns, amortisation, and connection power)</p> <p>- Fulfilment of national sustainability commitments, lower long-term development and maintenance costs, modern solutions, and improved long-term profitability</p> <p>- Systemic solutions enabling Slovenia to meet its ESG obligations without facing penalties, full regulatory compliance</p> <p>- Alignment of development plans with investment strategy; more efficient and timely fulfilment of national decarbonisation commitments</p> |
| <b>7. Financial Community and Shareholders</b> (shareholders, SDH – Slovenian Sovereign Holding)          | <p><b>Risk:</b> Decline in revenue and profitability due to insufficient or inadequate financial resources</p> <p><b>Opportunities:</b> Possibility of obtaining non-repayable funds, improved financial and capital position, and long-term financial stability of the company</p> <p><b>Risks:</b> Short-term investment and restructuring costs</p> <p><b>Opportunities:</b> Lower bank financing costs, potential to secure non-repayable funds</p>  | <p>1. Partnership with banks (including international) to secure “green” loans, enabling access to grants and compliant dividend payments (as defined in the dividend policy) in line with legislation, the company’s mission, and long-term value</p> <p>2. Partnership-based communication, exemplary sustainable corporate governance aligned with ESRs standards</p>         | <p>- Development of a sustainable network in line with the DO development plan will allow for increased renewable energy connection capacity and decarbonisation</p> <p>- Network undergrounding enhances climate resilience; long-term financial stability enables dividend payments and loan repayments; positive financial outcomes</p> <p>- Greater long-term business and financial stability and profitability</p>   |
| <b>8. Media</b>   | <p><b>Risk:</b> Misunderstanding and possible negative interpretations</p> <p><b>Opportunity:</b> Broader understanding and development of wider coalitions supporting necessary changes</p> <p><b>Risk:</b> Misunderstanding of initiatives, unrealistic expectations</p> <p><b>Opportunity:</b> Building broader public support</p>  | <p>Transparency and openness, proactive messaging, invitations to actively participate in promotional events</p>   | <p>- Better conditions for increased public understanding of distribution activities and their importance; higher media reach and support for sustainable development</p> <p>- Greater public interest and understanding of the role of electricity distribution in society</p>  |

DEFINITION OF THE LIST OF IDENTIFIED IMPACTS/FACTORS, RISKS, AND OPPORTUNITIES BY PROCESS, STAKEHOLDER GROUP, AND ESG TOPIC

The next step involved determining the scope of impacts and risks for the factors covered by various ESRs topics and subtopics (ESRS 1 AR16). At this stage, relevant data were collected, including internal company impact reports, existing risk and environmental management systems, past materiality assessments, and other analyses previously conducted. These data served as the basis for the preliminary identification of key impacts and risks to be further assessed in the following phases of the process. Additional factors and risks related to business operations were also evaluated during joint workshops and included in the preparation.

In line with the company’s strategic orientation, the focus is placed on the principles of social responsibility and the needs of the communities in which it operates. The starting point of the sustainability strategy is an analysis of stakeholder expectations and strategies, including potential latent interests and the ways in which stakeholders express their influence. A deep and holistic understanding of stakeholder needs is being actively and systematically developed. All stakeholder groups relevant to the company’s operations and capable of influencing its sustainability objectives have been identified.

Stakeholder engagement is a key tool for creating long-term shared value and for achieving a just transition. To capture stakeholder needs and expectations, continuous, active, and open dialogue is encouraged through a range of listening initiatives, led by various corporate functions with distinct roles, levels of involvement, and responsibilities.

ASSESSMENT OF THE MATERIALITY OF IMPACTS/FACTORS, RISKS AND OPPORTUNITIES, AND FINANCIAL MATERIALITY

As part of the preparation process, a methodology was selected that included criteria such as the severity of impacts, the likelihood of risks, and the relevance to the company and its stakeholders. Each assessment was documented, including the rationale behind the assigned rating. This ensured transparency and traceability throughout the entire process.

ASSESSMENT METHODOLOGY:

In accordance with ESRs guidelines, three parameters were assessed: scale, severity, and irremediability.

- 1. For “severity”, the extent of the impact on the environment or people was evaluated, considering the mitigating measures already in place.
- 2. For “scale”, the assessment considered how widespread the impact was, based on indicators such as the percentage of locations, employees, or financial expenditure affected.
- 3. For “irremediability”, the difficulty of reversing the damage was assessed in terms of cost and timeframe.

RISK AND OPPORTUNITY ASSESSMENT

In assessing risks, the potential financial impact was evaluated based on various triggers, including EBITDA, CAPEX, and OPEX – these accounted for half of the score. The probability of occurrence made up the other half. The assessments also considered mitigation measures already implemented. The nature of these effects was assessed under different scenarios using assumptions based on input parameters prepared by subject matter experts.

Risk assessment covered the impact on the environment, society, and governance, as well as financial impact and likelihood.

Opportunities were assessed in the same way, with the scoring scale adapted to reflect positive impacts.

For financial aspects, the annual value of the risk or opportunity was recorded.

CALIBRATION OF ASSESSMENT RESULTS

After the workshops, all collected data were analysed and used to calculate results, including the determination of a 'materiality level' for each impact and risk. Additional calibrations were carried out at this stage, incorporating feedback from workshop participants and validating the results with internal leadership. The aim of calibration was to ensure that the outcomes accurately reflected the real significance of the impacts and risks for the company.

REVIEW AND EVALUATION OF RESULTS WITH EXECUTIVE MANAGEMENT

The final step in the process involved reviewing and evaluating the assessment results with the company's top management. This step is critical to ensure that all material impacts and risks are appropriately assessed and will be adequately addressed in future strategy and reporting.

USE OF ASSESSMENT RESULTS FOR FURTHER PLANNING

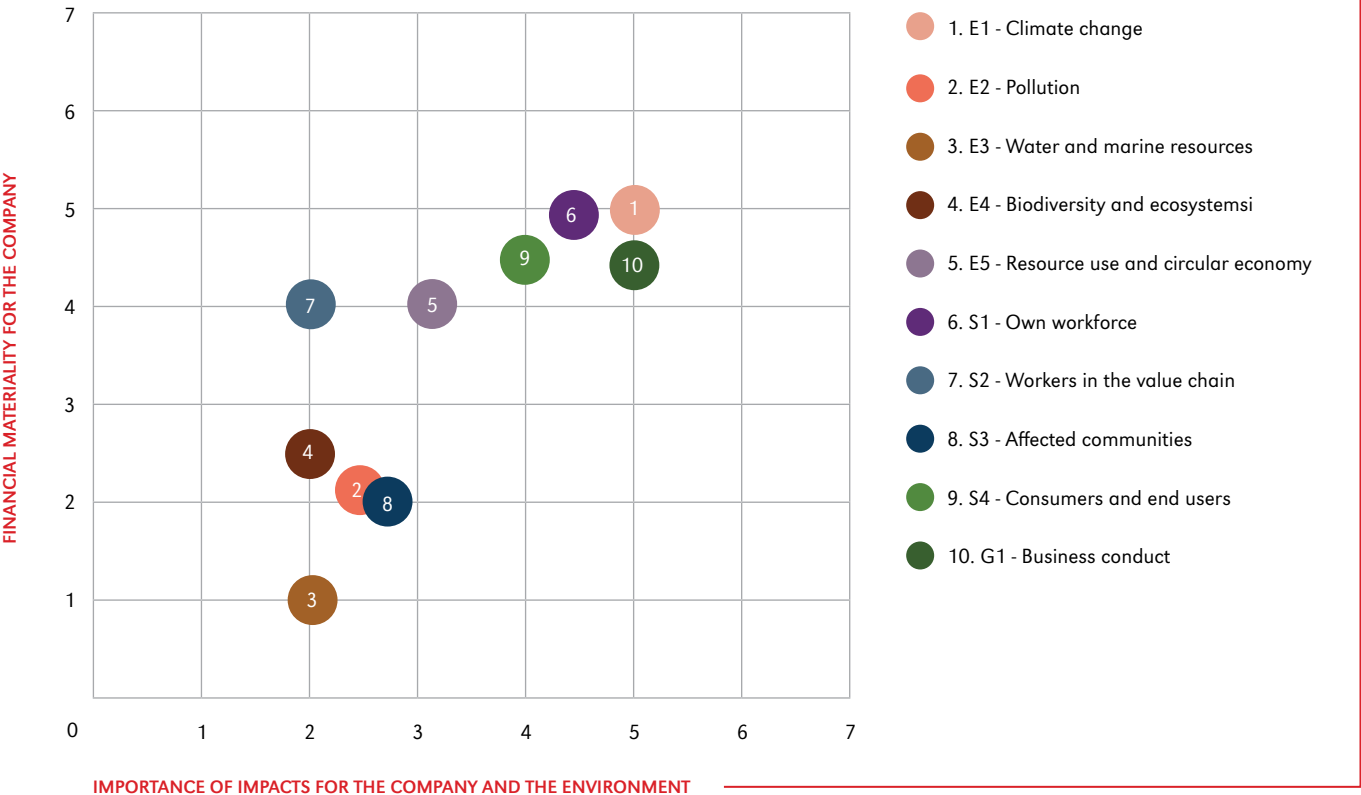
The results of the double materiality assessment will be used to refine corporate strategies, particularly in the areas of sustainability and reporting. Based on these findings, future activities will be adapted to effectively address the most material topics relevant to the company and its stakeholders.

6.2. Double Materiality Matrix

The company's impacts on the environment and society (impact materiality assessment), as well as the sustainability-related risks it is exposed to (financial materiality assessment), have been identified. The results are grouped by ESRS topics and show that the most material sustainability topics are: E1 (Climate Change), E5 (Resource Use and Circular Economy), S1 (Own Workforce), S2 (Workers in the Value Chain), S4 (Consumers and End Users), and G1 (Business Conduct).

The environmental impacts and risks identified under E1 (Climate Change) and E5 (Resource Use and Circular Economy) are closely linked to the company's strategic efforts to rapidly expand renewable energy sources. While the deployment of new renewable energy capacities helps reduce climate impacts, it also requires significant investment in the expansion and reinforcement of the distribution network.

DOUBLE MATERIALITY MATRIX



## ENVIRONMENTAL ASPECTS

In today's world, marked by increasing challenges posed by climate change and the depletion of natural resources, sustainable business practices have become essential in the corporate sphere. Nature is reminding us of the urgent need for more responsible and respectful conduct. In the coming decades, only those companies that pursue not only their own gain but also contribute to the well-being of nature, people, and broader society will thrive.

At Elektro Gorenjska Group, sustainable thinking forms a core part of the company's orientation. Reducing the carbon footprint – both in daily operations and across the supply chain – is a key priority. Measures are being actively implemented to boost energy efficiency, expand the use of renewable energy sources, and limit greenhouse gas emissions. The business strategy is firmly focused on sustainable development, with a continuous search for innovative ways to reduce environmental impact.

Protecting natural resources such as water, air, and soil is also recognized as essential. Actions are in place to manage resources efficiently and to help preserve biodiversity. Efforts include reducing waste, encouraging separate collection, recycling, and material reuse, and identifying environmentally friendlier packaging options.

Cooperation with local communities, suppliers, partners, and organizations supports projects aimed at safeguarding nature for future generations. Every step matters – and through joint efforts, a more sustainable world can be built for the benefit of all.





## 7.1. Guidelines for Responsible Environmental Management

The Environmental Management System (EMS) at Elektro Gorenjska ensures compliance with environmental legislation and effective control of environmental aspects associated with operational processes.

Environmental responsibility is a core component of the company's strategy, grounded in its environmental policy and sustainability guidelines. Progress is monitored through measurable indicators.

Key environmental commitments, aligned with ISO 14001:2015 recommendations, are demonstrated through:

- Setting strategic and operational environmental goals that reflect the specifics of the business and its development;
- Preventing and reducing environmental and spatial impacts;
- Continuously improving environmental protection measures;
- Monitoring resource use, particularly energy consumption and related costs;
- Transferring best practices in environmental management across the Elektro Gorenjska Group;
- Ensuring compliance with Slovenian and EU legislation, and
- Upholding environmental and ethical standards that go beyond legal requirements.

The EMS consists of 14 core activities, including:

- Collaboration with external institutions and stakeholders;
- Development of environmental policy and operational scope;
- Identification of environmental aspects;
- Assessment of environmental aspects;
- Definition of improvement measures for EMS;
- Monitoring of environmental programmes and targets of EMS;
- Regular system performance reviews (by the Environmental Management Council);
- Management of environmental emergencies;
- Implementation of internal and external audits, and
- Preparation of reports.

In 2024, activities contributing to the overall reduction of the environmental impact of electricity distribution continued. Sixteen key environmental aspects were monitored through annual assessments, tracked using 14 environmental indicators – two focused on electromagnetic radiation and emissions, two on waste, six on energy use, and one each on noise and soil.

Environmental legislation is continuously monitored, and operational processes are updated accordingly to ensure alignment with regulatory requirements.

New infrastructure and energy facilities are designed to comply with environmental standards and support the transition to a low-carbon society. Increasing use of underground networks reduces vulnerability to climate change and extreme weather events. State-of-the-art technologies are employed to ensure operational efficiency and minimize environmental risks.

### ENVIRONMENTAL MANAGEMENT COUNCIL

The Environmental Management Council is responsible for implementing Elektro Gorenjska's environmental policy. It is led by a coordinator, with members tasked with overseeing specific environmental aspects and carrying out the objectives of environmental programmes.

The Council's key priorities include:

- Preventing environmental pollution at locations with energy infrastructure and related operations (e.g., hazardous oil spills);
- Monitoring specific environmental impacts through measurements to ensure compliance with noise, radiation, and light pollution limits;
- Using energy, raw materials, and natural resources efficiently;
- Promoting waste separation and recycling to reduce the volume of residual waste, and
- Providing continuous employee education.

By consistently carrying out its tasks and programmes, the Council aims to prevent or mitigate long-term environmental impacts, respond effectively to the expectations of business partners, owners, and the wider public, and contribute to the company's sustainable development.

## 7.2. Disclosure of Material Environmental Information – Elektro Gorenjska Group in 2024

The core principles guiding the companies of Elektro Gorenjska Group in relation to climate change are alignment with the EU's energy and climate objectives and responsible environmental management.



## 7.3. Carbon Footprint Reduction Strategy

The carbon footprint reduction approach is strategic and systematic. The methodology used to calculate the Group's carbon footprint has been carefully developed with two main objectives:

- To provide accurate and internationally comparable data aligned with the Greenhouse Gas Protocol and Corporate Accounting and Reporting Standard (GHG Protocol);
- To enable comprehensive measurement, management, and reporting of the Group's carbon footprint.

All companies in which Elektro Gorenjska holds more than a 50% ownership share are included. Operational boundaries are defined in accordance with the GHG Protocol to ensure consistency across emission scopes.

Direct emissions are calculated based on fuel consumption from sources owned or controlled by the Group. Reporting includes emissions of CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, and CO<sub>2</sub>-equivalents.

Scope 1 includes the organization's direct greenhouse gas (GHG) emissions resulting from its own consumption of fuels in combustion devices, the use of company-owned vehicles, process emissions, and fugitive emissions of greenhouse gases (so-called F-gases: hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), and sulphur hexafluoride (SF<sub>6</sub>)). In the case of Elektro Gorenjska Group, Scope 1 accounts for direct emissions from sources owned or controlled by the company (e.g., boilers, furnaces, vehicles).

This category includes:

- Direct emissions from the consumption of fossil fuels;
- Fuel use for heating and hot water preparation;
- Fuel use for in-house generation of electricity and heat (if the company consumes 100% of the generated electricity and heat);
- Emissions from the use of fugitive emissions, and
- Use of refrigerant gases.

Scope 2 includes indirect emissions from purchased electricity and heat—whether from external or affiliated sources, or partially self-produced and sold. This scope includes:

- Distribution network losses;
- Purchased electricity from external or affiliated companies;
- Purchased district heating from external or affiliated companies.

The calculation includes the total consumption of electricity and thermal energy used for activities under our direct responsibility. Emissions are reported for CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, and CO<sub>2</sub> equivalents.

Scope 3 includes indirect emissions resulting from activities related to sources not owned or controlled by the company. Reporting for Scope 3 is not mandatory; however, emissions are determined in accordance with the Greenhouse Gas Protocol and other technical guidelines, where relevant data is available. The following categories are included in Scope 3:

- Employee commuting;
- Waste;
- Electricity generation for resale;
- Heat generation for resale.

Elektro Gorenjska Group has set a goal to reduce greenhouse gas (GHG) emissions. This aligns with the European Union's efforts to fulfil the Paris Agreement commitment to reduce GHG emissions by 55% by 2030.

The core target is to reduce CO<sub>2</sub> emissions from Scope 1 and Scope 2 by 55% by 2030. In line with this, a set of short-term measures has been prepared to meet the decarbonisation targets through 2026, including:

- Annual calculation of the carbon footprint of Elektro Gorenjska Group for the previous year in accordance with a harmonised methodology;
- Inclusion of "climate sustainability" as a mandatory criterion in procurement, tenders, and other decision-making processes;
- Procurement of vehicles with lower emissions and fuel consumption (e.g., EURO7 engines, hybrids, low rolling resistance tyres);
- Reducing energy consumption for heating and cooling office premises;
- Reducing energy consumption for lighting office premises;
- Minimising the need for business travel through virtual meetings and online event/meeting organisation;
- Regular servicing and replacement of outdated air conditioning systems with more environmentally friendly options;
- Implementing measures to reduce electricity losses;
- Upgrading hallway and restroom lighting systems with timers or motion sensors;
- Improving building energy efficiency (renovations, replacing outdated lighting with energy-saving options, self-supply systems);
- Purchasing electricity from suppliers that provide green energy;
- Exploring waste reduction options, including recycling and reuse where possible;
- Promoting remote work and environmentally friendly commuting (walking, cycling, public transport);
- Raising employee awareness of their ability to reduce their own CO<sub>2</sub> emissions;
- Increasing environmental awareness among employees to promote responsible waste management;
- Phasing out bottled water and encouraging the use of tap water;
- Using toilet paper made from recycled materials.

Our key objective is to reduce CO<sub>2</sub> emissions by 55% by 2030.

# 55%

## 7.4. Energy Consumption and Resource

In addition, a set of long-term measures has been defined to reduce emissions and achieve climate-neutral operations, such as:

- Use of SF6-free switchgear in secondary and primary substations
- Full electrification of the vehicle fleet;
- Establishing an energy management information system for energy tracking and optimisation;
- Appointment of an energy manager;
- Use of LCA (Life Cycle Assessment) in key business processes;
- Heating and cooling exclusively with renewable energy sources;
- Decarbonisation of the entire value chain;
- GHG reduction projects financed through carbon credits.

The following projects and measures are currently underway:

- Preparation of a plan for the phased replacement of SF6-containing switchgear;
- Establishment of partial self-supply for the office building using PVPP + CHP systems;
- Use of green electricity for internal consumption;
- Analysis of electricity losses in the distribution network to evaluate system efficiency compared to advanced systems;
- Exploration of alternative heating options for HVAC systems;
- Preparation of a project for upgrading external building fittings;
- Preparation of a project for installing a ventilation system with waste heat recovery.

Elektro Gorenjska Group is connected to the public water supply network. After being used in business operations, a portion of the water becomes municipal wastewater. Proper treatment of this wastewater is ensured, considering the geographical specifics of each facility. At locations where connection to the public sewage system is not feasible and no staff are permanently present; wastewater is collected in sealed septic tanks. Where technically possible, small municipal wastewater treatment plants are installed during the reconstruction of energy facilities. Connection to the public sewage system is arranged at locations where it is technically and economically viable.

### ENERGY CONSUMPTION IN ELEKTRO GORENJSKA GROUP IN 2023 AND 2024

| Environmental Aspect | Type                     | Unit            | 2023    | 2024    |
|----------------------|--------------------------|-----------------|---------|---------|
| Water                | Public water supply (m³) | Office Premises | 2,464   | 2,267   |
| Electricity usage    | Consumption in kWh       | Office Premises | 625,444 | 562,450 |
| Gas usage            | Consumption in kWh       | Office Premises | 822,296 | 739,636 |

### FUEL CONSUMPTION OF COMPANY VEHICLES WITHIN THE ELEKTRO GORENJSKA GROUP IN 2023 AND 2024

| Unit                               | Source           | 2023    | 2024    |
|------------------------------------|------------------|---------|---------|
| Fuel in litres (petrol and diesel) | Company Vehicles | 172,265 | 164,148 |
| Fuel in litres (LPG)               | Company Vehicles | 1,933   | 194     |

## 7.5. Greenhouse Gas Emissions

Since 2022, Elektro Gorenjska Group has been monitoring its overall carbon footprint, representing the total amount of greenhouse gas emissions generated. This is done with the aim of reducing CO<sub>2</sub> emissions over which the company has influence. Emissions are tracked in relation to:

- Fuel used for business transport and operations;
- Energy sources for heating;
- Greenhouse gases;
- Electricity consumption;
- Other indirect emissions stemming from employee commuting; electricity losses, and waste generated by the company's operations.

The carbon footprint calculation is harmonized at the national level across Slovenian electricity distribution companies and is carried out in accordance with an established methodology.

### CARBON FOOTPRINT VERIFICATION OF ELEKTRO GORENJSKA GROUP

The carbon footprint of Elektro Gorenjska Group was verified by the external and independent institution SIQ – Slovenian Institute of Quality and Metrology.

| ELEKTRO GORENJSKA GROUP                       | Unit                     | Year      | % of Emissions | Year      | % of Emissions | Year      | % of Emissions |
|---|--------------------------|-----------|----------------|-----------|----------------|-----------|----------------|
| GHG Emissions                                 |                          | 2021      | 2021 (%)       | 2022      | 2022 (%)       | 2023      | 2023           |
| Scope 1                                       |                          |           |                |           |                |           |                |
| Fuel for transport                            | (t CO <sub>2</sub> eqv.) | 422.26    | 69.90%         | 422.81    | 2.31%          | 431.66    | 69.90%         |
| Combustion in stationary devices              | (t CO <sub>2</sub> eqv.) | 46.92     | 7.77%          | 153.58    | 0.84%          | 76.03     | 12.31%         |
| Fugitive emissions from refrigeration devices | (t CO <sub>2</sub> eqv.) | 17.43     | 2.89%          | 13.00     | 0.07%          | 9.24      | 1.50%          |
| Other fugitive and process emissions          | (t CO <sub>2</sub> eqv.) | 117.50    | 19.45%         | 17,678.11 | 96.77%         | 100.58    | 16.29%         |
| TOTAL SCOPE 1                                 | (t CO <sub>2</sub> eqv.) | 604.11    | 100.00%        | 18,267.50 | 100.00%        | 617.51    | 100.00%        |
| Scope 2                                       |                          |           |                |           |                |           |                |
| Electricity                                   | (t CO <sub>2</sub> eqv.) | 26.75     | 0.07%          | 24.30     | 0.14%          | 58.43     | 0.48%          |
| District heating (heat/cooling)               | (t CO <sub>2</sub> eqv.) | 135.15    | 0.37%          | 133.99    | 0.79%          | 105.44    | 0.86%          |
| Electricity – losses                          | (t CO <sub>2</sub> eqv.) | 36,757.98 | 99.56%         | 16,814.77 | 99.07%         | 12,114.47 | 98.67%         |
| TOTAL SCOPE 2                                 | (t CO <sub>2</sub> eqv.) | 36,919.89 | 100.00%        | 16,973.06 | 100.00%        | 12,278.34 | 100.00%        |
| Scope 3                                       |                          |           |                |           |                |           |                |
| Commuting                                     | (t CO <sub>2</sub> eqv.) | 200.81    | 24.16%         | 268.09    | 3.26%          | 282.03    | 2.29%          |
| Waste   | (t CO <sub>2</sub> eqv.) | 6.42      | 0.77%          | 7,389.98  | 89.91%         | 11,765.51 | 95.37%         |
| Sale of electricity                           | (t CO <sub>2</sub> eqv.) | 300.42    | 36.15%         | 258.18    | 3.14%          | 148.57    | 1.20%          |
| Sale of thermal energy                        | (t CO <sub>2</sub> eqv.) | 323.45    | 38.92%         | 303.17    | 3.69%          | 141.10    | 1.14%          |
| TOTAL SCOPE 3                                 | (t CO <sub>2</sub> eqv.) | 831.10    | 100.00%        | 8,219.42  | 100.00%        | 12,337.21 | 100.00%        |
| TOTAL SCOPE 1, 2, 3                           | (t CO <sub>2</sub> eqv.) | 38,355.10 |                | 43,459.98 |                | 25,233.06 |                |

### EXAMINATOR'S OPINION

Based on the independent verification process described herein declaration, SIQ Ljubljana, Mašera-Spasičeva ulica 10, 1000 Ljubljana gives a positive opinion on the methodology for calculating the carbon footprint of the company Elektro Gorenjska, d. d. and Elektro Gorenjska Group in declares that the methodology is:

- prepared in accordance with the requirements of the GHG protocol (guidelines for reporting on scope 1, 2 and 3 emissions) and ISO 14064-3 standard Greenhouse gases – Part 3: Specification with guidelines for validation and verification of reports on greenhouse gas emissions;
- content correctly and fairly represents the method of calculation carbon footprint to prepare a carbon footprint report for the volume 1, 2 and selected categories of volume 3 for the period of the calendar year (January 1 to December 31 of the reporting year) of Elektro Gorenjska, d. d. and the Elektro Gorenjska Group.



USE OF ENVIRONMENTALLY FRIENDLY SERVICES, PRODUCTS, AND TECHNOLOGIES IN ENERGY PROCESSES AND FACILITIES

The fluorinated greenhouse gas SF<sub>6</sub> (hereinafter referred to as SF<sub>6</sub> gas) is used in hermetically sealed components of high-voltage electrical switchgear. It functions as an insulator, thereby ensuring the proper operation of energy equipment. As a result, properly functioning devices do not produce greenhouse effects on the environment.

Through monitoring – especially regular maintenance – leakage of SF<sub>6</sub> gas from high-voltage equipment is minimized to the greatest extent possible. Servicing and upgrades are carried out by authorized professional providers.

Waste is separated at on-site ecological stations and handed over to licensed waste management providers. Enhanced separation of waste in office buildings has led to a reduction in mixed municipal waste requiring landfill disposal, resulting in lower pollution and optimized disposal costs.

7.6. Measures to Reduce Environmental Impact

Reducing environmental impact plays a vital role in preserving the natural environment for future generations. The path to this goal is complex and long-term, requiring coordinated efforts across all levels – from individuals to institutions. A sustainable future can only be achieved through collaboration and integration. Elektro Gorenjska Group implements a range of measures across various areas to contribute to this goal.

ENCOURAGING REDUCED ENERGY USE AND EFFICIENT RESOURCE MANAGEMENT

Water, electricity, and heat consumption are monitored across the companies. Elektro Gorenjska Group uses natural gas for heating and operates a gas unit for the combined generation of electricity and heat. Gorenjske elektrarne relies on a heat pump for heating.

REDUCING AIR EMISSIONS

Efforts to improve air quality focus primarily on reducing emissions from heating. Modern systems and devices in the fields of cooling, air conditioning, and heating are installed in facilities. Emission control is ensured through regular inspections by authorized providers, alongside emission monitoring. The vehicle fleet remains the largest source of greenhouse gas emissions; therefore, only low- CO<sub>2</sub> vehicles are purchased. The transition to electric vehicles is already underway, in line with the Alternative Fuels Infrastructure Act (in Slovenian: Zakon o infrastrukturi za alternativna goriva in spodbujanju prehoda na alternativna goriva v prometu). In 2024, seven new electric vehicles were acquired, and five new charging stations were installed. Additional stations are planned in the coming years, following an integrated sustainability approach that includes environmental, technological, innovative, and safety considerations.

COMPREHENSIVE WASTE MANAGEMENT AND RECYCLING

Operations generate both recyclable and non-recyclable waste – such as construction debris, municipal and non-municipal waste (paper, packaging, cardboard, plastic, electronic waste), and hazardous waste.

WASTE BY TYPE 2023–2024

| Waste Type                                  | Source                     | 2023   | 2024   |
|---|----------------------------|--------|--------|
| Recyclable waste (revenue in €)             | Construction / Investments | 28,470 | 35,638 |
| Non-recyclable waste (disposal cost in €)   | Construction / Investments | 12,765 | 17,580 |
| Municipal waste (disposal cost in €)        | Office Premises            | 9,780  | 9,793  |
| Electronic waste (toners, cartridges in kg) | Office Premises            | 55     | 72     |

TOTAL SF<sub>6</sub> IN ENERGY DEVICES AND ELECTRICITY LOSSES IN DISTRIBUTION IN 2023 AND 2024

| Type                                     | Source   | 2023       | 2024       |
|--|--|------------|------------|
| SF <sub>6</sub> gas (kg)                 | Energy facility insulation (Primary Substation, PDU, TS) | 6,398      | 7,336      |
| Electricity losses in distribution (kWh) |  | 39,715,986 | 44,232,685 |

PROTECTING WATER RESOURCES AT HYDROPOWER PLANTS

Managing watercourses requires the determination of an ecologically acceptable flow, which is necessary to meet the ecological needs of water-dependent organisms along the river corridor. An ecologically acceptable flow represents the volume of water required to maintain the natural balance within and around watercourses in the vicinity of hydropower plants (hereinafter HPPs).

HPPs must be integrated into the environment in a way that minimizes ecological impact. Their operation involves regulating water flow during both low and high-water levels, which can yield environmental benefits. For example, water regulation during periods of high flow can also improve flood safety in the area affected by the HPP.

Gorenjske elektrarne is subject to the payment of a Water Fee, as stipulated by the Slovenian Water Act, Official Gazette of the Republic of Slovenia, No. 76/02 with amendments (Zakon o vodah, Uradni list RS 76/02 s spremembami). The fee is calculated according to the water potential of each individual plant as defined in the relevant water permit. In 2024, the total cost of these fees amounted to €16,456. In order to obtain and maintain a water permit for each HPP, hourly water level measurements must be conducted at the intake to ensure the biological minimum is maintained. These measurements are carried out regularly.

Gorenjske elektrarne also works in partnership with the Fisheries Research Institute of Slovenia and local fishing associations when managing watercourses in areas affected by HPP operations. In the event of construction in riverbeds or channels, the Institute grants approval for fish removal, which is carried out by the relevant local fishing association. In 2024, support was provided to these associations through financial donations, materials, and services.

# 8. PRESERVING BIODIVERSITY AND ECOSYSTEMS

## REDUCING NOISE

Operational noise monitoring and professional assessments are used to evaluate environmental noise levels.

Transformers in low- and medium-voltage substations operate within legal noise limits, so periodic measurements are not required.

At high-voltage/medium-voltage substations (HV/MV), noise measurements are conducted every three years where required.

## MONITORING ELECTROMAGNETIC RADIATION

Electromagnetic radiation (EMR) is regularly monitored at high-impact sites. EMR from transformers in medium- and low-voltage substations remains within regulatory limits. Past measurements have shown no excessive values outside protected areas, making additional protective measures unnecessary.

Kljub temu po RTP-jih izvajamo periodične meritve EMS in osveščamo javnost o elektromagnetnih sevanjih. Informacije objavljamo na naši spletni strani v rubriki Vplivi na okolje.

Nevertheless, EMR measurements are carried out at substations, and the public is informed. Information is published on Elektro Gorenjska's website under the section Vplivi na okolje (Environmental Impacts).

## MANAGING LIGHT POLLUTION

Exterior lighting complies with national regulations on light pollution limits.

## USE OF BIODEGRADABLE OILS

Wherever possible, PANOLIN HLP SYNTH biodegradable oils are used in HPPs. In areas where an oil spill would cause significant environmental damage, conventional oils have been replaced with biodegradable alternatives.

## NO ENVIRONMENTAL INCIDENTS IN 2024

In 2024, no environmental incidents occurred within Elektro Gorenjska Group. No negative reports or complaints were submitted by stakeholders or the public.

When constructing energy infrastructure, existing roads and paths are used as much as possible in cooperation with subcontractors. Construction site areas are limited to minimize negative impacts on the surrounding environment, vegetation, and forests.

In the construction of overhead or underground power lines, all prescribed measures are implemented, with an emphasis on the reuse of excavated soil, planting of native shrub and tree species to restore forest edges and creating replacement forest patches in selected areas.

To prevent birds from becoming entangled in conductors, visible markers are placed on transmission line towers and safety cables.

Before carrying out maintenance on power line corridors, permits for interventions in nature are obtained from the locally competent unit of The Institute of the Republic of Slovenia for Nature Conservation (IRSNC). These permits specify the conditions and time periods during which works are permitted.

Prior to interventions in forested areas, landowners and local foresters from the Slovenia Forest Service are notified.

Maintenance of power line corridors on forest land includes clearing undergrowth and cutting vegetation with a trunk diameter of less than 10 cm at chest height within the safety zone. Undergrowth is also cleared along watercourses and drainage channels. All maintenance is conducted in accordance with the Rules on Logging, Handling Logging Residues, Timber Extraction and Stacking of Forest Products (Uradni list RS, št. 83/13 s spremembami, Eng. Official Gazette of the Republic of Slovenia, No. 83/13 with amendments) and in a way that does not endanger natural biodiversity.

9.

RENEWABLE ENERGY GENERATION  
BY GORENJSKE ELEKTRARNE

Gorenjske elektrarne actively contributes to energy savings, CO<sub>2</sub> reduction, and the overall sustainable development of society by producing clean electricity from hydropower plants (HPPs), small photovoltaic power plants (PVPP), and combined heat and power plants (CHPs), and by expanding its portfolio of energy efficiency projects.

ENVIRONMENTAL CO<sub>2</sub> EMISSION SAVINGS AND RENEWABLE ENERGY PRODUCTION IN 2021, 2022, 2023, AND 2024

| Electricity Production (MWh)          | 2021   | 2022   | 2023   | 2024   |
|---------------------------------------|--------|--------|--------|--------|
| HPP                                   | 51,060 | 35,696 | 43,781 | 43,764 |
| Small Photovoltaic Power Plant (PVPP) | 3,544  | 4,606  | 4,675  | 7,376  |
| CHP                                   | 1,913  | 1,797  | 1,332  | 1,375  |

In 2024, the total production of environmentally friendly electricity from renewable energy sources (RES) reached 52,520 MWh, resulting in a CO<sub>2</sub> emission reduction of 25,735 tons. To calculate the CO<sub>2</sub> emission savings from electricity generation in power plants using renewable energy sources, the reference value used is the CO<sub>2</sub> emission factor calculated by the Jožef Stefan Institute (0.49 kg CO<sub>2</sub>/kWh).

In 2024, Gorenjske elektrarne produced and sold 52,520 MWh of electricity, marking a 5.49% increase compared to 2023.

Extended periods of rainfall led to slightly lower-than-planned production from solar power plants. However, for the second consecutive year, the share of electricity generated from solar sources increased and accounted for just over 14% of total production in 2024.

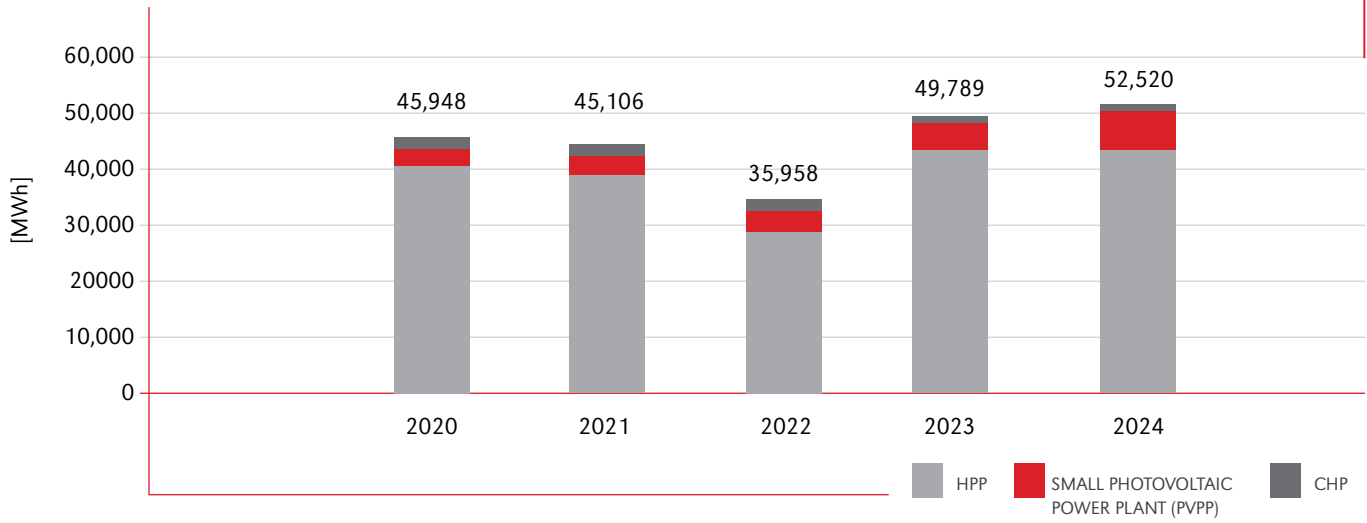
No major unplanned outages were recorded at HPPS in 2024, and favourable weather conditions allowed for continuous operation with only minor interruptions. HPPs contributed 83% to total production and exceeded the annual production plan. Compared to the 10-year average, production in 2024 was 9% above average (adjusted for the shutdown of HPP Sava due to a 2022 fire).

The operation of CHPs was largely influenced by high market prices of primary energy sources, resulting in economically constrained operation. CHPs contributed the smallest share to total production, accounting for just under 3%.

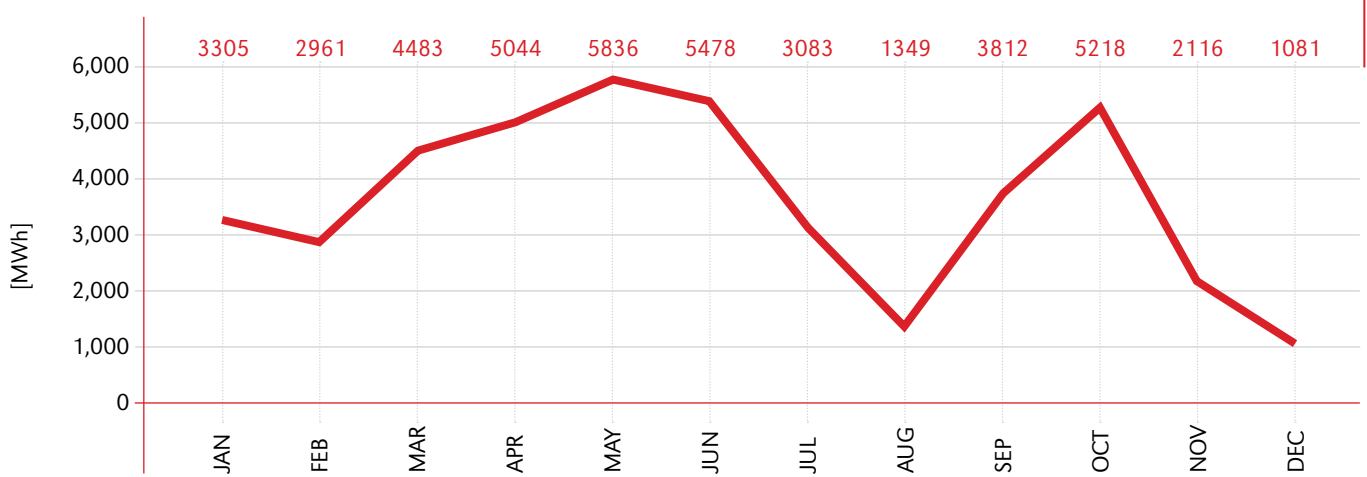
In 2024, the total production of environmentally friendly electricity from renewable energy sources (RES) reached

52,520 MWh

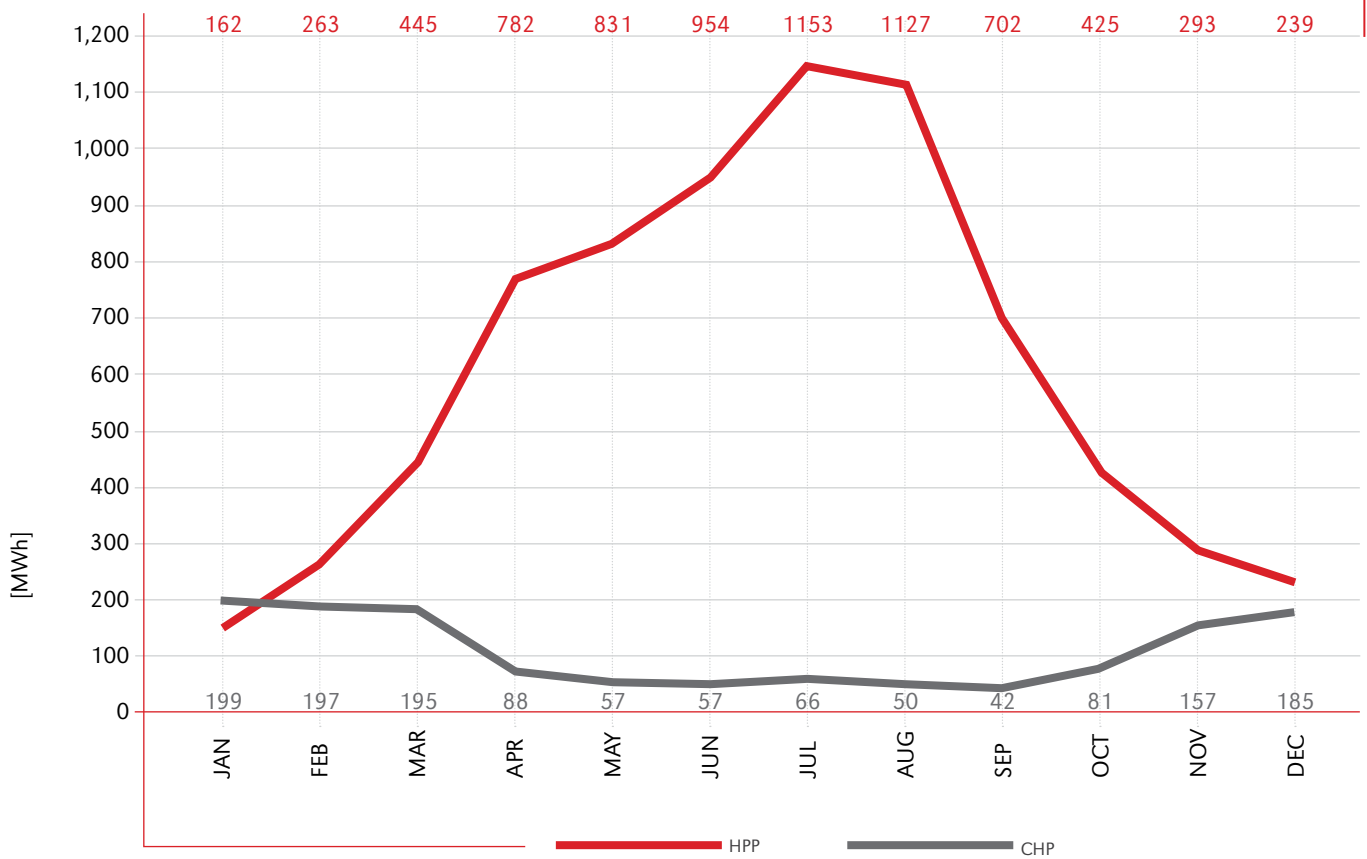
ELECTRICITY PRODUCED (IN MWH) IN THE PERIOD 2020–2024 (EXCLUDING HPP SAVA)



ELECTRICITY PRODUCTION (IN MWH) BY HPPS BY MONTH IN 2024



ELECTRICITY PRODUCTION (IN MWH) BY SMALL PHOTOVOLTAIC POWER PLANTS AND CHP UNITS BY MONTH IN 2024



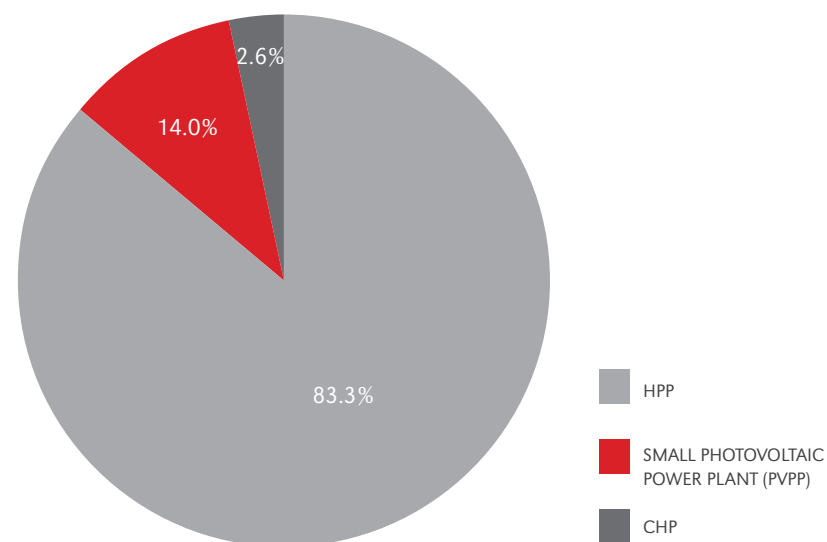


# 10.

## MANAGING IMPACTS, RISKS AND OPPORTUNITIES

The majority – 83.34% – of total electricity sales revenue in 2024 was generated by Gorenjske elektrarne through HPPs. This was followed by solar power plants with a 14.05% share, while CHP units accounted for the smallest share at 2.62%.

SHARE OF GORENJSKE ELEKTRARNE'S ELECTRICITY SALES REVENUE (%) BY PRODUCTION SOURCE IN 2024



The majority of total electricity sales revenue in 2024 was generated by Gorenjske elektrarne through HPPs.

# 83.34%

The Elektro Gorenjska Group's operations affect the environment in ways that may result in soil, air, and water pollution, as well as psychological and physiological impacts on humans and animals.

Risk factors that may lead to harmful environmental effects include non-compliance with legislation, internal guidelines, environmental regulations and inspectorate decisions, equipment failures, handling of hazardous substances and waste, and external factors such as weather conditions, third-party damage, and natural or other disasters.

Environmental risks are managed primarily through ongoing monitoring and compliance with environmental legislation, implementation of the ISO 14001:2015 environmental management standard, employee awareness and training on how to manage environmental aspects, systematic identification of new impacts, and appropriate insurance coverage for EEI and non-energy-related facilities and equipment.

Recognizing the opportunities embedded in environmental risks allows for better utilization of positive developments, including:

- Construction and use of in-house renewable energy sources;
- More efficient energy management;
- Installation of new renewable energy systems;
- Development of a robust grid using advanced operational and maintenance technologies;
- Comprehensive management of hazardous substances;
- Integration of best available technology (BAT);
- Gradual replacement of fleet vehicles with electric vehicles;
- Development of new HPP projects;
- Participation in EU co-funded municipal projects in cooperation with municipalities;
- Securing grants for fish passage infrastructure projects;
- Use of advanced vehicles and machinery;
- Securing non-refundable funds for the construction of new generation facilities.



## SOCIAL RESPONSIBILITY

Every action taken has an impact on the community in which it takes place. Elektro Gorenjska Group is aware of its responsibility to the broader social environment and therefore approaches its mission holistically, considering all key stakeholders. This responsibility is demonstrated through open, timely, and transparent communication, as well as through support for activities that contribute to the sustainable development of both the social and economic environment.

Efforts are focused on creating value that benefits the wider community. Responsible decisions are made to help build a better future for all.

The Elektro Gorenjska Group strives to act with care, fairness, and responsibility toward the social environment in which it operates. The goal is to align environmental integration with business success while improving the quality of life for employees, local communities, and society at large – without disregarding the interests of shareholders. Emphasis is placed on open, regular, and clear communication with the public. All activities and their impacts are presented transparently, especially when interventions in space are involved. Plans are published regularly on the website, and continuous dialogue with stakeholders is maintained.

When siting power infrastructure and building the grid, the aim is to consider the interests of local communities. The Group is not merely a producer and distributor of electricity – it seeks common ground for quality coexistence with both the environment and society.

Transparency is a key principle, demonstrated through the publication of data and information on the corporate website. Operations are conducted in accordance with best practices in corporate governance, and governance codes are respected.

The importance of a responsible relationship with employees is also recognized. The working environment is built on respect, mutual support, and care for well-being and professional development. Through collaboration, open communication, and opportunities for personal and career growth, the Group fosters employee engagement and long-term internal relationships.

Supporting those in need is also a core responsibility. For decades, the Group has supported organizations that assist vulnerable individuals and has helped create opportunities for people facing difficult life circumstances. There is a strong awareness of the importance of providing hope and support to those on the margins of society.



# 11.1. Stakeholder Interests and Perspectives

In line with its strategic orientation, Elektro Gorenjska Group focuses on the principles of social responsibility and the needs of the social environment in which it operates. The starting point of its sustainability strategy is an analysis of stakeholder expectations and strategies, including potential unconscious interests and the ways in which stakeholders express their influence. The Group is committed to developing a deep sense of empathy and a comprehensive understanding of these needs.

Strategic stakeholder segments include:

- **Network Users (consumers, producers and electricity suppliers, aggregators)**

The primary focus is to ensure stable and reliable electricity supply. Cooperation with network users is encouraged through development projects, as well as the promotion of community-based self-sufficiency. Users are educated on optimal consumption capacity, efficient electricity use, and appropriate system sizing for self-supply. Regular updates and active communication are maintained regarding new developments and innovative solutions tailored to user needs.

The Elektro Gorenjska website serves as a key communication tool with various stakeholders, especially users. It offers a web application for notifying users of planned electricity outages at their metering points. Notices of scheduled outages are published on the company's website and broadcast via local radio stations.

Users also have access to a free call centre for handling complaints, meter error reports, meter readings for annual billing, planned outage updates, general inquiries, and ongoing communication with field teams and electricity suppliers.

Digital engagement is being strengthened. In 2024, users were encouraged to use the Moj elektro app (<https://mojelektro.si/login>), and communication was maintained on Facebook and LinkedIn. To further improve information access, 2024 saw the launch of a modern new communication channel: the virtual assistant EGON, Elektro Gorenjska's chatbot, which provides information 24/7 to both users and employees.

- **Employees**

A supportive, safe, and well-organized work environment is provided, enabling personal and professional development. Employees are seen as drivers of positive change, so clear instructions for safe and healthy work practices and information protection are prioritized. Necessary resources are provided to carry out work effectively and safely, with attention to work-life balance.

- **Partner Organizations and Professional Associations (other electricity distribution companies, transmission system operators, CIGRE, CIRED, Chamber of Commerce and Industry of Slovenia, Electrotechnical Association, etc.)**

As part of the broader professional community responsible for electricity supply in Slovenia, the Group strives to be a reliable and forward-thinking member. It ensures compliance with contractual obligations, legal regulations, and operational standards while remaining responsive to business changes. Active participation in development projects helps shape Slovenia's energy future.

- **Suppliers and Development Companies (including their employees)**

Fair treatment, mutual respect, and stable, long-term contractual relationships are ensured with suppliers and development companies, including their employees. Key to these relationships are payment discipline and the establishment of development partnerships based on the confidentiality of personal data and the provision of reliable and credible information regarding requested services. Clear environmental requirements are also set for material deliveries, service execution, and waste management, contributing to sustainable practices. The relationship is marked by responsiveness, long-term cooperation, respect for workers' rights, and a commitment to health and safety across the entire supply chain.

Dialogue with the business environment relies on a blend of personal engagement and digital communication.

- **Municipalities, Local Communities, and Civil Society**

The Group's role in relation to municipalities, local communities, and civil society is key to promoting sustainable green transformation and the development of local areas. As development partners, efforts are made to adapt quickly to changes and actively engage in development initiatives. Development projects are implemented using cohesion funds, with an emphasis on partnership with local communities and civil society, thereby contributing to the sustainable development of the Gorenjska region. At the initiative of Elektro Gorenjska and in collaboration with all municipalities in Gorenjska, an Action Plan for Measures in the Field of Energy Infrastructure for the Sustainable Transition of Gorenjska until 2030 was prepared in 2024. The plan represents a major step toward advancing Gorenjska's energy infrastructure to a more sustainable level.

- **National Institutions and Regulators (Government of the Republic of Slovenia, ministries, AGEN)**

By ensuring mutual respect, stable relationships, and long-term contractual frameworks, trust and sustainable cooperation with national institutions and regulators are maintained. Reliable and credible access to information is guaranteed, while efforts are made to foster links between industry and academia. Direct business communication, public consultations, and broad consensus-building are core elements of this engagement.

- **Financial Community and Shareholders**

Efforts are made to ensure dividend stability and growth in company value. This includes active participation in governing bodies such as the general assembly and supervisory board, as well as offering direct recommendations to majority state-owned companies.

Communication with shareholders and the financial public takes place in writing and in person, in line with applicable regulations. Information shared with shareholders covers business performance and the company's strategic direction. Publicly available data (annual reports, quarterly reports, concluded contracts, general assembly proceedings and materials) is published on the website [www.elektro-gorenjska.si](http://www.elektro-gorenjska.si). Shareholder communication follows the recommendations of the Slovenian Sovereign Holding (SDH) and OECD guidelines on corporate governance of state-owned enterprises, which emphasize three key principles: transparency, efficiency, and accountability.

The annual report is the primary communication tool for shareholders and the financial community, where transparency, timeliness, and accuracy of information on business performance and planning are of utmost importance, in accordance with the relevant regulations.

- **Media**

The aim is to provide regular and up-to-date information about the company's operations, corporate topics, developments in the network, completed major energy infrastructure projects, as well as socially responsible activities and other relevant topics related to the organization's work. Regular contributions are made to the Slovenian power industry magazine Naš stik, where current news and articles are published.



# 11.2. Responsibility Towards Employees

Responsibility, continuous innovation, and openness are the core values that guide day-to-day operations and hiring practices. A carefully planned recruitment policy, encouragement of ongoing development and employee education, an effective reward system, a culture of agility, and regular monitoring of employee engagement and satisfaction are key pillars of workforce management. Staffing and training needs are identified annually in the human resources and education plan. When filling open positions, internal transfers are often utilized – including promotions to more demanding roles. All candidates are given equal opportunity regardless of gender, age, or other personal circumstances.

Employees are viewed as a strategic advantage and are encouraged to align with the business strategy, seek out new opportunities, and explore innovative approaches. This enables the organization to quickly recognize emerging trends and respond to change.

The importance of human resource management has also been embedded in Elektro Gorenjska’s new sustainable business strategy, where talent development and building an agile organizational culture are defined as core strategic initiatives. To attract, develop, and retain top talent essential for implementing strategic and development plans, these initiatives are supported by concrete objectives and activities. The company culture is being developed in the direction of agility, inclusion, collaboration, accountability, innovation, and goal orientation. Values are actively lived, and the strategy is implemented through operational plans and projects.

Commitment to equality, transparent communication, and mutual collaboration is upheld. Emphasis is placed on motivation and open dialogue. Through teamwork and mutual support, an excellent working environment is actively cultivated, enabling both individual and collective goals to be more easily achieved. Each employee is encouraged to focus on what they do best.

Recognizing that skilled and competent employees are the most valuable resource and a competitive advantage, the organization actively addresses the national shortage of professionals, particularly in the fields of energy and IT. Attracting and retaining qualified talent remains one of the major ongoing challenges.

Recognizing the critical role of human capital, HR management remains a central pillar of every business strategy. As the most frequently recruited roles are often those facing the greatest talent shortages, ongoing employer branding efforts are essential to boost attractiveness and position the organization as an employer of choice. These efforts aim to enhance visibility, reputation, and the ability to attract and retain skilled professionals.

To that end, 2024 marked the third consecutive year of organizing the Transformator Summer School, a bridge to young talent and potential future employees. This initiative represents an innovative HR practice and a unique example of a multidisciplinary approach that fosters interaction and collaboration with students in the electricity distribution sector.

The business strategy also recognizes the importance of building a strong employer brand, leading to a systematic and strategic approach to its development. Through various activities, the company aims to strengthen employee engagement and cohesion, support the execution of the business strategy, attract promising new colleagues, improve recruitment and talent development processes, and enhance both internal communication and communication among employees.

These efforts are brought together under the Transformator project, which symbolizes a commitment to transformation – both within the company and in the broader environment in which it operates.

## DEMOGRAPHIC STRUCTURE IN THE ELEKTRO GORENJSKA GROUP

As of 31 December 2024, the Elektro Gorenjska Group employed 332 individuals, including 69 women, representing 20.8% of the total workforce. Compared to 31 December 2023, the total number of employees decreased by 4. The average number of employees in 2024 was 334.8.

On the same date, 3.3% of employees had fixed-term contracts, all of whom were men. This figure is slightly more than one percentage point lower than at the end of 2023. Three employees worked part-time: two men and one woman. The men were employed part-time under pension and disability insurance regulations, while the woman worked reduced hours due to parental leave. Additionally, two women worked six-hour days, also under parental leave provisions.

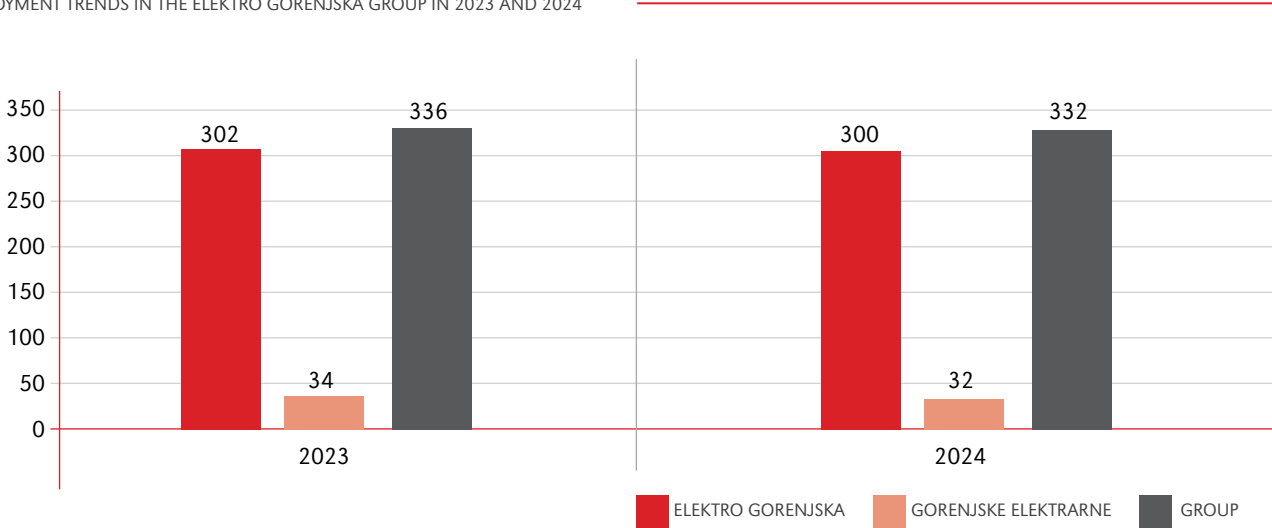
The chart presents employment figures for Elektro Gorenjska, Gorenjske elektrarne, and the Elektro Gorenjska Group. GEK Solar had no employees during the reporting period.

332

employees in the Elektro Gorenjska Group as at 31 December 2024

| EMPLOYEE DATA AT ELEKTRO GORENJSKA GROUP                      | 2023   | 2024   |
|---|--------|--------|
| Number of employees as of 31 December                         | 336    | 332    |
| Average number of employees                                   | 322.9  | 334.8  |
| Share of male employees                                       | 79.4%  | 79.2%  |
| Share of female employees                                     | 20.6 % | 20.8 % |
| Average age   | 45.3   | 45.0   |
| Average length of service (in years)                          | 22.5   | 22.3   |
| Share of employees who participated in training and education | 94.7%  | 95.22% |
| Average training hours per employee                           | 27.29  | 24.46  |
| Percentage of engaged employees                               | 31%    | 39%    |
| Number of employees with disabilities                         | 9      | 9      |
| Average education level (scale)                               | 6.35   | 6.39   |
| Share of lost days due to sick leave (per employee)           | 4.20%  | 4.78%  |
| Employee turnover rate  | 6.48%  | 5.95%  |
| Share of held annual evaluations                              | 98.15% | 95.41% |
| Number of activities and measures promoting workplace health  | 11     | 11     |

EMPLOYMENT TRENDS IN THE ELEKTRO GORENJSKA GROUP IN 2023 AND 2024



### 11.3. Gender Equality and Diversity

EMPLOYEE TURNOVER RATE IN ELEKTRO GORENJSKA GROUP

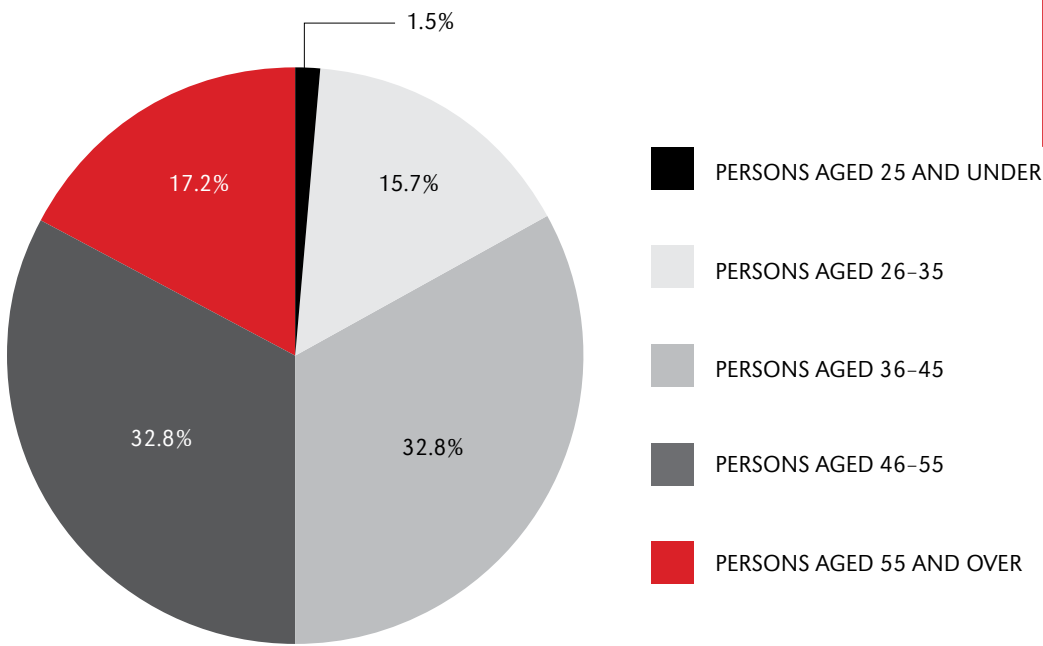
Employee turnover within the Group remains low. In 2024, 21 employees left the organization – a number consistent with previous years. Most exits were due to retirement, with fewer resulting from the end of fixed-term contracts and only a small portion from voluntary resignations.

| EMPLOYEE TURNOVER RATE IN THE ELEKTRO GORENJSKA GROUP | 2023   | 2024  |
|---|--------|-------|
| Elektro Gorenjska                                     | 3.46%  | 5.66% |
| Gorenjske elektrarne                                  | 32.43% | 8.57% |
| Elektro Gorenjska Group                               | 6.48%  | 5.95% |

Regardless of the sector in which operations take place, all employees and other stakeholders are provided with equal opportunities, irrespective of gender, race, religion, sexual orientation, nationality, or other cultural differences. The organization follows its Gender Equality Action Plan.

As at 31 December 2024, women accounted for 20.8% and men for 79.2% of the workforce within Elektro Gorenjska Group. Among the five sector directors, one is a woman.

AGE STRUCTURE OF EMPLOYEES IN THE ELEKTRO GORENJSKA GROUP



### 11.4. Occupational Health and Safety

The Group is committed to providing a safe working environment for all employees and workers operating on company premises. Its occupational health and safety management system is based on compliance with legislative and regulatory requirements and adheres to the ISO 45001:2018 international standard. This standard is designed to prevent work-related injuries, illnesses, and other risks. Acceptable workplace risks are managed through the Safety Statement and Risk Assessment to help prevent workplace accidents, employee injuries, occupational diseases, and work-related illnesses.

COVERAGE OF THE HEALTH AND SAFETY MANAGEMENT SYSTEM

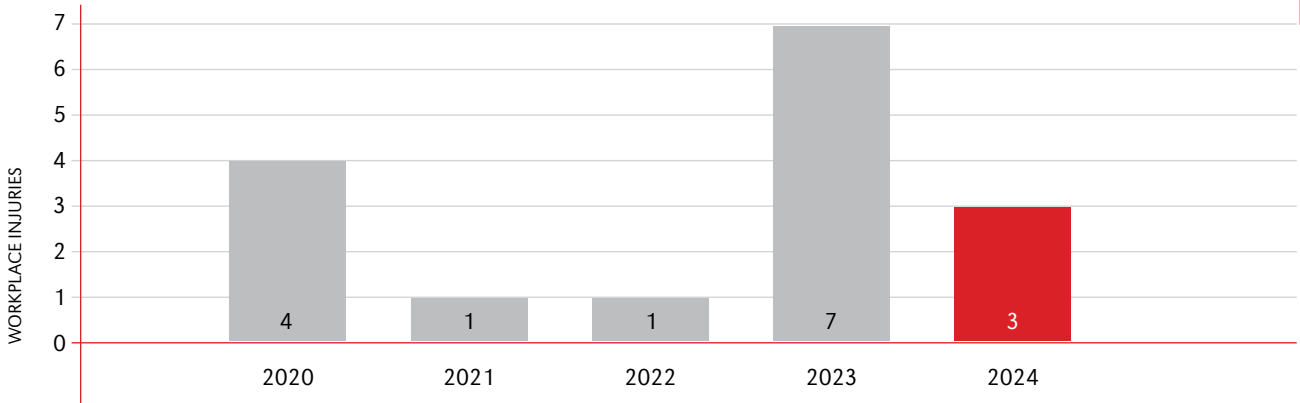
The health and safety management system covers 100% of the internal workforce and includes all employees. It is based on statutory legal requirements, internal corporate regulations, and the ISO 45001:2018 international standard.

WORK-RELATED INJURIES, ILLNESSES, AND FATALITIES

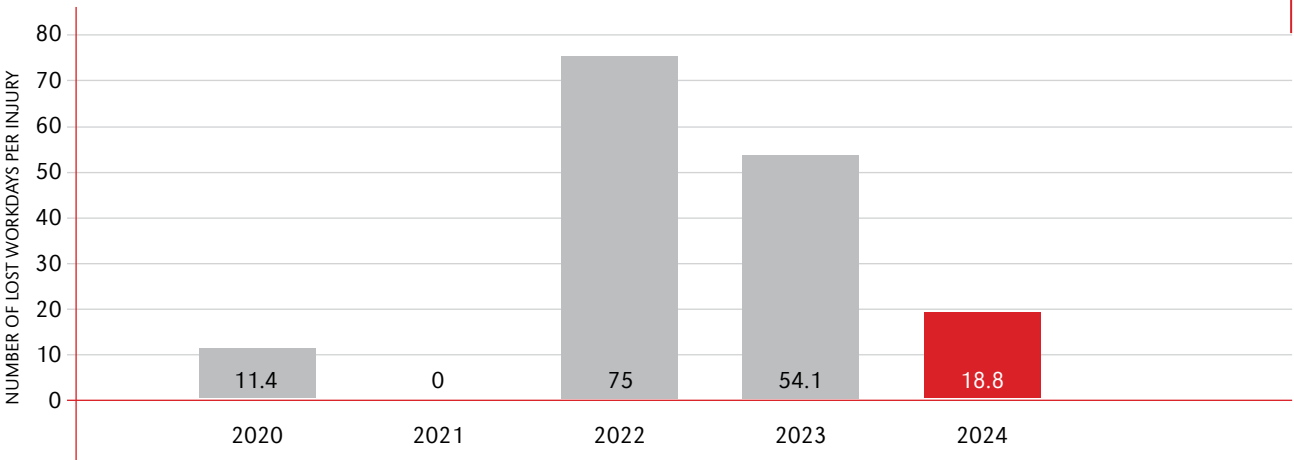
During the reporting period, the following cases of work-related injuries, illnesses, and fatalities were recorded among employees and workers at company sites:

- In 2024, three workplace accidents occurred at Elektro Gorenjska. All incidents were minor. No injuries related to electric shock were reported.
- The injury frequency rate, indicating the percentage of injured workers, stood at 0.99%. The lost time injury rate, indicating the number of lost workdays per injury, was 18.75 days.

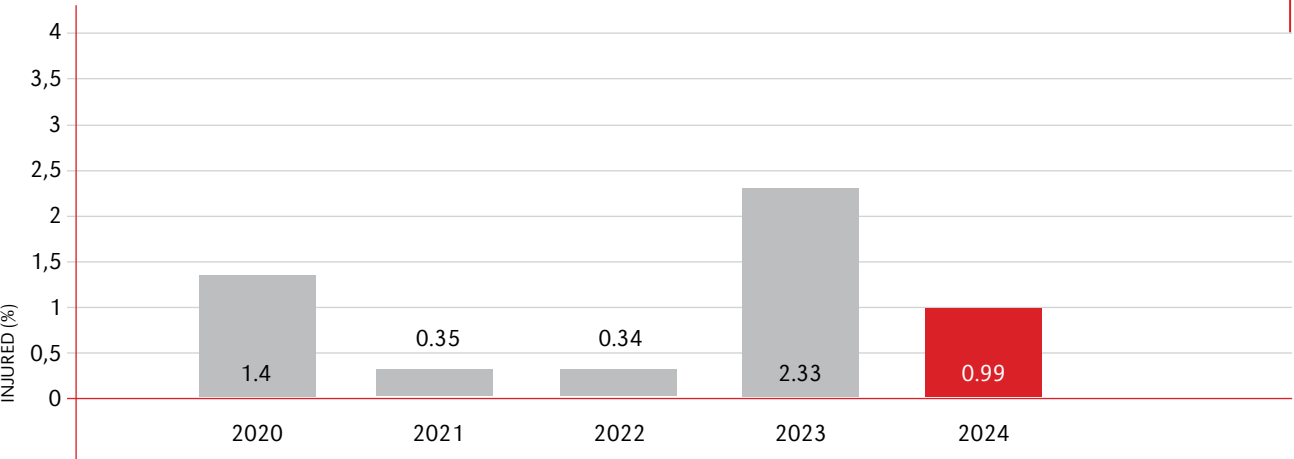
NUMBER OF WORKPLACE INJURIES AT ELEKTRO GORENJSKA FROM 2020 TO 2024



SEVERITY OF WORKPLACE INJURIES AT ELEKTRO GORENJSKA FROM 2020 TO 2024



FREQUENCY OF WORKPLACE INJURIES AT ELEKTRO GORENJSKA FROM 2020 TO 2024



DETAILS OF WORK-RELATED ACCIDENTS AND ILLNESSES

The number of work-related accidents includes all incidents that occurred in the workplace or during the performance of work duties. The calculation of the percentage of injured workers and lost workdays is based on the standard formula – i.e., the number of cases per 1,000,000 hours worked.

In the case of work-related illnesses, acute, chronic, and recurring conditions directly linked to working conditions are included, in accordance with ILO (International Labour Organization) guidelines. These illnesses include musculoskeletal disorders, respiratory diseases, skin conditions, and mental health disorders, confirmed by the occupational health service provider.

**Audit and Certification of the Occupational Health and Safety Management System**  
The occupational health and safety management system has been (internally audited/certified by an external auditor) in accordance with the requirements of the international standard ISO 45001:2018.

EMPLOYEE ABSENCES DUE TO SICK LEAVE

Absenteeism, or prolonged absence from work due to sick leave and parental leave, is monitored annually. In the parent company, the total share of these absences was higher in 2024 than in the previous year. Compared to 2023, average non-reimbursed absences at Elektro Gorenjska increased by 31%, while reimbursed absences rose by 8%. In 2024, 179 employees took sick leave at least once, 14 fewer than the year before. The average number of sick leave days per employee increased by 1.5 days compared to 2023. Employees at Elektro Gorenjska were absent due to illness for an average of nearly 12 days in 2024.

In Gorenjske elektrarne, overall sick leave in 2024 was lower than the previous year. However, non-reimbursed absences increased by 57%, while reimbursed absences decreased by 70%. Sick leave was used by 27 employees, accounting for over 84% of all employees. Due to the small number of employees in this subsidiary, each absence has a significant impact on the average values.

WORK-LIFE BALANCE

Efforts are made to support employees in balancing professional and private life, including the provision of family-related leave.

In accordance with national legislation, collective agreements, and internal policies, all employees – regardless of gender – are entitled to family-related leave, including maternity, paternity, parental, and caregiver leave.

As part of the Family-Friendly Company Certificate, various measures and activities are implemented to encourage work-life balance, including a time bank system and a children’s time bonus for kindergarten adaptation and first-grade school entry.

COMPLAINTS AND SERIOUS IMPACTS ON HUMAN RIGHTS

Transparency and the safeguarding of human rights are key principles of business conduct. In 2024, no work-related incidents or complaints were recorded. No complaints were received through official channels.

During the reporting period, there were no serious incidents involving human rights violations such as forced labour, human trafficking, or child labour. The company did not violate the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, or the OECD Guidelines for Multinational Enterprises.

Should such incidents occur, the company would immediately implement corrective measures to protect affected individuals and ensure compliance with legal obligations and international standards.



## 11.5. Creating a Positive Work Environment

Employees of the Elektro Gorenjska Group are supported in a variety of ways, including through activities beyond the workplace. Special attention is given to the company's sports association, initiatives under the Family-Friendly Company certificate to support work-life balance, and health promotion activities in the workplace. Various insurance schemes ensure social security for employees. The Group also supports the Association of Elektro Gorenjska Retirees.

### ELEKTRO GORENJSKA SPORTS ASSOCIATION – A HEALTHY MIND IN A HEALTHY BODY

port has long been an invisible thread that binds colleagues together, as reflected in the achievements of our athletes at the traditional summer and winter games of Slovenian electricity distribution companies.

The Elektro Gorenjska Sports Association, active for many years, brings together over 200 members – employees of the Elektro Gorenjska Group as well as retirees.

Depending on financial resources, the association provides various exercise sessions, indoor sports, and opportunities for social sports activities. The aim is to offer options that members enjoy and are eager to participate in.

The association includes 14 different sections covering a wide range of sports. Among outdoor activities, the cycling section is the most active, organizing two annual trips. Winter sports are also popular, with several cross-country skiing courses held for employees last year. Football and volleyball are the most popular indoor sports, with bowling (kegljanje), shooting, and ten-pin bowling also available.

### PROUD HOLDER OF THE FAMILY-FRIENDLY COMPANY CERTIFICATE

Belief in the idea that a company's success stems not only from leadership but also from the contributions of all employees – who play a vital role in core processes – drives the commitment to supporting work-life balance. The Family-Friendly Company certificate has been shown to positively influence employee engagement.

Since 2011, Elektro Gorenjska has held this certificate, which encompasses a broad set of measures designed to help employees align their professional and private lives more effectively. Currently, sixteen tailored measures are in place and are regularly updated to reflect evolving employee needs. The certificate is held by the parent company, while the subsidiary has committed to applying the same measures as part of its corporate social responsibility efforts.

### WORKPLACE HEALTH PROMOTION

To maintain health, wellbeing, and mental and physical balance, a Workplace Health Promotion Team operated throughout 2024. With six key measures, it encourages employees to actively take part in health-supportive activities, access mental health information, and participate in preventive screenings and vaccinations. The implementation and success of these health measures are reviewed annually by the health promotion team, which meets in line with current issues. Updates are reported to management, and the effectiveness of measures is evaluated through employee surveys. The programme is reviewed and adapted each year to reflect financial capacity and current circumstances.

Acknowledging that health is a valuable investment for both individuals and the company, Elektro Gorenjska introduced various activities in 2024: employees could consult a physician to check pigmented moles, receive vaccinations against tick-borne encephalitis and seasonal flu, and take part in 15-minute active breaks, offered twice weekly online. Health awareness is promoted through posters in the “healthy corner” and posts on the intranet.

### STAYING CONNECTED WITH RETIREES

The Group continues to support and finance the activities of the Elektro Gorenjska Retirees Association, established in 2006. Members organize various outings, informative and sports trips, visit sick and elderly members, and help families in need.

## 11.6. Strategic Guidelines for Human Resource Management

### STRATEGIC EMPLOYMENT APPROACH

Human resource planning is an integral part of both the strategic and annual business plan. The goal is to attract ambitious and professional new team members. During the recruitment and selection process, all candidates are given equal opportunities regardless of gender or other personal circumstances. The enforcement and protection of employee rights, obligations, and responsibilities are governed by applicable laws, the collective agreement, and internal regulations. All employees are entitled to the rights set forth in these documents.

Ongoing development, advanced technologies, changes, and operational needs increasingly demand a high level of knowledge and expertise. As a result, recruitment primarily focuses on highly educated personnel. Due to the strong connection between technical expertise and core business activities, a consistently high proportion of employees have backgrounds in electrical or mechanical engineering – particularly within Gorenjske elektrarne.

> 2000

The Elektro Gorenjska Sports Association brings together over 200 members

# 11.7. Employee Training and Development

Sustainability education supports the development of a sustainability-driven culture based on respect for nature, people, and future generations. It helps shift values, beliefs, norms, and behaviours of individuals and communities, contributing to a more balanced and harmonious society.

A company can only operate sustainably if its employees do so as well. For this reason, special attention is given to employee education in the field of sustainability.

Sustainability training equips experts and managers with the tools needed to address complex sustainable development challenges, supporting the design of strategies and projects that contribute to a more sustainable future. Such training fosters knowledge, skills, and competencies required for successful participation in modern society. This includes understanding the concept of sustainability, the ability to analyse complex problems, think critically, communicate effectively, collaborate, and resolve conflicts. The training also encourages behaviour change toward more sustainable practices, such as reducing resource consumption, using renewable energy sources, minimizing waste, supporting circular economy principles, and promoting social and economic equity.

Sustainability education supports the development of a sustainability-driven culture based on respect for nature, people, and future generations. It helps shift values, beliefs, norms, and behaviours of individuals and communities, contributing to a more balanced and harmonious society.

To increase engagement and job satisfaction while improving work quality, the company offers employees various benefits. Creative potential and development opportunities are actively sought and supported. Employee knowledge and capabilities are rewarded through competency assessments, coaching, and career development, helping maintain high motivation levels and strengthen the competitiveness of the internal labour market. All ambitious employees are given the opportunity to take part in assessments of leadership and interpersonal skills. Those who best match leadership profiles are assigned to more demanding positions.

Annual performance evaluations have been conducted for over a decade. These include a review of goal achievement, tasks, and competencies from the previous period, as well as setting new goals for the year ahead. Training and career development plans are also discussed. In 2024, over 95% of employees participated in performance appraisals, a slight decrease compared to the previous year.

Individual work performance is assessed following the annual appraisal process, evaluating how well each employee has met the agreed-upon criteria.

Performance is assessed annually for all employees except senior management and department directors, covering 323 employees in 2024. In accordance with internal rules, employees may be promoted or receive performance-based incentives.

Considerable emphasis is placed on appropriate training. Employees are encouraged to participate in a variety of educational and professional training programs, particularly in the field of occupational health and safety. Given the industry-specific requirements, regular recertification is necessary for work with electrical power systems. In 2024, employees participated in a total of 8,193 training hours.

A notable shift occurred in 2023 with the adoption of a new e-learning platform, offering access to a wide range of content. Participation in webinars and other digital learning formats increased. In 2024, leadership training continued, focusing on soft skills development.

As of December 31, 2024, the average education level within Elektro Gorenjska Group was 6.39, with level 6 corresponding to post-secondary education.

EDUCATIONAL STRUCTURE OF EMPLOYEES IN THE ELEKTRO GORENJSKA GROUP AS OF 31 DECEMBER 2024

| Education Level as of 31 December 2024                       | Elektro Gorenjska |           | Gorenjske elektrarne |           | Group  |           |
|--|-------------------|-----------|----------------------|-----------|--------|-----------|
|  | Number            | Share (%) | Number               | Share (%) | Number | Share (%) |
| Doctorate (Level 8/2)  | 3                 | 1.00      | 0                    | 0.00      | 4      | 0.90      |
| Master's Degree (Level 8/1)                                  | 17                | 5.67      | 2                    | 6.25      | 18     | 5.72      |
| Master's-Level Education (Second Bologna Cycle) (Level 6/2)  | 66                | 22.00     | 10                   | 31.25     | 78     | 22.89     |
| Bachelor's-Level Education (First Bologna Cycle) (Level 6/2) | 49                | 16.33     | 2                    | 6.25      | 49     | 15.36     |
| Post-Secondary Vocational Education (Level 6/1)              | 66                | 22.00     | 7                    | 21.88     | 68     | 21.99     |
| Secondary School (Level 5)                                   | 67                | 22.33     | 11                   | 34.38     | 82     | 23.49     |
| Three-Year Vocational programme (Level 4)                    | 32                | 10.67     | 0                    | 0.00      | 37     | 9.64      |
| Two-Year Vocational programme (Level 3)                      | 0                 | 0.00      | 0                    | 0.00      | 0      | 0,00      |
| Primary School (1)   | 0                 | 0.00      | 0                    | 0.00      | 0      | 0.00      |
| Total Employees  | 300               | 100.00    | 32                   | 100.00    | 332    | 100.00    |

# 11.8. Internal Communication

Ensuring the exchange of information and opinions among the companies within the Elektro Gorenjska Group is particularly important due to the different locations and working arrangements. Effective internal communication also contributes to unified external messaging and a positive public image of the company.

Internal communication is planned and managed strategically, with annual operational plans and regular responsiveness assessments among employees. Both direct and indirect methods of communication are employed, and employee feedback is gathered through surveys and voting.



The following communication tools are used for internal communication:

- Središče Intranet portal, which provides access to information, content from various fields, and all applications employees need for their work processes and effective task performance;
- Email updates providing timely information;
- Notice boards, highlighting longer-term points of interest;
- Monthly e-newsletter, presenting key updates from within the company;
- Elgo – a quarterly printed newsletter, offering in-depth content of interest to employees – from project developments to department activities – and intended for retired colleagues;
- Naš stik magazine, published six times a year by ELES, covering broader topics in the energy sector;
- Various social and educational events for employees;
- Additional tools introduced as needed (e.g. brochures).

By signing the Commitment to Respect Human Rights, the Group has pledged to uphold these rights throughout all business processes and to avoid and prevent any potential negative impacts on human rights.

## 11.9. Corporate Culture

In line with the business strategy, special attention was given in 2024 to the development of human resources and an agile organizational culture. The goals of this strategic direction include developing a culture of agility, enhancing the employer brand, and recruiting, developing, and retaining promising and key employees.

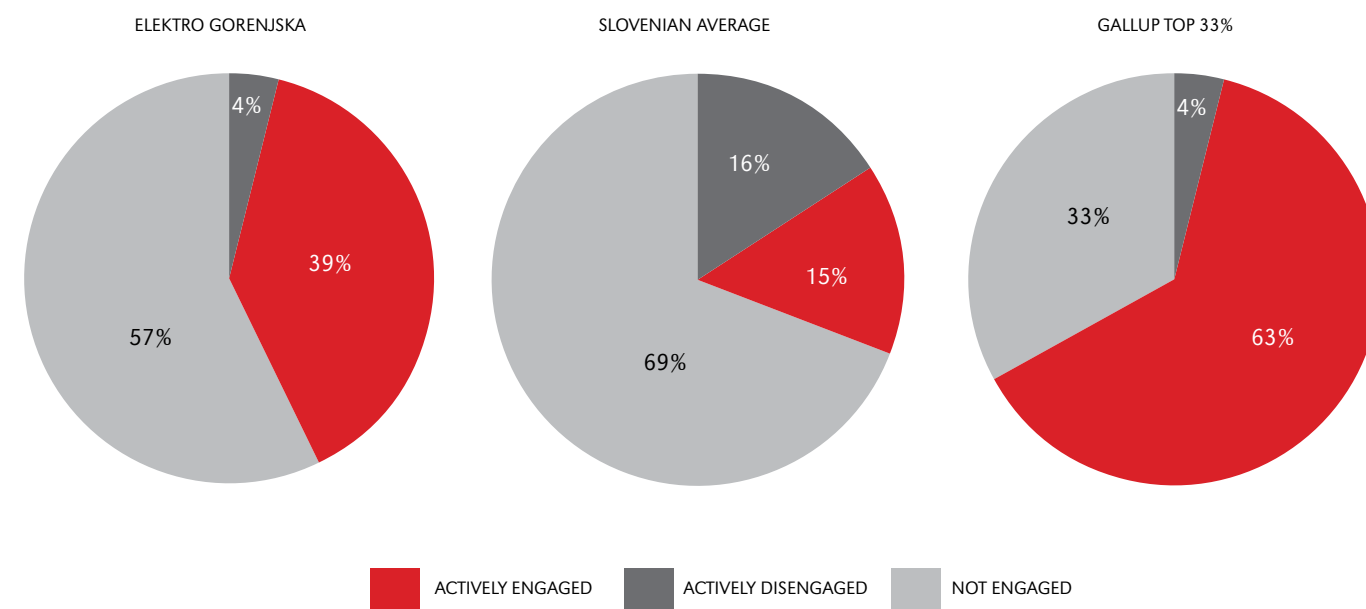
A systematic effort is made to foster an environment where employees embody the company's values, leaders recognize the strengths of their team members, and provide personalized guidance, all of which contribute to the successful execution of the strategy.

Feedback on the work environment and relationships within the company is gathered through an anonymous satisfaction survey conducted every three years, and an annual employee engagement survey. This approach actively shapes optimal working conditions, making it easier to achieve personal and business goals.

Employee engagement is measured according to Gallup's methodology. Engagement levels are assessed for the entire Elektro Gorenjska Group, and for individual companies within the Group, the percentage rank is compared to the global database of engagement. Based on these measurements, the Group shows a higher percentage of engaged employees compared to other organizations in Slovenia.

Through comprehensive and systematic management of employee relations, the employee engagement level has significantly improved over the past six years, with the results of the most recent survey showing a ninefold increase compared to previous years. This positions Elektro Gorenjska Group among the best organizations.

THE EMPLOYEE ENGAGEMENT LEVEL MEASURED IN 2024 IS COMPARED TO BOTH, ORGANIZATIONS IN SLOVENIA AND THE BEST GLOBAL COMPANIES.



## 11.10. Compensation Policy

The Group ensures that all employees receive fair wages, aligned with the reference values defined by international standards and legislation where applicable. A fair wage is fundamental for ensuring social justice and maintaining employee satisfaction. It is defined as a wage that supports the decent livelihood of the employee and their family members, covering basic living expenses, social services, and financial security. Wage compliance with these standards is continually monitored, and any discrepancies are addressed with corrective actions.

All employees in the company receive fair wages, as determined by the reference values in the Republic of Slovenia.

To assess fair wages, the EGP methodology was used. This includes minimum wages set by Directive (EU) 2022/2041 on adequate minimum wages or, where relevant, 60% of the national median wage or 50% of the national gross average wage.



## 11.11. Social Protection

All our employees are covered by social protection measures against income loss due to major life events (such as illness, unemployment during the period of employment, work-related injuries and disabilities, parental leave, and retirement), in accordance with applicable labour legislation, the Collective Agreement for the Slovenian Power Industry (KPES), and the Company Collective Agreement (PKP).

Our employees are offered the option to participate in voluntary pension insurance. In addition, all employees are included in collective accident insurance and the Specialisti z asistenco (Specialists with Assistance) health insurance plan.

Social protection ensures access to healthcare and income support in the event of the life events. Elektro Gorenjska Group is committed to providing adequate protection for employees against risks that may affect their income and overall well-being.

## 11.12. Employment of Persons with Disabilities

As at 31 December 2024, the Elektro Gorenjska Group employed 10 persons with disabilities (nine men and one woman), the same number as in the previous year. In accordance with the mandatory employment quota for persons with disabilities – which is set at 6% for the electricity supply sector – the parent company Elektro Gorenjska would be required to employ 18 persons with disabilities monthly. In the case of Gorenjske elektrarne, where the quota is 5%, the requirement is one person. Companies that are obligated to meet the disability employment quota have the option of fulfilling it through substitute quotas by entering contracts and commissioning services from disability enterprises. In 2024, by concluding contracts with two such enterprises, the Group made use of this substitute option for a total of 36 persons with disabilities.





# 12.0 WORKERS

## WORKERS IN THE VALUE CHAIN

Workers in the value chain are recognized as an important group of stakeholders significantly affected by business activities. Attention is paid to the needs of employees and other stakeholders. Trust from clients is considered essential, which is why only realistic and achievable commitments are made – and fulfilled. Errors and complaints are addressed promptly and diligently.



Proactive collaboration is maintained with suppliers to ensure compliance with social and environmental standards. Suppliers regularly inform the company of potential technological improvements, thereby helping to ensure a stable electricity supply, compliance with standards, and enhanced quality and customer satisfaction.

In unforeseen situations (e.g. disrupted supply chains or reduced financial resources), efforts are made to maintain strong business relationships with suppliers and service providers. In such cases, written notifications are issued, and appropriate measures are taken to preserve contractual relations.

### KEY IMPACTS, RISKS, AND OPPORTUNITIES AND THEIR CONNECTION TO STRATEGY AND BUSINESS MODEL

Acknowledging the interdependence among stakeholders, particular attention is given to suppliers whose quality and technically compliant supplies and services help position the company as the preferred energy solutions provider in Gorenjska and a recognized partner abroad. Ensuring decent working conditions and the protection of human rights for workers in the value chain is of key importance. As these workers often face demanding working conditions – such as working at heights, with high-voltage equipment, or during adverse weather or emergency situations – principles of responsible business conduct have been integrated into the company's strategy. This includes consideration of all stakeholders when defining job requirements (materials, service types, etc.) and the development of technical specifications, requirements, and conditions with a life cycle perspective. Respect for labour standards, technical adequacy, professionalism, and the qualifications of contractual partners is essential to ensure proper working conditions and human rights protection throughout the value chain. Emphasis is placed on the use of appropriate safety and work equipment, the proper training of personnel, and the performance of work during regular working hours. Technologies and methods that improve worker safety, health, and well-being are promoted. As a family-friendly company, the organization does not require value chain workers to work overtime or on public holidays.

Workers in the value chain are affected by a range of factors depending on their roles and responsibilities. The key affected groups include production workers, transportation staff ensuring timely delivery of essential equipment and materials, and external contractors – whether working independently or in teams – who participate in various phases of electricity distribution (e.g. production, construction, maintenance, renovation, and cleaning).

Despite adherence to labour standards and efforts to ensure workplace safety, negative impacts on value chain workers may still arise. Health and safety risks have been identified, especially for those working at heights or with electrical equipment, who face hazards linked to injury and occupational health issues. Extensive attention is devoted to training—both for internal employees and value chain workers. A dedicated on-site safety engineer conducts periodic inspections and monitors compliance with labour standards throughout the supply chain during contract execution. External contractors are bound by written agreements to follow safety protocols, including coordination among multiple contractors on shared worksites, adherence to safety plans, use of protective equipment, and written reports of violations submitted to the appropriate departments.

The company's sustainability-focused strategy identifies several key risks and opportunities related to value chain workers. Major risks include workplace safety for fieldwork and non-compliance with labour standards by suppliers. Incidents or non-compliance could affect operational performance and reputation. Another risk involves dependency on a single contracting party, which may result in financial losses and disruption if cooperation is terminated during contract execution. Constant regulatory changes also pose risks, requiring quick adaptation and ongoing upgrades to meet evolving legal and sector-specific demands.

Despite stable ordering of materials, services, and construction – and reliable payments – there remains a minor risk of order volatility. For example, strategic shifts could reduce the volume or duration of orders.

Transitioning to more sustainable technologies and network modernization is seen as an opportunity to create new jobs and improve working conditions across the value chain.

This may enhance efficiency and safety while also contributing to regional economic development where suppliers are based. In addition to internal workforce development, efforts are made to establish joint training programmes to raise competencies and improve employment prospects.

Opportunities in the broader environment are identified and pursued by seeking innovative ways to enhance both internal and stakeholder-related processes and services. The adoption and development of new technologies can support suppliers in improving efficiency and competitiveness. Through collaboration, workers in the value chain gain valuable experience with advanced systems and technologies, boosting their labour market prospects. Gaining specialised knowledge may also allow them to collaborate with other companies in the energy sector, enabling them to contribute to sustainable development.

Numerous vulnerable worker groups are involved in the value chain. These include those in low-skilled positions and workers dependent on a single employer. Due to their financial dependence and limited qualifications, such individuals may face inferior working conditions and restricted access to rights. Their tasks typically involve physically demanding work in power system installation, often on a seasonal or project basis, resulting in employment instability and lower wages.

### POLICIES RELATED TO WORKERS IN THE VALUE CHAIN

A Code of Business Conduct and Ethics of the Elektro Gorenjska Group has been adopted, with the aim of promoting business ethics and etiquette in interpersonal relations, defining clear behavioural standards, offering inspiration and support to employees in their conduct, and drawing a distinct line between acceptable and unacceptable actions, behaviours, and practices. Adherence to human rights, compliance with rules and order, and the avoidance of unethical or illegal conduct are required. In accordance with the highest ethical principles and standards, appropriate conduct towards colleagues, users, and business partners – including workers in the value chain – is expected.



A Commitment to Respect for Human Rights in Business has also been signed. By doing so, a commitment was made to uphold human rights throughout all business processes and to avoid and prevent potential adverse impacts on those rights. The implementation of related measures has been initiated and is being introduced gradually.

An Integrated Management System (ISVK) has been established to meet the requirements of the following standards: ISO 9001:2015 (Quality Management Systems), ISO 14001:2015 (Environmental Management Systems), ISO/IEC 27001:2013 (Information Security Management), and ISO 45001:2018 (Occupational Health and Safety Management Systems). When objectively justified, it is required in tender documentation that bidders comply with specific quality standards.

Supplier Evaluation Guidelines have been adopted to support regular annual internal reviews of contractual suppliers and service providers. The guidelines define criteria based on which contract managers or ordering parties complete supplier evaluation forms. Suppliers are assessed on criteria including: meeting delivery deadlines, number of complaints, response to complaints, compliance with health and safety measures, adherence to environmental requirements, and observance of information security regulations. External (unannounced) quality checks of supplier products are planned to be introduced, to be conducted by independent accredited institutions.

Currently, no additional policies related to workers in the value chain have been adopted. A supplier code of conduct is being developed gradually, with an emphasis on respect for human rights, prohibition of child and forced labour, and the prevention of any violations of fundamental labour rights within the value chain.

No instances of non-compliance have been identified to date in the value chain that would be linked to violations of the UN Guiding Principles, ILO Declarations, or OECD Guidelines regarding fundamental human rights of workers.

Employees are regularly informed through internal newsletters about the adopted policies, the obligation to respect human rights in business conduct, and the expectation to act in accordance with ethical principles. Up-to-date information and news are published on the company's website. An e-learning system has been established to enable employees to deepen their understanding (e.g., the Code of Business Conduct and Ethics is presented in an e-learning format).

#### PROCEDURES FOR ENGAGING WITH WORKERS IN THE VALUE CHAIN REGARDING IMPACTS

Engagement with workers in the value chain primarily takes place during the implementation phase of contractual agreements. Prior to contract signing, service/construction providers operating in high-risk environments are required to declare that medical examinations have been conducted for their workers, that appropriate training has been completed, and that in the event of worker replacement, the same conditions will be ensured for the substitute. Before work begins, a written agreement is signed to confirm that conditions for ensuring safe and healthy working environments at the site will be provided. Continuous monitoring of the use of mandatory protective equipment is also carried out. At the worksite, prior to commencement, workers are introduced to the tasks through activities such as a joint site inspection, authorization and explanation of access restrictions near electrical installations, handover of documentation, and mutual

coordination of operational activities. Some contracts specify time periods during which workers must be available, and when certain tasks are not permitted (e.g. on Saturdays, Sundays, or public holidays). As a holder of ISO standards, providers are, where feasible, required to hold a relevant ISO certification or an equivalent standard.

In material supply contracts, the right is reserved to carry out inspections – both upon initial delivery and during contract execution. These may include audits of the supplier's production processes, supply chain reviews, and inbound quality control of delivered materials conducted by independent accredited institutions.

Currently, no consultation activities are carried out with representatives of service providers that would allow for the views of value chain workers to be considered in managing actual or potential impacts. No designated person has been appointed to ensure collaboration with workers in the value chain. Moreover, no agreements are in place with suppliers that would enable the incorporation of worker perspectives related to the right to collective bargaining and other human rights standards.

#### CORRECTIVE PROCEDURES FOR NEGATIVE IMPACTS AND CHANNELS FOR RAISING CONCERNS BY WORKERS IN THE VALUE CHAIN

Negative impacts on workers in the value chain are primarily prevented through a strong emphasis on preventive measures. In the area of occupational health and safety, it is required that contractors, prior to the commencement of work, carry out an induction jointly with the site supervisor and project manager, inspect the site, and review the relevant technical documentation. The consistent use of safety equipment, certified and calibrated tools, and adequately trained workers is mandated. Regular medical check-ups and professional training are required for value chain workers, and valid proof must be provided for designated personnel. Safety inspections are conducted regularly at worksites. In the event of an environmental, occupational, or safety incident, the matter is handled with the utmost responsibility and care.

An online form and contact details are provided on the company's website through which both employees and workers in the value chain may submit concerns, complaints, opinions, and suggestions, or assert their rights and report possible violations. Submissions are processed anonymously and handled diligently and responsibly. The current system is considered effective, and no additional grievance mechanisms are deemed necessary.

#### MEASURES TAKEN IN RESPONSE TO SIGNIFICANT IMPACTS ON WORKERS IN THE VALUE CHAIN, RISK MANAGEMENT APPROACHES, AND OPPORTUNITIES FOR IMPROVEMENT

The primary activity of Elektro Gorenjska Group as an electricity distributor involves the provision of long-term and reliable operations. This requires continuous development, reinforcement of the existing energy network, and investment in new infrastructure. As internal staffing is insufficient, external contractors are engaged for service delivery. The influence on workers in the value chain is significant, as uninterrupted electricity supply can only be ensured through their engagement. These needs are carefully defined, and the requirements for their fulfilment are thoughtfully determined, with strong emphasis placed on workplace safety, as well as the knowledge and competence of both internal staff and value chain workers.

The primary activity of Elektro Gorenjska Group as an electricity distributor involves the provision of long-term and reliable operations. This requires continuous development, reinforcement of the existing energy network, and investment in new infrastructure. As internal staffing is insufficient, external contractors are engaged for service delivery. The influence on workers in the value chain is significant, as uninterrupted electricity supply can only be ensured through their engagement.



To identify potential negative impacts and recognize good practices, annual internal evaluations of suppliers and contractors are conducted. Based on the results, recommendations for further action are presented to management, in accordance with internal regulations.

Through the established Integrated Management System (iSVK), internal and external audits of employee practices are carried out at least once a year. These indirectly influence the approach toward workers in the value chain, as the application of quality standards is generally expected from contractual suppliers as well.

In cases where violations or inadequate fulfilment of legal or contractual obligations are identified, actions are taken responsibly and with due diligence.

### OBJECTIVES FOR MANAGING SIGNIFICANT NEGATIVE IMPACTS, PROMOTING POSITIVE IMPACTS, AND MANAGING KEY RISKS AND OPPORTUNITIES

Occupational health and safety have been identified as a key negative impact of the company's operations on workers in the value chain. Therefore, a high level of diligence will continue to be maintained in this area, with the implementation of additional safety measures aimed at fostering safer work and improved working conditions. In the future, risks related to human error may be reduced through the development of technology, such as digital meters and other tools that ease operational burdens.

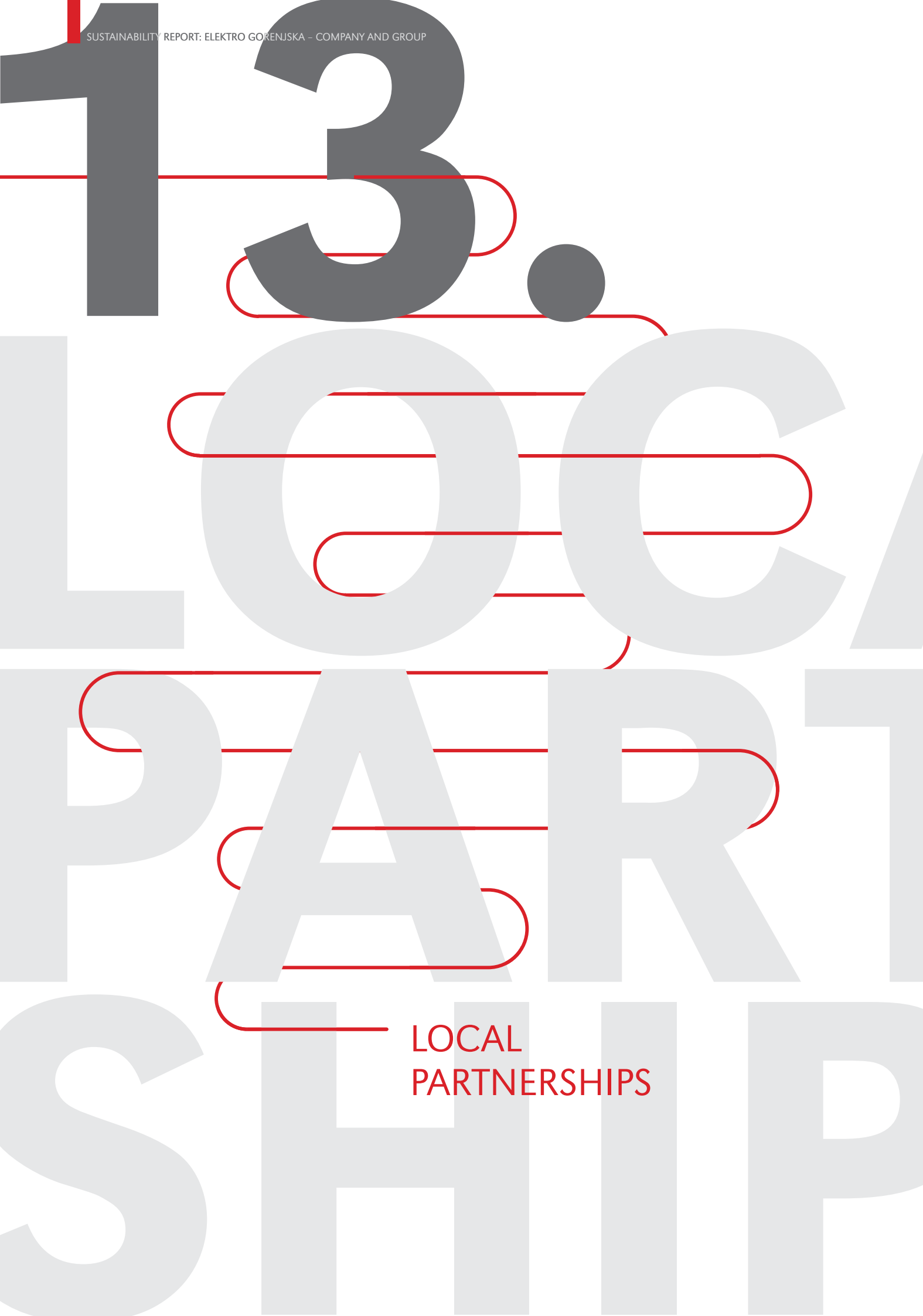
The contribution of employees is acknowledged and respected, with continuous investment in the expertise and experience of senior staff. Knowledge and experience are exchanged both internally and with external partners. Efforts are being made to establish long-term, reliable relationships with educational institutions, recognizing that experienced staff can support the development of young professionals. In return, young professionals – particularly in the digital era – can test and implement their own ideas and solutions for innovative and high-quality improvements to internal processes and services involving external stakeholders.

Experiences and good practices enable continuous growth, strengthen the company's reputation, support proactive engagement, and foster initiative-taking. Trust is maintained by making realistic and achievable promises – and by delivering on them. Dedication and perseverance are consistently demonstrated in pursuit of set objectives, which enables timely and committed responses to errors and complaints. Problems are resolved efficiently and proactively. Through internal oversight, progress on previously identified shortcomings in services or tasks is also monitored.

Experiences and good practices enable continuous growth, strengthen the company's reputation, support proactive engagement, and foster initiative-taking. Trust is maintained by making realistic and achievable promises – and by delivering on them.







## LOCAL PARTNERSHIPS

Elektro Gorenjska holds a unique position in the Gorenjska region, as it connects municipalities across the region. For over six decades, primary commitment has been given to caring for Gorenjska. The opportunity to support the region with expertise, experience, and innovation is regarded as a great responsibility. With the goal of becoming a green Gorenjska, a model of good practice within Europe is being pursued, along with the creation of a competitive environment for all stakeholders. To achieve this, close partnerships are being formed with local organizations, communities, and municipalities.

At the initiative of Elektro Gorenjska, and in close cooperation with all municipalities in the region, the Action Plan for Measures in the Field of Energy Infrastructure for the Sustainable Transition of Gorenjska by 2030 (referred to as the Action Plan for Gorenjska) was developed in 2024. This pioneering strategic document serves as a comprehensive roadmap for the region's green transition. As the first plan of its kind to be prepared by a Slovenian electricity distributor in partnership with local municipalities, it stands as a testament to our role as a key facilitator of sustainable development. More than just a plan, it is a unifying project, bringing together all municipalities of Gorenjska in a coordinated effort to shape the region's energy future. We take great pride in Elektro Gorenjska's central role in driving this landmark collaboration. In 2025, the Action Plan for Gorenjska officially entered its implementation phase.

Also launched at the initiative of Elektro Gorenjska, twelve partners joined the initiative for the sustainable development of the Julian Alps Biosphere Reserve in November 2024. This forward-looking pilot project focuses on achieving green self-sufficiency in electricity and has the potential to become a replicable model – not only across other regions of Slovenia but also in protected natural areas worldwide.





# 14. SPONSORSHIPS

## SPONSORSHIPS AND DONATIONS

In line with strategic priorities, Elektro Gorenjska adheres to the principles of social responsibility and responds to the needs of the local environment. Support is extended to regional non-profit organizations, associations, institutions, and clubs active in sports, culture, education, healthcare, humanitarian efforts, and other socially beneficial areas. These projects present opportunities to contribute – through expertise, financial support, or other resources – to the broader development of society and the Gorenjska region.

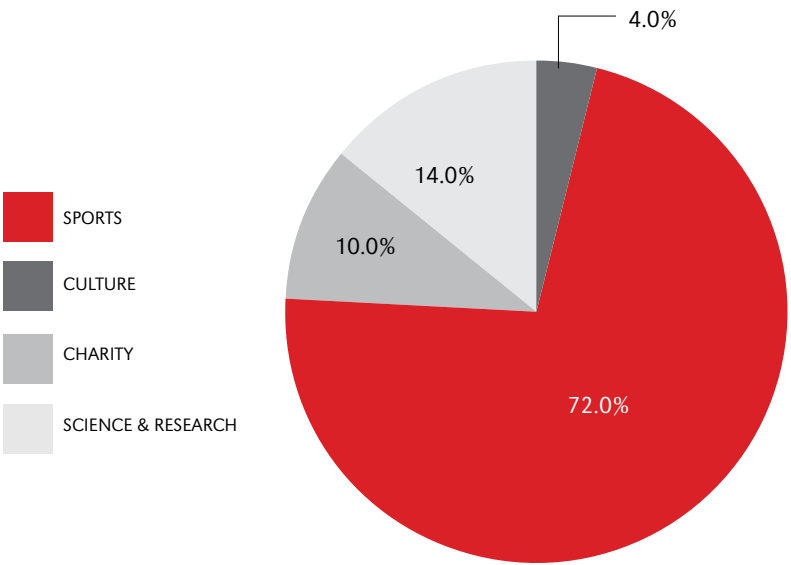


Sponsorship initiatives are selected based on internal regulations that outline criteria for quality and societal impact. Both short-term and long-term effects on the company, local communities, and the surrounding environment are carefully considered.

In 2024, a total of €77,517 was allocated for sponsorships and donations. More than half of this amount supported sports projects, which play a vital role in promoting the healthy development of all generations.

To ensure transparency and openness, all sponsorship and donation projects are published on the company’s website at the following link:  
<https://www.elektro-gorenjska.si/o-skupini/elektro-gorenjska/katalog-informacij-javnega-znacaja-javne-objave/objave-po-11-odstavku-10-a-clena-zdijz>

DISTRIBUTION OF SPONSORSHIP AND DONATION FUNDS BY CATEGORY IN THE ELEKTRO GORENJSKA GROUP IN 2024



>10 years

of support for the Neodvisen.si programme, helping raise awareness of the risks of addiction among young people.

SPONSORSHIPS

In 2024, the Elektro Gorenjska Group allocated €38,967 to sponsorship projects, with the majority of funds directed toward sports initiatives in the Gorenjska region. Longstanding partnerships were maintained with organizations such as Kranj Cycling Club Kranj, Triglav Kranj Basketball Club, Triglav Kranj Volleyball Club, Jesenice Ice Skating and Hockey Association, Triglav Kranj Football Club, as well as various smaller sports clubs and associations.

Sport continues to play a vital role in promoting core values such as fair play, healthy lifestyles, equality, and a positive attitude toward society and the environment.

DONATIONS

A total of €38,550 was allocated to donations in 2024. In response to numerous adverse weather events and the resulting natural disasters, financial assistance was provided to various volunteer fire brigades and mountain rescue associations throughout Gorenjska – organizations that are often the first to respond when people’s safety, health, or lives are at risk. The support contributed to the purchase of urgently needed equipment and vehicles.

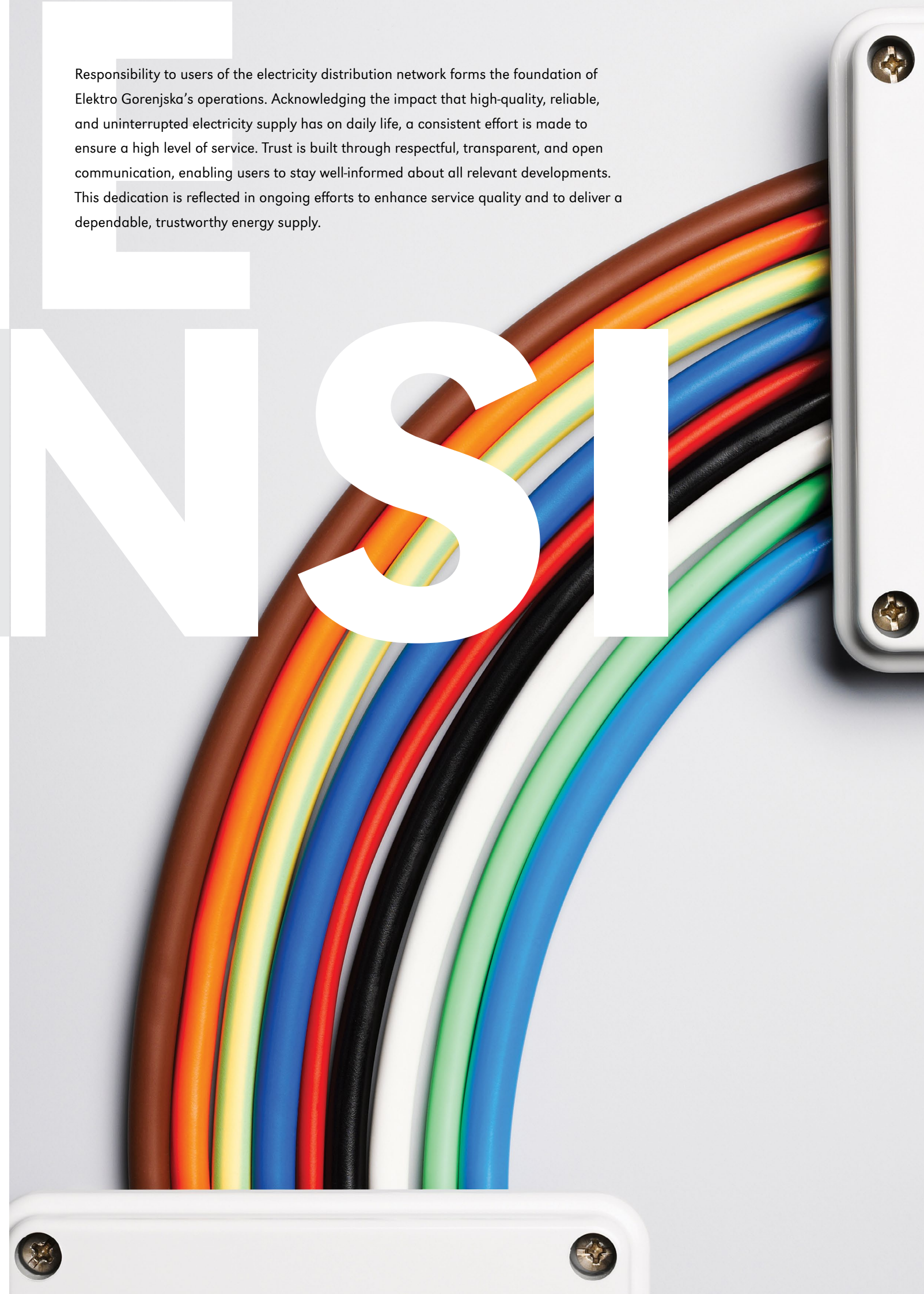
Each year, support is also extended to non-profit, non-governmental, and non-political organizations. For over a decade, Elektro Gorenjska has collaborated with the Neodvisen.si programme, which raises awareness across generations about the dangers of addiction, presents real-life scenarios, and – most importantly – offers professional support to individuals and families in crisis. Together with business partners, the Group provides annual financial backing for the programme. In 2024, Elektro Gorenjska allocated €8,000 for its continued operation.





## RESPONSIBILITY TO NETWORK USERS

Responsibility to users of the electricity distribution network forms the foundation of Elektro Gorenjska's operations. Acknowledging the impact that high-quality, reliable, and uninterrupted electricity supply has on daily life, a consistent effort is made to ensure a high level of service. Trust is built through respectful, transparent, and open communication, enabling users to stay well-informed about all relevant developments. This dedication is reflected in ongoing efforts to enhance service quality and to deliver a dependable, trustworthy energy supply.





## 15.1. Investments

The Elektro Gorenjska Group's investments in 2024

In 2024, the Elektro Gorenjska Group invested a total of €30.9 million, of which €24.0 million was invested by Elektro Gorenjska.

Of this amount, €20.3 million from Elektro Gorenjska and €6.8 million from Gorenjske elektrarne qualified as green investments under Commission Regulation (EU) 2021/2139.

### KEY INVESTMENTS IN 2024

A total of €6.9 million was invested in distribution transformer substations, with the most notable projects including:

- **RTP 110/20 kV Primskovo:** In 2024, construction work on the reconstruction of the 110 kV switchyard was continued and completed. Work on replacing the 20 kV secondary equipment was finalized, and most of the primary GIS and secondary 110 kV equipment installation was also completed. A total of €4.1 million was invested in this project;
- **RTP 110/20 kV Tržič:** Replacement of the 20 kV primary and secondary switchyard equipment began in 2024, with approximately 90% completed. The project is expected to be finalized in the first quarter of 2025. €1.7 million was invested in 2024;
- **RTP 110/20 kV Radovljica:** Replacement of transformer TR 1 with a capacity of 40 MVA progressed to 50% completion in 2024, in accordance with contractual milestones. The project, including the transformer's installation, is expected to be completed by March 2025. €0.8 million was invested in 2024.

Investments in medium- and low-voltage networks and the construction/renovation of transformer stations (TP) totalled €13.1 million in 2024. Significant construction efforts were carried out over the course of the year. Despite challenges related to equipment delivery (including failed incoming inspections for low-voltage cables) and extended lead times, most investments – focused on rehabilitating critical sections of the network, enabling new connections, and expanding the grid – were successfully implemented.

A significant portion of financial resources was again allocated in 2024 to the construction of cable ducting, which was carried out as part of joint infrastructure projects alongside other municipal utility networks in individual municipalities.

Strengthening of the low-voltage network continued, particularly to support conditional connections for small solar power plants using the annual net-metering system. In 2024, further investments were made to repair damage caused by the 2023 flood and to enhance the resilience of the network for the future.

A total of 19 km of medium-voltage (MV) cable lines were laid, 30 new transformer stations were constructed, and major reconstructions were carried out at 15 transformer stations. Additionally, 80 km of low-voltage (LV) cable lines were installed – some to support the expansion of the LV network, while most of these investments were aimed at strengthening the network to accommodate increased consumption (e.g., heat pumps) and the integration of self-supply generation units.

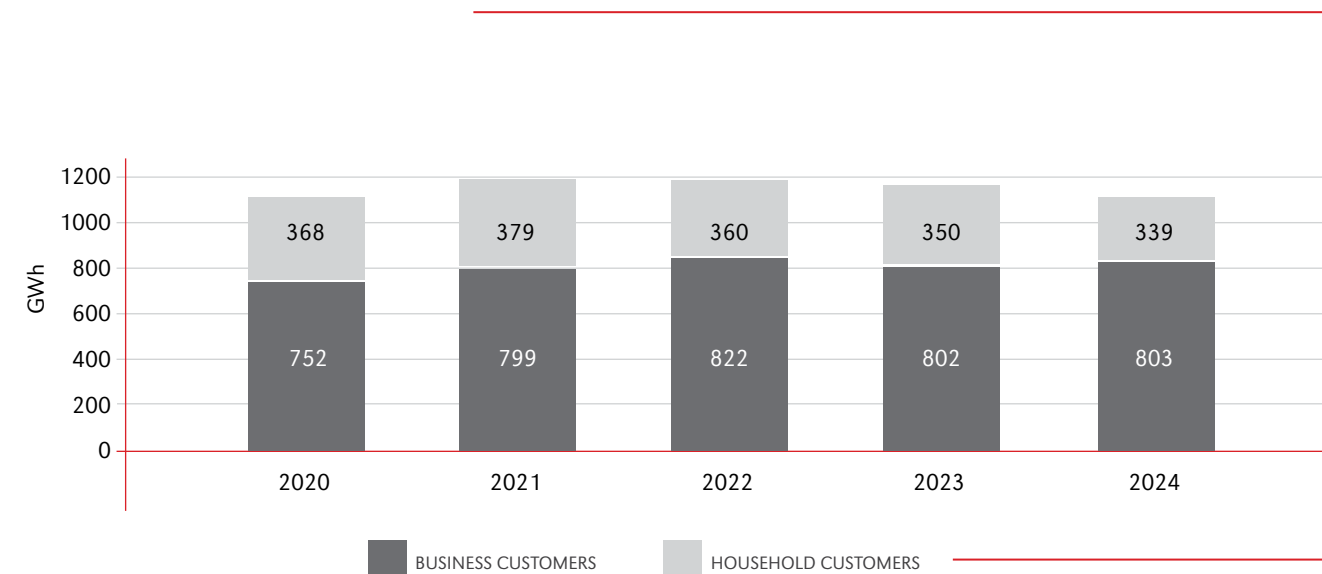
Investments in hydropower plants amounted to €5.4 million, with the largest share going toward the comprehensive restoration of the Sava hydropower plant following a fire in 2022. The investment is expected to be completed in 2025.

### Other key investments in 2024 included:

- Goodyear Small Photovoltaic Power Plant (€594,000);
- Sečnik Small Photovoltaic Power Plant (€426,000);
- Upgrade of server and user IT equipment (€450,000);
- New network tariff billing system (€300,000);
- Overhaul of the generator at Mojstrana hydropower plant (€133,000);
- Completion of business intelligence (BI) tool implementation (€120,000);
- New document management system (€110,000).

## 15.2. Electricity Distribution Volume in 2024

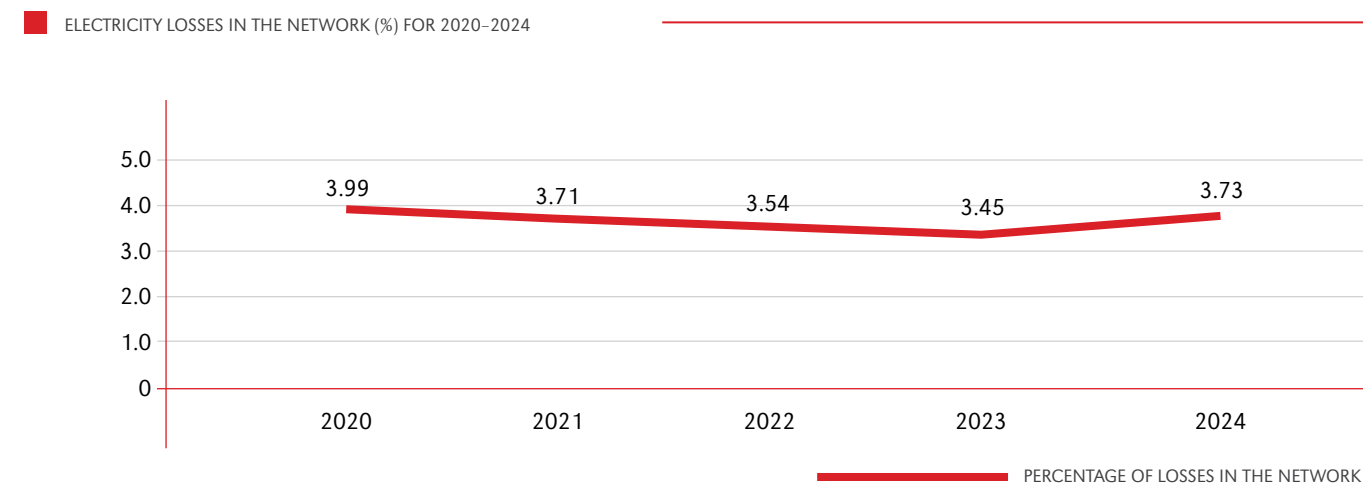
In 2024, a total of 1,142 GWh of electricity was distributed through the network.



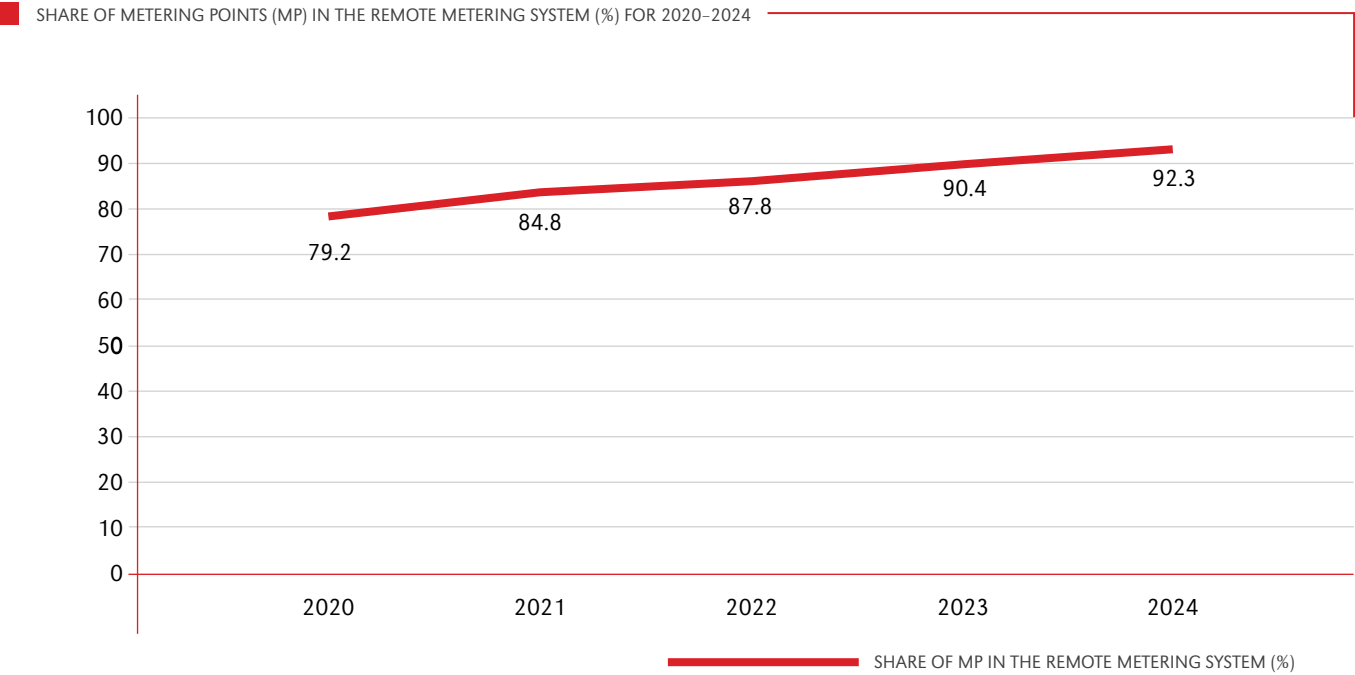
In 2024, the electricity distribution volume for business consumers remained comparable to 2023. A noticeable decline was observed among household consumers, primarily due to the increasing number of solar power plant connections under the net-metering system.

## 15.3. Electricity Losses in the Network

In 2024, electricity losses in the network amounted to 3.73%.



This indicator has improved due to additional grid reinforcement, the installation of new AMI meters, the correction of errors at metering points, and the rising share of electricity supplied from self-generation systems.



# 15.4. Voltage Quality in Electricity Supply

Voltage quality slightly declined in 2024 compared to the previous year, mainly due to the reappearance of so-called flicker phenomena across the Elektro Gorenjska area.

The limit values of parameters defined by the SIST EN 50160 standard were largely in compliance with the specified requirements.

Flicker originating from the metalworking industry remains present in the RTP Jesenice area and is transmitted to the RTP Kranjska Gora area. According to its definition, this phenomenon does not affect device functionality; its impact – subjective in nature – appears as brightness fluctuations in conventional lighting. This effect is observable only at the 20 kV level.

In 2024, 14 complaints related to low-voltage power quality were received, of which two were justified. Nonconformities are addressed as quickly as possible and in accordance with legal deadlines.

VOLTAGE QUALITY COMPLIANCE ACCORDING TO SIST EN 50160 ON HV LEVEL (CONTINUOUS MONITORING) – 2024 OVERVIEW

| Location of the Distribution Transformer Station (RTP 110/X) | Weeks monitored | Number of non-compliant weeks |           |         |           |                     |           | Number of voltage sags | Number of voltage swells | Compliance with PQS (Power Quality Standards) |                               |
|--|-----------------|-------------------------------|-----------|---------|-----------|---------------------|-----------|------------------------|--------------------------|---|-------------------------------|
|  |                 | Magnitude of supply voltage   | Harmonics | Flicker | Imbalance | Signalling voltages | Frequency |                        |                          | Number of compliant weeks                     | Number of non-compliant weeks |
| RTP Tržič 110 kV   | 51              | 0                             | 0         | 10      | 0         | 0                   | 0         | 112                    | 23                       | 41  | 10                            |
| RTP Železniki 110 kV   | 52              | 0                             | 0         | 5       | 0         | 0                   | 0         | 107                    | 21                       | 47  | 5                             |
| RTP Škofja Loka 110 kV DV Kleče                              | 52              | 0                             | 0         | 2       | 0         | 0                   | 0         | 112                    | 22                       | 50  | 2                             |
| RTP Radovljica 110 kV  | 50              | 0                             | 0         | 12      | 0         | 0                   | 0         | 115                    | 18                       | 38  | 12                            |
| RTP Primskovo 110 kV   | 52              | 0                             | 0         | 7       | 0         | 0                   | 0         | 100                    | 14                       | 45  | 7                             |
| RTP Jesenice 110 kV  | 52              | 0                             | 0         | 12      | 0         | 0                   | 0         | 108                    | 13                       | 40  | 12                            |
| RTP Bohinj 110 kV  | 50              | 0                             | 0         | 8       | 0         | 0                   | 0         | 105                    | 19                       | 42  | 8                             |
| RTP Zlato polje 110 kV                                       | 51              | 0                             | 0         | 12      | 0         | 0                   | 0         | 122                    | 25                       | 39  | 12                            |
| RTP Labore 110 kV DV Mavčiče                                 | 52              | 0                             | 0         | 11      | 0         | 0                   | 0         | 112                    | 11                       | 41  | 11                            |

The data indicates that overall voltage quality within the Elektro Gorenjska region is good. New construction, upgrades, and maintenance of the distribution system – including metering and communication infrastructure at the low-voltage level – continue to improve monitoring and resolution of voltage irregularities.

# 15.5. Supply Continuity in Electricity Delivery

Ensuring a high-quality and reliable electricity supply remains a top priority. As such, continuous attention is given to monitoring and improving quality indicators.

Electricity supply quality is reflected in the performance at over 92,000 metering points across the network.

Power supply quality is evaluated based on:

- Continuity of supply, referring to the frequency and duration of interruptions experienced by users;
- Commercial quality, reflecting service interactions between the system operator and users;
- Voltage quality, representing technical voltage parameters measured at user delivery points.

Minimum standards for supply continuity are expressed as either guaranteed or system standards, as defined by the regulator. Guaranteed standards apply to individual metering points and define acceptable limits for the number and duration of unplanned long and short interruptions per year. System standards are expressed through SAIDI, SAIFI, CAIDI, CAIFI, MAIFI, and MAIFI-e indicators. The regulator AGEN also defines target values for SAIDI and SAIFI for each regulatory period.

The tables and charts below display the values of system continuity indicators that are monitored by Elektro Gorenjska and submitted, in compliance with applicable legislation, to the regulator’s information system (AGEN).

## UNPLANNED LONG-DURATION POWER SUPPLY INTERRUPTIONS IN 2024

|             | Own           |           |               |             | Foreign       |           |               |             | Force Majeure |           |               |             |
|-------------|---------------|-----------|---------------|-------------|---------------|-----------|---------------|-------------|---------------|-----------|---------------|-------------|
|             | SAIFI         | SAIDI     | CAIFI         | CAIDI       | SAIFI         | SAIDI     | CAIFI         | CAIDI       | SAIFI         | SAIDI     | CAIFI         | CAIDI       |
|             | interr./cust. | min/cust. | interr./cust. | min/interr. | interr./cust. | min/cust. | interr./cust. | min/interr. | interr./cust. | min/cust. | interr./cust. | min/interr. |
| Total rural | 0.22          | 11.30     | 0.85          | 51.34       | 0.00          | 0.99      | 0.07          | 268.28      | 0.00          | 0.00      | 0.00          | 0.00        |
| Total urban | 0.27          | 7.48      | 1.03          | 56.15       | 0.06          | 0.92      | 1.09          | 31.21       | 0.00          | 0.00      | 0.00          | 0.00        |
| Total       | 0.49          | 18.79     | 1.89          | 38.66       | 0.06          | 1.91      | 1.16          | 30.17       | 0.00          | 0.00      | 0.00          | 0.00        |

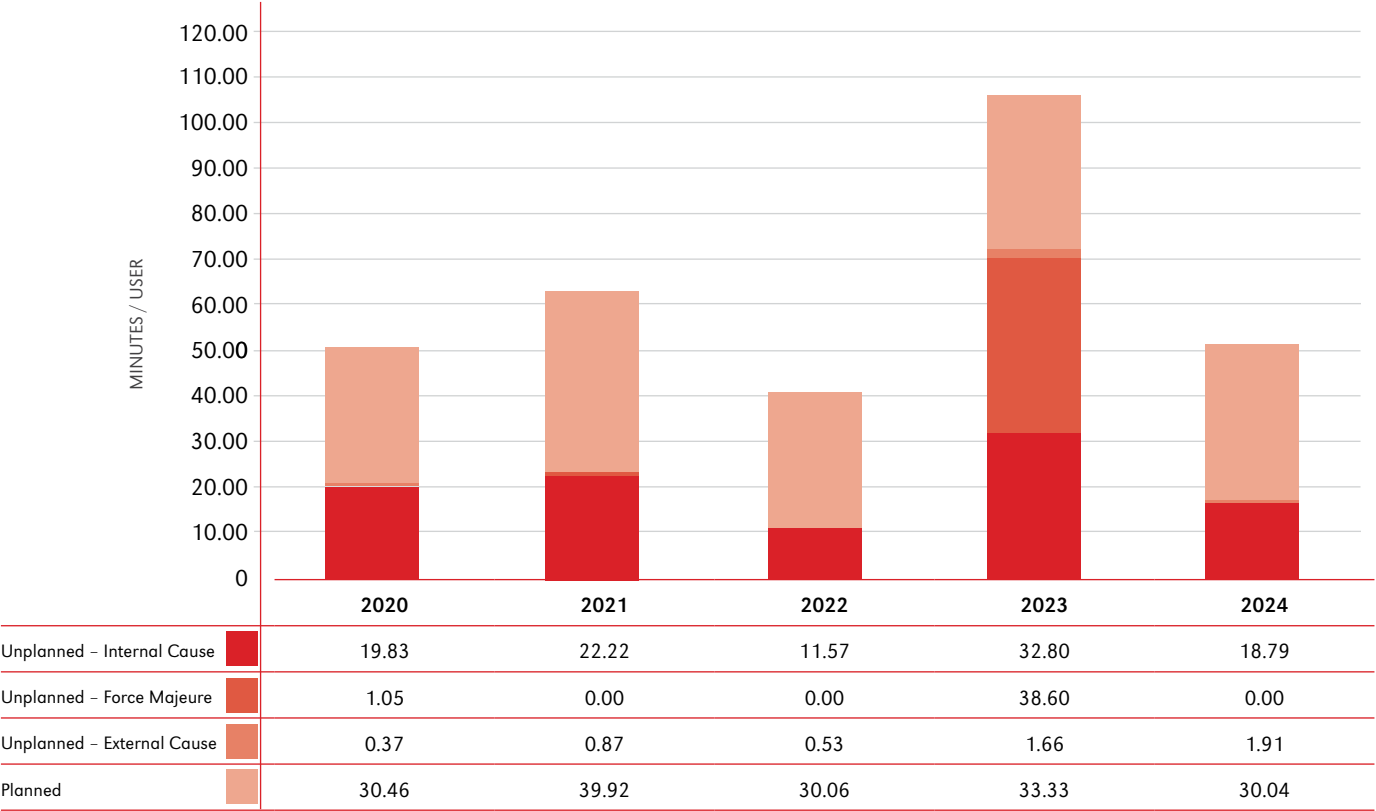
## PLANNED LONG-DURATION POWER SUPPLY INTERRUPTIONS IN 2024

|             | SAIFI         | SAIDI     | CAIFI         | CAIDI       |
|-------------|---------------|-----------|---------------|-------------|
|             | interr./cust. | min/cust. | interr./cust. | min/interr. |
| Total rural | 0.13          | 20.36     | 0.62          | 157.93      |
| Total urban | 0.11          | 9.68      | 0.53          | 201.80      |
| Total       | 0.24          | 30.04     | 1.16          | 125.96      |

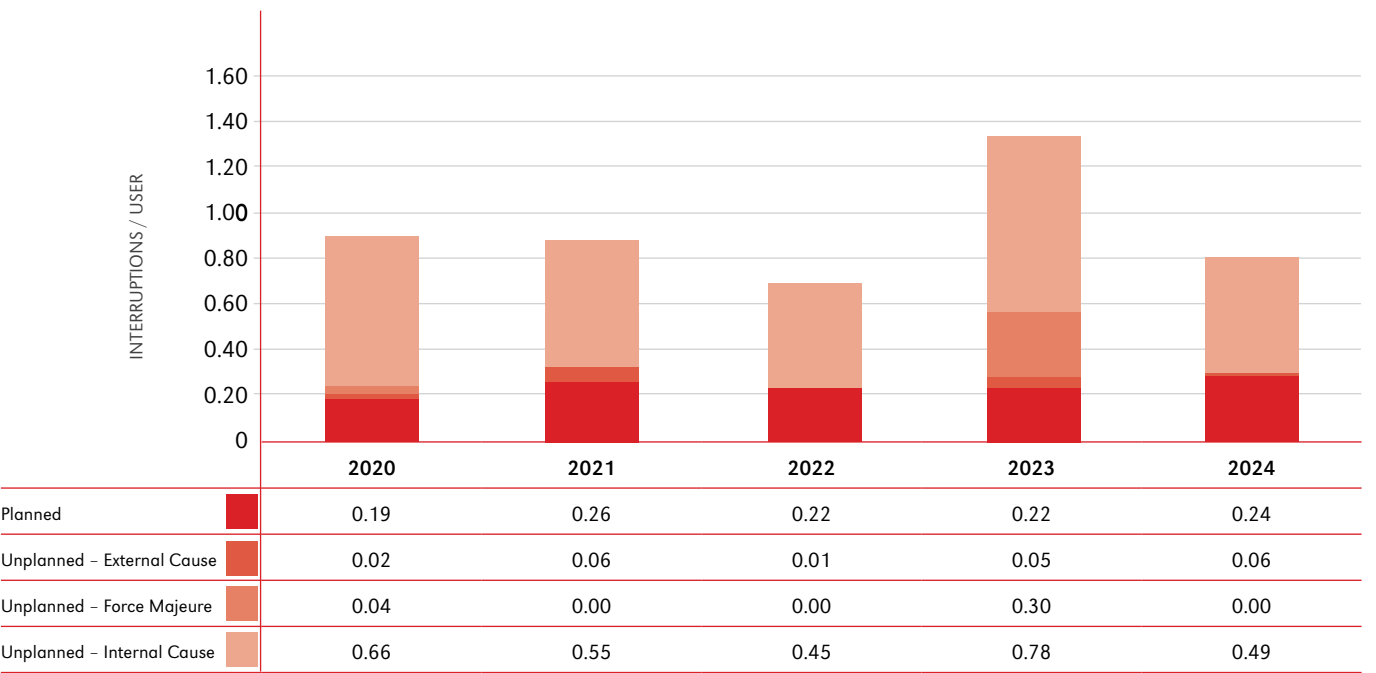
## Short-Duration Power Supply Interruptions in 2024

|       | Rural | Urban | Total 2024 |
|-------|-------|-------|------------|
| MAIFI | 2.54  | 1.68  | 4.22       |

## SAIDI – SYSTEM AVERAGE INTERRUPTION DURATION INDEX

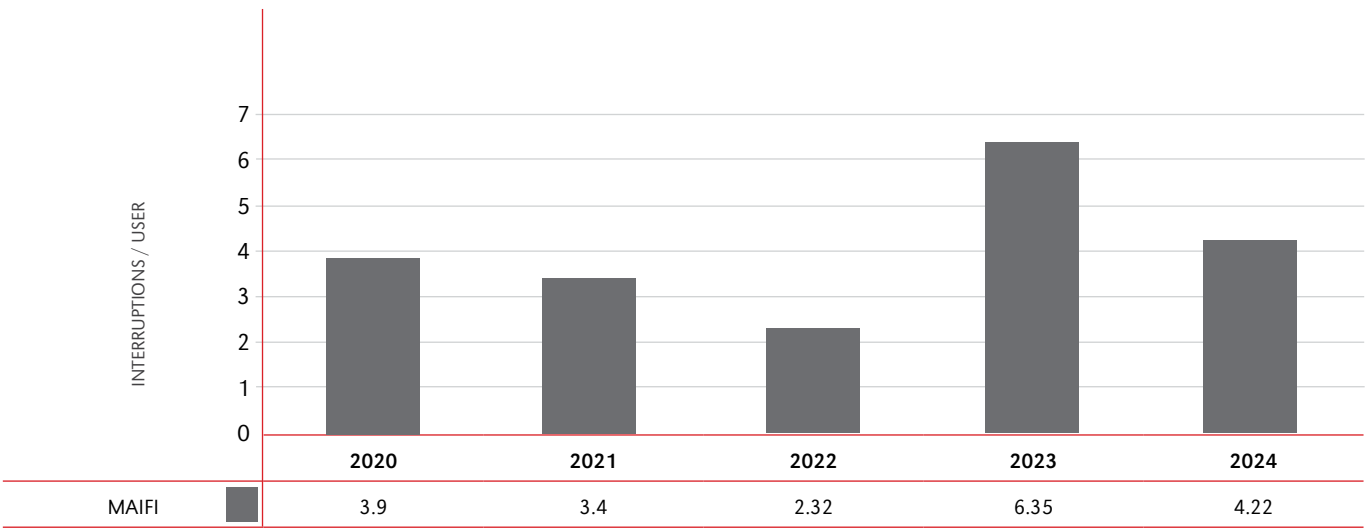


## SAIFI – SYSTEM AVERAGE INTERRUPTION FREQUENCY INDEX





MAIFI – MOMENTARY AVERAGE INTERRUPTION FREQUENCY INDEX



Elektro Gorenjska continues to achieve results in power supply continuity that remain below the threshold limits prescribed by the regulator AGEN.

The values of the SAIFI and SAIDI indicators for planned long-duration interruptions in 2024 are comparable to those of previous years, as the scope of maintenance activities on the electricity distribution network has remained consistent.

The SAIDI and SAIFI values for unplanned long-duration interruptions also show consistency with past years, apart from 2023, which is excluded from the comparison due to extreme weather conditions that significantly affected the results. Although the number of short-duration interruptions in 2024 was notably lower, the MAIFI indicator is slightly higher than in previous years. This suggests that medium-voltage feeders supplying a larger number of customers experienced more frequent disturbances.

Elektro Gorenjska Group continues to achieve results in power supply continuity that remain below the threshold limits prescribed by the regulator AGEN.

15.6. Commercial Quality

For most commercial quality indicators in 2024, the average values achieved were generally significantly better than the minimum standard threshold values. Certain challenges arose due to changes in sectoral legislation – on one hand due to the introduction of the new network charge act and its associated IT support, and on the other due to the extension of the deadline for users to connect individual self-supply installations under the EZ-1 legislation. However, these issues began to diminish toward the end of the year.



OVERVIEW OF COMMERCIAL QUALITY PARAMETERS FOR 2024

| Commercial Quality Parameter  | Minimum Quality Standards (MQS)         |                                  |                 |             |
|---|---|----------------------------------|-----------------|-------------|
|   | Systemic (S) or Guaranteed (G) Standard | Required Level of Compliance [%] | Threshold Value | Unit        |
| 1.1 Average time required to issue a connection consent   | S                                       | 95                               | 20              | Working day |
| 1.2 Average time required to issue a cost estimate or quotation for simple works                            | G                                       | 100                              | 8               | Working day |
| 1.3 Average time required to issue a connection contract for low-voltage system                             | S                                       | 95                               | 20              | Working day |
| 1.4 Average time required to activate a connection in the system  | G                                       | 100                              | 8               | Working day |
| 2.1 Average time required to respond to written enquiries, complaints, or user requests                     | G                                       | 100                              | 8               | Working day |
| 2.2 Average call holding time in the call centre  | -                                       | 0                                | 0               | -           |
| 2.3 Call centre service level parameter   | -                                       | 0                                | 0               | -           |
| 3.1 Average time to restore power supply in the event of a fault on the load-limiting device (6 AM – 10 PM) | G                                       | 100                              | 4               | Hour        |
| 3.1 Average time to restore power supply in the event of a fault on the load-limiting device (10 PM – 6 AM) | G                                       | 100                              | 6               | Hour        |
| 3.2 Average time required to respond to a complaint regarding voltage quality                               | S                                       | 95                               | 30              | Working day |
| 3.3 Average time required to resolve voltage quality deviations   | S                                       | 50                               | 6               | Month       |
| 4.1 Average time required to repair a meter fault   | G                                       | 100                              | 8               | Working day |
| 4.2 Average time required to restore power supply following disconnection due to non-payment by the user    | G                                       | 100                              | 3               | Working day |

| Achieved Values                                |  |                 |                    | Share of Services Performed                 |                               | Notes  |
|--|--|-----------------|--------------------|---|-------------------------------|--|
| Total Number of Required or Performed Services | Number of Justified Exceptions (Force Majeure, External Cause) | Parameter Value | Standard Deviation | Up to and Including the Threshold Value [%] | Above the Threshold Value [%] |  |
| 3,637  | 0  | 48.0            | 44.0               | 33.10                                       | 66.90                         |  |
| 122  | 0  | 6.6             | 3.2                | 88.00                                       | 12.00                         |  |
| 0  | 0  | 0.0             | 0.0                | 0.00  | 0.00                          | The connection contract is no longer being issued.   |
| 3,275  | 0  | 6.3             | 11.5               | 79.00                                       | 21.00                         |  |
| 81   | 0  | 6.4             | 7.9                | 76.00                                       | 24.00                         |  |
| 57,583   | 0  | 15.0            | 10.3               |   |                               |  |
| 57,583   | 0  | 86.7            |                    |   |                               |  |
| 2,731  | 0  | 0.8             | 0.5                | 100.00                                      | 0.00                          |  |
| 32   | 0  | 0.8             | 0.5                | 100.00                                      | 0.00                          |  |
| 14   | 0  | 12.7            | 5.4                | 100.00                                      | 0.00                          |  |
| 2  | 0  | 23.0            | 0.7                | 100.00                                      | 0.00                          | The threshold for the cases in question is 24 months and the issue was resolved within the deadline. |
| 778  | 0  | 2.9             | 12.4               | 94.00                                       | 6.00                          |  |
| 412  | 0  | 0.1             | 0.6                | 100.00                                      | 0.00                          |  |

For Parameter 1.1 – Average time required to issue a connection consent, the share of services performed above the threshold value was due to the increased number of applications for individual self-supply installations submitted in 2023 and processed during the first half of 2024. Although the backlog began to decrease in the second half of the year, the parameter remained above the threshold due to the impact of the earlier period.

For Parameter 1.2 – Average time required to issue a cost estimate or quotation for simple works, delays in issuing certain quotations were mainly due to an insufficient number of staff. The team was reinforced toward the end of 2024, and better results are expected for this indicator in the coming year.

Data for Parameter 1.3 – Average time required to issue a connection contract for low-voltage systems – is not reported, as contracts of this type ceased to be issued in 2023 in accordance with legislation.

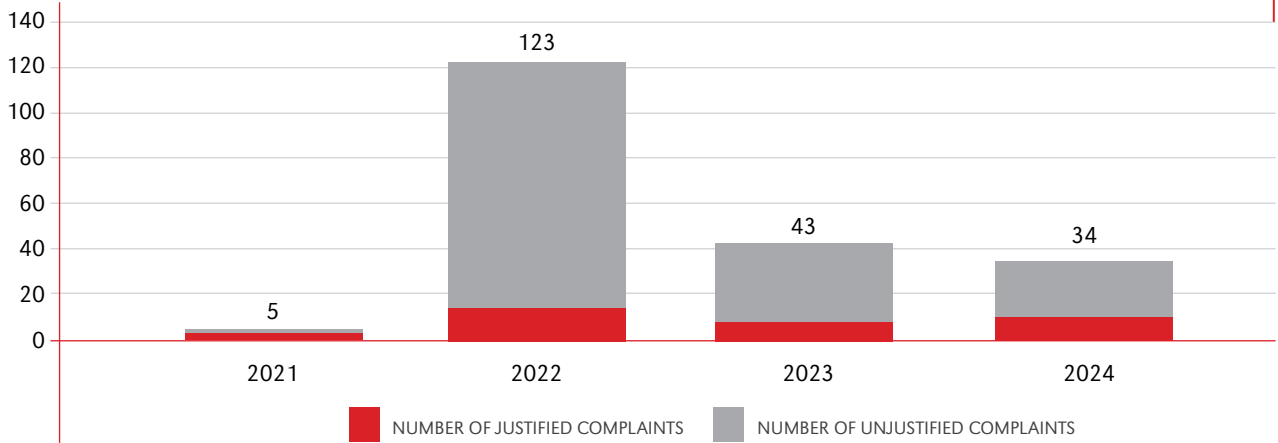
For Parameter 1.4 – Average time required to activate the connection in the system, the reason for services exceeding the threshold value was the increased number of requests for individual self-supply connections, which could not be processed within the required timeframe due to limited staffing.

The share of services exceeding the threshold for Parameter 2.1 – Average time required to respond to written inquiries, complaints, or user requests – was primarily due to the increased volume of complaints triggered by the implementation of the new network charge act. It became evident that many users did not understand the new regulations. Additionally, issues with the billing IT system complicated the resolution of billing complaints and claims.

COMPLAINTS RELATED TO COMMERCIAL QUALITY IN 2024

| Area                                    | Subarea   | Reason for Complaint   | Complaints                 |                                |                                   |
|---|---|--|----------------------------|--------------------------------|-----------------------------------|
|   |   |  | Total Number of Complaints | Number of Justified Complaints | Share of Justified Complaints [%] |
| Connection to the System                | Delays  | Delay in Issuing the Cost Estimate (Quotation) for Simple Works  | 0                          | 0                              | 0                                 |
|   |   | Delay in Issuing the Connection Consent  | 1                          | 1                              | 100                               |
|   |   | Delay in Issuing the Connection Contract for the Low-Voltage System  | 1                          | 1                              | 100                               |
| Metering                                | Meter Reading                                     | Failure to Perform Regular Annual Meter Reading by the Authorized Company  | 0                          | 0                              | 0                                 |
|   | Meter Operation                                   | Delay in Resolving a Meter Malfunction   | 2                          | 0                              | 0                                 |
| Quality of Supply                       | Voltage Quality                                   | Exceeding the Deadline for Responding to a Complaint Regarding Voltage Quality   | 0                          | 0                              | 0                                 |
|   |   | Exceeding the Maximum Time Allowed to Resolve Voltage Deviation Non-Conformities   | 0                          | 0                              | 0                                 |
|   | Continuity of Supply                              | Exceeding the Maximum Permitted Duration and Number of Unplanned Long Interruptions (Applies Only to Final Users on the Medium-Voltage System) | 0                          | 0                              | 0                                 |
|   |   | Exceeding the Maximum Permitted Duration of an Individual Unplanned Long Interruption  | 0                          | 0                              | 0                                 |
| Activation of Connections               | Activation of a New Connection                    | Exceeding the Time Limit for Activating a System Connection  | 0                          | 0                              | 0                                 |
|   | Reconnection After Disconnection                  | Exceeding the Time Limit for Restoring Supply in Case of a Malfunction of the Current Limiting Device  | 0                          | 0                              | 0                                 |
|   |   | Incorrect Disconnection Due to Maintenance Staff Error   | 1                          | 1                              | 100                               |
|   | Disconnections Due to Non-Payment or Late Payment | Exceeding the Time Required to Restore Supply Following Disconnection Due to Non-Payment   | 0                          | 0                              | 0                                 |
|   | Customer Services                                 | Missed or Delayed Pre-Arranged Visits  | 0                          | 0                              | 0                                 |
|   |   | Late Notification of Planned Interruptions to Users  | 3                          | 0                              | 0                                 |
| Billing & Invoicing and Debt Collection | Unclear Invoices                                  | Delay in Responding to Users' Written Inquiries, Complaints, or Requests   | 26                         | 9                              | 35                                |

NUMBER OF COMMERCIAL QUALITY COMPLAINTS FROM 2021 TO 2024



In 2024, more than 80% of complaints were related to delays in meter fault repairs and delays in responses to written inquiries, complaints, or user requests.

## 15.7. Maintenance of the Electricity Energy Infrastructure (EEI)

Familiarity with the local environment, conditions, and stakeholders involved in organizing and making decisions about all aspects of maintenance is crucial for ensuring a consistent and high-quality electricity supply.

Elektro Gorenjska Group fully performs all tasks of a distribution system operator within its geographical area. Among these, the maintenance of the public electricity distribution infrastructure is especially important for ensuring a high-quality and uninterrupted power supply to users.

Thanks to strong organization and efficient operational and maintenance processes, these tasks were successfully carried out within the planned budget. The commitment and competence of employees, who are closely connected with daily field operations, were essential. Familiarity with the local environment, conditions, and stakeholders involved in organizing and making decisions about all aspects of maintenance is crucial for ensuring a consistent and high-quality electricity supply.

In 2024, preventive maintenance was primarily carried out on the electricity distribution infrastructure to reduce the likelihood of failure of any system component. This was achieved through an effective planning process and execution of maintenance activities according to predefined criteria and procedures.

The effects of preventive maintenance activities are long-term and, under normal operating conditions, typically result in fewer faults and consequently lower corrective maintenance costs.

Corrective maintenance – such as fault repair – differs from planned maintenance mainly in that it is unpredictable and typically occurs unexpectedly. In 2024, major faults were again caused by storms and flooding, which are natural phenomena. Other causes included electrical and mechanical overloads of lines and equipment, as well as damage to the electricity infrastructure caused by third parties.



By continuously monitoring technological trends and implementing related IT solutions in the electricity system, Elektro Gorenjska Group significantly contributes to meeting increasingly stringent power supply quality criteria, integrating distributed energy sources, ensuring operational safety, and indirectly lowering maintenance costs.

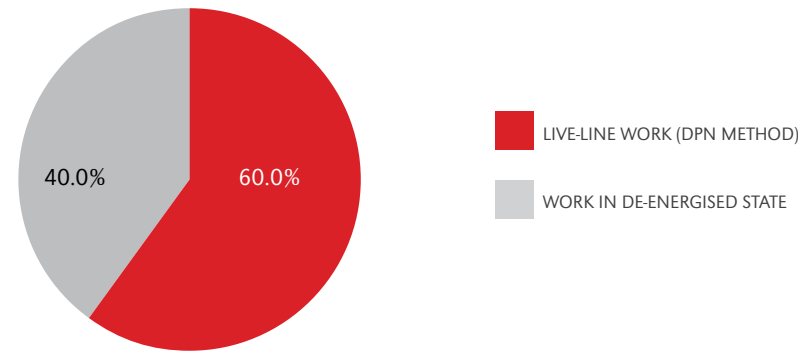
By continuously monitoring technological trends and implementing related IT solutions in the electricity system, Elektro Gorenjska Group significantly contributes to meeting increasingly stringent power supply quality criteria, integrating distributed energy sources, ensuring operational safety, and indirectly lowering maintenance costs. These innovations include modern electrical devices and equipment, advanced data acquisition and remote-control systems operated from the control centre, grid automation with remotely operated switches, voltage quality monitoring systems in substations, telecommunication systems, modern software solutions, and other advanced technologies.

As part of preventive maintenance, regular inspections of power lines and equipment were performed, including corridor clearing around electrical lines, audits of HV/ MV substations, switchgear, transformers, and protection devices, as well as control measurements and protection testing.

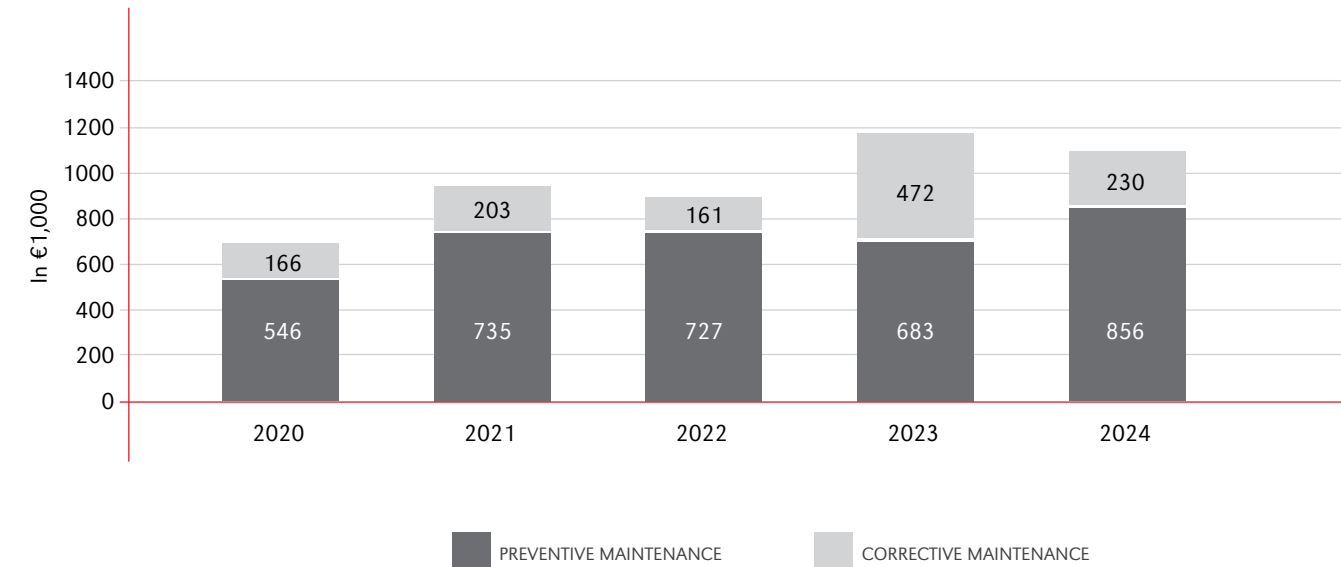
Great importance is placed on diagnostics of medium-voltage (MV) cable lines, which provides insight into the condition of the lines and equipment – an essential basis for predictive maintenance planning and necessary investment into the electricity network.

For many years, Elektro Gorenjska Group's qualified in-house teams have been using live-line working (LLW) methods as part of preventive maintenance. During regular substation audits, this includes cleaning of LV and MV electrical equipment and devices while under voltage. This approach, combined with ongoing training in LLW methods, will continue in the future, further reducing the impact of maintenance work on the reliability and continuity of electricity supply to network users.

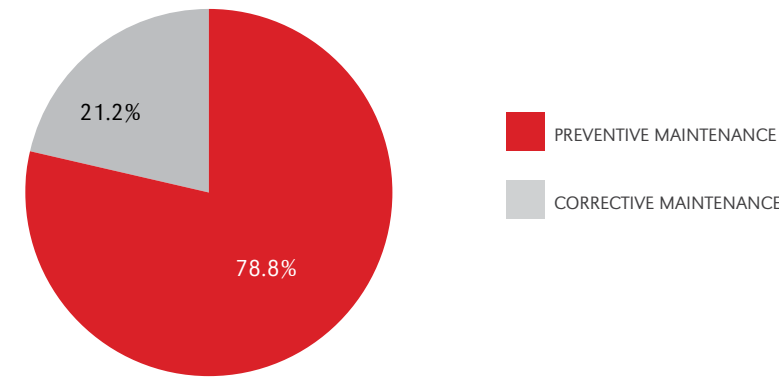
SHARE OF SUBSTATION AUDITS BY METHOD OF IMPLEMENTATION IN 2024



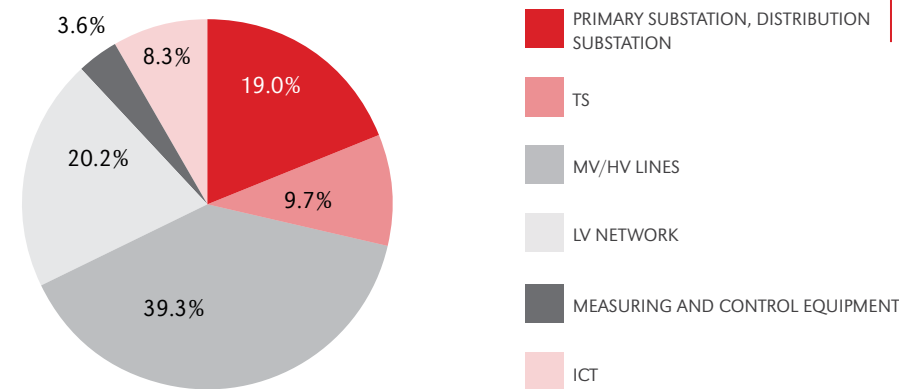
MAINTENANCE COST TRENDS FOR ELECTRICITY INFRASTRUCTURE FROM 2020 TO 2024 (IN €1,000)



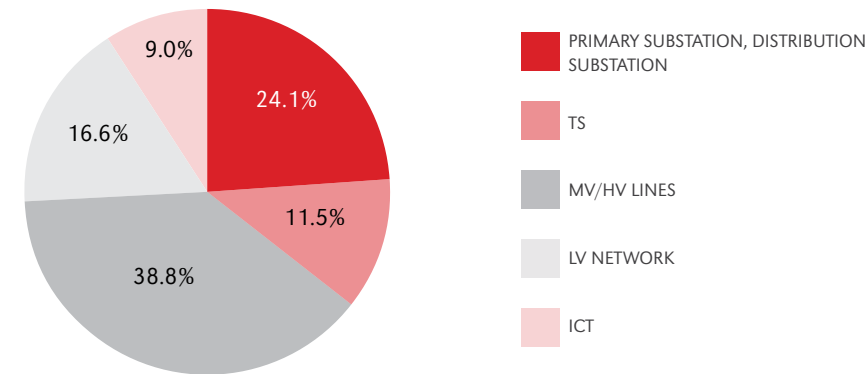
SHARE OF TOTAL EEI MAINTENANCE COSTS IN 2024 BY MAINTENANCE TYPE



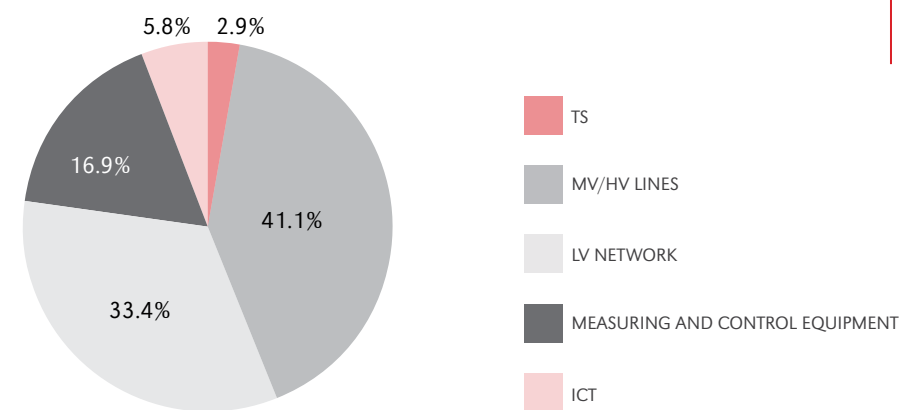
SHARE OF TOTAL EEI MAINTENANCE COSTS IN 2024 BY ASSET TYPE



SHARE OF PREVENTIVE EEI MAINTENANCE COSTS IN 2024 BY ASSET TYPE



SHARE OF CORRECTIVE EEI MAINTENANCE COSTS IN 2024 BY ASSET TYPE



# 16. GOVERNANCE

## CORPORATE GOVERNANCE AT ELEKTRO GORENJSKA



Sustainability is increasingly framed through the lens of ESG – Environmental, Social, and Governance – criteria. While environmental and social considerations often receive the most attention, the governance dimension remains a fundamental pillar of long-term corporate responsibility. Governance encompasses the structures and processes that guide corporate management and decision-making. It includes a commitment to transparency, ethical conduct, stakeholder accountability, and full compliance with applicable laws and regulations.



# 16.1. Business Conduct Policies and Corporate Culture

## THE ROLE OF MANAGEMENT AND SUPERVISORY BODIES IN BUSINESS CONDUCT

The company places great importance on the role and responsibility of its management and supervisory bodies regarding ethical business conduct. These bodies are directly involved in the development, implementation, and oversight of policies and strategies related to ethical and compliant operations, including anti-corruption measures, legal compliance, and the promotion of transparency.

The Management Board, together with the Supervisory Board, is responsible for overseeing all aspects of ethical conduct. This includes approving ethical business conduct policies, monitoring their implementation, and ensuring alignment with best practices and applicable legislation.

The Supervisory Board regularly reviews compliance reports and any investigations into potential violations of business conduct standards. It also holds the authority to approve measures addressing risks related to unethical conduct, particularly in areas such as corruption, bribery, and other integrity-related issues.

By embodying the values, they promote, the management and supervisory bodies play a pivotal role in cultivating a corporate culture rooted in ethical behaviour and a strong commitment to compliance. Their conduct serves as a benchmark for the entire organization, setting the tone from the top. Through consistent leadership by example, executives influence employees to internalize and mirror these standards in their everyday work.

## EXPERTISE OF MANAGEMENT AND SUPERVISORY BODIES IN BUSINESS CONDUCT

The Management Board and members of the Supervisory Board possess professional knowledge and experience in business conduct. Among them are individuals with expertise in corporate governance, ethics, and compliance. Several members have experience in risk management, particularly in establishing effective control systems and mechanisms for preventing corruption and bribery.

The majority shareholder of electricity distribution companies regularly provides free training sessions for management and supervisory bodies to keep them informed of the latest trends and best practices in business conduct across various subject areas.

Elektro Gorenjska defines the expertise of its governing bodies in the following documents:

- Articles of Association of the joint-stock company,
- Compliance Policy,
- Code of Business Conduct and Ethics,
- Integrity Plan.

Members of the Supervisory Board possess appropriate professional knowledge, experience, and skills. Their complementary expertise ensures effective oversight of company operations. Key areas of knowledge include the electricity system, law, finance and accounting, management, risk management, and internal controls.

## MANAGING IMPACTS, RISKS, AND OPPORTUNITIES

In accordance with applicable labour legislation and the recommendations and expectations of its owner, Elektro Gorenjska has established a system for shaping and developing its corporate culture. A Compliance Officer has been appointed and is responsible for advancing corporate culture through the adoption of internal rules and acts, proposing measures, reporting to the Management Board, and educating and raising awareness among all employees regarding integrity and ethical business practices.

The company has adopted:

- A Compliance Policy that defines key principles, guidelines, and objectives for business operations;
- An Integrity Plan, which identifies and assesses risk factors and proposes mitigation measures in areas such as conflicts of interest, the improper acceptance of gifts, lobbying contacts, protection of trade secrets, and other elements of corporate integrity.

Elektro Gorenjska has adopted a Code of Business Conduct and Ethics, which is communicated to all employees and made permanently available on the company's intranet and website for access by both internal and external stakeholders. The Code sets out a framework of conduct and behavioural standards expected of employees and the company. It serves as a guide for all employees, who reflect the company's values and principles through their work and conduct, thereby influencing its reputation. All employees are expected to comply with the Code. The company also encourages users, business partners, and other stakeholders to adhere to similar principles that are important to the company. A commitment to the Code is incorporated into all contracts concluded with business partners, suppliers, and contractors. Anyone who suspects a breach of the Code may report the violation to the company's Compliance and Internal Integrity Officer. Reports can be submitted anonymously and with full protection of the whistleblower's identity.

As the company is subject to Directive (EU) 2019/1937 and the Slovenian Whistleblower Protection Act (Zakon o zaščiti prijaviteljev, short: ZZPri), it has adopted internal rules—the Rules on Handling Alleged Irregularities or Violations in the Field of Corporate Integrity. The President of the Management Board has appointed a trusted person and a commission to receive and review internal reports under ZZPri. By establishing this internal reporting mechanism, the company ensures full anonymity and protection from retaliation for potential whistleblowers.



## 16.2. Compliance Management

Ensuring compliance is a continuous activity that permeates all processes and operational areas of the company. Primary responsibility lies with the company's leadership, which plays a central role in:

- Upholding the company's commitment to operating in alignment with its values, objectives, and strategy;
- Raising awareness and motivating employees to uphold compliance;
- Encouraging understanding and implementation of compliance goals, and soliciting suggestions for improving the compliance system;
- Fostering a strong compliance culture within the organization;
- Promoting effective internal and external communication that supports transparency and accountability.

Elektro Gorenjska's approach to compliance and integrity is aligned with Chapter 6 of the Slovenian Sovereign Holding Act (SDH), the Companies Act, and the Integrity and Prevention of Corruption Act.

Compliance efforts span all areas of the company's operations and legal obligations, with particular focus on corporate law, data protection, labour law, competition law, and electricity distribution regulations.

To this end, Elektro Gorenjska has adopted a Compliance Policy that outlines its objectives, principles, key compliance areas, operating methods, integration into the broader risk management framework, and responsibilities for implementing compliance measures.

Compliance is further ensured within all internal organizational units through established internal controls, internal and external audits, and internal reviews.

## 16.3. Regulatory Compliance

Elektro Gorenjska operates in a highly regulated environment. Regulatory conditions are defined by AGEN in accordance with the Energy Act (ZOEE) and related bylaws. These regulations directly impact revenues generated under the Distribution System Operator (DSO) contract, which account for nearly 72% of the company's revenue and 62% of the Group's total. Regulatory frameworks must be continuously monitored and adapted to, as changes can significantly affect business operations. The company actively participates in shaping future regulatory developments.

## 16.4. Supplier Relationship Management

As a socially responsible company, Elektro Gorenjska supports the sustainable development of the local and broader community. Where possible, vulnerable suppliers are included in the supply chain.

As a contracting authority, Elektro Gorenjska adheres to public procurement legislation. It strives to build strong and fair partnerships with suppliers while mitigating supply chain risks. Procurement documentation includes financial and technical participation requirements to ensure supplier capability. Contracts contain provisions such as retention money, penalties, termination clauses, and financial guarantees in the event of non-compliance. Real-time monitoring of order status is facilitated through internal web applications, allowing for rapid response in critical situations.

Suppliers are regarded as key stakeholders in ensuring the stability and efficiency of the supply chain. Systematic oversight of payment due dates ensures that all financial obligations to suppliers are settled punctually and consistently. All suppliers are treated equally, with transparency in procurement procedures and a commitment to cost-effective and efficient operations. Market competition is actively maintained, and opportunities are provided for small and medium-sized enterprises to participate in public procurement procedures.

Elektro Gorenjska places strong emphasis on compliance with environmental, social, and labour legislation. Any violations are addressed with the highest level of diligence and responsibility. Where feasible, green public procurement principles are also applied. In such cases, goods and services are selected based on their lower environmental impact across their life cycle, resource and energy efficiency, and equivalent or superior functionality.

Quality management systems are used to regularly monitor, review, and enhance processes for managing supply chain risks. These efforts include tracking potential risks associated with global challenges, such as natural disasters, political instability, or changes in legislation.

As a socially responsible company, Elektro Gorenjska supports the sustainable development of the local and broader community. Where possible, vulnerable suppliers are included in the supply chain. For instance, a long-standing partnership has been established with a local disability enterprise to produce promotional materials and business gifts. Landscaping and minor outdoor maintenance tasks are regularly contracted to a local employment centre. The company also responds to invitations from educational institutions, contributing knowledge and expertise to young people and other interest groups.

## 16.5. Data Protection

In accordance with the provisions of the General Data Protection Regulation (GDPR), which came into force on 25 May 2018, stricter data protection measures have been defined. Since 2018, a Data Protection Officer (DPO) has been appointed, reporting directly to the President of the Management Board. The primary responsibility of the DPO is to ensure the company's compliance with GDPR requirements regarding the protection of personal data. Particular attention is given to employee education on the protection and processing of personal data. Regular internal training sessions are organized, specifically for key employees who handle personal data. All employees receive a GDPR information leaflet upon onboarding.

In line with legal requirements, a dedicated email address has been established to allow users to submit GDPR-related requests or provide comments on data protection. Each message is treated as a potential security incident and is documented in a security incident report. The content of the message is reviewed within the prescribed timeframe, as defined by GDPR, and a response is sent to the sender. If any deficiencies are identified in the personal data protection system, corrective and preventive measures are implemented under the supervision of the DPO.

In accordance with the directive, the DPO participates in data protection impact assessments for all new applications and major changes to existing applications involving personal data. Through this involvement, the DPO helps prevent data loss, misuse, or potential breaches of data protection regulations. The appointed DPO also regularly exchanges best practices with other DPOs within the relevant industry association and participates in a data protection working group dedicated to knowledge sharing and continuous improvement.

## 16.6. Corporate Integrity

Elektro Gorenjska is committed to the highest standards of ethical conduct and has established a comprehensive system for the prevention, detection, and management of corruption and bribery. This system includes a set of policies, procedures, and tools designed to provide effective protection against such risks and ensure transparent handling of all reported incidents.

### PROCEDURES FOR PREVENTING, DETECTING, AND ADDRESSING CORRUPTION AND BRIBERY ALLEGATIONS

Internal acts – such as the Rules on Gift Acceptance and the Rules on Conflicts of Interest, Lobbying, and Other Measures Related to Corporate Integrity – define procedures aimed at preventing and avoiding conflicts of interest, unauthorized giving or receiving of gifts, and corrupt practices, as well as mechanisms for detecting and addressing violations by employees and management. These rules require all employees to conduct business in compliance with applicable laws, regulations, and internal policies.

As a tool for managing corruption risks and risks related to integrity breaches, Elektro Gorenjska has adopted an Integrity Plan. The plan includes an assessment of the exposure of individual work processes and employees to corporate integrity violations and corruption risks, identification of risk factors for corrupt and other unlawful or unethical conduct, and the definition of measures to mitigate these risks.

In addition to specific obligations, good business practices and ethical principles outlined in the publicly available Code of Business Conduct and Ethics are binding for both the company and its employees. Compliance is further supported across all organizational units through internal control mechanisms, internal and external audits, and internal reviews.

To strengthen corporate integrity and minimize the risk of corruption and unethical conduct, the company has appointed a Compliance and Integrity Officer. This role is carried out independently and autonomously, with full protection against retaliatory actions. To reduce corruption and bribery risks in relation to business partners, all contracts include anti-corruption clauses – non-compliance with which renders the agreement null and void – as well as a written declaration of ownership by legal and natural persons and a contractual obligation to adhere to the company's Code of Business Conduct and Ethics.

Throughout the previous reporting period (for 2023), there were no reported or substantiated cases of employee involvement in corruption or bribery. 2024 likewise remained incident-free in this regard.

### INDEPENDENCE OF THE INVESTIGATION PROCESS

To detect any potential acts of bribery, corruption, or other integrity violations, Elektro Gorenjska encourages whistleblowers to report suspected cases of bribery. To this end, anonymous reporting is made possible through multiple secure channels. Reports of alleged violations or irregularities are reviewed by an appointed officer and a three-member committee. Persons whose impartiality may be questioned or who are directly involved in the report may not be appointed to the committee. The committee handles reports independently and is not subject to any instructions, thereby ensuring a fair and objective investigation. In accordance with applicable regulations, whistleblowers are guaranteed protection against retaliation.

### POLITICAL INFLUENCE AND LOBBYING

Elektro Gorenjska is committed to transparency in all its activities involving political influence, lobbying, and political contributions. Our efforts in this area are aimed at legal compliance and the promotion of a sustainable and responsible business environment. Focus is placed on issues relevant to our industry and those affecting long-term business operations.

Lobbying activities are governed by the Rules on Conflict of Interest, Lobbying, and Other Corporate Integrity Measures, which define conditions for lawful lobbying, other rules, and obligations of employees in case of lobbying contacts.

Compliance oversight of lobbying contacts is the responsibility of the Compliance Officer, who maintains a register of lobbying contacts and authorizations for lobbying activities. The Compliance Officer is responsible for reporting to the supervisory board and other national oversight bodies.

In 2024, no lobbying contact was made with any employee of the company. The company also made no financial or in-kind political contributions.

# 16.7. Cybersecurity

Elektro Gorenjska is a member of the Economic Interest Association of Electricity Distribution (GIZ distribucije električne energije), which includes other electricity distribution companies. The primary objectives of the association are to facilitate, coordinate, and promote the activities of the public utility services of the Distribution System Operator (DSO) and electricity distribution and supply, improve industry performance without generating profit for the association, and to facilitate and coordinate other relevant activities or interests, ensuring that mutual competition rules are not violated. In 2024, the company paid €123,840 in membership fees.

The company does not approve sponsorships or donations for religious or political organizations. With the goal of developing a responsible and positive relationship with society and supporting sustainable business development, the company uses sponsorships and donations to support and promote sports, cultural, scientific, educational, humanitarian, and environmental projects.

## REPORTING TO ADMINISTRATIVE AND SUPERVISORY AUTHORITIES

Outcomes of reports concerning corruption, bribery, or other integrity violations are regularly communicated to the management board and the supervisory board. This allows company leadership to monitor incidents in real-time and assess the effectiveness of preventive and corrective measures taken.

## POLICY AWARENESS AND ACCESSIBILITY

The company regularly informs relevant stakeholders about adopted internal acts related to corporate integrity, anti-corruption, and anti-bribery. Several communication channels are used, such as internal announcements, intranet updates, company newsletters and magazines, meetings, internal audits, websites, and workshops. Content is tailored to different target audiences. HR ensures that new employees are introduced to relevant policies upon onboarding, and all policies always remain accessible on the company’s intranet.

## EMPLOYEE TRAINING ON ANTI-CORRUPTION AND ANTI-BRIBERY

The company provides regular training for all employees, particularly those in functions with higher exposure to corruption and bribery risks. These trainings cover risk identification, ethical conduct, and procedures for reporting suspicious activities. Training programme are delivered through interactive workshops, webinars, and real-life case simulations. Their purpose is to provide a deep understanding of risks and tools for prevention.

Nearly all functions with higher exposure to corruption and bribery risks are included, including procurement, sales, investments, finance, and legal affairs.

The management board participates in annual training sessions on identifying and managing corruption risks, ensuring that key leadership remains informed about the latest trends and regulations.

Elektro Gorenjska Group recognizes the importance of ensuring and maintaining a high level of cybersecurity throughout all aspects of its operations.

A frequently used or interchangeable term with cybersecurity is information security, which refers to the protection and defence of information systems against unauthorized access and use – ensuring confidentiality, authenticity, integrity, and availability. Cybersecurity, by contrast, encompasses a broader set of activities, rules, devices, tools, and measures designed to protect information systems from cyber threats, attacks, and misuse.

To maintain a high level of information security, the organization has implemented an Information Security Management System (ISMS) that is integrated into all business processes and supports the achievement of strategic objectives. The effectiveness of the ISMS is monitored according to the ISO/IEC 27001:2013 standard, under which the organization is certified. Compliance with all other applicable sector-specific legislation is also ensured.

A high standard of cybersecurity has been achieved in recent years through a combination of organizational and technical measures:

1. Organizational measures identify risks, define the criticality of individual information assets, and establish procedures for detecting and responding to security events or incidents. These include:

- Information risk assessments,
- Business Impact Analysis (BIA),
- Incident response planning,
- Business continuity planning,
- Periodic employee training and awareness-raising,
- Integration with the Security Operations Centre.

2. Technical measures involve implementing logical and technical security controls to protect, manage, and monitor the performance of information assets and networks. General controls include:

- Vulnerability management;
- Provision of appropriate data backups;
- Security assessments and penetration testing;
- Centralized endpoint management and monitoring.

Network controls include:

- Firewall implementation with security mechanisms between network segments;
- Network segmentation;
- Access control mechanisms (e.g., NAC, VPN, MFA).

Detection and response activities include:

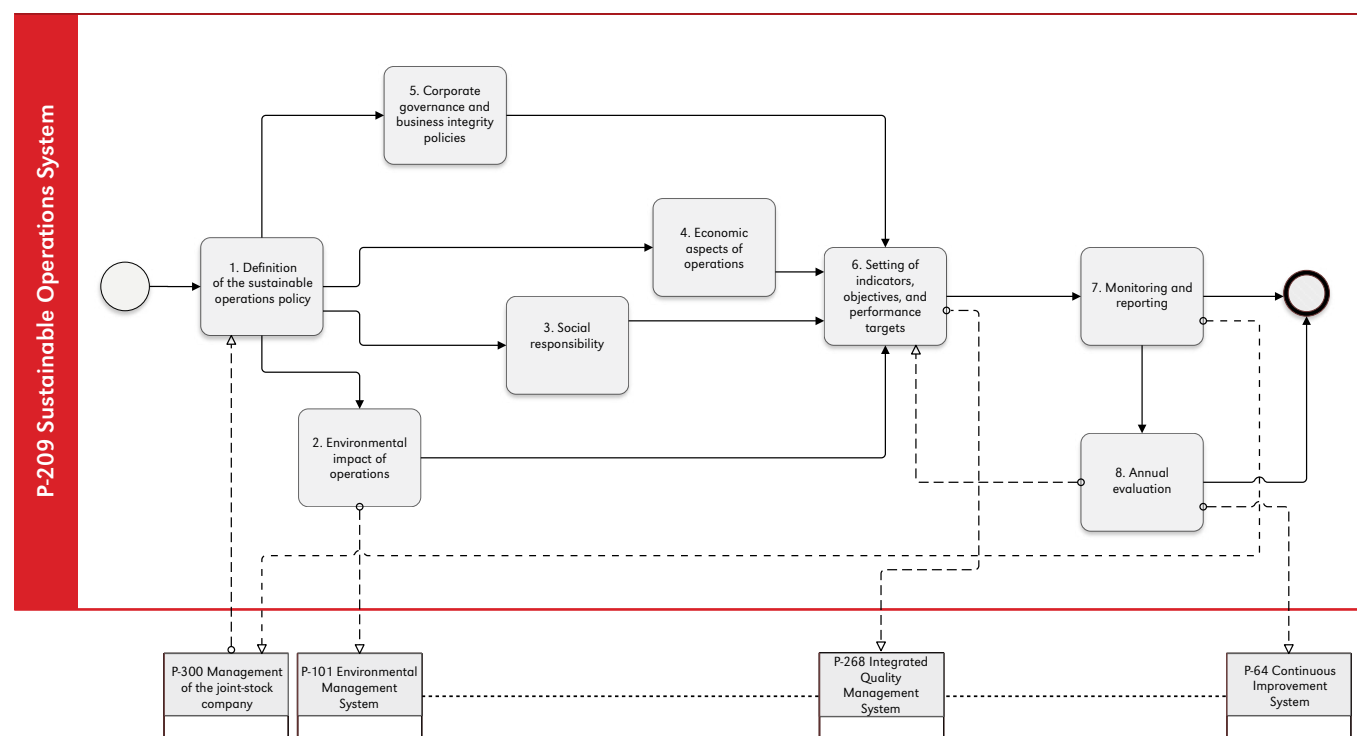
- Detection of security events (ADS, monitoring systems, endpoints, etc.),
- Logging, analysis, and centralized storage of logs (SIEM and JIRA),
- Forwarding of logs to the Security Operations Centre for further correlation and analysis.



Ensuring the security of information systems is vital for maintaining uninterrupted operations. Cybersecurity considerations are embedded in the planning, implementation, and maintenance of ICT systems to ensure a consistently high level of protection. Cybersecurity is a continuous process requiring constant attention – it cannot be achieved through a one-time effort. As ICT systems become more complex, the likelihood of vulnerabilities increases, demanding ongoing vigilance and appropriate response.

## 16.8. Sustainability Management System

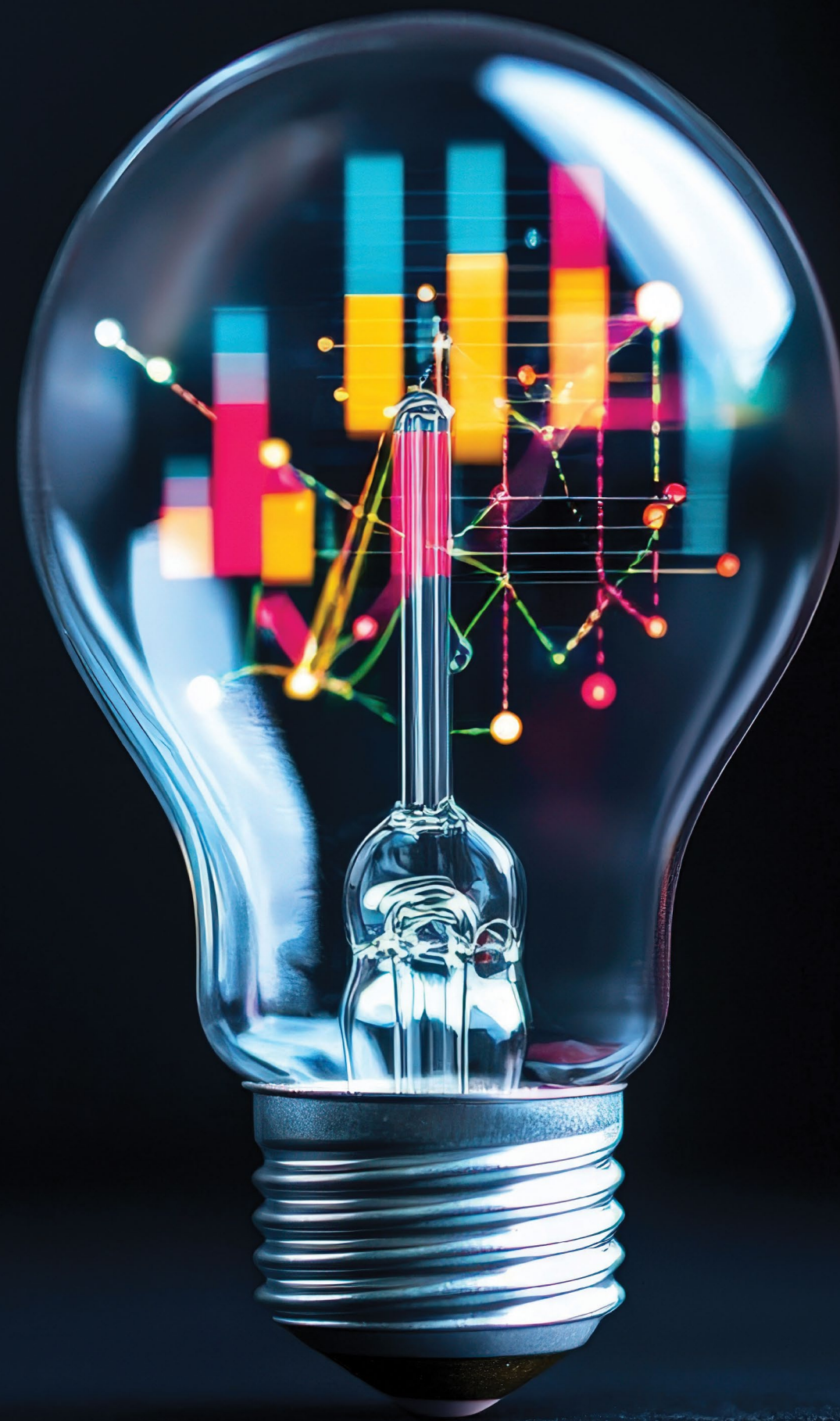
Sustainable operations refer to a business approach that considers economic, social, and environmental aspects, with a focus on long-term viability. The aim of sustainable operations is to create value not only for the company's owners but also for society and the environment. This involves balancing the achievement of business objectives with minimizing environmental impacts, fostering social responsibility, and managing resources and energy in a sustainable manner.



# 17 FINANCIAL REPORT



FINANCIAL  
REPORT OF THE  
ELEKTRO GORENJSKA  
COMPANY





# 17.1. Management Statement of Responsibility

The Management Board of Elektro Gorenjska hereby confirms the accounting statements, and all other components published and presented in this annual report. The annual report provides a true and fair view of the company's financial position.

The Management Board affirms that appropriate accounting policies have been applied in the preparation of the financial statements and that accounting estimates have been made based on the principles of prudence and sound management.

The Management Board of Elektro Gorenjska approved the company's financial statements for the 2024 financial year on 1 April 2025.

The Management Board of Elektro Gorenjska is responsible for the proper maintenance of the company's accounting records, for taking appropriate measures to safeguard assets and other property and confirms that the financial statements have been prepared on the assumption of the company's going concern and in accordance with applicable legislation and Slovenian Accounting Standards.

The tax authorities may, at any time within five years after the end of the year in which tax should have been assessed, review the company's operations. This may result in additional tax liabilities, default interest, and penalties under corporate income tax or other taxes and levies. The management is not aware of any circumstances that could give rise to a material liability in this respect.

Kranj, 1 April 2025

President of the Management Board  
dr. Ivan Šmon, MBA



# 17.2. Auditor's Report



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**INDEPENDENT AUDITOR'S REPORT**  
To the shareholders of Elektro Gorenjska, d.d.  
(Translation of the original report in Slovene language - for information purposes only)

## REPORT ON SEPARATE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of Elektro Gorenjska, d.d. (the Company), which comprise the balance sheet as at December 31, 2024 and the income statement, statement of other comprehensive income, statement of changes in equity and cash flow statement for the year then ended, including a summary of significant accounting policies and other explanatory information.

In our opinion the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024, and its financial performance and cash flows for the year then ended in accordance with Slovenian Accounting Standards.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and Regulation (EU) No. 537/2014 of the European Parliament and Council dated as at April 16, 2014 on specific requirements regarding statutory audit of public-interest entities. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Separate Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Slovenia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### Capitalised costs of own products and services

| Key audit matter   | Our response  |
|--|---|
| Capitalised costs of own products and services amounted to 6.261.655 EUR in the year ended December 31, 2024 (2023: 5.921.213 EUR).  | Our audit procedures included: <ul style="list-style-type: none"><li>- Assessing the guidelines defining additions to tangible fixed assets and construction costs in order to test that they comply with the guidelines prescribed by Slovene accounting standards.</li><li>- Testing the design and implementation of internal controls and testing of internal controls in the part related to the recognition of personnel expenses, costs of materials and services and fixed assets.</li><li>- Familiarization with the method of recognising fixed assets constructed by the Company.</li><li>- Examination of the methodology and assumptions used by the Company in calculating the cost of personnel and verification of the completeness and accuracy of data used.</li><li>- Recalculation of the personnel costs and comparison with the calculation for the</li></ul> |
| The Company constructs buildings and equipment with its own resources. Additions to tangible fixed assets, constructed by the Company, are valued at estimated costs of hours spent, which include personnel expenses and other indirect costs, as well as direct costs of materials and transport. The determination of hourly rates for personnel expenses and judgment regarding which types of indirect costs to include in the cost of tangible fixed assets, includes estimation. Estimation of the amounts and structure of own costs of construction is important for the audit as it is linked to material subjective judgments of the management. In determining the matter, the management uses assumptions and judgments for recognising tangible fixed assets as they are determined by |   |





Slovene accounting standards.

Due to the abovementioned information we determined this matter as a key audit matter.

Disclosures regarding this matter are included in point 17.4 Notes to the financial statements and within this point subtitle Significant accounting policies and estimates - Tangible fixed assets, and in Note 2 - Tangible fixed assets of the point 17.5.1 Notes to the financial statement items, and in Note 2 Capitalized own products and own services of the point 17.5.2 Notes on profit and loss account items.

Investments in property, plant and equipment

Key audit matter

Carrying amount of property, plant and equipment as at December 31, 2024 amounted to 231.922.824 EUR (31. December 2023: 222.548.993 EUR); costs of maintenance for the year 2024 amounted to 1.648.082 EUR (2023: 1.516.922 EUR).

Beside new investments the Company performs maintenance of property, plant and equipment, mainly electrical distribution infrastructure. As items, which fulfil conditions for recognition of property, plant and equipment, are capitalized and depreciated on an annual basis, costs of maintenance are expensed in P&L as incurred. Distinction among items which fulfil conditions for recognition in the balance sheet and items expensed as incurred is significant for the audit of financial statements as it requires management judgement if and which conditions need to be fulfilled for recognition as property, plant and equipment and which for recognition as expenses. Due to this information, we determined the matter as a key audit matter. When determining these facts, the Company follows conditions for recognition of fixed assets as defined in Slovenian Accounting Standards.

Disclosures regarding this matter are included in point 17.4 Notes to the financial statements and within this point subtitle Significant accounting policies and estimates - Fixed assets, to the Note 2 Tangible fixed assets of the point 17.5.1 Notes to the financial statement items, to the Note 5 Maintenance costs of the point 17.5.2 Notes on profit and loss account items.

**Other information**

Management is responsible for the other information. The other information comprises the information included in the annual report does not include the financial statements and our auditor's report thereon. We

- current year and to market data.
- Testing, on a sample of selected items, of capitalised own products and services, where we:
    - assessed whether the appropriate personnel expenses have been used;
    - obtained the bases for the cost of material and transport;
    - conducted interviews with persons responsible for construction of fixed assets;
    - verified supporting accounting documents and entries in the financial statements. The sample included randomly selected items and items that we determined based on our risk-based approach due to the size, complexity, content or duration of construction or maintenance.
  - We have reviewed the disclosures in the annual report regarding fixed assets and capitalized own products and services.

Our response

Our audit procedures included:

- Assessing the guidelines defining investments into tangible fixed assets and construction costs in order to test that they comply with the guidelines prescribed by Slovene accounting standards.
- Testing the design and implementation of internal controls and testing of internal controls in the part costs, property, plant and equipment and related liabilities.
- Familiarization with the management of investments.
- Testing, on a sample of selected items, of property, plant and equipment as well as maintenance costs, where we:
  - Assessed if conditions for recognition of property, plant and equipment or maintenance costs are fulfilled;
  - Obtained the bases for such treatment from responsible persons;
  - Conducted interviews with persons responsible for construction of fixed assets;
  - Verified supporting documentation and postings in the accounting evidences. The sample included randomly selected items and items that we determined based on our risk-based approach due to the size, complexity, content or duration of construction or maintenance.
- We have reviewed the disclosures in the annual report according to the requirements of Slovenian Accounting Standards.



have received other information before the date of the auditor's report, except for the report of the Supervisory Board, which will be available at a later time.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, regulatory requirements or our knowledge obtained in the audit 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 regards to these procedures, we report on the following:

- other information is consistent with audited financial statements in all respect;
- other information is prepared in line with regulatory requirements and
- based on our knowledge and understanding of the Company and its environment, obtained during the audit, no material inconsistencies were found in relation to other information.

**Responsibilities of Management and the Supervisory Board for the Financial Statements**

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

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

The Supervisory Board is responsible for overseeing the Company's financial reporting process and for confirming the audited annual report.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.





We communicate with the Audit Committee and the Supervisory Board 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. We also provide the Audit Committee and the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Supervisory Board and the Audit Committee, we determine those matters that were of most significance in the audit of the separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Independent assurance report on the appropriateness of the criteria for allocating revenue and expenditure to activities and on the correctness of their application

We have conducted an engagement to provide reasonable assurance as to whether the criteria for the division of economic categories by different activities (hereinafter referred to as the "division criteria") disclosed in section 6.9 of the Annual Report are appropriate and applied correctly in the separate accounting for the individual activities of the customer Elektro Gorenjska d.d. for the financial year ended 31 December 2024 in accordance with the requirements of the Electricity Supply Act (ESPA).

Definition of appropriate benchmarks

In order to assess the appropriateness of the division criteria, we assessed compliance with the ESPA. We assessed whether the division criteria reflect the volume of activity giving rise to the economic category they are intended to divide. If the volume of activities giving rise to the economic category could not be measured, we assessed whether the apportionment criterion was determined on the basis of the direct cost share.

In order to assess the correctness of the application of the allocation criteria, we performed audit procedures to verify that each criterion is applied to allocate the economic category for which it was adopted and in the manner in which it was established.

Management and Supervisory Board responsibilities

Management is responsible for the preparation and proper application of the allocation criteria in accordance with the ESPA and for such internal control as management determines is necessary to enable the preparation and fair application of the allocation criteria in accordance with the ESPA.

The Supervisory Board is responsible for adopting the sharing criteria and supervising their application in accordance with the requirements of the ESPA.

Auditor's responsibility

Our responsibility is to provide an assurance engagement and to express a conclusion on whether the apportionment criteria have been prepared in accordance with the requirements of the EIR and are being applied appropriately. We conducted our engagement to provide reasonable assurance in accordance with International Standard on Assurance Engagements 3000 - Assurance Engagements other than Audits or Investigations of Historical Financial Information (ISA 3000) issued by the International Auditing and Assurance Standards Board. This standard requires that we plan and perform the engagement to obtain reasonable assurance about whether the conclusion is appropriate.

We have acted in accordance with the independence and ethical requirements of the International Code of Ethics for Accounting Professionals issued by the International Accounting Standards Board. The Code is based on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional conduct. Our firm operates in accordance with the International Standards on Quality Management (ISQM 1) and maintains a comprehensive quality management system, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.



Summary of work done

Within the scope of the work performed, we carried out the following audit procedures:

- We identified and assessed the risk of material misstatement of the adequacy of the criteria and the appropriateness of their application in relation to the requirements of the ESPA;
- we obtained an understanding of internal control relevant to the engagement to provide reasonable assurance in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control;
- we assessed whether the criteria used are appropriate;
- we obtained reasonable assurance about whether the criteria for sharing are appropriate;
- we obtained reasonable assurance about whether the allocation criteria are applied appropriately in accordance with the criteria adopted.

We believe that the evidence obtained provides a sufficient and appropriate basis for our conclusion.

Conclusion

In our opinion, based on the procedures performed and the evidence obtained, the criteria for allocating indirect costs (expenses), income, assets and resources to the individual activities for the financial year ended 31 December 2024 are, in all material respects, appropriate in accordance with the EIR and have been applied correctly.

Other reporting obligations as required by EU Regulation No. No 537/2014 of the European Parliament and of the Council

Confirmation to the Audit Committee

We confirm that our audit opinion expressed herein is consistent with the additional report to the Audit Committee of the Company.

Provision of Non-audit Services

We declare that no prohibited non-audit services referred to in the Article 5(1) of Regulation ((EU) No. 537/2014 of the European Parliament and the Council were provided and audit company complied with independence requirements at auditing.

Other services

There are no services, in addition to the statutory audit which we provided to the Company and its controlled undertakings, and which have not been disclosed in the Annual Report.

Appointment of the Auditor, the Period of Engagement and Certified Auditor

BDO Revizija d.o.o. was appointed as the statutory auditor of the Company and the Group by the shareholder on General Shareholders' Meeting held on August 24, 2023, the president of the Supervisory board signed the engagement letter on September 14, 2023 for the period of 3 years. Our total uninterrupted engagement started on September 26, 2017.

Engagement partner responsible for the audit on behalf of BDO Revizija d.o.o. is Blaž Velcl, certified auditor.

Ljubljana, April 18, 2025

BDO Revizija d.o.o.  
Cesta v Mestni log 1, Ljubljana

(signature on the original issued in Slovene language)

Blaž Velcl, certified auditor

# 17.3. Financial Statements of Elektro Gorenjska for the Financial Year Ended 31 December 2024

STATEMENT OF FINANCIAL POSITION OF ELEKTRO GORENJSKA AS AT 31 DECEMBER 2024 in €

| Item   | Note | 31 Dec 2024 | 31 Dec 2023 |
|--|------|-------------|-------------|
| ASSETS   |      |             |             |
| A. Long-term Assets  |      | 252,483,821 | 243,742,456 |
| I. Intangible Assets and Long-Term Deferred Costs and Accrued Revenues | 1    | 3,122,256   | 3,114,109   |
| 1. Long-Term Property Rights   |      | 3,002,484   | 3,053,708   |
| 5. Other Long-Term Deferred Costs and Accrued Revenues                 |      | 119,772     | 60,401      |
| II. Property, Plant and Equipment                                      | 2    | 231,922,824 | 222,548,993 |
| 1. Land and Buildings  |      | 167,638,632 | 164,859,697 |
| a) Land  |      | 6,979,301   | 7,282,780   |
| b) Buildings   |      | 160,659,331 | 157,576,917 |
| 2. Production Plant and Machinery                                      |      | 51,041,831  | 52,097,889  |
| 3. Other Plant and Equipment   |      | 65,744      | 66,865      |
| 4. Property, Plant and Equipment Under Acquisition                     |      | 13,176,617  | 5,524,542   |
| a) Property, Plant and Equipment Under Construction and Production     |      | 13,140,183  | 5,483,278   |
| b) Advances for Acquisition of Property, Plant and Equipment           |      | 36,434      | 41,264      |
| III. Investment Property   | 3    | 1,755,081   | 1,782,857   |

|  |   |             |             |
|--|---|-------------|-------------|
| IV. Long-Term Financial Investments                  | 4 | 13,982,256  | 13,982,256  |
| 1. Long-Term Financial Investments, Excluding Loans  |   | 13,839,458  | 13,839,457  |
| a) Shares and Interests in Group Companies           |   | 13,715,303  | 13,715,303  |
| b) Shares and Interests in Associates                |   | 124,155     | 124,154     |
| 2. Long-Term Loans                                   |   | 142,798     | 142,799     |
| b) Long-Term Loans to Others                         |   | 142,798     | 142,799     |
| V. Long-Term Operating Receivables                   | 5 | 155,550     | 722,341     |
| 2. Long-Term Trade Receivables                       |   | 48,476      | 613,688     |
| 3. Long-Term Receivables from Others                 |   | 107,074     | 108,653     |
| VI. Deferred Tax Assets                              |   | 1,545,854   | 1,591,900   |
| B. Short-Term Assets                                 |   | 14,705,211  | 14,974,313  |
| II. Inventories                                      | 6 | 1,428,961   | 1,295,369   |
| 1. Material  |   | 1,189,317   | 1,295,369   |
| 4. Advances for Inventories                          |   | 239,644     | 0           |
| IV. Short-Term Operating Receivables                 | 7 | 10,368,705  | 7,300,535   |
| 1. Short-Term Trade Receivables from Group Companies |   | 31,500      | 19,910      |
| 2. Short-Term Trade Receivables from Customers       |   | 9,803,964   | 7,064,339   |
| 3. Short-Term Income Tax Receivables                 |   | 175,468     | 0           |
| 4. Short-Term Receivables from Others                |   | 357,773     | 216,286     |
| V. Cash and Cash Equivalents                         | 8 | 2,907,545   | 6,378,409   |
| C. Short-Term Accrued Expenses and Deferred Income   |   | 177,555     | 1,480,087   |
| TOTAL  |   | 267,366,587 | 260,196,856 |



| in € |   |      |             |             |
|------|---|------|-------------|-------------|
| Item |   | Note | 31 Dec 2024 | 31 Dec 2023 |
|      | EQUITY AND LIABILITIES  |      |             |             |
| A.   | Capital   | 9    | 174,345,788 | 170,315,507 |
| I.   | Subscribed Capital  |      | 104,136,615 | 104,136,615 |
|      | 1. Share Capital  |      | 104,136,615 | 104,136,615 |
| II.  | Capital Reserves  |      | 45,973,479  | 45,973,479  |
| III. | Profit Reserves   |      | 23,067,946  | 18,847,158  |
|      | 1. Legal Reserves   |      | 4,320,411   | 4,109,421   |
|      | 5. Other Profit Reserves                                      |      | 18,747,535  | 14,737,737  |
| V.   | Fair Value Reserves   |      | -214,130    | -196,358    |
| VI.  | Retained Earnings   |      | 992         | 1,028       |
| VII. | Net Profit For The Financial Year                             |      | 1,380,886   | 1,553,585   |
|      | 1. Unallocated Portion Of Net Profit For The Current Year     |      | 1,380,886   | 1,553,585   |
| B.   | Provisions And Long-Term Accrued Expenses And Deferred Income | 10   | 22,068,899  | 18,147,227  |
|      | 1. Provisions For Retirement Benefits And Similar Obligations |      | 3,551,527   | 3,457,557   |
|      | 2. Other Provisions   |      | 7,431,385   | 6,335,008   |
|      | 3. Long-Term Deferred Income                                  |      | 11,085,987  | 8,354,662   |
| C.   | Long-Term Liabilities   | 11   | 55,040,106  | 50,928,959  |
| I.   | Long-Term Financial Liabilities                               |      | 54,688,957  | 50,633,042  |
|      | 2. Long-Term Financial Liabilities To Banks                   |      | 54,688,957  | 50,633,042  |
| II.  | Long-Term Operating Liabilities                               |      | 139,914     | 67,751      |
|      | 4. Long-Term Operating Liabilities Based On Advances Received |      | 139,914     | 67,751      |
| III. | Deferred Tax Liabilities                                      |      | 211,235     | 228,166     |

|                              |  |    |             |             |
|------------------------------|--|----|-------------|-------------|
| Č.                           | Short-Term Liabilities   |    | 14,229,100  | 19,601,979  |
| II.                          | Short-Term Financial Liabilities                               | 12 | 7,123,688   | 10,847,735  |
|                              | 1. Short-Term Operating Liabilities To Group Companies         |    | 0           | 171         |
|                              | 2. Short-Term Financial Liabilities To Banks                   |    | 6,944,084   | 9,058,406   |
|                              | 4. Other Short-Term Financial Liabilities                      |    | 179,604     | 1,789,158   |
| III.                         | Short-Term Operating Liabilities                               | 13 | 7,105,412   | 8,754,244   |
|                              | 1. Short-Term Operating Liabilities To Group Companies         |    | 51,119      | 40,380      |
|                              | 2. Short-Term Operating Liabilities To Suppliers               |    | 3,056,670   | 5,257,485   |
|                              | 4. Short-Term Operating Liabilities Based On Advances Received |    | 130,488     | 84,197      |
|                              | 5. Short-Term Income Tax Liabilities                           |    | 0           | 293,955     |
|                              | 6. Other Short-Term Operating Liabilities                      |    | 3,867,135   | 3,078,227   |
| D.                           | Short-Term Accrued Expenses And Deferred Income                | 14 | 1,682,694   | 1,203,184   |
| TOTAL EQUITY AND LIABILITIES |  |    | 267,366,587 | 260,196,856 |

The notes to the financial statements are an integral part of the financial statements and should be read in conjunction with them.

STATEMENT OF PROFIT OR LOSS OF ELEKTRO GORENJSKA FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

in €

| Item |   | Note | 2024       | 2023       |
|------|---|------|------------|------------|
| 1.   | Net Sales Revenue   | 1    | 37,972,194 | 37,160,207 |
|      | a. Net Sales Revenue From Domestic Market   |      | 37,963,461 | 37,152,257 |
|      | b. Net Sales Revenue From Foreign Market  |      | 8,733      | 7,950      |
| 3.   | Capitalised Own Products And Services   | 2    | 6,261,655  | 5,921,213  |
| 4.   | Other Operating Income (Including Revaluation Operating Income)                           | 3    | 1,536,599  | 1,884,865  |
| 5.   | Cost Of Goods, Material And Services  |      | 11,739,051 | 11,071,419 |
|      | a. Cost Of Goods Sold, Cost Of Material Used  | 4    | 6,196,686  | 6,518,245  |
|      | b. Cost Of Services   | 5    | 5,542,365  | 4,553,174  |
| 6.   | Labour Costs  | 6    | 16,175,542 | 15,353,221 |
|      | a. Salaries And Wages   |      | 11,547,661 | 10,937,132 |
|      | b. Social Security Contributions  |      | 2,483,780  | 2,308,107  |
|      | - Of Which Pension Insurance Contributions  |      | 1,607,937  | 1,495,575  |
|      | c. Other Labour Costs   |      | 2,144,101  | 2,107,982  |
| 7.   | Depreciation And Amortisation   | 7    | 13,243,861 | 12,551,555 |
|      | a. Amortisation   |      | 12,982,136 | 12,060,784 |
|      | b. Revaluation Operating Expenses For Intangible Assets And Property, Plant And Equipment |      | 255,675    | 485,477    |
|      | c. Revaluation Operating Expenses For Current Assets                                      |      | 6,050      | 5,294      |

|     |   |    |           |           |
|-----|---|----|-----------|-----------|
| 8.  | Other Operating Expenses  | 8  | 1,462,067 | 515,719   |
| 9.  | Financial Income From Equity Interests                                | 9  | 3,500,000 | 1,580,000 |
|     | a. Financial Income From Equity Interests In Group Companies          |    | 3,500,000 | 1,580,000 |
| 10. | Financial Income From Loans Granted                                   |    | 23,139    | 38,990    |
|     | b. Financial Income From Loans Granted To Others                      |    | 23,139    | 38,990    |
| 11. | Financial Income From Operating Receivables                           |    | 19,036    | 25,711    |
|     | b. Financial Income From Operating Receivables From Others            |    | 19,036    | 25,711    |
| 13. | Financial Expenses From Financial Liabilities                         |    | 2,170,318 | 1,698,344 |
|     | a. Financial Expenses From Loans Received From Group Companies        |    | 2,680     | 1,116     |
|     | b. Financial Expenses From Loans Received From Banks                  |    | 2,167,638 | 1,697,228 |
| 14. | Financial Expenses From Operating Liabilities                         |    | 102,926   | 106,679   |
|     | b. Financial Expenses From Liabilities To Suppliers And Bills Payable |    | 227       | 166       |
|     | c. Financial Expenses From Other Operating Liabilities                |    | 102,699   | 106,513   |
| 15. | Other Income  |    | 18        | 21        |
| 16. | Other Expenses  |    | 36,096    | 69,764    |
| 17. | NET PROFIT OR LOSS FOR THE ACCOUNTING PERIOD BEFORE TAX               |    | 4,382,780 | 5,244,306 |
| 18. | Income Tax  | 10 | 136,538   | 293,955   |
| 19. | Deferred Taxes  | 10 | 26,447    | -435,221  |
| 20. | NET PROFIT OR LOSS FOR THE ACCOUNTING PERIOD                          |    | 4,219,795 | 5,385,572 |

The notes to the financial statements are an integral part of the financial statements and should be read in conjunction with them.

STATEMENT OF OTHER COMPREHENSIVE INCOME OF ELEKTRO GORENJSKA FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

in €

| Item   | 2024             | 2023             |
|--|------------------|------------------|
| NET PROFIT OR LOSS FOR THE ACCOUNTING PERIOD | 4,219,795        | 5,385,572        |
| Other Components Of Comprehensive Income     | -16,780          | -234,315         |
| <b>TOTAL COMPREHENSIVE INCOME</b>            | <b>4,203,015</b> | <b>5,151,257</b> |

The notes to the financial statements are an integral part of the financial statements and should be read in conjunction with them.

CASH FLOW STATEMENT OF ELEKTRO GORENJSKA FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

in €

| Item  | 2024               | 2023               |
|---|--------------------|--------------------|
| <b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>                      |                    |                    |
| <b>a. Receipts From Operating Activities</b>                        | <b>52,901,469</b>  | <b>47,204,451</b>  |
| 1. Receipts From Sales Of Products And Services                     | 48,614,250         | 42,402,717         |
| 2. Receipts From Income Tax   | 0                  | 402,070            |
| 3. Other Receipts From Operating Activities                         | 4,287,219          | 4,399,664          |
| <b>b. Payments For Operating Activities</b>                         | <b>-33,396,102</b> | <b>-27,183,974</b> |
| 1. Payments For Purchase Of Materials And Services                  | -13,545,068        | -10,429,627        |
| 2. Payments For Salaries And Profit Shares To Employees             | -11,683,094        | -10,828,661        |
| 3. Payments For Income Tax  | -605,960           | 0                  |
| 4. Payments For Other Duties  | -3,599,240         | -2,697,718         |
| 5. Other Payments For Operating Activities                          | -3,962,740         | -3,227,968         |
| <b>c. Net Cash From Operating Activities (Positive Or Negative)</b> | <b>19,505,367</b>  | <b>20,020,477</b>  |

|   |                    |                    |
|---|--------------------|--------------------|
| <b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>                      |                    |                    |
| <b>a. Receipts From Investing Activities</b>                        | <b>5,581,625</b>   | <b>1,833,734</b>   |
| 1. Receipts From Interest And Profit Shares From Others             | 3,543,496          | 1,642,910          |
| 3. Receipts From Disposal Of Property, Plant And Equipment          | 1,723,160          | 190,824            |
| 4. Receipts From Disposal Of Investment Property                    | 314,969            | 0                  |
| <b>b. Payments For Investing Activities</b>                         | <b>-26,544,325</b> | <b>-22,036,541</b> |
| 1. Payments For Acquisition Of Intangible Assets                    | -2,395,581         | -1,095,219         |
| 2. Payments For Acquisition Of Property, Plant And Equipment        | -24,126,300        | -20,892,230        |
| 3. Payments For Acquisition Of Investment Property                  | -22,444            | -49,092            |
| <b>c. Net Cash From Investing Activities (Positive Or Negative)</b> | <b>-20,962,700</b> | <b>-20,202,807</b> |
| <b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>                      |                    |                    |
| <b>a. Receipts From Financing Activities</b>                        | <b>13,150,000</b>  | <b>14,150,000</b>  |
| 2. Receipts From Increase In Financial Liabilities                  | 13,150,000         | 14,150,000         |
| <b>b. Payments For Financing Activities</b>                         | <b>-15,163,531</b> | <b>-12,246,599</b> |
| 1. Interest Paid Relating To Financing                              | -2,334,062         | -1,688,348         |
| 3. Repayment Of Financial Liabilities                               | -11,274,856        | -10,558,251        |
| 4. Dividend And Profit Share Payments                               | -1,554,613         | 0                  |
| <b>c. Net Cash From Financing Activities (Positive Or Negative)</b> | <b>-2,013,531</b>  | <b>1,903,401</b>   |
| <b>Č. CLOSING CASH BALANCE</b>                                      | <b>2,907,545</b>   | <b>6,378,409</b>   |
| <b>x. Net Cash Flow For The Period</b>                              | <b>-3,470,864</b>  | <b>1,721,071</b>   |
| <b>y. Opening Cash Balance</b>                                      | <b>6,378,409</b>   | <b>4,657,338</b>   |

The notes to the financial statements are an integral part of the financial statements and should be read in conjunction with them.



STATEMENT OF CHANGES IN EQUITY OF ELEKTRO GORENJSKA FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

in €

From 1 January 2024 to 31 December 2024:

| MOVEMENTS WITHIN INDIVIDUAL EQUITY ITEMS  | Subscribed Capital | Capital Reserves        |  |   |
|---|--------------------|-------------------------|--|---|
|   | I                  | II                      |  |   |
|   | Share Capital      | Paid-In Capital Surplus | Capital Reserves From Reduction of Share Capital | General Revaluation Adjustment of Capital |
|   | I/1st              | II/1st                  | II/2nd   | II/3rd                                    |
| A.1. BALANCE AS AT 31 DECEMBER 2023   | 104,136,615        | 1                       | 28,581   | 45,944,897                                |
| A.2. BALANCE AS AT 1 JANUARY 2024   | 104,136,615        | 1                       | 28,581   | 45,944,897                                |
| B.1. CHANGES IN EQUITY – TRANSACTIONS WITH OWNERS   | 0                  | 0                       | 0  | 0   |
| g) Dividend Payment   | 0                  | 0                       | 0  | 0   |
| i) Other Changes in Equity  | 0                  | 0                       | 0  | 0   |
| B.2. TOTAL COMPREHENSIVE INCOME FOR THE REPORTING PERIOD  | 0                  | 0                       | 0  | 0   |
| a) Total Comprehensive Income for the Reporting Period  | 0                  | 0                       | 0  | 0   |
| č) Other Components of Comprehensive Income for the Reporting Period  | 0                  | 0                       | 0  | 0   |
| B.3. CHANGES IN CAPITAL   | 0                  | 0                       | 0  | 0   |
| a) Allocation of the Remaining Part of Net Profit of the Comparative Period To Other Components Of Equity                                   | 0                  | 0                       | 0  | 0   |
| b) Allocation of Part of Net Profit of The Reporting Period to Other Components of Equity Based on Management and Supervisory Body Decision | 0                  | 0                       | 0  | 0   |
| f) Other Changes in Capital   | 0                  | 0                       | 0  | 0   |
| C. BALANCE AS AT 31 DECEMBER 2024   | 104,136,615        | 1                       | 28,581   | 45,944,897                                |

| Profit Reserves |                       | Reserves Arising From Fair Value Measurement | Retained Net Profit | Net Profit for the Financial Year | TOTAL EQUITY |
|-----------------|-----------------------|--|---------------------|-----------------------------------|--------------|
| III             |                       | V  | VI                  | VII                               |              |
| Legal Reserves  | Other Profit Reserves | Reserves Arising from Fair Value Measurement | Retained Net Profit | Net Profit for the Financial Year |              |
| III/1st         | III/5th               | V  | VI/1st              | VII/1st                           |              |
| 4,109,421       | 14,737,737            | -196,358                                     | 1,028               | 1,553,585                         | 170,315,507  |
| 4,109,421       | 14,737,737            | -196,358                                     | 1,028               | 1,553,585                         | 170.315.507  |
| 0               | 1,381,878             | 0  | -1,554,613          | 0                                 | -172,735     |
| 0               | 0                     | 0  | -1,554,613          | 0                                 | -1,554,613   |
| 0               | 1,381,878             | 0  | 0                   | 0                                 | 1,381,878    |
| 0               | 0                     | -16,780                                      | 0                   | 4,219,795                         | 4,203,015    |
| 0               | 0                     | 0  | 0                   | 4,219,795                         | 4,219,795    |
| 0               | 0                     | -16,780                                      | 0                   | 0                                 | -16,780      |
| 210,990         | 2,627,919             | -992   | 1,554,577           | -4,392,494                        | 0            |
| 0               | 0                     | 0  | 1,553,585           | -1,553,585                        | 0            |
| 210,990         | 2,627,919             | 0  | 0                   | -2,838,909                        | 0            |
| 0               | 0                     | -992   | 992                 | 0                                 | 0            |
| 4,320,411       | 18,747,535            | -214,130                                     | 992                 | 1,380,886                         | 174,345,788  |

Note 9 – Equity in the section The notes to the financial statements are an integral part of the financial statements and should be read in conjunction with them.

STATEMENT OF CHANGES IN EQUITY OF ELEKTRO GORENJSKA FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

in €

From 1 January 2023 to 31 December 2023

| MOVEMENTS WITHIN INDIVIDUAL EQUITY ITEMS  | Subscribed Capital | Capital Reserves        |  |   |
|---|--------------------|-------------------------|--|---|
|   | I.                 | II.                     |  |   |
|   | Share Capital      | Paid-In Capital Surplus | Capital Reserves From Reduction of Share Capital | General Revaluation Adjustment of Capital |
|   | I/1st              | II/1st                  | II/2nd   | II/3rd                                    |
| A.1. BALANCE AS OF DECEMBER 31 2022   | 104,136,615        | 1                       | 28,581   | 45,944,897                                |
| A.2. BALANCE AS OF JANUARY 1 2023   | 104,136,615        | 1                       | 28,581   | 45,944,897                                |
| B.1. CHANGES IN EQUITY CAPITAL – TRANSACTIONS WITH OWNERS   | 0                  | 0                       | 0  | 0   |
| g) Dividend payment   | 0                  | 0                       | 0  | 0   |
| B.2. TOTAL COMPREHENSIVE INCOME FOR THE REPORTING PERIOD  | 0                  | 0                       | 0  | 0   |
| a) Total Comprehensive Income for the Reporting Period  | 0                  | 0                       | 0  | 0   |
| č) Other Components of Comprehensive Income for the Reporting Period  | 0                  | 0                       | 0  | 0   |
| B.3. CHANGES IN CAPITAL   | 0                  | 0                       | 0  | 0   |
| a) Allocation of the Remaining Part of Net Profit of the Comparative Period To Other Components Of Equity                                   | 0                  | 0                       | 0  | 0   |
| b) Allocation of Part of Net Profit of The Reporting Period to Other Components of Equity Based on Management and Supervisory Body Decision | 0                  | 0                       | 0  | 0   |
| f) Other Changes in Capital   | 0                  | 0                       | 0  | 0   |
| C. BALANCE AS AT 31 DECEMBER 2023   | 104,136,615        | 1                       | 28,581   | 45,944,897                                |

| Profit Reserves |                       | Reserves Arising From Fair Value Measurement | Retained Net Profit | Net Profit for the Financial Year |                                 | TOTAL EQUITY |
|-----------------|-----------------------|--|---------------------|-----------------------------------|---------------------------------|--------------|
| III.            |                       | V.   | VI.                 | VII.                              |                                 |              |
| Legal Reserves  | Other Profit Reserves | Reserves Arising from Fair Value Measurement | Retained Net Profit | Net Profit for the Financial Year | Net Loss for the Financial Year |              |
| III/1st         | III/5th               | V  | VI/1st              | VII/1st                           | VII./2nd                        |              |
| 3,865,679       | 13,042,103            | 38,985                                       | 0                   | 0                                 | -510,732                        | 166,546,129  |
| 3,865,679       | 13,042,103            | 38,985                                       | 0                   | 0                                 | -510,732                        | 166,546,129  |
| 0               | -1,381,878            | 0  | 0                   | 0                                 | 0                               | -1,381,878   |
| 0               | -1,381,878            | 0  | 0                   | 0                                 | 0                               | -1,381,878   |
| 0               | 0                     | -234,315                                     | 0                   | 5,385,572                         | 0                               | 5,151,257    |
| 0               | 0                     | 0  | 0                   | 5,385,572                         | 0                               | 5,385,572    |
| 0               | 0                     | -234,315                                     | 0                   | 0                                 | 0                               | -234,315     |
| 243,742         | 3,077,513             | -1,028                                       | 1,028               | -3,831,987                        | 510,732                         | 0            |
| 0               | 0                     | 0  | 0                   | 0                                 | 510,732                         | 0            |
| 243,742         | 3,077,513             | 0  | 0                   | -3,831,987                        | 0                               | 0            |
| 0               | 0                     | -1,028                                       | 1,028               | 0                                 | 0                               | 0            |
| 4,109,421       | 14,737,737            | -196,358                                     | 1,028               | 1,553,585                         | 0                               | 170,315,507  |

Note 9 – Equity in the section The notes to the financial statements are an integral part of the financial statements and should be read in conjunction with them.

ACCUMULATED PROFIT (NET PROFIT CARRIED FORWARD) OF ELEKTRO GORENJSKA FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

in €

| Item  | 2024      | 2023      |
|---|-----------|-----------|
| 1. Net Profit for the Financial Year  | 4,219,795 | 5,385,572 |
| 2. + Retained Net Profit / Retained Net Loss (Deductible Item)  | 992       | -509,704  |
| 4. - Increase (Additional Formation) of Profit Reserves Based on the Decision of Management and Supervisory Bodies:<br>a) Legal Reserves        | 210,990   | 243,742   |
| 5. - Increase (Additional Formation) of Profit Reserves Based on the Decision of Management and Supervisory Bodies:<br>a) Other Profit Reserves | 2,627,919 | 3,077,513 |
| 7. BALANCE SHEET PROFIT   | 1,381,878 | 1,554,613 |

The notes to the financial statements are an integral part of the financial statements and should be read in conjunction with them.

# 17.4. Basis of Preparation of Financial Statements

## GENERAL ACCOUNTING FRAMEWORK

Elektro Gorenjska maintains its accounting records and prepares its financial statements in accordance with the Slovenian Accounting Standards (SAS), the Companies Act (ZGD-1, Official Gazette of the Republic of Slovenia, No. 65/09 with amendments), and the Electricity Supply Act (ZOOE, Official Gazette of the Republic of Slovenia, No. 172/21). The preparation of the financial statements is based on the two fundamental accounting assumptions: the going concern assumption and the accrual basis of accounting. In developing the accounting policies used in the preparation of the financial statements, the company's management primarily considers understandability, relevance, reliability, and comparability.

In accordance with Article 56 of the Companies Act (ZGD-1), a company with its registered office in Slovenia that is a parent company of one or more subsidiaries in Slovenia or abroad must prepare consolidated annual financial statements. The Elektro Gorenjska Group consists of the following:

- Parent company: Elektro Gorenjska, Ulica Mirka Vadnova 3a, Kranj
- Subsidiary: Gorenjske elektrarne, Stara cesta 3, Kranj, wholly owned by the parent company. As at 31 December 2024, the equity of this company amounted to €25,247,088 and its net profit for 2024 was €2,998,242.
- Subsidiary: GEK Solar, Stara cesta 3, 4000 Kranj, wholly owned by the subsidiary Gorenjske elektrarne. As at 31 December 2024, the equity of this company amounted to €939,766 and its net profit for 2024 was €118,934.
- Associate: Soenergetika, Stara cesta 3, Kranj, in which Gorenjske elektrarne holds a 25% stake. As at 31 December 2024, the equity of this company amounted to €1,310,804 and its net profit for 2024 was €180,482.

In addition to the above companies, the Elektro Gorenjska Group also includes the company Informatika, in which Elektro Gorenjska holds a 10.50% share. Due to its immateriality, this company is not included in the consolidated financial statements.

The company does not disclose information which it reasonably believes could result in significant harm to the company if disclosed. The company's financial year is identical to the calendar year. The reporting accuracy is to the nearest euro.

## FOREIGN EXCHANGE DIFFERENCES RECOGNITION

The reference exchange rate of the European Central Bank, published on the website of Banka Slovenije (Bank of Slovenia) on the date of each individual business transaction, is used to translate asset and liability items originally denominated in foreign currencies. Closing balances of monetary items are translated using the exchange rate published on the balance sheet date.

Exchange differences arising from the translation of financial assets denominated in foreign currencies that qualify as monetary items are recognised in profit or loss. Translation of other financial assets in foreign currencies is recognised in accordance with their classification.

Exchange differences arising on the settlement of monetary items or on the translation of monetary items at exchange rates different from those used at initial recognition are recognised in profit or loss in the period in which they arise.

## SEGMENT REPORTING BY GEOGRAPHICAL AND BUSINESS AREAS

Elektro Gorenjska Group reports on the following geographical segments: Slovenia, other EU countries, and non-EU countries.

A business segment is a distinguishable component of the company engaged in providing a particular service or group of related services, whose risks and returns differ from those of other business segments.

For the financial year 2024, i.e. the period from 1 January 2024 to 31 December 2024, the company presents its operations by the following business segments:

- Activities under the contract with the Distribution System Operator (Pogodba z DO), and
- Other activities.

The Statement of Financial Position and the Income Statement by business segments are presented in the chapter Disclosures in Accordance with the Electricity Supply Act.

## SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

Elektro Gorenjska Group did not change its accounting policies in 2024. The key accounting policies and estimates are as follows:

### Property, Plant and Equipment

Property, plant and equipment are assets owned, leased, or otherwise controlled by the company, used in the production or supply of goods or services, for rental (excluding investment property), or for administrative purposes, and are expected to be used over more than one accounting period.

The cost of property, plant and equipment comprises:

- The purchase price (expenditures related to acquisition, construction, or upgrade);
- Import duties and non-refundable purchase taxes, and
- Directly attributable costs necessary to bring the asset to its intended use:
  - Expenses for project and construction documentation;
  - Site preparation costs (excavation, backfilling, drainage);
  - Costs of obtaining permits for utility connections (energy, water, sewage, telecommunications, lightning protection);
  - Transportation and installation costs;
  - Testing costs, reduced by any income from the sale of test outputs;
  - Legal fees (e.g. land registry);
  - Brokerage commissions;
  - Other transaction-related costs that would not have been incurred otherwise;
- Costs related to leased assets used in the construction or upgrade of property, such as depreciation of right-of-use assets;
- Borrowing costs directly attributable to the acquisition or construction of a qualifying asset, provided the asset takes more than one year to be ready for use.

For property, plant and equipment constructed internally by the company, the cost includes directly attributable costs and an appropriate portion of general construction costs. Costs not related to the construction or not recognised by the market are excluded. The cost also includes borrowing costs incurred in the construction or production of the asset. The cost must not exceed the market value of comparable assets. Internally constructed asset cost components include direct labour hours, material costs (valued at the weighted average moving price at the level of organisational units), and other direct production costs (e.g. administrative and legal fees, notary services).



Borrowing costs are capitalised upon project completion. If the investment is not completed within the reporting year, borrowing costs are capitalised as of the year-end to the investment items named in the loan agreement or unnamed project items exceeding a planned value of €400,000.

Elektro Gorenjska Group assesses that it has no significant obligations for dismantling, restoration, or similar commitments. A right-of-use asset is recognised at the lease commencement date and is depreciated on a straight-line basis over the lease term.

Energy infrastructure leased to ELES under the contract with the Distribution System Operator (Pogodba z DO) is recognised under property, plant and equipment and not as investment property. Elektro Gorenjska Group considers this presentation appropriate based on the nature of the assets, as they are used for own operations and not held to earn rentals or other income.

After initial recognition, property, plant and equipment are measured using the cost model. At year-end, the company assesses whether there is any indication of impairment, considering both external and internal information sources.

The depreciation base of depreciable assets equals their cost less any impairment losses. Subsequent expenditures that increase the future economic benefits of the asset beyond those originally assessed are added to the asset's carrying amount. If the expenditures extend the asset's useful life, the asset's cost and useful life are adjusted accordingly. Maintenance and repair costs necessary for the normal operation of the asset are recognised as expenses.

The straight-line depreciation method is used. Average useful lives and depreciation rates of major asset groups are as follows:

| Major Groups of Depreciable Assets | Estimated Useful Life<br>(in Years) | Depreciation Rate (%) |
|------------------------------------|-------------------------------------|-----------------------|
| Energy Infrastructure Buildings    | 25–50                               | 2–4                   |
| Other Buildings                    | 20–50                               | 2–5                   |
| Energy Infrastructure Equipment    | 10–35                               | 2.86–10               |
| Computer Hardware                  | 3                                   | 33.33                 |
| Other Equipment                    | 2–20                                | 5–50                  |
| Vehicles                           | 7–12                                | 8.33–14.29            |

Intangible Assets and Long-Term Deferred Costs and Accrued Revenues

An intangible asset is an identifiable non-monetary asset without physical substance. The company recognises intangible assets at cost, less accumulated amortisation and accumulated impairment losses. Impairment of intangible assets with a finite useful life is assessed in the same manner as for property, plant and equipment.

The company also recognises right-of-use assets under intangible assets.

The straight-line amortisation method is applied. The useful lives and amortisation rates of major categories of amortisable intangible assets are as follows:

| Major Categories of Amortisable Assets | Estimated Useful Life<br>(in years) | Amortisation Rate (%) |
|--|-------------------------------------|-----------------------|
| Computer Software                      | 3–7                                 | 14.29–33.33           |
| Other Rights                           | 33–100                              | 1–3.33                |

Investment Property

Investment property is property held by the company to earn rental income and/or for capital appreciation.

These primarily include:

- Land held for long-term capital appreciation rather than for short-term sale in the ordinary course of business;
- Land for which no future use has been determined;
- Buildings leased out under one or more operating lease agreements;
- Vacant buildings held for future lease under operating lease agreements;
- Property under construction or development for future use as investment property.

The following are not classified as investment property:

- Property used by employees (e.g. housing provided under operating leases);
- Property leased on a long-term basis to ELES the contract with the Distribution System Operator (Pogodba z DO);
- Property forming part of the Sava hydropower plant, currently under denationalisation proceedings and leased long-term to the subsidiary Gorenjske elektrarne.

Such properties are instead treated as property, plant and equipment.

After initial recognition, investment properties are measured at cost, less accumulated depreciation and impairment losses. The straight-line depreciation method is used. Useful lives of significant classes of depreciable investment property range between 25 and 50 years, with depreciation rates from 2% to 4%.



Financial Investments

Financial investments are assets recognised in the Statement of Financial Position as long-term or short-term financial investments.

Equity investments and loan investments are broken down into those relating to subsidiaries within the Group, associates, joint ventures, and others. Other financial investments are classified at initial recognition based on the company’s business model for managing the financial assets subject to classification and the characteristics of the contractual cash flows of the financial asset.

In accounting for a regular purchase or sale of a financial asset, such an asset is recognised in the accounting records and in the Statement of Financial Position based on the trade date – the date on which the company commits to purchase or sell the asset.

At initial recognition, a financial investment is measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of the financial asset are added to the initially recognised amount, unless the asset is measured at fair value through profit or loss. Investments in subsidiaries, associates, and joint ventures are measured and accounted for at cost only.

If there is objective evidence that a financial investment measured at amortised cost or cost has been impaired, the impairment loss is measured as the difference between the asset’s carrying amount and the present value of expected future cash flows, discounted at the original effective interest rate of the financial investment. The impairment loss is recognised in profit or loss as a revaluation financial expense.

Receivables

Receivables represent rights arising from proprietary or other legal relationships that entitle the company to demand payment of a debt from another party or, in the case of advances, the delivery of goods or the performance of services. A receivable is recognised when the company obtains control over the contractual rights associated with it and when the inflow of economic benefits is probable.

At initial recognition, receivables are measured at the amount stated in the supporting documents, assuming they will be paid. Subsequently, receivables may be increased or reduced due to subsequent discounts, payments received, or other forms of settlement. After initial recognition, receivables are measured at amortised cost.

In the Statement of Financial Position, long-term receivables that have already matured (but remain unpaid) and long-term receivables falling due within one year from the balance sheet date are presented as short-term receivables.

At least quarterly – before the preparation of financial statements – the appropriateness of each receivable’s carrying amount is reviewed. Receivables for which full or partial settlement is deemed unlikely are classified as doubtful, if more than 90 days past due, or disputed, if legal proceedings have been initiated or the payment is contested. For both categories, the company establishes a 100% impairment allowance. For this purpose, appropriate internal records are maintained.

Disputed receivables include all those subject to:

- Enforcement proceedings based on an enforceable title;
- Enforcement based on credible accounting documents (e.g. lawsuits), and
- Insolvency proceedings (compulsory settlement, simplified compulsory settlement, or bankruptcy).

Receivables overdue by more than 90 days are classified as doubtful receivables. However, the company may reduce the impairment allowance for a specific receivable based on payment received by the data preparation date, agreed payment deferrals, collateral held, or other justified reasons. Based on sound reasoning, the company may also classify as doubtful receivables those not yet 90 days overdue, if it is unlikely that they will be settled in full.

Inventories

Inventories of materials include quantities held in storage that will be used in the production of goods or the provision of services.

Each unit of material inventory (including small tools and packaging) is initially recognised at acquisition cost, which comprises the purchase price, import duties, and other non-refundable taxes, along with direct procurement costs.

The cost of materials held in inventory prior to use is reported using the weighted average cost method at the level of organisational units. The weighted average cost is calculated daily. The company regularly – at least once annually during the inventory count – reviews the net realisable value of inventories and writes them down when their carrying amount exceeds their net realisable value.

Cash and Cash Equivalents

Cash and cash equivalents include:

- Cash held in transaction accounts with banks or other financial institutions that can be used for payment, and
- Cash equivalents.

Cash equivalents are short-term investments that are readily convertible into a known amount of cash and are subject to an insignificant risk of changes in value. The company treats short-term deposits and bank balances, as well as intercompany loans within the Group with maturities of up to three months from acquisition, and proceeds from their disposal, as cash equivalents. All transaction accounts are held in euros. The account with Gorenjska Banka is also maintained in other currencies.

Revaluation of cash is the adjustment of the carrying amount, which may be performed at year-end or during the year. It applies only to cash denominated in foreign currencies, if the exchange rate changes after initial recognition. The resulting exchange difference may increase or decrease the originally recognised value. In the first case, the difference is recognised as financial income, and in the second as a financial expense related to cash.

Equity

Total equity of the company comprises called-up capital, capital reserves, profit reserves; revaluation reserves (arising from fair value measurements); retained earnings or loss from previous years and undistributed net profit or unrecognised loss for the current financial year.

The company’s share capital is divided into registered ordinary shares, each with an equal share and nominal value.

Revaluation reserves relate to the increase or decrease of actuarial gains or losses on retirement benefit obligations.

All components of equity other than share capital belong to the shareholders in proportion to their shareholding in the company’s share capital.

Liabilities

Liabilities represent recognised obligations related to the financing of own assets, which must be settled—typically in cash. Deferred tax liabilities are treated as a distinct category of liabilities. In the Statement of Financial Position, long-term liabilities that are either already due but not yet settled or will mature within one year after the reporting date, are presented as short-term liabilities.

Liabilities may be financial (e.g. loans obtained under loan agreements, lease liabilities under finance leases), or operating (e.g. trade payables to suppliers, liabilities to employees, liabilities to the state, and liabilities to customers for received advances and security deposits).

After initial recognition, liabilities are measured at amortised cost. Their carrying amount increases by accrued interest and decreases by repayments or other forms of settlement, provided a settlement agreement exists. A liability is derecognised when contractual rights to the related cash flows expire (e.g. due to statute of limitations) or when the liability is transferred along with all associated risks and rewards.

Provisions

Provisions are recognised for present obligations arising from binding past events, which are expected to result in an outflow of resources in an uncertain period, and whose settlement amounts can be reliably measured. Provisions serve to accumulate future costs or expenses in advance to cover obligations that will require economic outflows. Contingent liabilities are not recognised as provisions. The carrying amount of a provision equals its original value, reduced by amounts used, until a reassessment indicates the need to increase or decrease the provision. A provision is recognised in the accounting records and the Statement of Financial Position if:

- A present legal or constructive obligation exists due to a past event;
- It is probable that an outflow of resources will be required to settle the obligation, and
- The amount of the obligation can be reliably estimated.

An obligation exists when, under applicable rules and regulations, the company has no realistic alternative but to settle it. If it is not clear whether a present obligation exists, it is assumed to exist if it is more likely than not (i.e. probability >50%) based on all available evidence as at the reporting date.

If the probability is lower, the company discloses a contingent liability instead. A contingent liability is also disclosed in the rare event that the amount of the obligation cannot be reliably estimated.

Provisions also include long-term employee benefits, in accordance with IAS 19, and are classified as:

- Jubilee benefits (classified as other long-term employee benefits);
- Retirement benefits (classified as post-employment benefits), and
- Termination benefits.

Provisions for jubilee and retirement benefits are based on actuarial valuations of future obligations, discounted to the reporting date, in line with SAS 10, and applying principles from IAS 19 where SAS 10 lacks detailed guidance. The difference between SAS 10 and IAS 19 lies in the treatment of actuarial gains/losses: under SAS 10, these are proportionally transferred to retained earnings for employees for whom retirement benefit provisions are no longer required.

The calculation of provisions for retirement benefits and jubilee awards is performed by a certified actuary. Provisions are recognised in the amount of future expected payments, discounted to the reporting date. The following components are considered in the calculation: current service cost, interest cost, and actuarial gains or losses arising from changes in actuarial assumptions or experience adjustments.

At the reporting date, the company determines and recognises in the income statement the income or expense arising from the remeasurement of retirement benefit provisions, including:

- The amount of additional provisions for current service costs related to retirement benefits for the current year;
- Increases or decreases in previously recognised provisions due to the introduction or amendment of benefit plans (past service cost);
- Accrued interest cost on the provisions (as an additional provision expense);
- The impact of curtailments or settlements of retirement benefit obligations.

Actuarial gains and losses on retirement benefits are not recognised in the income statement, but are instead recognised directly in equity, under revaluation reserves. These reserves may also be negative. Revaluation reserves from this source are transferred proportionally to retained earnings as the retirement benefit provisions for retired employees are utilised.

Jubilee awards are classified as other long-term employee benefits. At the reporting date, the company determines and recognises in the income statement the related income or expenses, including actuarial gains and losses, from the remeasurement of provisions for jubilee awards. Termination benefits for fixed-term employment contracts are recognised as short-term accrued expenses (short-term deferred costs) rather than as provisions.

Provisions are derecognised in the accounting records and the Statement of Financial Position when the obligations for which they were established are no longer probable or no longer exist. Provisions for anticipated costs or expenses are reduced directly by the related expenditures for which they were originally formed. Accordingly, when provisions are used, no additional expenses are recognised in the income statement.

Accruals and Deferrals

Accruals and deferrals represent receivables and liabilities in a broader sense and can be either prepaid/accrued assets (active) or deferred/accrued liabilities (passive). They include deferred income and expenses, prepaid expenses and accrued costs and temporarily unbilled revenues as a specific type of receivable or liability.

Accruals and deferrals expected to be realised within one year are classified as short-term; those expected to be realised over a longer period are classified as long-term.

The company also includes the following under long-term deferred income:

- Government grants received for the acquisition of property, plant and equipment or for covering specific costs;
- Free-of-charge acquisition of property, plant and equipment;
- Funds received in the form of connection fee contributions;
- Earmarked funds for the co-financing of fixed asset construction.

Short-term deferred expenses (passive deferrals) also include accrued unused annual leave.



Deferred Tax Assets and Liabilities, and Corporate Income Tax

Deferred tax assets and liabilities are calculated using the balance sheet liability method, which focuses on temporary differences.

A deferred tax asset is recognised for deductible temporary differences, carried forward unused tax losses, and unused tax credits, if it is probable that sufficient taxable profit will be available in the future against which they can be utilised. Deferred tax assets and liabilities are not recognised in the accounting records if the amounts are individually or collectively immaterial to the company.

Deferred taxes are measured using the tax rates and laws enacted by the end of the reporting period, which are expected to apply when the related deferred tax assets are realised or liabilities are settled.

At each reporting date, the company reassesses unrecognised deferred tax assets and recognises them if it becomes probable that future taxable profit will allow for their utilisation. Current corporate income tax is the amount expected to be paid based on taxable profit using applicable tax rates at the reporting date.

**Revenue**

Revenue is recognised when there is an increase in economic benefits, either through asset increases or liability reductions, and this increase can be measured reliably. Revenue is recognised when it is probable that consideration will be received and control over the goods or services has been transferred to the customer.

Amounts collected on behalf of the Distribution System Operator (DSO) in transactions executed in the company's name but for the DSO's account are not recognised as revenue, but as operating liabilities to the DSO, in accordance with the agreement.

Operating revenue includes sales revenue, capitalised own products and services and other income related to business operations, including revaluation gains, such as: gains on disposal of property, plant and equipment or investment property above their carrying amount, or reversals of previously impaired receivables.

Other income includes irregular items and residual income that increase the profit.

Financial income arises from financial investments, receivables, interest income, profit shares, and revaluation financial income.

Interest on overdue receivables is not recognised as income but increases the impairment allowance, due to justified doubt regarding collection – until the principal is paid.

The company also earns revenue through real estate construction for sale. These contracts typically conclude within 12 months. Accordingly, revenue is recognised progressively during construction, using the input method – based on the ratio of actual incurred costs to estimated total costs. The company assesses that construction contracts do not include a significant financing component.

Expenses

Expenses are categorised as operating expenses, financial expenses, and other expenses. Operating and financial expenses are considered regular (recurring).

Operating expenses include all incurred costs for the period, and revaluation operating expenses, which arise primarily from impairments of property, plant and equipment, impairments of intangible assets and investment property, impairments of receivables and inventories and losses on disposal of property or investment property below carrying amount.

Financial expenses comprise financing costs and investment-related expenses. The former mainly consist of interest expenses, while the latter primarily represent revaluation financial expenses. These arise from impairments of financial investments and the sale or other disposal of financial assets at a price lower than their carrying amount. Interest expenses are recognised based on the time elapsed and the applicable interest rate.

Other expenses consist of unusual items and residual expenses that reduce the company's profit.

**Cash Flow Statement**

The cash flow statement is presented in a sequential format and is prepared using the direct method (Variant I).

For the purposes of the cash flow statement, cash equivalents are included under cash and cash equivalents.

Cash flows related to self-managed investments are classified under cash flows from investing activities.

**Income Statement**

The company prepares the income statement using Variant I, as defined in SAS 21. It is followed by the Statement of Other Comprehensive Income.

Information on the formation of net profit or loss is presented in the Statement of Changes in Equity.

SIGNIFICANT SOURCES OF ESTIMATION UNCERTAINTY AND APPLIED ASSUMPTIONS AND BASES FOR JUDGEMENTS

The assumptions and estimates that most significantly affect the amounts recognised in the financial statements include:

- The determination of useful lives of intangible assets and property, plant and equipment;
- Impairment adjustments for doubtful receivables;
- The estimation of provisions.

Transactions with the Distribution System Operator

In March 2025, Elektro Gorenjska Group received a preliminary settlement for the 2024 regulatory year from the distribution system operator (ELES, d.o.o.). The preliminary settlement was prepared by ELES based on unaudited financial statements. According to this preliminary settlement, the contractual amount invoiced for services and lease in 2024 exceeded the value determined in the preliminary settlement by €402,141. Based on this, Elektro Gorenjska reduced its revenue for 2024 by €402,141 (recognised as a liability for overcharged revenue in 2024). In 2023, revenue determined according to the preliminary settlement for the 2023 regulatory year was €1,121,182 lower than the amount invoiced during the year. Elektro Gorenjska accordingly increased its revenue for 2023 by €1,121,182 (recognised as a receivable for undercharged revenue in 2023). The final settlement for 2024 will be carried out by the distribution system operator based on a decision issued by AGEN, which will take into account the audited data of both contracting parties.

In 2024, Elektro Gorenjska also received the final settlement for 2023. Based on this final settlement, revenue was increased by EUR 782,755.

Ongoing Legal Disputes and Related Provisions

Several legal disputes are currently ongoing, the most significant of which is a denationalisation procedure in which Elektro Gorenjska is acting as the liable party for restitution. Elektro Gorenjska does not disclose details related to these disputes, as it believes that such disclosure could jeopardise its interests.

17.5. Notes to the Financial Statement Items

17.5.1. Notes to the Statement of Financial Position Items

Note 1 – Intangible Assets and Long-Term Deferred Costs and Accrued Revenues

The value of intangible assets, including long-term deferred costs and accrued revenues, amounted to €3,122,256 as at 31 December 2024. The movements of these items in 2024 and 2023 were as follows:

| in €                                    |                 |                                   |  |  |
|---|-----------------|-----------------------------------|--|--|
| 2024                                    | Property Rights | Property Rights Under Acquisition | Other Long-Term Deferred Costs and Accrued Revenue | Total Intangible Assets and Long-Term Deferred Costs |
| 1                                       | 2               | 3                                 | 4  | 5 = 2+3+4  |
| Cost                                    |                 |                                   |  |  |
| Balance as at 31 Dec 2023               | 8,713,234       | 165,301                           | 60,401   | 8,938,935  |
| Additions                               | 0               | 1,082,647                         | 78,873   | 1,161,520  |
| Disposals, Eliminations, Transfers      | 0               | 0                                 | -19,503  | -19,503  |
| Transfer From Assets Under Construction | 908,340         | -908,340                          | 0  | 0  |
| Balance as at 31 Dec 2024               | 9,621,574       | 339,608                           | 119,771  | 10,080,953   |
| Accumulated Amortisation                |                 |                                   |  |  |
| Balance as at 31 Dec 2023               | 5,824,827       | 0                                 | 0  | 5,824,827  |
| Increase (Amortisation)                 | 1,133,870       | 0                                 | 0  | 1,133,870  |
| Disposals, Eliminations, Transfers      | 0               | 0                                 | 0  | 0  |
| Balance as at 31 Dec 2024               | 6,958,697       | 0                                 | 0  | 6,958,697  |
| Carrying Amount                         |                 |                                   |  |  |
| Balance as of 31 Dec 2023               | 2,888,407       | 165,300                           | 60,401   | 3,114,109  |
| Balance as at 31 Dec 2024               | 2,662,878       | 339,607                           | 119,771  | 3,122,256  |

in €

| 2023                                    | Property Rights | Property Rights Under Acquisition | Other Long-Term Deferred Costs and Accrued Revenue | Total Intangible Assets and Long-Term Deferred Costs |
|---|-----------------|-----------------------------------|--|--|
| 1                                       | 2               | 3                                 | 4  | 5 = 2+3+4  |
| Cost                                    |                 |                                   |  |  |
| Balance as at 31 Dec 2022               | 6,549,568       | 564,060                           | 125,767  | 7,239,395  |
| Additions                               | 0               | 1,780,161                         | 4,710  | 1,784,871  |
| Disposals, Eliminations, Transfers      | -15,254         | 0                                 | -70,076  | -85,330  |
| Transfer From Assets Under Construction | 2,178,920       | -2,178,920                        | 0  | 0  |
| Balance as at 31 Dec 2023               | 8,713,234       | 165,301                           | 60,401   | 8,938,936  |
| Accumulated Amortisation                |                 |                                   |  |  |
| Balance as at 31 Dec 2022               | 4,998,780       | 0                                 | 0  | 4,998,780  |
| Increase (Amortisation)                 | 887,989         | 0                                 | 0  | 887,989  |
| Disposals, Eliminations, Transfers      | -61,943         | 0                                 | 0  | -61,943  |
| Balance as at 31 Dec 2023               | 5,824,827       | 0                                 | 0  | 5,824,827  |
| Carrying Amount                         |                 |                                   |  |  |
| Balance as at 31 Dec 2022               | 1,550,788       | 564,059                           | 125,767  | 2,240,615  |
| Balance as at 31 Dec 2023               | 2,888,408       | 165,300                           | 60,401   | 3,114,109  |

Intangible assets primarily relate to long-term property rights, representing rights of use for computer software solutions or licences. Property rights under acquisition comprise investments in the renovation and upgrade of software. As at 31 December 2024, Elektro Gorenjska had no financial commitments in connection with the acquisition of intangible assets.

Note 2 – Property, Plant and Equipment

The value of property, plant and equipment as at 31 December 2024 amounted to €231,922,824, representing 87% of Elektro Gorenjska’s total assets. Compared to the balance as at 31 December 2023, the value increased by 4.1% or €9,373,830. The movements in property, plant and equipment in 2024 were as follows:

in €

| 2024                                    | Land      | Buildings   | Equipment   | Right-of-Use Assets | Property, Plant and Equipment Under Construction | Advances | Total Property, Plant and Equipment |
|---|-----------|-------------|-------------|---------------------|--|----------|-------------------------------------|
| 1                                       | 2         | 3           | 4           | 5                   | 6  | 7        | 8=2+3+4+5+6+7                       |
| Cost                                    |           |             |             |                     |  |          |                                     |
| Balance as at 31 Dec 2023               | 7,282,781 | 330,097,812 | 140,354,548 | 208,725             | 5,483,278  | 41,264   | 483,468,408                         |
| Additions                               | 0         | 0           | 0           | 0                   | 22,912,710                                       | 185,496  | 23,098,205                          |
| Disposals, derecognition, transfers     | -413,559  | -3,411,106  | -1,450,849  | 0                   | 0  | -190,326 | -5,465,839                          |
| Transfer from assets under construction | 110,078   | 10,678,235  | 4,467,491   | 0                   | -15,255,805                                      | 0        | 0                                   |
| Transfers to investment property        | 0         | 0           | 0           | 0                   | 0  | 0        | 0                                   |
| Impairment                              | 0         | 0           | 0           | 0                   | 0  | 0        | 0                                   |
| Balance as at 31 Dec 2024               | 6,979,301 | 337,364,942 | 143,371,190 | 208,725             | 13,140,182                                       | 36,434   | 501,100,774                         |
| Accumulated Depreciation                |           |             |             |                     |  |          |                                     |
| Balance as at 31 Dec 2023               | 0         | 172,520,895 | 88,398,519  | 0                   | 0  | 0        | 260,919,414                         |
| Depreciation expense                    | 0         | 6,307,879   | 5,453,133   | 41,745              | 0  | 0        | 11,802,757                          |
| Disposals, derecognition, transfers     | 0         | -2,123,164  | -1,421,056  | 0                   | 0  | 0        | -3,544,220                          |
| Impairment                              | 0         | 0           | 0           | 0                   | 0  | 0        | 0                                   |
| Balance as at 31 Dec 2024               | 0         | 176,705,610 | 92,430,596  | 41,745              | 0  | 0        | 269,177,951                         |
| Carrying Amount                         |           |             |             |                     |  |          |                                     |
| As at 31 Dec 2023                       | 7,282,781 | 157,576,917 | 51,956,029  | 208,725             | 5,483,278  | 41,264   | 222,548,993                         |
| As at 31 Dec 2024                       | 6,979,301 | 160,659,331 | 50,940,594  | 166,980             | 13,140,182                                       | 36,434   | 231,922,824                         |



The movements in property, plant and equipment in 2023 were as follows:

| in €                                     |                  |                    |                    |                     |  |               |                    |
|--|------------------|--------------------|--------------------|---------------------|--|---------------|--------------------|
| 2023                                     | Land             | Buildings          | Equipment          | Right-of-Use Assets | Property, Plant and Equipment Under Construction | Advances      | Total PPE          |
| 1  | 2                | 3                  | 4                  | 5                   | 6  | 7             | 8=2+3+4+5+6+7      |
| Cost                                     |                  |                    |                    |                     |  |               |                    |
| Balance as at 31 Dec 2022                | 7,289,770        | 319,221,053        | 135,101,820        | 0                   | 3,460,305  | 43,342        | 465,116,291        |
| Additions                                | 0                | 0                  | 0                  | 0                   | 21,369,029                                       | 2,026,789     | 23,395,818         |
| Disposals, derecognition, transfers      | -68,492          | -1,224,425         | -1,211,973         | 0                   | 0  | -2,028,867    | -4,533,757         |
| Transfers from assets under construction | 82,132           | 12,590,500         | 6,464,700          | 208,725             | -19,346,057                                      | 0             | 0                  |
| Impairment                               | -20,629          | -489,315           | 0                  | 0                   | 0  | 0             | -509,943           |
| <b>Balance as at 31 Dec 2023</b>         | <b>7,282,781</b> | <b>330,097,812</b> | <b>140,354,548</b> | <b>208,725</b>      | <b>5,483,278</b>                                 | <b>41,264</b> | <b>483,468,408</b> |
| Accumulated Depreciation                 |                  |                    |                    |                     |  |               |                    |
| Balance as at 31 Dec 2022                | 0                | 167,740,463        | 84,490,778         | 0                   | 0  | 0             | 252,231,241        |
| Depreciation                             | 0                | 6,104,223          | 5,023,663          | 0                   | 0  | 0             | 11,127,886         |
| Disposals, derecognition, transfers      | 0                | -1,159,699         | -1,115,922         | 0                   | 0  | 0             | -2,275,621         |
| Impairment                               | 0                | -164,093           | 0                  | 0                   | 0  | 0             | -164,093           |
| <b>Balance as at 31 Dec 2023</b>         | <b>0</b>         | <b>172,520,895</b> | <b>88,398,519</b>  | <b>0</b>            | <b>0</b>   | <b>0</b>      | <b>260,919,414</b> |
| Carrying Amount                          |                  |                    |                    |                     |  |               |                    |
| As at 31 Dec 2022                        | 7,289,770        | 151,480,589        | 50,611,042         | 0                   | 3,460,305  | 43,342        | 212,885,049        |
| <b>As at 31 Dec 2023</b>                 | <b>7,282,781</b> | <b>157,576,917</b> | <b>51,956,029</b>  | <b>208,725</b>      | <b>5,483,278</b>                                 | <b>41,264</b> | <b>222,548,993</b> |

New acquisitions are presented in the section Investments. Key individual acquisitions include:

- Electrical equipment at RTP Primskovo – 20 kV secondary equipment (€482,738);
- Cable ducting at Cveltar (€414,789);
- Cable ducting at Sebenje Bled (€272,863).

Disposals and derecognition of property, plant and equipment occurred due to new investments, refurbishment and reconstruction of existing assets and sales. Major disposals in 2024 included:

- Office building at Moste 2a (acquisition value: €1,009,671; carrying amount: €383,299);
- Warehouse and garages at Moste 2a (acquisition value: €441,333; carrying amount: €126,631);
- External landscaping at Moste 2a (acquisition value: €304,466; carrying amount: €118,908).

All listed disposals were related to asset sales.

A significant portion of property, plant and equipment comprises electricity distribution infrastructure as defined in the Decree on Energy Infrastructure (Official Gazette of the Republic of Slovenia, No. 22/2016 with amendments). In addition to buildings and equipment, it also includes certain land plots. The carrying amount of electricity distribution infrastructure as at 31 December 2024 was €207,664,300 (31 December 2023: €204,724,733). To carry out the tasks of the distribution system operator, which ELES performs under a public service concession contract, the entire electricity distribution infrastructure is leased by ELES from Elektro Gorenjska.

All property, plant and equipment is owned by Elektro Gorenjska and is not pledged as collateral for liabilities. Among Elektro Gorenjska’s assets, the hydroelectric power plant HE Sava is also recognised, which is subject to an ongoing denationalisation procedure initiated in previous years and not yet concluded as at the date of this report. Elektro Gorenjska also owns certain property, plant and equipment jointly with ELES. The unamortised value of the portions owned by the Elektro Gorenjska Group as at year-end 2024 amounted to €686,698.

To finance the acquisition of new property, plant and equipment, Elektro Gorenjska took out several long-term loans in 2024 and in prior years. The balance of these loans as at 31 December 2024 was €61,633,042 (31 December 2023: €59,691,448). Interest in the amount of €169,112 was capitalised.

Note 3 – Investment Property

The value of investment property at the end of 2024 amounted to €1,755,081. The movement in investment property in 2024 and 2023 was as follows:

in €

| 2024                                    | Land    | Buildings | Investment Property Under Construction | Total Investment Property |
|---|---------|-----------|--|---------------------------|
| 1                                       | 2       | 3         | 4                                      | 5=2+3+4                   |
| Cost                                    |         |           |  |                           |
| As at 31 Dec 2023                       | 474,515 | 2,123,069 | 0                                      | 2,597,584                 |
| Additions                               | 0       | 0         | 19,851                                 | 19,851                    |
| Disposals, eliminations                 | 0       | -58,866   | 0                                      | -58,866                   |
| Transfer from assets under construction | 0       | 19,851    | -19,851                                | 0                         |
| As at 31 Dec 2024                       | 474,515 | 2,084,054 | 0                                      | 2,558,569                 |
| Accumulated Depreciation                |         |           |  |                           |
| As at 31 Dec 2023                       | 0       | 814,727   | 0                                      | 814,727                   |
| Depreciation                            | 0       | 45,510    | 0                                      | 45,510                    |
| Disposals, eliminations                 | 0       | -56,748   | 0                                      | -56,748                   |
| As at 31 Dec 2024                       | 0       | 803,488   | 0                                      | 803,488                   |
| Carrying Amount                         |         |           |  |                           |
| As at 31 Dec 2023                       | 474,515 | 1,308,342 | 0                                      | 1,782,857                 |
| As at 31 Dec 2024                       | 474,515 | 1,280,566 | 0                                      | 1,755,081                 |

in €

| 2023                                    | Land    | Buildings | Investment Property Under Construction | Total Investment Property |
|---|---------|-----------|--|---------------------------|
| 1                                       | 2       | 3         | 4                                      | 5=2+3+4                   |
| Cost                                    |         |           |  |                           |
| As at 31 Dec 2022                       | 474,515 | 2,081,402 | 0                                      | 2,555,917                 |
| Additions                               | 0       | 0         | 41,666                                 | 41,666                    |
| Disposals, eliminations                 | 0       | 0         | 0                                      | 0                         |
| Transfer from assets under construction | 0       | 41,666    | -41,666                                | 0                         |
| As at 31 Dec 2023                       | 474,515 | 2,123,069 | 0                                      | 2,597,584                 |
| Accumulated Depreciation                |         |           |  |                           |
| As at 31 Dec 2022                       | 0       | 769,817   | 0                                      | 769,817                   |
| Depreciation                            | 0       | 44,909    | 0                                      | 44,909                    |
| As at 31 Dec 2023                       | 0       | 814,727   | 0                                      | 814,727                   |
| Carrying Amount                         |         |           |  |                           |
| As at 31 Dec 2022                       | 474,515 | 1,311,585 | 0                                      | 1,786,100                 |
| As at 31 Dec 2023                       | 474,515 | 1,308,342 | 0                                      | 1,782,857                 |

The structure of investment property was as follows:

in €

| Item                      | 31 Dec 2024 | 31 Dec 2023 |
|---------------------------|-------------|-------------|
| Apartments                | 311,661     | 324,980     |
| Holiday facilities        | 830,241     | 837,921     |
| Other buildings           | 138,664     | 145,441     |
| Land                      | 474,515     | 474,515     |
| Total investment property | 1,755,081   | 1,782,857   |

Based on a valuation carried out in 2020 by a certified property appraiser accredited by the Slovenian Institute of Auditors, the fair value of investment property recognised by Elektro Gorenjska as at 31 December 2024 amounted to €3,527,799. It is assessed that, given current market conditions, the fair value as at 31 December 2024 does not differ materially from the valuation amount. All investment properties are owned by Elektro Gorenjska and are not pledged as collateral for liabilities.

Rental income from investment property amounted to €227,861 in 2024 (2023: €217,823).

Direct operating expenses arising from investment property that generated rental income in 2024, as well as direct operating expenses not generating rental income in 2024, comprised depreciation costs (€45,510) and material and service costs (€131,357). In 2023, depreciation costs totalled €44,909, while material and service costs amounted to €104,232.

Note 4 – Long-Term Financial Investments

As at 31 December 2024, long-term financial investments amounted to €13,982,256. Compared to the balance as at 31 December 2023, their value remained unchanged.

| Investment  | Ownership Share |              | Balance in €      |                   |
|---|-----------------|--------------|-------------------|-------------------|
|   | 31. 12. 2023    | 31. 12. 2024 | 31. 12. 2023      | 31. 12. 2024      |
|   |                 |              |                   |                   |
| Investment in share of Gorenjske elektrarne d. o. o.  | 100.00%         | 100.00%      | 13,715,303        | 13,715,303        |
| Informatika, d. o. o., Maribor                        | 10.44%          | 10.50%       | 124,154           | 124,154           |
| <b>Total non-loan long-term financial investments</b> |                 |              | <b>13,839,457</b> | <b>13,839,457</b> |
| Long-term invested funds (Eldom Maribor)              |                 |              | 142,799           | 142,799           |
| <b>Total long-term loans</b>                          |                 |              | <b>142,799</b>    | <b>142,799</b>    |
| <b>TOTAL LONG-TERM FINANCIAL INVESTMENTS</b>          |                 |              | <b>13,982,256</b> | <b>13,982,256</b> |

Long-term financial investments are not pledged as collateral for liabilities. It is assessed that the fair value of long-term financial investments, excluding subsidiaries, equals their carrying amount.

Elektro Gorenjska is primarily exposed to the risk of adverse changes in the fair value of these investments. Risk exposures and hedging systems are explained in the chapter Development of a Comprehensive Risk and Opportunity Management System.

Note 5 – Long-Term Operating Receivables

Long-term operating receivables decreased by €567,000 compared to 31 December 2023. The main reason is the planned partial repayment of receivables from ELES in 2025

Note 6 – Inventories

The value of materials and small inventory as at 31 December 2024 amounted to €1,428,961. Compared to 31 December 2023, inventories increased slightly due to advances paid. Elektro Gorenjska assesses that the net realisable value of inventories is at least equal to their carrying amount. Inventories are not pledged as collateral. Movements in material inventories in 2024 and 2023 are presented in the following table.

| Item  | 2024             | 2023             |
|---|------------------|------------------|
| Opening balance of material inventories as at 1 Jan         | 1,295,369        | 946,922          |
| Purchases   | 4,931,981        | 5,384,069        |
| Write-offs  | 0                | 0                |
| Sales   | -7               | -33              |
| Consumption   | -4,891,240       | -4,814,848       |
| Transfer of small inventory into use                        | -146,786         | -220,740         |
| <b>Closing balance of material inventories as at 31 Dec</b> | <b>1,189,317</b> | <b>1,295,369</b> |

The inventory count as at 31 October 2024 did not reveal any surpluses or shortages.

Note 7 – Short-Term Operating Receivables

As at 31 December 2024, short-term operating receivables amounted to €10,368,705. The increase compared to 31 December 2023 is primarily due to higher receivables from ELES..

| Item   | 31 Dec 2024       | 31 Dec 2023      |
|--|-------------------|------------------|
| <b>Short-term receivables from Group companies</b>   | <b>31,500</b>     | <b>19,910</b>    |
| Short-term trade receivables                         | 9,939,484         | 7,207,737        |
| Impairment of short-term trade receivables           | -135,520          | -143,399         |
| <b>Short-term trade receivables</b>                  | <b>9,803,964</b>  | <b>7,064,339</b> |
| <b>Short-term income tax receivables</b>             | <b>175,468</b>    | <b>0</b>         |
| Other short-term operating receivables               | 360,453           | 222,180          |
| Impairment of other short-term operating receivables | -2,680            | -5,895           |
| <b>Other short-term operating receivables</b>        | <b>357,774</b>    | <b>216,286</b>   |
| <b>Total short-term operating receivables</b>        | <b>10,368,705</b> | <b>7,300,535</b> |



Short-term operating receivables are unsecured. Risk exposure and hedging instruments are described in the chapter Financial Risk Management. A breakdown of short-term receivables from customers (network charges and other market services) and interest receivables by maturity as at 31 December 2024 is shown in the following table.

in €

| Item   | Not yet due | Due up to 30 days | Due 31–60 days | Due 61–90 days | Due over 90 days | Total overdue | Total receivables |
|--|-------------|-------------------|----------------|----------------|------------------|---------------|-------------------|
| 1  | 2           | 3                 | 4              | 5              | 6                | 7=3+4+5+6     | 8 =2+7            |
| Receivables for network charges and services | 7,587,286   | 633,326           | 7,837          | 958            | 1,699,732        | 2,341,853     | 9,929,139         |
| Interest receivables                         | 1,540       | 1,972             | 92             | 86             | 6,655            | 8,805         | 10,345            |
| Total short-term trade receivables           | 7,588,826   | 635,298           | 7,929          | 1,044          | 1,706,387        | 2,350,658     | 9,939,484         |

Receivables from group companies, totalling €31,500 at year-end 2024, were not yet due. Movements in allowances for trade receivables are presented below.

in €

| Item                               | Balance as at 31 Dec 2023 | New formation       |                        | Use and reversal          |  |                               | Balance as at 31 Dec 2024 |
|------------------------------------|---------------------------|---------------------|------------------------|---------------------------|--|-------------------------------|---------------------------|
|                                    |                           | Charged to expenses | Charged to receivables | Write-offs of receivables | Amounts collected (reversal to income) | Reversal of excess impairment |                           |
| Impairment of trade receivables    | 136,177                   | 6,698               | 0                      | 14,305                    | 0                                      | 0                             | 128,571                   |
| Impairment of interest receivables | 7,221                     | 173                 | 298                    | 120                       | 623                                    | 0                             | 6,949                     |
| Total impairment of receivables    | 143,399                   | 6,872               | 298                    | 14,425                    | 623                                    | 0                             | 135,520                   |

Note 8 – Cash and Cash Equivalents

As at 31 December 2024, Elektro Gorenjska held €2,907,545 in cash and cash equivalents. Compared to the previous year-end, this is €3.5 million less, due to higher operating receivables and lower operating liabilities.

Note 9 – Equity

Total equity comprises share capital, capital reserves, profit reserves, fair value reserves, retained earnings, and net profit for the year. As at 31 December 2024, total equity amounted to €174,345,788, and the book value per share was €10.09.

**Elektro Gorenjska’s share capital** (€104,136,615) is divided into 17,273,475 ordinary registered no-par value shares. All shares are fully paid up. They are issued in dematerialised form and registered with KDD – Central Securities Clearing Corporation, in accordance with applicable regulations.

**Capital reserves** totalling €45,973,479 were formed on 1 January 2006 pursuant to the transitional provisions (paragraph 15 of the introduction to SAS 2006) from the previously recognised general capital revaluation adjustment. An additional €28,581 results from the cancellation of treasury shares in 2019.

**Legal reserves** as at 31 December 2024 amounted to €4,320,411 and were formed in accordance with Article 64 of the Companies Act (ZGD-1).

**Other profit reserves** total €18,747,535. These were formed from the net profit for 2024 and previous years, and part of the 2021 distributable profit that, pursuant to a court decision, was not required to be paid out. Elektro Gorenjska uses other profit reserves in accordance with Article 11 of its Articles of Association.

**Fair value reserves** total – €214,130, relating to post-employment benefits – actuarial gains/losses from retirement benefits and the related deferred tax adjustment. Changes in these reserves for 2024 are shown in the table below.

in €

| Item  | Balance as at 1 Jan 2024 | Reversal | New Recognition | Transfer to Retained Earnings (employee expenses 2024) | Balance as at 31 Dec 2024 |
|---|--------------------------|----------|-----------------|--|---------------------------|
| Actuarial Gains/Losses                      | -184,426                 | 28,083   | -42,196         | -992   | -199,530                  |
| Adjustment of Provisions for Deferred Taxes | -11,932                  | 0        | -2,668          | 0  | -14,600                   |
| Total                                       | -196,358                 | 28,083   | -44,864         | -992   | -214,130                  |

**Net profit for 2024** amounts to €4,219,795 (2023: €5,385,572). Distributable profit for 2024 is €1,381,878. The calculation is shown in the chapter Financial Statements of Elektro Gorenjska for the Year Ended 31 December 2024. The decision on the use of distributable profit lies with the general meeting.

The use of distributable profit for 2023 was determined by a general meeting resolution adopted on 20 June 2024. In accordance with that resolution, the full amount of distributable profit (€1,554,613) was allocated to dividend payments to shareholders.

**Earnings per share** in 2024 amounted to €0.24 (2023: €0.31). As Elektro Gorenjska has no preference shares, basic and diluted earnings per share are the same.

The basis for calculating earnings per share is net profit and the weighted average number of ordinary shares outstanding. The calculation is presented in the following table.

in €

| Item                                       | 2024       | 2023       |
|--|------------|------------|
| Net Profit for the Financial Year          | 4,219,795  | 5,385,572  |
| Weighted Average Number of Ordinary Shares | 17,273,475 | 17,273,475 |
| Basic/Diluted Earnings per Share           | 0.24       | 0.31       |

Note 10 – Provisions and Long-Term Accrued Expenses and Deferred Income

As at 31 December 2024, provisions and long-term accrued expenses and deferred income amounted to €22,068,899, an increase of €3.9 million or 21.6% compared to the prior year.

Movements in provisions and long-term deferred items in 2024 are shown in the following table:

| in €   |                           |           |         |          |                           |
|--|---------------------------|-----------|---------|----------|---------------------------|
| Item   | Balance as at 31 Dec 2023 | Formation | Use     | Reversal | Balance as at 31 Dec 2024 |
| Provisions for jubilee benefits and termination benefits | 3,457,557                 | 395,710   | 273,657 | 28,083   | 3,551,527                 |
| Other provisions   | 6,335,008                 | 1,096,377 | 0       | 0        | 7,431,385                 |
| Long-term deferred income                                | 8,354,662                 | 3,355,421 | 624,096 | 0        | 11,085,987                |
| Total  | 18,147,227                | 4,847,508 | 897,753 | 28,083   | 22,068,899                |

Movements in provisions and long-term deferred items in 2023 are shown in the following tables:

| in €   |                           |           |         |          |                           |
|--|---------------------------|-----------|---------|----------|---------------------------|
| Item Description   | Balance as at 31 Dec 2022 | Formation | Use     | Reversal | Balance as at 31 Dec 2023 |
| Provisions for jubilee benefits and termination benefits | 2,838,300                 | 763,086   | 139,669 | 4,159    | 3,457,557                 |
| Other provisions   | 6,137,038                 | 197,969   | 0       | 0        | 6,335,008                 |
| Long-term deferred income                                | 6,309,401                 | 2,513,446 | 468,186 | 0        | 8,354,662                 |
| Total  | 15,284,740                | 3,474,501 | 607,855 | 4,159    | 18,147,227                |

Provisions for jubilee benefits and retirement indemnities are based on actuarial valuations under IAS 19.

The actuarial calculation as at 31 December 2024 considered the following assumptions: mortality rates (active population, reduced by 10%), declining staff turnover (from 2% at age 18 to 0.0% at age 58 and beyond), retirement in line with legislation and known data, wage growth (inflation + 0.4%, capped at average national wage growth), industry-specific wage growth (same as national), advancement-related wage growth (0.8% for the following year), employer contributions (17.1%, or 16.1% for payments up to 30 June 2025), seniority bonus (0.5% annually) and a discount rate of 3.3%.

Other provisions relate to compensation claims arising from denationalisation procedures. Within long-term accrued expenses and deferred income, the following items are recognised: donated property, plant and equipment in the amount of €3,851,230; long-term deferred income related to the GreenSwitch project (€1,993,825); long-term deferred income related to the NOO project (€2,571,999); deferred costs arising from average connection costs (€928,279); long-term deferred income from rentals and usage fees (€697,485); and earmarked funds for covering disproportionate connection costs (€420,813).

Note 11 – Long-Term Liabilities

As at 31 December 2024, Elektro Gorenjska recorded €55,040,106 in long-term liabilities, an increase of 8.0% over the previous year. The majority relates to long-term financial liabilities to banks (€54,688,957). Maturity of financial liabilities is as follows:

| in €      |             |              |            |
|-----------|-------------|--------------|------------|
| 1 year    | 2 – 5 years | Over 5 years | Total      |
| 6,944,084 | 27,566,019  | 27,122,938   | 61,633,042 |

In 2024, €11 million in new long-term loans were drawn for investment in electricity distribution infrastructure (EEI), while €9,058,413 in principal was repaid. Interest expenses amounted to €2,167,638, already reduced by €169,112 in capitalised interest. Loan balance as at 31 December 2024 was €61,633,042 (2023: €59,691,448).

Financial liabilities totalling €58,490,184 are secured with promissory notes.

As at 31 December 2024, 12% of all long-term loans (i.e. €7.3 million) were fixed rate. Loans used to finance property, plant and equipment totalled €61,633,042.

Elektro Gorenjska is exposed to interest rate risk due to variable-rate loans (EURIBOR + margin). Risk exposures and mitigation systems are detailed in the chapter Development of a Comprehensive Risk and Opportunity Management System.

Elektro Gorenjska has no long-term liabilities to management board members, supervisory board members, or internal stakeholders.

Note 12 – Short-Term Financial Liabilities

As at 31 December 2024, short-term financial liabilities amounted to €7,123,688. These primarily relate to short-term portions of long-term loans and interest payable to banks.

Note 13 – Short-Term Operating Liabilities

Short-term operating liabilities amounted to €7,105,412 at year-end 2024, down €1.6 million from the prior year. The decline is primarily due to lower trade payables. A more detailed breakdown is shown in the following table.

| in €  |                   |                   |
|---|-------------------|-------------------|
| Item  | As at 31 Dec 2024 | As at 31 Dec 2023 |
| <b>Liabilities to Suppliers on Own Behalf</b>                             | <b>3,107,789</b>  | <b>5,297,865</b>  |
| – To Group Companies  | 51,119            | 40,380            |
| – To Other Suppliers  | 3,056,670         | 5,257,485         |
| <b>Liabilities to Suppliers in Own Name and for the Account of Others</b> | <b>2,603,954</b>  | <b>1,881,475</b>  |
| – Liabilities to the Company ELES   | 2,600,376         | 1,878,137         |
| – To Others   | 3,578             | 3,338             |
| <b>Other Liabilities, of Which</b>  | <b>1,393,669</b>  | <b>1,574,904</b>  |
| – For Salaries  | 1,164,872         | 1,092,662         |
| – To the State and Other Institutions                                     | 14,749            | 303,430           |
| – For Received Advances and Security Deposits                             | 130,488           | 84,197            |
| – Other (Debt Settlements—Cessions, Interest, Employee Withholdings)      | 83,560            | 94,616            |
| <b>Total Current Operating Liabilities</b>                                | <b>7,105,412</b>  | <b>8,754,244</b>  |

Note 14 – Short-Term Accrued Expenses and Deferred Income

As at 31 December 2024, short-term accrued expenses and deferred income amounted to €1,682,694, which is €480,000 more than at year-end 2023. The increase is primarily due to a €402,000 liability for overcharged revenues based on the preliminary settlement with the distribution system operator for 2024.

Note 15 – Off-Balance Sheet Records

Off-balance sheet assets and liabilities totalled €6,543,557 as at 31 December 2024, representing an increase of €959,000 compared to the previous year.

| in €   |                  |                  |
|--|------------------|------------------|
| Item   | 31 Dec 2024      | 31 Dec 2023      |
| Received Guarantees and Bills of Exchange          | 4,985,722        | 3,944,031        |
| Issued Promissory Notes and Bills of Exchange      | 69,461           | 66,533           |
| Property, Plant and Equipment Owned by the Company | 1,488,374        | 1,573,880        |
| <b>Total Off-Balance-Sheet Records</b>             | <b>6,543,557</b> | <b>5,584,444</b> |

Elektro Gorenjska has no potential off-balance sheet liabilities as defined by the Companies Act (ZGD-1).





17.5.2. Notes to the Income Statement Items

Note 1 – Net Sales Revenue

In 2024, net sales revenue amounted to €37,972,194. Almost all net sales revenue was generated in the domestic market. It consists of:

| in €   |            |            |
|--|------------|------------|
| Item   | 2024       | 2023       |
| Revenue From Rent and Services in Relation to the Subsidiary | 35,397,826 | 33,960,924 |
| Revenue From Services Rendered to Group Companies            | 104,749    | 164,267    |
| Rental Income:   | 819,278    | 784,951    |
| – Rental Income From Group Companies                         | 103,447    | 44,546     |
| – Rental Income From Others                                  | 715,831    | 740,405    |
| Revenue From Construction and Installation Work              | 1,523,032  | 2,088,670  |
| Revenue From Other Services                                  | 127,308    | 161,396    |
| Total Net Sales Revenue                                      | 37,972,193 | 37,160,207 |

Most of the net sales revenue in 2024 relates to rental income and services rendered to the distribution system operator (€35,397,826). These revenues were 4.2% higher in 2024 than in 2023.

Note 2 – Capitalised Own Products and Services

The value of capitalised own work in 2024 amounted to €6,261,655. It primarily represents investments in property, plant and equipment – energy infrastructure..

| in €   |           |           |
|--|-----------|-----------|
| Item   | 2024      | 2023      |
| Direct Costs of Materials  | 4,163,965 | 3,905,858 |
| Direct Labour Costs  | 1,698,282 | 1,575,216 |
| Total Direct Costs of Materials and Labour   | 5,862,247 | 5,481,075 |
| Total Indirect Costs of Materials, Labour and Depreciation                                     | 399,408   | 440,139   |
| Total Costs of Product Manufacturing and Service Provision Related to Capitalized Own Products | 6,261,655 | 5,921,213 |

Note 3 – Other Operating Income

Other operating income amounted to €1,536,599, comprising:

| in €   |           |           |
|--|-----------|-----------|
| Item   | 2024      | 2023      |
| Revaluation Operating Revenues   | 442,752   | 86,729    |
| Revenues from the Transfer of Deferred Long-Term Revenues to Regular Operating Revenues: | 806,351   | 511,092   |
| – Free Acquisition of Fixed Assets   | 33,231    | 33,700    |
| – Free Acquisition of Connections  | 198,446   | 198,446   |
| – Average Connection Costs   | 85,319    | 85,319    |
| – Other (EU Projects, Other)   | 489,355   | 193,627   |
| Insurance Compensation Received  | 43,232    | 1,063,978 |
| Government Grants Received – Refunds   | 211,903   | 193,637   |
| Other Revenues   | 32,362    | 29,429    |
| Total Other Operating Revenues   | 1,536,599 | 1,884,865 |

Note 4 – Cost of Goods Sold and Material Used

The cost of goods sold, and consumed material consists of:

| in €  |           |           |
|---|-----------|-----------|
| Item  | 2024      | 2023      |
| Material Costs:   | 6,196,679 | 6,518,212 |
| – For Maintenance   | 323,167   | 392,765   |
| – Related to Capitalized Own Products and Services for the Market | 5,048,598 | 5,014,844 |
| – For Electricity, Gas, and Thermal Energy                        | 508,515   | 702,387   |
| – Write-Off of Small Inventory                                    | 146,786   | 220,740   |
| – Office Supplies   | 43,090    | 52,489    |
| – Other Material Costs  | 126,525   | 134,986   |
| Cost of Goods and Materials Sold                                  | 7         | 33        |
| Total Cost of Goods Sold and Consumed Materials                   | 6,196,686 | 6,518,245 |

Note 5 – Cost of Services

In 2024, service costs amounted to €5,542,365. The largest share relates to maintenance services for EEI and other property, plant and equipment. A detailed breakdown is provided in the following table.

|   | in €      |           |
|---|-----------|-----------|
| Item  | 2024      | 2023      |
| Service Costs Related to the Production of Products and Performance of Services   | 88,923    | 80,036    |
| Telephone, Postal, and Other Transport Services   | 252,659   | 237,578   |
| Services Related to the Maintenance of the Power Infrastructure and Other Property, Plant and Equipment                   | 1,648,082 | 1,516,922 |
| Payment Transactions, Banking Services and Insurance Premiums   | 823,548   | 595,214   |
| Intellectual and Personal Services  | 921,386   | 544,301   |
| Advertising and Representation Costs  | 131,566   | 108,162   |
| Services Provided by Natural Persons Not Performing Business Activities, Including Taxes and Contributions on the Company | 149,901   | 160,195   |
| Information Services  | 373,409   | 332,297   |
| Student Work Services   | 287,488   | 222,911   |
| Other Service Costs   | 865,402   | 755,557   |
| Total Service Costs   | 5,542,365 | 4,553,174 |

Maintenance of EEI is also discussed in the chapter Maintenance of the Electricity Energy Infrastructure (EEI).

A key item under payment transactions, banking services and insurance premiums is insurance premiums, which totalled €779,000 in 2024.

Intellectual and personal services primarily include research services, consultancy services and supplementary professional training.

Other services include rental costs as well as membership fees, municipal services, cleaning services, business travel expenses, and others.

Pursuant to Article 57 of the Companies Act (ZGD-1), Elektro Gorenjska is required to have its annual report audited. The contractual fee for the audit of the 2024 annual report amounted to €19,830. In addition, the auditor received €2,339 for assurance services.

Note 6 – Labour Costs

Labour costs amounted to €16,175,542 and comprise:

|   | in €       |            |
|---|------------|------------|
| Item  | 2024       | 2023       |
| Costs of Wages and Wage Compensations                     | 11,547,661 | 10,937,132 |
| Costs of Additional Pension Insurance for Employees       | 540,001    | 504,673    |
| Employer’s Contributions and Other Contributions on Wages | 1,943,779  | 1,803,435  |
| Costs of Commuting to Work                                | 240,570    | 241,746    |
| Meal Allowance  | 735,505    | 676,323    |
| Other Labour Costs  | 1,168,026  | 1,189,914  |
| Total Labour Costs  | 16,175,542 | 15,353,221 |

Employer contributions and other salary-related levies include pension and disability insurance contributions: €1,066,679 in 2024 and €989,605 in 2023.

Other labour costs include provisions for jubilee benefits and retirement indemnities, holiday allowance, bonuses, employee insurance costs, and payments to pupils and students on work placement. The number of employees, their educational structure, and other employment-related information are detailed in the chapter Social Responsibility. Remuneration of the Management Board and Supervisory Board is detailed in the chapter Related Party Transactions in the financial report.

Note 7 – Depreciation and Amortisation

Depreciation and amortisation expenses in 2024 amounted to €13,243,861, consisting of:

|  | in €       |            |
|--|------------|------------|
| Item   | 2024       | 2023       |
| Amortization of Intangible Assets  | 1,133,870  | 887,989    |
| Amortization of Property, Plant and Equipment                              | 11,802,757 | 11,127,886 |
| Amortization of Investment Property  | 45,510     | 44,909     |
| Total Amortization Costs   | 12,982,136 | 12,060,784 |
| Impairment Losses on Property, Plant and Equipment and Investment Property | 255,675    | 485,477    |
| Impairment Losses on Current Assets  | 6,050      | 5,294      |
| Total Impairment and Amortization  | 13,243,861 | 12,551,555 |

Note 8 – Other Operating Expenses

Other operating expenses totalled €1,462,067, comprising:

|   | in €      |         |
|---|-----------|---------|
| Item  | 2024      | 2023    |
| Contribution for the Promotion of Employment of Persons with Disabilities | 84,262    | 73,284  |
| Contribution for Building Land  | 82,140    | 79,977  |
| Formation of Provisions   | 1,096,377 | 197,969 |
| Other Expenses (Taxes, Contributions etc.)                                | 199,287   | 164,489 |
| Total Other Operating Expenses  | 1,462,067 | 515,719 |

Employment of persons with disabilities is described in more detail in the chapter Social Responsibility.

Note 9 – Financial Income from Equity Interests

In 2024, Elektro Gorenjska generated €3.5 in financial income from its equity interest in Gorenjske elektrarne.

Note 10 – Corporate Income Tax and Deferred Taxes

In 2024, income tax including deferred taxes amounted to €162,984, compared to –€141,266 in 2023.

| in €   |                |                 |
|--|----------------|-----------------|
| Item   | 2024           | 2023            |
| Current Tax  | 136,538        | 293,955         |
| Deferred Tax   | 26,447         | –435,221        |
| <b>Total Income Tax</b>  | <b>162,985</b> | <b>–141,266</b> |
| Profit Before Tax  | 4,382,780      | 5,244,306       |
| Tax Rate   | 22%            | 19%             |
| Calculated Tax   | 964,212        | 996,418         |
| Tax Due to Decrease in Income                                  | –776,855       | –306,121        |
| Tax from Tax Relief  | –232,474       | –500,518        |
| Tax from Increase/Decrease in Expenses for Tax Purposes        | 149,119        | 130,919         |
| Tax from Other Items   | 32,536         | –26,743         |
| Deferred Tax Calculated at the 19% Rate                        | 26,386         | –374,063        |
| Impact of Change in Tax Rate from 19% to 22% on Deferred Taxes | 61             | –61,158         |
| <b>Total Income Tax</b>  | <b>162,985</b> | <b>–141,266</b> |
| <b>Effective Tax Rate</b>                                      | <b>4%</b>      | <b>–</b>        |

The movement in deferred tax assets and liabilities in 2024 was as follows:

| in €  |   |                |                       |                          |                  |
|---|---|----------------|-----------------------|--------------------------|------------------|
| Movement of Deferred Tax Assets and Liabilities | Deferred Tax Assets                         |                |                       | Deferred Tax Liabilities | Total            |
|   | Post-employment and Other Employee Benefits | Tax Losses     | Tax Credits (Reliefs) | Small Inventory          |                  |
| <b>Balance as at 1 Jan 2023</b>                 | <b>254,846</b>                              | <b>571,951</b> | <b>305,836</b>        | <b>203,724</b>           | <b>928,908</b>   |
| Recognised in the Income Statement              | –13,269                                     | 90,308         | 382,623               | 24,442                   | 435,221          |
| Recognised in Other Comprehensive Income        | –395  | 0              | 0                     | 0                        | –395             |
| <b>Balance as at 31 Dec 2023</b>                | <b>241,182</b>                              | <b>662,259</b> | <b>688,459</b>        | <b>228,166</b>           | <b>1,363,734</b> |
| <b>Balance as at 1 Jan 2024</b>                 | <b>241,182</b>                              | <b>662,259</b> | <b>688,459</b>        | <b>228,166</b>           | <b>1,363,734</b> |
| Recognised in the Income Statement              | –25,997                                     | –17,380        | 0                     | 0                        | –43,377          |
| Reversed in the Income Statement                | 0   | 0              | 0                     | 16,930                   | –16,930          |
| Recognised in Other Comprehensive Income        | –2,668                                      | 0              | 0                     | 0                        | –2,668           |
| <b>Balance as at 31 Dec 2024</b>                | <b>212,517</b>                              | <b>644,879</b> | <b>688,459</b>        | <b>211,235</b>           | <b>1,334,618</b> |

No deferred tax asset was recognised for unused tax credits totalling €3,499,931, as Elektro Gorenjska estimates that taxable profits in the next five years will not be sufficient to utilise these credits.

17.5.3. Notes to the Statement of Other Comprehensive Income

Other components of comprehensive income amounted to –€16,780, of which –€14,112 represents the change in actuarial gains and losses, and –€2,668 relates to deferred tax receivables from retirement benefits.

17.5.4. Notes to the Cash Flow Statement

The cash flow statement shows cash flows from operating, investing, and financing activities and is prepared using the direct method.

As at 1 January 2024, Elektro Gorenjska held €6,378,409 in bank accounts. As at 31 December 2024, the balance was €2,907,545. For the period January–December 2024, the Company had a negative net cash flow of €3,470,864.

Receipts from operating activities exceeded disbursements by €19,505,367 in 2024, indicating that the core business operations were profitable and generated a positive cash flow. This enabled Elektro Gorenjska to meet all its obligations (payments) for the repayment of principal and interest on long-term loans amounting to €11,458,918. The largest inflows were revenues for services and rentals related to EEI under the contract with the DSO.

Net cash outflows from investing activities amounted to €20,962,700 in 2024. The sector in which Elektro Gorenjska operates is technologically intensive and requires substantial and ongoing investments to ensure high-quality supply to customers in the distribution network (explained in the chapter Investments). New acquisitions of intangible and tangible assets were financed with a long-term loan of €11 million (see Note 11 – Long-Term Liabilities in the Statement of Financial Position Notes). Receipts from financing activities totalled €13.2 million, and disbursements €15.2 million.



## 17.6. Related Party Transactions

The following section presents transactions with related parties, including group companies, the Republic of Slovenia, state-owned companies and members of the Management and Supervisory Boards.

### TRANSACTIONS WITH GROUP COMPANIES

In 2024, Elektro Gorenjska conducted business with its subsidiary Gorenjske elektrarne.

| in €   |           |
|--|-----------|
| Item   | 2024      |
| Dividend Payment to the Owner                                  | 3,500,000 |
| Revenues from Services Rendered and Rent (Costs of Subsidiary) | 183,761   |
| Other Transactions   | 49,712    |
| Total  | 3,733,472 |

Transactions with Gorenjske elektrarne totalled €3.7 million in 2024, including a €3.5 million dividend payment from the subsidiary to the parent company and revenues from services rendered and rentals.

All transactions were conducted under normal market conditions. As the parent company, Elektro Gorenjska did not interfere with the operations of the subsidiary Gorenjske elektrarne nor act to its detriment.

### TRANSACTIONS WITH THE REPUBLIC OF SLOVENIA

Key transactions with the Republic of Slovenia in 2024 were as follows:

| in €  |                  |
|---|------------------|
| Item  | Payments in 2024 |
| Dividends   | 1,235,599        |
| Corporate Income Tax (Tax and Prepayments)        | 605,960          |
| Other contributions (VAT, Employer Contributions) | 5,385,419        |
| Total   | 7,226,979        |

### TRANSACTIONS WITH COMPANIES DIRECTLY OR INDIRECTLY OWNED BY THE REPUBLIC OF SLOVENIA

The table below shows major transactions with entities in which the state has a direct or indirect controlling interest..

| in €                      |  |  |                  |                  |
|---------------------------|--|--|------------------|------------------|
| Business Partner          | Outstanding Receivables as of Dec 31, 2024 | Outstanding Liabilities as of Dec 31, 2024 | Expenses in 2024 | Revenues in 2024 |
| ELES d. o. o.             | 6,503,836                                  | 2,608,695                                  | 20,508,917       | 35,397,826       |
| Modra zavarovalnica d. d. | 0  | 42,117                                     | 464,744          | 0                |
| Zavarovalnica Sava d. d.  | 0  | 52   | 734,669          | 0                |
| SID d. d.                 | 0  | 10,534                                     | 165,666          | 0                |
| NLB d. d.                 | 0  | 106,844                                    | 1,453,116        | 0                |
| Total                     | 6,503,836                                  | 2,768,241                                  | 23,327,112       | 35,397,826       |

Outstanding liabilities to ELES represent payables arising from third-party business transactions. Transactions with other organisations under state control were not of material value.

### TRANSACTIONS WITH THE MANAGEMENT AND SUPERVISORY BOARDS

In 2024, Elektro Gorenjska paid the President of the Management Board the following remuneration for performing his duties:

| in €                              |                   |                   |                   |                           |          |
|-----------------------------------|-------------------|-------------------|-------------------|---------------------------|----------|
| Recipient                         | Fixed Pay (gross) | Performance Bonus | Holiday Allowance | Reimbursement of Expenses | Benefits |
| President of the Management Board | 123,990           | 13,417            | 2,497             | 2,694                     | 5,353    |

Reimbursed expenses (so-called material costs) include meal allowances, business travel reimbursements, and mobile phone expenses. These are calculated in accordance with the employment contract and the corporate collective agreement. Benefits include insurance premiums and use of a company car.

Remuneration of Supervisory Board members in 2024 is presented in the following table. Since some members also served on Supervisory Board committees, payments for committee work are included.

in €

|                                 | Function Fee (gross) | Supervisory Board Meeting Fee (gross) | Committee Meeting Fee (gross) | Total Gross | Travel Costs |
|---------------------------------|----------------------|---------------------------------------|-------------------------------|-------------|--------------|
|                                 | 1                    | 2                                     | 3                             | 4=1+2+3     | 5            |
| Representatives of Shareholders |                      |                                       |                               |             |              |
| Gabrijel Škof                   | 21,188               | 3,615                                 | 660                           | 25,463      | 782          |
| Rajko Stanković                 | 15,255               | 3,740                                 | 1,760                         | 20,755      | 505          |
| Franjo Curanović                | 15,538               | 3,740                                 | 1,760                         | 21,038      | 59           |
| Vid Meglič                      | 14,125               | 3,740                                 | 660                           | 18,525      | 163          |
| Employee Representatives        |                      |                                       |                               |             |              |
| David Gogala                    | 11,300               | 3,740                                 | 0                             | 15,040      | 0            |
| Borut Jereb                     | 14,125               | 3,740                                 | 660                           | 18,525      | 0            |

Remuneration of the external member of the Audit Committee was as follows:

in €

|                                  | Function Fee (gross) | Committee Meeting Fee (gross) | Total Gross | Travel Costs |
|----------------------------------|----------------------|-------------------------------|-------------|--------------|
|                                  | 1                    | 2                             | 3=1+2       | 4            |
| External Member of the Committee |                      |                               |             |              |
| Dr. Simon Čadež                  | 5,650                | 1,760                         | 7,410       | 235          |

In 2024, the Supervisory Board held 14 sessions, including 12 regular and 2 correspondence meetings. The Nomination and Human Resources Committee held three regular sessions, while the Audit Committee held eight. Attendance at all meetings was 100%.

Costs of other benefits for Supervisory Board members in 2024 represent liability insurance, in accordance with Resolution No. 16 of the General Meeting of Shareholders of Elektro Gorenjska. These costs are considered a benefit in kind.

in €

| Member of the Supervisory Board | D&O liability insurance premium |
|---------------------------------|---------------------------------|
| Representatives of Shareholders |                                 |
| Gabrijel Škof                   | 141                             |
| Rajko Stanković                 | 141                             |
| Franjo Curanović                | 141                             |
| Vid Meglič                      | 141                             |
| Employee Representatives        |                                 |
| David Gogala                    | 141                             |
| Borut Jereb                     | 141                             |

Neither the Management Board nor the Supervisory Board received remuneration for performing duties in subsidiaries. Elektro Gorenjska did not receive or grant advances, loans, or guarantees to the persons mentioned in this section, and no receivables are recorded in respect of such items as at 31 December 2024.





# 17.7. Financial Risk Management

These types of risks at Elektro Gorenjska relate to the capacity to generate financial income, manage financial expenses, maintain the value of financial assets, control financial liabilities, and ensure competitive and long-term solvency.

## INVESTMENT RISK

Failure to achieve planned returns on investments (specifically, the 100% ownership in Gorenjske elektrarne) may result in lower-than-expected dividend yields. Elektro Gorenjska manages this risk by acting as an active owner.

## CREDIT RISK

Under the contract with the Distribution System Operator (Pogodba z DO), Elektro Gorenjska collects payments from consumers in its own name and on behalf of ELES, d.o.o. A higher level of risk arises because the Elektro Gorenjska must settle all obligations to ELES under the agreement and its annexes, even if certain receivables from consumers remain unpaid. Elektro Gorenjska also provides a broad range of commercial services. Unpaid receivables for these services represent the highest credit risk. In both cases, risk is mitigated primarily through close monitoring of receivables and debt collection procedures, entering into payment agreements with customers, expanding advance payment options, and incorporating appropriate financial guarantees into contracts.

Elektro Gorenjska’s maximum exposure to credit risk as at year-end 2024 and 2023 was as follows:

|                                 | in €        |             |
|---------------------------------|-------------|-------------|
|                                 | 31 Dec 2024 | 31 Dec 2023 |
| Long-Term Financial Receivables | 142,798     | 142,799     |
| Long-Term Trade Receivables     | 48,476      | 613,688     |
| Short-Term Trade Receivables    | 9,803,964   | 7,064,339   |
| Cash and Cash Equivalents       | 2,907,545   | 6,378,409   |

## LIQUIDITY RISK

Liquidity issues could arise primarily due to uneven cash inflows and outflows, lengthy procedures for obtaining long-term loans, or significant overruns of planned investments. Elektro Gorenjska manages this risk through strict implementation of collection procedures, short- and long-term financial planning, regular monthly meetings with departments whose activities affect risk, intra-Group cash management, timely initiation of borrowing procedures, financial oversight, and adjusting the timing and volume of investments. In more difficult liquidity situations, Elektro Gorenjska would also manage risk through deferred payments, agreements with suppliers, and supplier factoring.



## 17.8. Events After the Reporting Date

In January 2025, Elektro Gorenjska signed an agreement for the sale of its 100% stake in Gorenjske elektrarne. The transaction is conditional upon the fulfilment of certain suspensive conditions, which had not been met by the date of approval of the Elektro Gorenjska Group’s financial statements.

As of 31 March 2025, Gorenjske elektrarne became the 100% owner of ALFI SOL 2.

## 17.9. Disclosures in Accordance with the Electricity Supply Act

### INTEREST RATE RISK

Elektro Gorenjska holds long-term loans with both fixed and variable interest rates. The latter are strongly influenced by European central bank policies. An increase in interest rates directly and negatively impacts the operating result through higher financing costs. Elektro Gorenjska manages this risk through negotiations with banks to reduce existing margins, refinancing or repaying loans with unfavourable terms or higher margins, active monitoring of interest rate trends and bank margins, and seeking the most favourable financing terms available on the market.

### INVESTMENT FUNDING SHORTFALL RISK

Investment funding shortfall risk arises when a company is unable to secure sufficient funds – either due to lack of internal resources or limited borrowing capacity – to implement its planned investments. The risk may increase if legislative changes reduce profits and complicate access to credit. Dividend distributions to shareholders can also reduce available internal funds. Long-term, this risk could escalate if insufficient investment in infrastructure leads to voltage quality issues, more frequent outages, and reduced commercial service quality.

Elektro Gorenjska manages this risk by adjusting the scope of investments (rebalancing) based on available funds, engaging actively with SDH as the central manager of state assets and majority shareholder, maintaining timely communication with supervisory bodies, and continuously informing employees about the company’s strategic goals.

### 17.9.1. Criteria and Methodologies for Allocation of Indirect Costs (Expenses), Revenues, Assets and Liabilities by Activity

#### General

The financial performance and position of individual activities are affected by both direct and indirect revenues and expenses, as well as by assets and liabilities that are allocated to an activity either directly or indirectly.

The allocation methodologies presented below are based on the Elektro Gorenjska’s internal organisational units (OEs), which were used to record business events in 2024. All revenues, expenses, assets, and liabilities are originally recognised within the OE where they occur. If this is not possible or appropriate, items are allocated across multiple OEs at the point of initial recognition using pre-established allocation criteria. Primary allocation criteria include:

- The number of employees per activity, and
- The floor area of the premises used by the OE within a facility.

#### General Criterion for the Allocation of Indirect Revenues, Expenses, Assets and Liabilities by Activity

Indirect revenues and expenses are primarily composed of the revenues and expenses of general service departments: the Management, the Corporate Services Sector (CSS), and the Information and Communication Technology Sector (ICT). This excludes revenues and expenses of these departments arising from services rendered to related parties (e.g. legal, human resources, accounting, finance, and other similar services). Revenues generated in relation to related parties are initially recognised under other activities. Expenses incurred in connection with services provided to related parties are directly recorded under those other activities.

The resulting indirect revenues and expenses, as well as the assets and liabilities of the general service departments, are allocated to activities based on the following two criteria:

- Number of employees, and
- Number of fixed assets.

Based on these criteria, 91% of the indirect expenses, revenues, assets and liabilities of the general service departments were allocated to the activity under the contract with the DSO, and 9% to other activities.

Other Significant Criteria for the Allocation of Indirect Revenues, Expenses, Assets and Liabilities by Activity

Interrelationships between organisational units (OUs) or activities primarily include the following:

- Intangible and tangible assets, long-term deferred costs and accrued revenues, long-term trade receivables, assets held for sale, short-term trade receivables, provisions and long-term accrued expenses and deferred income, part of the short-term trade payables, short-term accrued expenses and deferred income, and inventories are originally recognised by individual OUs. An exception applies to intangible and tangible assets that relate to multiple activities (so-called pooled assets). These assets are reallocated from the original OE to the relevant OEs using a defined allocation key. Assets and liabilities recognised under general services (Management, Corporate Services Sector, ICT Sector) are allocated to individual activities based on the allocation key for pooled assets or using the general allocation criteria.
- All investment property and long-term financial investments are recognised under other activities.
- Long-term and short-term financial liabilities to banks are allocated to activities based on the purpose for which the loans were obtained.
- Interest expenses on bank loans are allocated to activities in proportion to the share of financial liabilities attributable to each activity, or as defined in the preceding paragraph.
- Cash and cash equivalents are initially recognised under the OE where the corresponding receivable or payable is recorded, or under the OE to which the related cost is charged. If the payment relates to a liability originally recognised under Management, it is subsequently reallocated appropriately for the purpose of preparing activity-based statements.
- Corporate income tax liabilities are recorded in full under Management. However, in the activity-based income statement, corporate income tax is allocated to each activity. The amount attributable to each activity is calculated based on data used to prepare the corporate income tax calculation by OU (a corporate tax computation is prepared at the activity level). Interim corporate income tax prepayments and year-end receivables or liabilities as at 31 December are recorded under Management. For the preparation of the balance sheet by activity as at 31 December, the corporate income tax liabilities or receivables are allocated based on the actual tax calculation by activity. Liabilities and receivables by activity are recognised based on actual tax prepayments by activity and the final corporate income tax computation by activity.

17.9.2. Statement of Financial Position by Activity

In accordance with the provisions of the Electricity Supply Act (ZOE), the Company discloses its financial statements by activity..

STATEMENT OF FINANCIAL POSITION BY ACTIVITY AS AT 31 DECEMBER 2024 in €

| Item   |  | Distribution Activity (DO) | Other Activities | Elektro Gorenjska Total |
|--------|--|----------------------------|------------------|-------------------------|
| ASSETS |  |                            |                  |                         |
| A.     | Long-Term Assets   | 233,907,042                | 18,576,779       | 252,483,821             |
| I.     | Intangible Assets and Long-Term Deferred Costs               | 3,050,044                  | 72,212           | 3,122,256               |
|        | 1. Long-Term Property Rights                                 | 2,936,736                  | 65,748           | 3,002,484               |
|        | 5. Other Long-Term Deferred Costs                            | 113,308                    | 6,464            | 119,772                 |
| II.    | Property, Plant and Equipment                                | 229,189,342                | 2,733,482        | 231,922,824             |
|        | 1. Land and Buildings  | 165,639,007                | 1,999,625        | 167,638,632             |
|        | a) Land  | 6,098,149                  | 881,152          | 6,979,301               |
|        | b) Buildings   | 159,540,858                | 1,118,473        | 160,659,331             |
|        | 2. Production Equipment and Machinery                        | 50,780,494                 | 261,337          | 51,041,831              |
|        | 3. Other Equipment   | 59,138                     | 6,606            | 65,744                  |
|        | 4. Property, Plant and Equipment Under Construction          | 12,710,703                 | 465,914          | 13,176,617              |
|        | a) Construction in Progress                                  | 12,674,269                 | 465,914          | 13,140,183              |
|        | b) Advances for Acquisition of Property, Plant and Equipment | 36,434                     | 0                | 36,434                  |
| III.   | Investment Property  | 0                          | 1,755,081        | 1,755,081               |
| IV.    | Long-Term Financial Investments                              | 0                          | 13,982,256       | 13,982,256              |
|        | 1. Long-Term Financial Investments, Excluding Loans          | 0                          | 13,839,458       | 13,839,458              |
|        | a) Shares and Interests in Group Companies                   | 0                          | 13,715,303       | 13,715,303              |
|        | b) Shares and Interests in Associates                        | 0                          | 124,155          | 124,155                 |
|        | 2. Long-Term Loans   | 0                          | 142,798          | 142,798                 |
|        | b) Long-Term Loans to Others                                 | 0                          | 142,798          | 142,798                 |
| V.     | Long-Term Trade Receivables                                  | 155,550                    | 0                | 155,550                 |
|        | 2. Long-Term Trade Receivables from Customers                | 48,476                     | 0                | 48,476                  |
|        | 3. Long-Term Trade Receivables from Others                   | 107,074                    | 0                | 107,074                 |
| VI.    | Deferred Tax Assets  | 1,512,106                  | 33,748           | 1,545,854               |

|              |  |             |            |             |
|--------------|--|-------------|------------|-------------|
| B.           | Short-Term Assets                                    | -3,129,082  | 17,834,293 | 14,705,211  |
| II.          | Inventories  | 1,426,330   | 2,631      | 1,428,961   |
|              | 1. Materials   | 1,186,686   | 2,631      | 1,189,317   |
|              | 4. Advances for Inventories                          | 239,644     | 0          | 239,644     |
| IV.          | Short-Term Trade Receivables                         | 9,900,258   | 468,447    | 10,368,705  |
|              | 1. Short-Term Trade Receivables from Group Companies | 5,325       | 26,175     | 31,500      |
|              | 2. Short-Term Trade Receivables from Customers       | 9,527,326   | 276,638    | 9,803,964   |
|              | 3. Income Tax Receivables                            | 54,448      | 121,020    | 175,468     |
|              | 4. Other Short-Term Trade Receivables                | 313,159     | 44,614     | 357,773     |
| V.           | Cash and Cash Equivalents                            | -14,455,670 | 17,363,215 | 2,907,545   |
| C.           | Short-Term Deferred Costs                            | 153,258     | 24,297     | 177,555     |
| TOTAL ASSETS |  | 230,931,218 | 36,435,369 | 267,366,587 |

in €

| Item                   |  | Distribution Activity (DO) | Other Activities | Elektro Gorenjska Total |
|------------------------|--|----------------------------|------------------|-------------------------|
| LIABILITIES AND EQUITY |  |                            |                  |                         |
| A.                     | Equity                                     | 147,250,501                | 27,095,287       | 174,345,788             |
| I.                     | Subscribed Capital                         | 87,770,535                 | 16,366,080       | 104,136,615             |
|                        | 1. Share Capital                           | 87,770,535                 | 16,366,080       | 104,136,615             |
| II.                    | Capital Reserves                           | 41,584,616                 | 4,388,863        | 45,973,479              |
| III.                   | Profit Reserves                            | 13,235,285                 | 9,832,661        | 23,067,946              |
|                        | 1. Legal Reserves                          | 3,241,218                  | 1,079,193        | 4,320,411               |
|                        | 5. Other Profit Reserves                   | 9,994,067                  | 8,753,468        | 18,747,535              |
| V.                     | Reserves from Fair Value Revaluation       | -179,213                   | -34,917          | -214,130                |
| VI.                    | Retained Earnings                          | 4,182,841                  | -4,181,849       | 992                     |
| VII.                   | Net Profit for the Financial Year          | 656,437                    | 724,449          | 1,380,886               |
|                        | 1. Unallocated Profit for the Current Year | 656,437                    | 724,449          | 1,380,886               |

|                              |  |             |            |             |
|------------------------------|--|-------------|------------|-------------|
| B.                           | Provisions and Long-Term Accruals and Deferrals    | 13,369,628  | 8,699,271  | 22,068,899  |
|                              | 1. Provisions for Pensions and Similar Obligations | 3,068,993   | 482,534    | 3,551,527   |
|                              | 2. Other Provisions                                | 0           | 7,431,385  | 7,431,385   |
|                              | 3. Long-Term Accrued Expenses and Deferred Income  | 10,300,635  | 785,352    | 11,085,987  |
| C.                           | Long-Term Liabilities                              | 55,025,663  | 14,443     | 55,040,106  |
| I.                           | Long-Term Financial Liabilities                    | 54,688,957  | 0          | 54,688,957  |
|                              | 2. Long-Term Financial Liabilities to Banks        | 54,688,957  | 0          | 54,688,957  |
| II.                          | Long-Term Trade Payables                           | 136,629     | 3,285      | 139,914     |
|                              | 4. Long-Term Advance Liabilities                   | 136,629     | 3,285      | 139,914     |
| III.                         | Deferred Tax Liabilities                           | 200,077     | 11,158     | 211,235     |
| Č.                           | Short-Term Liabilities                             | 13,768,652  | 460,448    | 14,229,100  |
| II.                          | Short-Term Financial Liabilities                   | 7,123,688   | 0          | 7,123,688   |
|                              | 2. Short-Term Financial Liabilities to Banks       | 6,944,084   | 0          | 6,944,084   |
|                              | 4. Other Short-Term Financial Liabilities          | 179,604     | 0          | 179,604     |
| III.                         | Short-Term Trade Payables                          | 6,644,964   | 460,448    | 7,105,412   |
|                              | 1. Short-Term Payables to Group Companies          | 26,583      | 24,536     | 51,119      |
|                              | 2. Short-Term Payables to Suppliers                | 2,914,331   | 142,339    | 3,056,670   |
|                              | 4. Short-Term Advance Liabilities                  | 103,997     | 26,491     | 130,488     |
|                              | 6. Other Short-Term Trade Payables                 | 3,600,053   | 267,082    | 3,867,135   |
| D.                           | Short-Term Accrued Expenses and Deferred Income    | 1,516,774   | 165,920    | 1,682,694   |
| TOTAL LIABILITIES AND EQUITY |  | 230,931,218 | 36,435,369 | 267,366,587 |



STATEMENT OF FINANCIAL POSITION BY ACTIVITY AS AT 31 DECEMBER 2023

in €

| Item  | Activity DO | Other Activities | Total Elektro Gorenjska |
|---|-------------|------------------|-------------------------|
| ASSETS  |             |                  |                         |
| A. Long-Term Assets                           | 225,358,501 | 18,383,955       | 243,742,456             |
| I. Intangible Assets and Long-Term Accruals   | 3,048,545   | 65,564           | 3,114,109               |
| 1. Long-Term Property Rights                  | 2,988,390   | 65,318           | 3,053,708               |
| 5. Other Long-Term Accruals                   | 60,155      | 246              | 60,401                  |
| II. Property, Plant and Equipment             | 220,033,150 | 2,515,843        | 222,548,993             |
| 1. Land and Buildings                         | 162,608,810 | 2,250,887        | 164,859,697             |
| a) Land                                       | 6,359,013   | 923,767          | 7,282,780               |
| b) Buildings                                  | 156,249,797 | 1,327,120        | 157,576,917             |
| 2. Production Plant and Machinery             | 51,840,324  | 257,565          | 52,097,889              |
| 3. Other Equipment                            | 60,200      | 6,665            | 66,865                  |
| 4. Property, Plant and Equipment in Progress  | 5,523,816   | 726              | 5,524,542               |
| a) Construction in Progress                   | 5,482,552   | 726              | 5,483,278               |
| b) Advances for Property, Plant and Equipment | 41,264      | 0                | 41,264                  |
| III. Investment Property                      | 0           | 1,782,857        | 1,782,857               |
| IV. Long-Term Financial Investments           | 0           | 13,982,256       | 13,982,256              |
| 1. Long-Term Investments Excl. Loans          | 0           | 13,839,457       | 13,839,457              |
| a) Shares and Interests in Group Companies    | 0           | 13,715,303       | 13,715,303              |
| b) Shares and Interests in Associates         | 0           | 124,154          | 124,154                 |
| 2. Long-Term Loans                            | 0           | 142,799          | 142,799                 |
| b) Loans to Others                            | 0           | 142,799          | 142,799                 |
| V. Long-Term Trade Receivables                | 722,341     | 0                | 722,341                 |
| 2. Long-Term Receivables from Customers       | 613,688     | 0                | 613,688                 |
| 3. Long-Term Receivables from Others          | 108,653     | 0                | 108,653                 |
| VI. Deferred Tax Receivables                  | 1,554,465   | 37,435           | 1,591,900               |

|  |             |            |             |
|--|-------------|------------|-------------|
| B. Short-Term Assets                             | -295,441    | 15,269,754 | 14,974,313  |
| II. Inventories                                  | 1,291,757   | 3,612      | 1,295,369   |
| 1. Raw Materials                                 | 1,291,757   | 3,612      | 1,295,369   |
| IV. Short-Term Trade Receivables                 | 6,605,424   | 695,111    | 7,300,535   |
| 1. From Group Companies                          | 0           | 19,910     | 19,910      |
| 2. From Customers                                | 6,396,171   | 668,168    | 7,064,339   |
| 4. From Others                                   | 209,253     | 7,033      | 216,286     |
| V. Cash and Cash Equivalents                     | -8,192,622  | 14,571,031 | 6,378,409   |
| C. Short-Term Accrued Revenue and Deferred Costs | 1,454,424   | 25,663     | 1,480,087   |
| TOTAL ASSETS                                     | 226,517,484 | 33,679,372 | 260,196,856 |

in €

| Item  | Activity DO | Other Activities | Total Elektro Gorenjska |
|---|-------------|------------------|-------------------------|
| EQUITY AND LIABILITIES                        |             |                  |                         |
| A. Equity                                     | 144,971,651 | 25,343,856       | 170,315,507             |
| I. Subscribed Capital                         | 87,770,535  | 16,366,080       | 104,136,615             |
| 1. Share Capital                              | 87,770,535  | 16,366,080       | 104,136,615             |
| II. Capital Reserves                          | 41,584,616  | 4,388,863        | 45,973,479              |
| III. Revenue Reserves                         | 15,294,478  | 3,552,680        | 18,847,158              |
| 1. Legal Reserves                             | 3,149,563   | 959,858          | 4,109,421               |
| 5. Other Revenue Reserves                     | 12,144,915  | 2,592,822        | 14,737,737              |
| V. Revaluation Reserves                       | -161,731    | -34,627          | -196,358                |
| VI. Retained Earnings                         | 4,107,730   | -4,106,702       | 1,028                   |
| VII. Net Profit for the Financial Year        | 851,109     | 702,476          | 1,553,585               |
| 1. Unappropriated Net Profit for the Year     | 851,109     | 702,476          | 1,553,585               |
| VIII. Adjustment of Equity Between Activities | -4,475,086  | 4,475,086        | 0                       |

|                              |  |             |            |             |
|------------------------------|--|-------------|------------|-------------|
| B.                           | Provisions and Long-Term Accruals                  | 10,654,255  | 7,492,972  | 18,147,227  |
|                              | 1. Provisions for Pensions and Similar Obligations | 2,995,348   | 462,209    | 3,457,557   |
|                              | 2. Other Provisions                                | 0           | 6,335,008  | 6,335,008   |
|                              | 3. Long-Term Deferred Income                       | 7,658,907   | 695,755    | 8,354,662   |
| C.                           | Long-Term Liabilities                              | 50,916,140  | 12,819     | 50,928,959  |
| I.                           | Long-Term Financial Liabilities                    | 50,633,042  | 0          | 50,633,042  |
|                              | 2. To Banks  | 50,633,042  | 0          | 50,633,042  |
| II.                          | Long-Term Trade Liabilities                        | 65,327      | 2,424      | 67,751      |
|                              | 4. Based on Advances                               | 65,327      | 2,424      | 67,751      |
| III.                         | Deferred Tax Liabilities                           | 217,771     | 10,395     | 228,166     |
| Č.                           | Short-Term Liabilities                             | 18,925,730  | 676,249    | 19,601,979  |
| II.                          | Short-Term Financial Liabilities                   | 10,649,817  | 197,918    | 10,847,735  |
|                              | 1. To Group Companies                              | 0           | 171        | 171         |
|                              | 2. To Banks  | 9,058,406   | 0          | 9,058,406   |
|                              | 4. Other Short-Term Financial Liabilities          | 1,591,411   | 197,747    | 1,789,158   |
| III.                         | Short-Term Trade Liabilities                       | 8,275,913   | 478,331    | 8,754,244   |
|                              | 1. To Group Companies                              | 33,214      | 7,166      | 40,380      |
|                              | 2. To Suppliers                                    | 5,104,617   | 152,868    | 5,257,485   |
|                              | 4. Based on Advances                               | 63,845      | 20,352     | 84,197      |
|                              | 5. Income Tax Liabilities                          | 267,669     | 26,286     | 293,955     |
|                              | 6. Other Short-Term Liabilities                    | 2,806,568   | 271,659    | 3,078,227   |
| D.                           | Short-Term Accruals and Deferred Income            | 1,049,708   | 153,476    | 1,203,184   |
| TOTAL EQUITY AND LIABILITIES |  | 226,517,484 | 33,679,372 | 260,196,856 |

17.9.3. Income Statement by Business Segment

INCOME STATEMENT BY BUSINESS SEGMENT OF THE COMPANY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024in €

| Item |   | Activity DO | Other Activities | Total Elektro Gorenjska |
|------|---|-------------|------------------|-------------------------|
| 1.   | Net Sales Revenue                                     | 35,432,197  | 2,539,997        | 37,972,194              |
|      | a. Net Sales Revenue in the Domestic Market           | 35,432,197  | 2,531,264        | 37,963,461              |
|      | b. Net Sales Revenue in Foreign Markets               | 0           | 8,733            | 8,733                   |
| 3.   | Capitalized Own Products and Services                 | 0           | 6,261,655        | 6,261,655               |
| 4.   | Other Operating Income (Including Revaluation Income) | 1,016,208   | 523,558          | 1,539,766               |
| 5.   | Costs of Goods, Materials, and Services               | 5,913,397   | 5,825,654        | 11,739,051              |
|      | a. Cost of Goods Sold and Materials Used              | 1,080,847   | 5,115,839        | 6,196,686               |
|      | b. Cost of Services                                   | 4,832,550   | 709,815          | 5,542,365               |
| 6.   | Labour Costs  | 12,659,956  | 3,515,586        | 16,175,542              |
|      | a. Wages and Salaries                                 | 8,920,677   | 2,626,984        | 11,547,661              |
|      | b. Social Security Costs                              | 1,982,667   | 501,113          | 2,483,780               |
|      | – Of Which Pension Insurance Contributions            | 1,302,970   | 304,967          | 1,607,937               |
|      | c. Other Labour Costs                                 | 1,756,612   | 387,489          | 2,144,101               |
| 7.   | Write-Downs   | 13,016,019  | 231,009          | 13,247,028              |
|      | a. Depreciation and Amortisation                      | 12,756,728  | 225,408          | 12,982,136              |
|      | b. Impairment of Intangible and Tangible Assets       | 253,876     | 1,799            | 255,675                 |
|      | c. Impairment of Current Assets                       | 5,415       | 3,802            | 9,217                   |
| 8.   | Other Operating Expenses                              | 328,083     | 1,133,984        | 1,462,067               |
| 9.   | Finance Income from Equity Interests                  | 0           | 3,500,000        | 3,500,000               |
|      | a. From Equity Interests in Group Companies           | 0           | 3,500,000        | 3,500,000               |
| 10.  | Finance Income from Loans Granted                     | 0           | 23,139           | 23,139                  |
|      | b. From Loans Granted to Others                       | 0           | 23,139           | 23,139                  |
| 11.  | Finance Income from Operating Receivables             | 16,981      | 2,055            | 19,036                  |
|      | b. From Trade Receivables Due from Others             | 16,981      | 2,055            | 19,036                  |

|     |  |           |           |           |
|-----|--|-----------|-----------|-----------|
| 13. | Finance Costs from Financial Liabilities           | 2,167,638 | 2,680     | 2,170,318 |
|     | a. From Loans Received from Group Companies        | 0         | 2,680     | 2,680     |
|     | b. From Loans Received from Banks                  | 2,167,638 | 0         | 2,167,638 |
| 14. | Finance Costs from Operating Liabilities           | 89,201    | 13,725    | 102,926   |
|     | b. From Liabilities to Suppliers and Bills Payable | 143       | 84        | 227       |
|     | c. From Other Operating Liabilities                | 89,058    | 13,641    | 102,699   |
| 15. | Other Income                                       | 15        | 3         | 18        |
| 16. | Other Expenses                                     | 32,849    | 3,247     | 36,096    |
| 17. | NET PROFIT BEFORE TAX                              | 2,258,258 | 2,124,522 | 4,382,780 |
| 18. | Corporate Income Tax                               | 229,656   | -93,118   | 136,538   |
| 19. | Deferred Taxes                                     | 22,831    | 3,616     | 26,447    |
| 20. | NET PROFIT FOR THE FINANCIAL PERIOD                | 2,005,771 | 2,214,024 | 4,219,795 |

In the company's income statement, the net approach has been applied for the adjustment of receivables (i.e., values arising from intra-organisational postings have been eliminated). As a result, revenue and expenses were reduced by €8,897.

INCOME STATEMENT BY BUSINESS SEGMENT OF THE COMPANY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023in €

| Item |  | Activity DO | Other Activities | Total Elektro Gorenjska |
|------|--|-------------|------------------|-------------------------|
| 1.   | Net Sales Revenue                                | 33,987,738  | 3,172,469        | 37,160,207              |
|      | a. Net Sales Revenue – Domestic Market           | 33,987,738  | 3,164,519        | 37,152,257              |
|      | b. Net Sales Revenue – Foreign Market            | 0           | 7,950            | 7,950                   |
| 3.   | Capitalized Own Products and Services            | 0           | 5,921,213        | 5,921,213               |
| 4.   | Other Operating Revenue (Including Revaluations) | 1,015,344   | 871,550          | 1,886,894               |
| 5.   | Cost of Goods, Materials, and Services           | 5,448,117   | 5,623,302        | 11,071,419              |
|      | a. Cost of Goods and Materials Used              | 1,395,640   | 5,122,605        | 6,518,245               |
|      | b. Cost of Services                              | 4,052,477   | 500,697          | 4,553,174               |
| 6.   | Labour Costs                                     | 11,770,710  | 3,582,511        | 15,353,221              |
|      | a. Wages and Salaries                            | 8,232,385   | 2,704,747        | 10,937,132              |
|      | b. Social Security Contributions                 | 1,821,910   | 486,197          | 2,308,107               |
|      | – of which Pension Contributions                 | 1,209,338   | 286,237          | 1,495,575               |
|      | c. Other Labor Costs                             | 1,716,415   | 391,567          | 2,107,982               |

|     |   |            |           |            |
|-----|---|------------|-----------|------------|
| 7.  | Depreciation and Amortization                   | 12,295,561 | 258,023   | 12,553,584 |
|     | a. Depreciation and Amortization                | 11,841,080 | 219,704   | 12,060,784 |
|     | b. Impairment of Intangible and Tangible Assets | 453,206    | 32,271    | 485,477    |
|     | c. Impairment of Current Assets                 | 1,275      | 6,048     | 7,323      |
| 8.  | Other Operating Expenses                        | 281,528    | 234,191   | 515,719    |
| 9.  | Financial Income from Equity Interests          | 0          | 1,580,000 | 1,580,000  |
|     | a. In Group Companies                           | 0          | 1,580,000 | 1,580,000  |
| 10. | Financial Income from Loans Granted             | 0          | 38,990    | 38,990     |
|     | b. From Loans to Others                         | 0          | 38,990    | 38,990     |
| 11. | Financial Income from Operating Receivables     | 20,365     | 5,346     | 25,711     |
|     | b. From Other Operating Receivables             | 20,365     | 5,346     | 25,711     |
| 13. | Financial Expenses for Financial Liabilities    | 1,697,228  | 1,116     | 1,698,344  |
|     | a. From Loans Received from Group Companies     | 0          | 1,116     | 1,116      |
|     | b. From Bank Loans                              | 1,697,228  | 0         | 1,697,228  |
| 14. | Financial Expenses for Operating Liabilities    | 92,449     | 14,230    | 106,679    |
|     | b. To Suppliers and for Bills Payable           | 56         | 110       | 166        |
|     | c. Other Operating Liabilities                  | 92,393     | 14,120    | 106,513    |
| 15. | Other Income                                    | 17         | 4         | 21         |
| 16. | Other Expenses                                  | 63,485     | 6,279     | 69,764     |
| 17. | NET PROFIT BEFORE TAX                           | 3,374,386  | 1,869,920 | 5,244,306  |
| 18. | Corporate Income Tax                            | 267,669    | 26,286    | 293,955    |
| 19. | Deferred Tax                                    | -448,348   | 13,127    | -435,221   |
| 20. | NET PROFIT FOR THE FINANCIAL PERIOD             | 3,555,065  | 1,830,507 | 5,385,572  |

In the company's income statement, the net approach has been applied for the adjustment of receivables (i.e., values arising from intra-organisational postings have been eliminated). As a result, revenue and expenses were reduced by €7,089.



# 18. FINANCIAL REPORT PREPARED



FINANCIAL  
REPORT OF THE  
ELEKTRO GORENJSKA  
GROUP



18.1. Management Statement of Responsibility

The Management Board of Elektro Gorenjska hereby confirms the accounting statements, and all other components of this consolidated annual report as published and presented herein. The consolidated annual report provides a true and fair view of the financial position of the Group.

The Management Board of Elektro Gorenjska affirms that the preparation of the consolidated financial statements was carried out in accordance with the International Financial Reporting Standards, appropriate accounting policies, and that the accounting estimates were made prudently and in accordance with the principles of good governance.

The Management Board of Elektro Gorenjska approved the Group’s financial statements for the financial year 2024 on 1 April 2025.

The Management Board of Elektro Gorenjska is responsible for the proper maintenance of accounting records, the adoption of appropriate measures for the safeguarding of assets and other resources and confirms that the financial statements have been prepared on a going concern basis and in accordance with applicable legislation and the International Financial Reporting Standards as adopted by the European Union.

The tax authorities may, at any time within five years following the end of the year in which the tax liability arose, audit the Company’s operations. Such audits may result in additional tax liabilities, late payment interest, and penalties in respect of corporate income tax or other taxes and levies. The Management Board is not aware of any circumstances that could result in a potentially significant liability arising from such audits.

Kranj, 1 April 2025

President of the Management Board  
dr. Ivan Šmon, MBA

*Ivan Šmon*

18.2. Auditor's Report



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**INDEPENDENT AUDITOR'S REPORT**  
To the shareholders of Elektro Gorenjska Group  
(Translation of the original report in Slovene language - for information purposes only)

REPORT ON AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS

**Opinion**

We have audited the consolidated financial statements of Elektro Gorenjska, d.d. (the Group), which comprise the consolidated balance sheet as at December 31, 2024 and the consolidated income statement, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at December 31, 2024, and its financial performance and 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) and Regulation (EU) No. 537/2014 of the European Parliament and Council dated on April 16, 2014 on specific requirements regarding statutory audit of public-interest entities (Regulation (EU)). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Slovenia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Capitalised costs of own products and services

| Key audit matter   | Our response   |
|--|--|
| Capitalised costs of own products and services amounted to 6.702.441 EUR in the year ended December 31, 2024 (2023: 6.132.751 EUR).  | Our audit procedures included:   |
| The Group constructs buildings and equipment with its own resources. Additions to tangible fixed assets, constructed by the Group, are valued at estimated costs of hours spent, which include personnel expenses and other indirect costs, as well as direct costs of materials and transport. The determination of hourly rates for personnel expenses and judgment regarding which types of indirect costs to include in the cost of tangible fixed assets, includes estimation. Estimation of the amounts and structure of own costs of construction is important for the audit as it is linked to material subjective judgments of the management. In | <ul style="list-style-type: none"><li>- Assessing the guidelines defining additions to tangible fixed assets and construction costs in order to test that they comply with the guidelines defined by IFRS as adopted in EU.</li><li>- Testing the design and implementation of internal controls and testing of internal controls in the part that refers to the recognition of personnel expenses, costs of materials and services and fixed assets.</li><li>- Familiarization with the method of recognising fixed assets constructed by the Group.</li><li>- Examination of the methodology and assumptions used by the Group in calculating the cost of personnel and verification of the completeness and accuracy of data used.</li><li>- Recalculation of the personnel costs and</li></ul> |





determining the matter, the management uses assumptions and judgments for recognising tangible fixed assets as they are determined by IFRS as adopted in EU.

Due to the abovementioned information we determined this matter as a key audit matter.

Disclosures regarding this matter are included in point 18.4 Notes to the consolidated financial statements and within this point subtitle Significant accounting policies - Tangible fixed assets, and in Note 2 - Tangible fixed assets of the point 18.5.1 Notes to the financial statement items, and in Note 2 Capitalized own products and own services of the point 18.5.2 Notes on profit and loss account items.

#### Investments in property, plant and equipment

##### Key audit matter

Carrying amount of property, plant and equipment as at December 31, 2024 amounted to 255.035.015 EUR (31. December 2023: 240.256.471 EUR); costs of maintenance for the year 2024 amounted to 1.937.780 EUR (2023: 1.971.742 EUR).

Beside new investments the Group performs maintenance of property, plant and equipment, mainly electrical distribution infrastructure. As items, which fulfil conditions for recognition of property, plant and equipment, are capitalized and depreciated on an annual basis, costs of maintenance are expensed in P&L as incurred. Distinction among items which fulfil conditions for recognition in the balance sheet and items expensed as incurred is significant for the audit of financial statements as it requires management judgement if and which conditions need to be fulfilled for recognition as property, plant and equipment and which for recognition as expenses. Due to this information, we determined the matter as a key audit matter. When determining these facts, the Group follows conditions for recognition of fixed assets as defined in IFRS as adopted in EU.

Disclosures regarding this matter are included in point 18.4 Notes to the consolidated financial statements and within this point subtitle Significant accounting policies and estimates - Fixed assets, to the Note 2 Tangible fixed assets of the point 18.5.1 Notes to the financial statement items, to the Note 5 Maintenance costs of the point 18.5.2 Notes on profit and loss account items.

comparison with the calculation for the current year and to market data.

- Testing, on a sample of selected items, of capitalised own products and services, where we:
    - assessed whether the appropriate personnel expenses have been used;
    - obtained the bases for the cost of material and transport;
    - conducted interviews with persons responsible for construction of fixed assets;
    - verified supporting accounting documents and entries in the financial statements.
- The sample included randomly selected items and items that we determined based on our risk-based approach due to the size, complexity, content or duration of construction or maintenance.

We have reviewed the disclosures in the annual report regarding fixed assets and capitalized own products and services.

##### Our response

Our audit procedures included:

- Assessing the guidelines defining investments into tangible fixed assets and construction costs in order to test that they comply with the guidelines prescribed by IFRS as adopted in EU.
- Testing the design and implementation of internal controls and testing of internal controls in the part costs, property, plant and equipment and related liabilities.
- Familiarization with the management of investments.
- Testing, on a sample of selected items, of property, plant and equipment as well as maintenance costs, where we:
  - Assessed if conditions for recognition of property, plant and equipment or maintenance costs are fulfilled;
  - Obtained the bases for such treatment from responsible persons;
  - Conducted interviews with persons responsible for construction of fixed assets;
  - Verified supporting documentation and postings in the accounting evidences.
- The sample included randomly selected items and items that we determined based on our risk-based approach due to the size, complexity, content or duration of construction or maintenance.
- We have reviewed the disclosures in the annual report according to the requirements of IFRS as adopted in EU.



#### **Other information**

Management is responsible for the other information. The other information comprises the information included in the business report except the consolidated financial statements and our auditor's report thereon. We have received other information before the date of the auditor's report, except for the report of the Supervisory Board, which will be available at a later time.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, regulatory requirements or our knowledge obtained in the audit 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 regards to these procedures, we report on the following:

- other information is consistent with audited consolidated financial statements in all respect;
- other information is prepared in line with regulatory requirements and
- based on our knowledge and understanding of the Company and its environment, obtained during the audit, no material inconsistencies were found in relation to other information.

#### **Responsibilities of Management and Supervisory Board for the Consolidated Financial Statements**

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

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

The Supervisory Board is responsible for overseeing the Group's financial reporting process and for confirming the audited consolidated annual report.

#### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 consolidated 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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our





opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for audit opinion.

We communicate with the Audit Committee and the Supervisory Board 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. We also provide the Audit Committee and the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Supervisory Board and the Audit Committee, we determine those matters that were of most significance in the audit of the separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

##### Other reporting obligations as required by EU Regulation No. No 537/2014 of the European Parliament and of the Council

###### *Confirmation to the Audit Committee*

We confirm that our audit opinion expressed herein is consistent with the additional report to the Audit Committee of the Company.

###### *Provision of Non-audit Services*

We declare that no prohibited non-audit services referred to in the Article 5(1) of Regulation ((EU) No. 537/2014 of the European Parliament and the Council were provided and audit company complied with independence requirements at auditing.

###### *Other services*

There are no services, in addition to the statutory audit which we provided to the Company and its controlled undertakings, and which have not been disclosed in the Annual Report.

###### *Appointment of the Auditor, the Period of Engagement and Certified Auditor*

BDO Revizija d.o.o. was appointed as the statutory auditor of the Company and the Group by the shareholder on General Shareholders' Meeting held on August 24, 2023, the president of the Supervisory board signed the engagement letter on September 14, 2023 for the period of 3 years. Our total uninterrupted engagement started on September 26, 2017.

Engagement partner responsible for the audit on behalf of BDO Revizija d.o.o. is Blaž Velcl, certified auditor.

Ljubljana, April 18, 2025

BDO Revizija d.o.o.  
Cesta v Mestni log 1, Ljubljana  
(signature on the original issued in Slovene language)

Blaž Velcl, certified auditor



# 18.3. Financial Statements of the Elektro Gorenjska Group for the Financial Year Ended 31 December 2024

STATEMENT OF FINANCIAL POSITION OF THE ELEKTRO GORENJSKA GROUP AS AT 31 DECEMBER 2024 in €

| Item   | Note | 31 Dec 2024 | 31 Dec 2023 |
|--|------|-------------|-------------|
| ASSETS   |      |             |             |
| LONG-TERM ASSETS                                     |      | 262,491,848 | 248,367,339 |
| Intangible Assets                                    | 1    | 3,007,082   | 3,075,371   |
| 1. Long-Term Property Rights                         |      | 3,007,082   | 3,075,371   |
| Property, Plant, and Equipment                       | 2    | 255,035,015 | 240,256,471 |
| 1. Land and Buildings                                |      | 173,828,749 | 171,118,648 |
| a) Land  |      | 8,170,939   | 8,469,768   |
| b) Buildings   |      | 165,657,810 | 162,648,880 |
| 2. Production Plant and Machinery                    |      | 59,797,491  | 58,562,562  |
| 3. Other Equipment                                   |      | 620,317     | 689,710     |
| 4. Property, Plant, and Equipment Under Construction |      | 20,788,458  | 9,885,551   |
| Investment Property                                  | 3    | 1,727,333   | 1,754,302   |
| Long-Term Financial Investments                      | 4    | 860,373     | 866,607     |
| 1. Long-Term Financial Investments, Excluding Loans  |      | 688,567     | 687,839     |
| b) Equity-Accounted Investments                      |      | 451,856     | 451,128     |
| c) Other Shares and Interests                        |      | 236,711     | 236,711     |

|   |   |             |             |
|---|---|-------------|-------------|
| 2. Long-Term Loans                                |   | 171,806     | 178,768     |
| b) Long-Term Loans to Others                      |   | 171,806     | 178,768     |
| Long-Term Operating Receivables                   | 5 | 162,544     | 729,336     |
| 2. Long-Term Trade Receivables                    |   | 48,476      | 613,688     |
| 3. Long-Term Receivables from Others              |   | 114,068     | 115,648     |
| Deferred Costs (Long-Term Accruals and Deferrals) |   | 133,212     | 75,245      |
| Deferred Tax Assets                               |   | 1,566,289   | 1,610,007   |
| SHORT-TERM ASSETS                                 |   | 26,102,990  | 31,937,354  |
| Inventories                                       | 6 | 1,645,684   | 3,257,070   |
| 1. Materials                                      |   | 1,645,684   | 3,257,070   |
| Short-Term Financial Investments                  |   | 9,282       | 8,702       |
| 2. Short-Term Loans                               |   | 9,282       | 8,702       |
| b) Short-Term Loans to Others                     |   | 9,282       | 8,702       |
| Short-Term Operating Receivables                  | 7 | 13,414,941  | 13,993,697  |
| 2. Short-Term Trade Receivables                   |   | 10,216,573  | 11,180,315  |
| 3. Short-Term Receivables from Others             |   | 3,198,368   | 2,813,382   |
| Income Tax Receivable                             |   | 1,025,944   | 0           |
| Contract Assets                                   | 8 | 1,419,290   | 41,529      |
| Deferred Costs and Other Short-Term Assets        |   | 216,864     | 403,887     |
| Cash and Cash Equivalents                         |   | 8,370,985   | 14,232,469  |
| TOTAL ASSETS                                      |   | 288,594,838 | 280,304,693 |

STATEMENT OF FINANCIAL POSITION OF THE ELEKTRO GORENJSKA GROUP AS AT 31 DECEMBER 2024

in €

| Item   | Note | 31 Dec 2024 | 31 Dec 2023 |
|--|------|-------------|-------------|
| EQUITY AND LIABILITIES                             |      |             |             |
| EQUITY   | 9    | 186,621,224 | 182,985,018 |
| Subscribed Capital                                 |      | 104,136,615 | 104,136,615 |
| 1. Share Capital                                   |      | 104,136,615 | 104,136,615 |
| Capital Reserves                                   |      | 45,973,479  | 45,973,479  |
| Profit Reserves                                    |      | 25,241,450  | 19,274,198  |
| 1. Legal Reserves                                  |      | 4,952,369   | 4,766,467   |
| 5. Other Profit Reserves                           |      | 20,289,081  | 14,507,731  |
| Other Reserves                                     |      | -239,801    | -210,051    |
| Retained Earnings                                  |      | 11,509,481  | 13,810,777  |
| LONG-TERM LIABILITIES                              |      | 82,654,546  | 72,322,507  |
| Provisions   | 10   | 11,245,643  | 10,025,806  |
| 1. Provisions for Pensions and Similar Obligations |      | 3,814,258   | 3,690,798   |
| 2. Other Provisions                                |      | 7,431,385   | 6,335,008   |
| Long-Term Financial Liabilities                    | 11   | 59,017,529  | 52,990,185  |
| 2. Long-Term Financial Liabilities to Banks        |      | 59,017,529  | 52,990,185  |
| Long-Term Operating Liabilities                    |      | 139,914     | 79,494      |
| 2. Long-Term Trade Payables                        |      | 0           | 11,743      |
| 4. Long-Term Advances Received                     |      | 139,914     | 67,751      |

|   |    |             |             |
|---|----|-------------|-------------|
| Deferred Income and Other Long-Term Liabilities | 12 | 12,040,225  | 8,998,856   |
| Deferred Tax Liabilities                        |    | 211,235     | 228,166     |
| SHORT-TERM LIABILITIES                          |    | 19,319,068  | 24,997,168  |
| Short-Term Financial Liabilities                | 13 | 8,162,453   | 11,276,136  |
| 2. Short-Term Financial Liabilities to Banks    |    | 7,972,656   | 9,486,978   |
| 4. Other Short-Term Financial Liabilities       |    | 189,797     | 1,789,158   |
| Short-Term Operating Liabilities                | 14 | 7,962,752   | 10,350,603  |
| 2. Short-Term Trade Payables                    |    | 3,790,810   | 6,088,301   |
| 4. Short-Term Advances Received                 |    | 135,488     | 84,057      |
| 5. Other Short-Term Operating Liabilities       |    | 4,036,454   | 4,178,245   |
| Income Tax Liabilities                          |    | 0           | 1,205,922   |
| Short-Term Contract Liabilities                 | 15 | 1,246,566   | 439,123     |
| Accrued Costs and Other Short-Term Liabilities  | 16 | 1,947,297   | 1,725,384   |
| TOTAL EQUITY AND LIABILITIES                    |    | 288,594,838 | 280,304,693 |

The notes to the financial statements form an integral part of the financial statements and should be read in conjunction therewith.



## INCOME STATEMENT OF THE ELEKTRO GORENJSKA GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

in €

| Item  | Note | 2024             | 2023              |
|---|------|------------------|-------------------|
| Net Revenue from Sales  | 1    | 48,268,918       | 55,075,559        |
| Capitalized Own Products and Own Services                         | 2    | 6,702,441        | 6,132,751         |
| Other Operating Income  | 3    | 1,964,601        | 2,035,494         |
| Costs of Goods, Materials, and Services                           |      | 16,138,946       | 17,950,830        |
| a. Cost of Goods Sold and Consumed Material                       | 4    | 8,742,712        | 10,702,178        |
| b. Cost of Services   | 5    | 7,396,234        | 7,248,652         |
| Labour Costs  | 6    | 17,971,591       | 16,992,984        |
| Depreciation and Amortization                                     | 7    | 14,562,558       | 14,087,900        |
| Other Operating Expenses  | 8    | 1,530,198        | 628,046           |
| Finance Income from Loans   |      | 105,971          | 55,959            |
| Finance Income from Operating Receivables                         |      | 22,342           | 29,568            |
| Finance Expenses from Financial Liabilities                       |      | 2,229,383        | 1,726,897         |
| Finance Expenses from Operating Liabilities                       |      | 110,158          | 113,453           |
| Recognized Profit of Investments Measured Using the Equity Method |      | 45,121           | 44,393            |
| TOTAL PROFIT FROM OPERATIONS                                      |      | 4,566,560        | 11,873,614        |
| Income Tax  | 9    | 704,741          | 1,601,277         |
| Deferred Taxes  | 9    | 24,120           | -453,328          |
| <b>NET PROFIT FOR THE REPORTING PERIOD</b>                        |      | <b>3,837,699</b> | <b>10,725,665</b> |

The notes to the financial statements form an integral part of the financial statements and should be read in conjunction therewith.

## STATEMENT OF OTHER COMPREHENSIVE INCOME OF THE ELEKTRO GORENJSKA GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

in €

| Item  | 2024             | 2023              |
|---|------------------|-------------------|
| 1. Net Profit for the Reporting Period  | 3,837,699        | 10,725,665        |
| 2. Items of Other Comprehensive Income (Excluding Equity-Accounted Amounts),<br>Not to Be Reclassified to Profit: | -28,758          | -245,536          |
| - Actuarial Gains and Losses  | -28,758          | -245,536          |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE REPORTING PERIOD</b>  | <b>3,808,941</b> | <b>10,480,129</b> |

The notes to the financial statements form an integral part of the financial statements and should be read in conjunction therewith.



## STATEMENT OF CASH FLOWS OF THE ELEKTRO GORENJSKA GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

in €

| Item  | 2024               | 2023               |
|---|--------------------|--------------------|
| <b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>        |                    |                    |
| <b>a. Cash Inflows from Operating Activities</b>      | <b>68,068,678</b>  | <b>68,547,536</b>  |
| 1. Receipts from Sales of Products and Services       | 62,243,252         | 62,028,170         |
| 2. Income Tax Received                                | 125,498            | 609,125            |
| 3. Other Cash Receipts from Operating Activities      | 5,699,928          | 5,910,241          |
| <b>b. Cash Outflows from Operating Activities</b>     | <b>-43,298,062</b> | <b>-38,791,823</b> |
| 1. Payments for Materials and Services                | -16,598,525        | -17,984,470        |
| 2. Payments to Employees and for Profit Participation | -13,141,467        | -11,975,573        |
| 3. Income Tax Paid                                    | -1,956,260         | -285,402           |
| 4. Other Duties and Taxes                             | -7,265,577         | -4,747,008         |
| 5. Other Payments from Operating Activities           | -4,336,233         | -3,799,370         |
| <b>c. Net Cash from Operating Activities (a + b)</b>  | <b>24,770,616</b>  | <b>29,755,713</b>  |

**B. CASH FLOWS FROM INVESTING ACTIVITIES**

|  |                    |                    |
|--|--------------------|--------------------|
| <b>a. Cash Inflows from Investing Activities</b>                               | <b>2,213,229</b>   | <b>2,214,193</b>   |
| 1. Interest and Profit Shares Received from Others                             | 169,268            | 1,014,139          |
| 3. Proceeds from Sale of Property, Plant, and Equipment                        | 1,722,611          | 194,833            |
| 4. Proceeds from Sale of Investment Property                                   | 314,968            | 0                  |
| 5. Proceeds from Sale of Financial Investments                                 | 6,382              | 1,005,221          |
| <b>b. Cash Outflows from Investing Activities</b>                              | <b>-33,256,545</b> | <b>-27,969,203</b> |
| 1. Acquisition of Intangible Assets  | -2,581,238         | -1,108,188         |
| 2. Acquisition of Property, Plant, and Equipment                               | -30,652,863        | -26,607,295        |
| 3. Acquisition of Investment Property  | -22,444            | -49,092            |
| 4. Acquisition of Financial Investments  | 0                  | -204,628           |
| <b>c. Net Cash from Investing Activities (a + b)</b>                           | <b>-31,043,316</b> | <b>-25,755,010</b> |
| <b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>                                 |                    |                    |
| <b>a. Cash Inflows from Financing Activities</b>                               | <b>14,000,000</b>  | <b>16,000,000</b>  |
| 2. Proceeds from Borrowings  | 14,000,000         | 16,000,000         |
| <b>b. Cash Outflows from Financing Activities</b>                              | <b>-13,588,784</b> | <b>-11,378,665</b> |
| 1. Interest Paid on Financing  | -2,480,744         | -1,756,128         |
| 3. Repayment of Financial Liabilities  | -9,553,427         | -9,622,537         |
| 4. Dividends and Other Profit Distributions Paid                               | -1,554,613         | 0                  |
| <b>c. Net Cash from Financing Activities (a + b)</b>                           | <b>411,216</b>     | <b>4,621,335</b>   |
| <b>Č. CLOSING BALANCE OF CASH AND CASH EQUIVALENTS</b>                         | <b>8,370,985</b>   | <b>14,232,469</b>  |
| <b>x. Net Increase/Decrease in Cash and Cash Equivalents During the Period</b> | <b>-5,861,484</b>  | <b>8,622,038</b>   |
| <b>y. Opening Balance of Cash and Cash Equivalents</b>                         | <b>14,232,469</b>  | <b>5,610,431</b>   |

The explanatory notes in the section Notes to the Statement of Cash Flows (Financial Report of the Elektro Gorenjska Group) form an integral part of the statement and should be read in conjunction therewith.

STATEMENT OF CHANGES IN EQUITY OF THE ELEKTRO GORENJSKA GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

in €

a) From 1 January 2024 to 31 December 2024:

| MOVEMENTS WITHIN INDIVIDUAL EQUITY ITEMS  | Subscribed Capital | Capital Reserves        |  |   |
|---|--------------------|-------------------------|--|---|
|   | I                  | II                      |  |   |
|   | Share Capital      | Paid-In Capital Surplus | Capital Reserves From Reduction of Share Capital | General Revaluation Adjustment of Capital |
|   | I/1st              | II/1st                  | II/2nd   | II/3rd                                    |
| BALANCE AS AT 31 DECEMBER 2023  | 104,136,615        | 1                       | 28,581   | 45,944,897                                |
| BALANCE AS AT 1 JANUARY 2024  | 104,136,615        | 1                       | 28,581   | 45,944,897                                |
| CHANGES IN EQUITY – TRANSACTIONS WITH OWNERS  | 0                  | 0                       | 0  | 0   |
| Dividend Payment  | 0                  | 0                       | 0  | 0   |
| Other Changes in Equity   | 0                  | 0                       | 0  | 0   |
| TOTAL COMPREHENSIVE INCOME FOR THE REPORTING PERIOD   | 0                  | 0                       | 0  | 0   |
| Total Comprehensive Income for the Reporting Period   | 0                  | 0                       | 0  | 0   |
| Items of Other Comprehensive Income (Excluding Those Recognized Using the Equity Method) That Will Not Be Reclassified Subsequently to Profit or Loss | 0                  | 0                       | 0  | 0   |
| Actuarial Gains and Losses  | 0                  | 0                       | 0  | 0   |
| CHANGES IN CAPITAL  | 0                  | 0                       | 0  | 0   |
| Allocation of the Remaining Part of Net Profit of the Comparative Period To Other Components Of Equity  | 0                  | 0                       | 0  | 0   |
| Allocation of Part of Net Profit of The Reporting Period to Other Components of Equity Based on Management and Supervisory Body Decision              | 0                  | 0                       | 0  | 0   |
| Transfer of Actuarial Gains/Losses Due to Employee Departures to Retained Earnings  | 0                  | 0                       | 0  | 0   |
| BALANCEAS AT 31 DECEMBER 2024   | 104,136,615        | 1                       | 28,581   | 45,944,897                                |

| Profit Reserves |                       | Reserves Arising From Fair Value Measurement | Retained Earnings   |                   | TOTAL EQUITY |
|-----------------|-----------------------|--|---------------------|-------------------|--------------|
| III             |                       | IV   | V                   |                   |              |
| Legal Reserves  | Other Profit Reserves | Reserves Arising from Fair Value Measurement | Retained Net Profit | Retained Net Loss |              |
| III/1st         | III/5th               | IV/3rd                                       | V/1st               | V/2nd             |              |
| 4,766,467       | 14,507,731            | -210,051                                     | 5,803,769           | 8,007,008         | 182,985,018  |
| 4,766,467       | 14,507,731            | -210,051                                     | 5,803,769           | 8,007,008         | 182,985,018  |
| 0               | 1,381,878             | 0  | -1,554,613          | 0                 | -172,735     |
| 0               | 0                     | 0  | -1,554,613          | 0                 | -1,554,613   |
| 0               | 1,381,878             | 0  | 0                   | 0                 | 1,381,878    |
| 0               | 0                     | -28,758                                      | 0                   | 3,837,699         | 3,808,941    |
| 0               | 0                     | 0  | 0                   | 3,837,699         | 3,837,699    |
| 0               | 0                     | -28,758                                      | 0                   | 0                 | -28,758      |
| 0               | 0                     | -28,758                                      | 0                   | 0                 | -28,758      |
| 185,902         | 4,399,472             | -992   | 4,056,788           | -8,641,170        | 0            |
| 0               | 3,951,212             | 0  | 4,055,796           | -8,007,008        | 0            |
| 185,902         | 448,260               | 0  | 0                   | -634,162          | 0            |
| 0               | 0                     | -992   | 992                 | 0                 | 0            |
| 4,952,369       | 20,289,081            | -239,801                                     | 8,305,944           | 3,203,537         | 186,621,224  |

Note 9 – Equity in the section Notes to the Statement of Financial Position forms an integral part of the financial statements and should be read in conjunction therewith.



STATEMENT OF CHANGES IN EQUITY OF THE ELEKTRO GORENJSKA GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

in €

b) From 1 January 2023 to 31 December 2023:

| MOVEMENTS WITHIN INDIVIDUAL EQUITY ITEMS  | Subscribed Capital | Capital Reserves        |  |   |
|---|--------------------|-------------------------|--|---|
|   | I                  | II                      |  |   |
|   | Share Capital      | Paid-In Capital Surplus | Capital Reserves From Reduction of Share Capital | General Revaluation Adjustment of Capital |
|   | I/1st              | II/1st                  | II/2nd   | II/3rd                                    |
| BALANCE AS AT 31 DECEMBER 2022  | 104,136,615        | 1                       | 28,581   | 45,944,897                                |
| BALANCE AS AT 1 JANUARY 2023  | 104,136,615        | 1                       | 28,581   | 45,944,897                                |
| CHANGES IN EQUITY – TRANSACTIONS WITH OWNERS  | 0                  | 0                       | 0  | 0   |
| Dividend Payment  | 0                  | 0                       | 0  | 0   |
| TOTAL COMPREHENSIVE INCOME FOR THE REPORTING PERIOD   | 0                  | 0                       | 0  | 0   |
| Total Comprehensive Income for the Reporting Period   | 0                  | 0                       | 0  | 0   |
| Items of Other Comprehensive Income (Excluding Those Recognized Using the Equity Method) That Will Not Be Reclassified Subsequently to Profit or Loss | 0                  | 0                       | 0  | 0   |
| Actuarial Gains and Losses  |                    |                         |  |   |
| CHANGES IN CAPITAL  | 0                  | 0                       | 0  | 0   |
| Allocation of the Remaining Part of Net Profit of the Comparative Period To Other Components Of Equity  | 0                  | 0                       | 0  | 0   |
| Allocation of Part of Net Profit of The Reporting Period to Other Components of Equity Based on Management and Supervisory Body Decision              | 0                  | 0                       | 0  | 0   |
| Transfer of Actuarial Gains/Losses Due to Employee Departures to Retained Earnings  | 0                  | 0                       | 0  | 0   |
| BALANCEAS AT 31 DECEMBER 2023   | 104,136,615        | 1                       | 28,581   | 45,944,897                                |

| Profit Reserves |                       | Reserves Arising From Fair Value Measurement | Retained Earnings   |                   | TOTAL EQUITY |
|-----------------|-----------------------|--|---------------------|-------------------|--------------|
| III             |                       | IV   | V                   |                   |              |
| Legal Reserves  | Other Profit Reserves | Reserves Arising from Fair Value Measurement | Retained Net Profit | Retained Net Loss |              |
| III/1st         | III/5th               | IV/3rd                                       | V/1st               | V/2nd             |              |
| 4,222,453       | 13,115,487            | 38,667                                       | 6,268,943           | 131,122           | 173,886,767  |
| 4,222,453       | 13,115,487            | 38,667                                       | 6,268,943           | 131,122           | 173,886,767  |
| 0               | -1,381,878            | 0  | 0                   | 0                 | -1,381,878   |
| 0               | -1,381,878            | 0  | 0                   | 0                 | -1,381,878   |
| 0               | 0                     | -245,536                                     | 0                   | 10,725,665        | 10,480,129   |
| 0               | 0                     | 0  | 0                   | 10,725,665        | 10,725,665   |
| 0               | 0                     | -245,536                                     | 0                   | 0                 | -245,536     |
|                 | 0                     | -245,536                                     |                     |                   | -245,536     |
| 544,014         | 2,774,121             | -3,182                                       | -465,174            | -2,849,779        | 0            |
| 0               | 599,478               | 0  | -468,356            | -131,122          | 0            |
| 544,014         | 2,174,643             | 0  | 0                   | -2,718,657        | 0            |
| 0               | 0                     | -3,182                                       | 3,182               | 0                 | 0            |
| 4,766,467       | 14,507,731            | -210,051                                     | 5,803,769           | 8,007,008         | 182,985,018  |

# 18.4. Notes to the Consolidated Financial Statements

## REPORTING ENTITY AND GROUP COMPOSITION

In accordance with Article 56 of the Companies Act (ZGD-1), a company with its registered office in Slovenia, which is a parent to one or more companies in Slovenia or abroad, is required to prepare consolidated annual financial statements. Elektro Gorenjska is the parent company of the Elektro Gorenjska Group. The registered office of the parent company is Ulica Mirka Vadnova 3a, Kranj. The Elektro Gorenjska Group comprises:

- Parent company: Elektro Gorenjska, Ulica Mirka Vadnova 3a, Kranj
- Subsidiary: Gorenjske elektrarne, Stara cesta 3, Kranj (100% owned by the parent company), with equity as at 31 December 2024 amounting to €25,247,088 and net profit for 2024 amounting to €2,998,242
- Subsidiary: GEK Solar, Stara cesta 3, 4000 Kranj (100% owned by Gorenjske elektrarne), with equity as at 31 December 2024 amounting to €939,766 and net profit for 2024 amounting to €118,934
- Associate: Soenergetika, Stara cesta 3, Kranj (25% owned by Gorenjske elektrarne), with equity as at 31 December 2024 amounting to €1,310,804 and net profit for 2024 amounting to €180,482

The Group also includes the company Informatika, in which Elektro Gorenjska holds a 10.50% share. Due to its immateriality, this entity is not included in the consolidated financial statements. The Group's activities include electricity generation, sales, and distribution.

## BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

### Statement of Compliance

The accompanying consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, including interpretations issued by the IFRS Interpretations Committee (IFRS IC), as well as in compliance with the Companies Act (ZGD-1, Official Gazette of the RS, No. 65/09 with amendments) and the Electricity Supply Act (ZOEE, Official Gazette of the RS, No. 172/21).

The consolidated financial statements were approved by the Management Board of Elektro Gorenjska on 1 April 2025.

### Basis of Measurement

The consolidated financial statements have been prepared based on historical cost, except for receivables measured at amortised cost. Methods used to determine fair value are described in the section on Determination of Fair Value.

The consolidated financial statements have been prepared on a going concern basis. The Group's operations are not seasonal in nature.

## Functional and Presentation Currency

The consolidated financial statements of Elektro Gorenjska Group are presented in euros (EUR). The reporting accuracy is to the nearest euro.

Exchange rate differences arising from the settlement or retranslation of monetary items at rates different from those at initial recognition are recognised in profit or loss in the period in which they arise. For currency translation, the Group uses the reference exchange rate of the European Central Bank as published by the Bank of Slovenia.

## Use of Significant Estimates and Judgements

In applying the accounting policies and guidelines presented, the Elektro Gorenjska Group must make certain judgments and estimates concerning the carrying amounts of assets and liabilities, which are not readily apparent from other sources. Estimates and assumptions are based on historical experience and other factors considered reasonable by the Group. These are regularly reviewed, but actual results may differ. The review of accounting estimates is recognised in the period of the revision and, if applicable, in future periods as well. The following represent the key judgments that have a significant effect on the amounts recognised in the financial statements:

### Key Assumptions and Estimates

The assumptions and estimates that have the greatest impact on the amounts recognised in the financial statements include:

- Determination of useful lives of intangible assets and property, plant and equipment;
- Impairment of receivables;
- Estimation of provisions.

These are explained in more detail under Significant Accounting Policies.

## Transactions with the Distribution System Operator

Transactions with the distribution system operator (ELES) and the preliminary and final settlements received in 2024 are described in more detail in the section Basis for the Preparation of Financial Statements in the Accounting Report of Elektro Gorenjska.

## Pending Legal Disputes and Related Provisions

Several legal proceedings are ongoing, the most significant being a denationalisation case in which Elektro Gorenjska is a respondent. The company does not disclose further details due to potential harm to the company's interests.

Initial Application of New or Amended Standards Effective as of 1 January 2024

During the reporting period, the following amendments to existing standards and new interpretations issued by the IFRS IC and adopted by the EU became effective:

• Amendments to IAS 1 – Presentation of Financial Statements

a) Classification of liabilities as short-term or long-term. The amendment requires that an entity must have the right to defer settlement of the liability for at least 12 months after the reporting date, and this right must exist at the end of the reporting period. The classification of liabilities is not affected by the likelihood that the entity will exercise its right to defer settlement for at least 12 months after the reporting date. The standard was subsequently amended again.

b) Long-term liabilities with covenants. If an entity’s right to defer settlement depends on compliance with certain conditions, those conditions affect whether the right existed at the end of the reporting period – provided the entity is required to comply with the conditions at or before the end of the reporting period, and not after it. The amendment also includes a clarification of the term “settlement” for the purpose of classifying liabilities as short-term or long-term.

• Amendments to IFRS 16 – Leases (Lease liability in a sale and leaseback transaction): The amendment requires a seller-lessee to apply the subsequent measurement requirements for lease liabilities unrelated to a sale and leaseback transaction to lease liabilities arising from a leaseback in a way that it recognises no amount of the gain or loss related to the right of use that it retains.

• Amendments to IAS 7 – Statement of Cash Flows and IFRS 7 – Financial Instruments: Disclosures related to supplier finance arrangements. The amendments require companies to provide certain specific disclosures (both qualitative and quantitative) regarding supplier finance arrangements. The amendments also provide guidance on the characteristics of such arrangements.

The adoption of these changes had no material impact on the consolidated financial statements of Elektro Gorenjska Group.

Standards and Amendments Adopted by the EU but Not Yet Effective

As of the date of approval of these financial statements, the following amendments adopted by the EU are not yet effective and will apply to reporting periods beginning on or after 1 January 2025:

• Amendments to IAS 21 – The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability. The amendments introduce requirements for assessing when a currency is exchangeable into another currency and when it is not. They require an entity to estimate the spot exchange rate if it determines that a currency is not exchangeable into another currency.

**These new standards and interpretations are not expected to have a significant impact on the Group's financial statements.**

Standards and Amendments Issued by the IFRS Board but Not Yet Adopted by the EU  
Currently, IFRSs as adopted by the EU do not differ significantly from those issued by the IFRS Interpretations Committee, except for the following standards and amendments that are effective for periods beginning on or after 1 January 2026 or 1 January 2027 and not yet adopted by the EU:

- Changes to the classification and measurement of financial instruments under IFRS 7 and IFRS 9:
  - Derecognition of financial liabilities: Derecognition of financial liabilities settled through electronic transfers.
  - Classification of financial assets: Elements of interest in the basic lending arrangement (assessment of payments solely of principal and interest (SPPI test)), contractual terms that change the timing or amount of the contractual cash flows, non-recourse financial assets, investments in contractually linked instruments.
  - Disclosures: Investments in equity instruments measured at fair value through other comprehensive income, contractual terms that may change the timing or amount of the contractual cash flows.

These amendments may significantly impact how entities account for the derecognition of financial liabilities and how financial assets are classified. The amendments allow entities to early adopt only the amendments relating to the classification of financial assets and related disclosures, while applying the remaining amendments at a later stage. This would be particularly beneficial for entities wishing to early adopt the amendments for financial instruments linked to ESG (environmental, social, and governance) or similar characteristics.

- Annual improvements to IFRS: Annual improvements are limited to amendments that clarify the wording of an IFRS standard or correct relatively minor unintended consequences, oversights, or conflicts between the requirements of the standards. The proposed improvements are compiled in a single document. The annual improvements cycle addresses:
  - Hedge accounting by a first-time adopter (amendments to IFRS 1 – First-time Adoption of International Financial Reporting Standards),
  - Disclosure of deferred differences between fair value and transaction price (amendments to Implementation Guidance of IFRS 7),
  - Gains or losses on derecognition (amendments to IFRS 7),
  - Introduction and disclosure of credit risk (amendments to Implementation Guidance of IFRS 7),
  - Derecognition of lease liabilities (amendments to IFRS 9),
  - Transaction price (amendments to IFRS 9),
  - Determining the "agent" relationship (amendments to IFRS 10),
  - The cost method (amendments to IAS 7).

- Contracts related to nature-dependent electricity (formerly Power Purchase Agreements) (amendments to IFRS 9 and IFRS 7): IASB issued amendments to improve corporate reporting on the financial effects of contracts for the supply of nature-dependent electricity, often structured as power purchase agreements. These contracts help companies secure electricity from wind and solar sources. As the volume of electricity produced under such contracts can fluctuate due to uncontrollable weather-related factors, current accounting requirements may not adequately reflect how these contracts affect company performance. In response, the IASB developed targeted amendments to IFRS 9 – Financial Instruments and IFRS 7 – Financial Instruments: Disclosures, to improve the disclosures of these contracts in financial statements. The amendments include:
  - Clarification on the application of the “own use” exemption,
  - Permitting hedge accounting if these contracts are used as hedging instruments,
  - Introducing new disclosure requirements to enable investors to understand the impact of these contracts on an entity’s financial performance and cash flows.

- IFRS 18 – Presentation and Disclosure in Financial Statements: IFRS 18 introduces significant new requirements on how financial statements are to be presented, with a particular focus on:
  - The statement of profit or loss, including mandatory intermediate subtotals to be presented. IFRS 18 introduces requirements for categorizing income and expenses into five defined categories within the statement of profit or loss. This categorization necessitates the presentation of certain intermediate subtotals, such as the total of all income and expenses within the operating category, which constitutes the new mandatory subtotal “operating profit,”
  - Aggregation and disaggregation of information, including the introduction of general principles for aggregation and disaggregation in the financial statements,
  - Disclosures regarding management performance measures (MPMs), which are financial performance measures based on totals or subtotals required by IFRS standards, adjusted by management (e.g., “adjusted operating profit”). Entities will be required to disclose MPMs in the financial statements, including reconciliations of the MPMs to the most directly comparable subtotal or total specified in IFRS.



- IFRS 19 – Subsidiaries without Public Accountability: Disclosures, issued by the International Accounting Standards Board (IASB). Stakeholders asked IASB to permit subsidiaries that report to a parent that applies IFRS in its consolidated financial statements to use IFRS with reduced disclosure requirements in their own financial statements. In response, IASB included a project in its research plan to provide disclosure relief for subsidiaries without public accountability, which resulted in the issuance of IFRS 19. IFRS 19 allows eligible subsidiaries to apply the recognition, measurement, and presentation requirements of IFRS with reduced disclosures. To be eligible for IFRS 19, a company must:
  - Be a subsidiary as defined in Appendix A of IFRS 10 – Consolidated Financial Statements,
  - Not have public accountability (a company has public accountability if its debt or equity instruments are traded in a public market or it is in the process of issuing such instruments, or it holds assets in a fiduciary capacity for a broad group of outsiders as one of its primary businesses),
  - Have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use and in compliance with IFRS.

It is expected that the initial adoption of these new standards and amendments to existing standards will not have a significant impact on the financial statements of Elektro Gorenjska Group.

SIGNIFICANT INFORMATION ON ACCOUNTING POLICIES

The consolidated financial statements have been prepared based on the accounting policies outlined below.

Basis of Consolidation

The consolidated financial statements have been prepared based on the financial statements of Elektro Gorenjska, its subsidiaries, and its associates.

a. Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the parent company has the power to govern the financial and operating policies of an entity to derive benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements of the Group from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries are aligned with those of the Group.

b. Associates

Associates are entities over which the Group has significant influence but does not control their financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting rights of another entity. Investments in associates are accounted for using the equity method. The Group’s consolidated financial statements include the Group’s share of the profit or loss of associates from the date significant influence begins until the date it ceases.

c. Transactions Eliminated from the Consolidated Financial Statements

In preparing the consolidated financial statements, all intercompany balances, unrealised gains, and losses arising from intra-group transactions have been eliminated. Unrealised gains on transactions with associates (accounted for using the equity method) are eliminated to the extent of the Group’s interest in the associate. Unrealised losses are eliminated in the same way as gains, but only to the extent that there is no evidence of impairment.

d. Assumptions Used in the Preparation of Consolidated Financial Statements

The following assumptions have been applied in the preparation of the consolidated financial statements:

- The single economic entity assumption (the Group’s consolidated financial statements present the assets, financial position, performance, and changes in financial position and equity as if the Group of companies were a single entity);
- The assumption of presenting a true and fair view of the assets, financial position, and performance;
- The completeness of the Group;
- The completeness of the contents of the financial statements and unified inclusion therein;
- The assumption of the same reporting date;
- The consistency and stability of consolidation methods;
- The assumption of clarity and transparency;
- The assumption of economic efficiency;
- The assumption of materiality.

SIGNIFICANT ACCOUNTING POLICIES

Intangible Assets

An intangible asset is a non-monetary asset without physical substance. It is identifiable when it is separable, transferable, or can be sold. The Group controls the intangible assets and has the power to derive future economic benefits from them and restrict others’ access to those benefits.

The Group recognizes an intangible asset only when it is probable that the expected future economic benefits attributable to the asset will flow to the Group and the cost of the asset can be measured reliably. After initial recognition, intangible assets are measured using the cost model. Following initial recognition, the Group measures intangible assets at cost less accumulated amortisation and accumulated impairment losses. Impairment of intangible assets with a finite useful life is accounted for in the same manner as for property, plant and equipment.

The useful life is the period over which the Group expects the intangible asset to be available for use. All intangible assets of the Group have a finite useful life and are amortised. The amortisable amount of an intangible asset with a finite useful life is allocated by the Group on a systematic basis over its useful life. Amortisation of intangible assets is calculated individually using the straight-line method. The amount of amortisation is recognised in profit or loss in each reporting period.

The useful lives and amortisation rates of major classes of amortisable assets are as follows:

| Major Classes of Amortisable Assets | Estimated Useful Life (in Years) | Amortisation Rate (in %) |
|-------------------------------------|----------------------------------|--------------------------|
| Computer Software                   | 3–7                              | 14.29–33.33              |
| Other Rights                        | 3–100                            | 1–33.33                  |

For significant items of intangible assets, the Group reviews the amortisation method, the useful life, and the residual value at least once annually. Any effect of a change in estimate is disclosed in the notes for the reporting period in which the change occurred.

The Group derecognises an intangible asset upon disposal or when no future economic benefits are expected from its use.

Property, Plant and Equipment

Property, plant and equipment comprise assets owned by the Group that are used in the production or supply of goods or services, for rental to others (excluding investment property), or for administrative purposes, and are expected to be used for more than one reporting period. The Group recognises an asset as property, plant and equipment only when it is probable that future economic benefits associated with the asset will flow to the Group, and when the cost of the asset can be measured reliably.

The carrying amounts of property, plant and equipment, which also serve as the basis for amortisation, were initially recognised at estimated fair value determined in cooperation with a certified appraiser, in cases where assets were acquired through in-kind contributions at the establishment of Group companies.

Property, plant and equipment that meet the criteria for recognition as an asset are measured by the Group at cost. The cost of an item of property, plant and equipment corresponds to the cash price equivalent at the date of recognition. The cost includes the purchase price, non-refundable purchase duties, discounts, costs incurred to bring the asset to working condition as intended by management, and directly attributable costs.

Where payment for an asset is deferred beyond normal credit terms, the difference between the cash price equivalent and the total payment is recognised as interest and capitalised. Accordingly, borrowing costs directly attributable to the acquisition of an item of property, plant and equipment are capitalised as part of the cost of that asset until it is ready for its intended use, provided that the investment takes longer than one year.

Borrowing costs are added to the cost of the asset upon completion of the investment. Where the investment is not completed in the current year, the borrowing costs are allocated to project items (investment items) as of the reporting date. These items are identified by name in the credit agreement. Borrowing costs are also allocated to project items not explicitly named but whose planned value exceeds €400,000.

If an existing building that qualifies as property, plant and equipment is demolished to make way for a new building that also qualifies as property, plant and equipment, the carrying amount of the existing building is considered a site preparation cost and included in the cost of the new building.

The cost of property, plant and equipment constructed or produced internally is determined by applying the same principles as for purchased assets. Group companies that construct assets internally include in the cost those expenses directly related to the asset and a portion of general construction or manufacturing costs that can reasonably be allocated. The cost of such property, plant and equipment may not exceed the cost of identical or similar property, plant and equipment available on the market. The cost of such assets includes services from external contractors, direct labour hours, material costs (valued using the moving average method at the organisational unit level), and other direct costs (depreciation of work equipment, administrative and legal fees, notary services, etc.).

The Group estimates that it has no significant obligations for the dismantling and removal of property, plant and equipment, site restoration, or similar liabilities.

Property, plant and equipment acquired through government grants or donations are recognised at acquisition cost. Government grants or donations are not deducted from the acquisition cost but are recognised as deferred income and allocated in line with the calculated depreciation.

For post-recognition measurement of property, plant and equipment, the Group applies the cost model.

Within property, plant and equipment (excluding investment property), the Group also recognises electricity distribution infrastructure leased to ELES under an agreement with the Distribution System Operator (DSO). The Group considers this classification appropriate based on the nature of the assets, which are used in its operations rather than held to earn rentals or capital gains.

Subsequent costs that increase the future economic benefits of an asset beyond the originally assessed benefits increase the asset’s cost. Where such costs extend the useful life, the cost is added to the asset's carrying amount, and its useful life is revised accordingly.

Subsequent expenditures required to maintain the asset in working condition are recognised as maintenance costs.

Depreciation of property, plant and equipment is calculated individually using the straight-line method over the estimated useful life of the asset.

The average useful lives and depreciation rates for major classes of depreciable assets are:

| Major Classes of Depreciable Assets                             | Estimated Useful Life (in years) | Depreciation Rate (in %) |
|---|----------------------------------|--------------------------|
| Energy infrastructure buildings                                 | 25–50                            | 2–4                      |
| Hydropower plant buildings                                      | 5–40                             | 2.5–20                   |
| Solar power plants  | 7–30                             | 3.33–13.13               |
| Other buildings   | 20–50                            | 2–5                      |
| Energy infrastructure equipment                                 | 10–35                            | 2.86–10                  |
| Computer hardware   | 3–4                              | 25–33.33                 |
| Hydropower plant equipment                                      | 3–30                             | 3.33–33.33               |
| CHP equipment   | 6–10                             | 10–16.21                 |
| Other equipment   | 2–20                             | 5–50                     |
| Investments in third-party-owned property, plant, and equipment | 1.5–30                           | 3,33–70                  |
| Vehicles  | 6–12                             | 8.33–16.67               |

The depreciable amount of an asset is equal to its acquisition cost less any impairment losses and is systematically allocated over its useful life.

The Group reviews useful lives and residual values of significant items of property, plant and equipment annually and adjusts depreciation rates accordingly for current and future periods, if expectations differ materially from previous estimates.

At year-end, the Group assesses whether there is any indication that assets may be impaired. Both internal and external sources of information are considered. An impairment loss is the amount by which the carrying amount of an asset or cash-generating unit exceeds its recoverable amount and is typically recognised as an operating expense in profit or loss.

Investment Property

In recognising investment property, the Group applies the same criteria as for property, plant and equipment, namely the reliability of the purchase cost measurement and the expectation of economic benefits.

Investment property is property held by the Group to earn rental income, to increase the value of long-term investment, or both. Investment properties generate cash flows independently of other assets held by the Group.

Investment properties of the Group primarily include:

- Land held to increase the value of a long-term investment and not for short-term sale in the ordinary course of business;
- Land for which the Group has not yet determined its future use;
- Buildings leased out under one or multiple operating lease agreements;
- Vacant buildings held for future leasing under operating leases;
- Properties under construction or development intended to be used as investment properties.

The following are not classified as investment properties:

- Properties used by employees (e.g., staff housing under business lease);
- Properties leased to ELES under long-term lease agreements based on long-term contracts with the Distribution Operator (DO);
- Properties comprising the Sava Hydroelectric Power Plant, which is subject to ongoing denationalisation proceedings (until resolved, the HPP is leased long-term to the Group’s subsidiary Gorenjske elektrarne).

These properties are recognised as part of property, plant and equipment.

After initial recognition, investment property is measured at cost less accumulated depreciation and any impairment losses.

Transfers to or from investment property accounts are made only when a change in use occurs and evidence exists of such a change, e.g., when a sale within one year is probable, prompting transfer to assets held for sale.

Depreciation is calculated using the straight-line method. The useful life of investment properties is the same as that for similar property, plant and equipment.

Assets Leased In and Out

At the inception of a contract, the Group assesses whether the arrangement is, or contains, a lease. A contract is considered a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The lessee must have the right to obtain substantially all the economic benefits from the use of the asset and the right to direct its use.

For all such lease contracts, the Group recognises a right-of-use asset and a corresponding lease liability at the commencement date. This approach ensures consistent accounting treatment for both operating and finance leases.

An exception is made for short-term leases and leases of low-value assets. For these, the Group recognises lease payments as service costs (lease expenses) on a straight-line basis over the lease term or on another systematic basis that better reflects the pattern of benefit consumption. The Group classifies leases of assets it provides as either finance leases or operating leases, based on the substance of the arrangement. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the asset. Leases that do not meet this criterion are classified as operating leases. Under a finance lease, the lessor recognises finance income over the lease term based on a pattern reflecting a constant periodic rate of return on the net investment. For operating leases, the lessor recognises lease payments as income on a straight-line basis over the lease term, unless another systematic basis better represents the reduction in benefit from the asset's use.

Assets leased under operating leases are presented as part of the Group’s assets. These assets are depreciated in accordance with their acquisition cost and applicable depreciation policy. Lease payments received are recognised as rental income.

All lease contracts in which the Group acts as a lessor are classified as operating leases. The Group recognises the leased assets under its own assets and recognises rental income as part of operating revenues on a straight-line basis over the lease term. All associated costs, including depreciation, are recognised as expenses in the period in which they are incurred.

Financial Instruments

Financial instruments include the following components:

- Non-derivative financial assets;
- Non-derivative financial liabilities, and
- Derivative financial instruments.

Non-derivative Financial Assets

Non-derivative financial assets include:

- Financial investments disclosed as either long-term or short-term in the statement of financial position;
- Receivables and loans;
- Cash and cash equivalents.



Financial Investments

Upon initial recognition, the Group classifies non-derivative financial instruments into one of the following categories: financial assets at fair value through other comprehensive income, financial assets at amortised cost, financial assets at fair value through profit or loss. The classification is based on the purpose for which the financial instrument was acquired.

All long-term loans and short-term investments are classified as financial assets measured at amortised cost.

In accounting for regular purchases or sales of financial assets, the Group recognises such financial assets in its accounting records and in the statement of financial position using the trade date (the date the Group commits to purchase or sell the asset).

Upon initial recognition, financial investments are measured at fair value. Transaction costs directly attributable to the acquisition or issue of the financial asset are added to the initial carrying amount, except for financial assets classified as fair value through profit or loss.

Investments in associates and joint ventures are measured using the equity method. If there is objective evidence of impairment, such investments are tested for impairment in accordance with IAS 36 – Impairment of Assets.

Receivables

Receivables are rights based on legal or other relationships to receive payment of an obligation, or, in the case of prepayments, the delivery of goods or services.

Receivables are initially recognised at the amounts arising from relevant documents, assuming collection is probable. Subsequently, receivables may increase or decrease due to discounts, returns, payments received, or other settlements.

Contract assets represent the right to consideration in exchange for goods or services transferred to a customer. Contract assets also include unbilled revenues.

Contract liabilities represent the obligation to transfer goods or services to a customer for which the Group has received consideration. These also include advances received. Contract liabilities are recognised as revenue when the Group fulfils its performance obligation.

After initial recognition, receivables are measured at amortised cost.

In the statement of financial position, long-term receivables that have become due and receivables falling due within one year after the reporting date are presented as short-term receivables.

At least quarterly and prior to preparing the interim financial statements, the Group assesses the adequacy of individual receivables. Receivables expected not to be collected in full are classified as doubtful; those subject to legal dispute or contested payment are classified as disputed. Relevant records are maintained accordingly.

Receivables classified as disputed include:

- Those in enforcement proceedings based on enforceable titles,
- Those in enforcement proceedings based on reliable accounting documents (e.g., lawsuits), and
- Those subject to insolvency proceedings (compulsory settlement, simplified settlement, bankruptcy).

The impairment of short-term trade receivables from customers within the Group is determined based on the maturity profile and collateralisation of the receivables. The resulting estimate is then adjusted using an individual assessment that considers the customer’s creditworthiness and both external and internal indicators of impairment.

Cash and Cash Equivalents

The Group classifies the following as cash and cash equivalents:

- Cash held in transaction and foreign currency accounts with banks or other financial institutions that is available for use in payments, and
- Cash equivalents.

Cash equivalents are short-term investments that can be readily converted into a known amount of cash in the near future and are subject to an insignificant risk of changes in value. The Group considers short-term deposits and placements with banks, as well as intercompany loans with maturities of up to three months from the date of acquisition, including proceeds from their disposal, to be cash equivalents.

The revaluation of cash is a change in its carrying amount and may be performed at the end of the financial year or during the year. Revaluation occurs only in the case of cash denominated in foreign currencies, where a change in the exchange rate has occurred after initial recognition. The resulting exchange rate difference may either increase or decrease the initially recognised amount. In the case of an increase, a financial income related to cash is recognised; in the case of a decrease, a financial expense related to cash is recognised.

Non-Derivative Financial Liabilities

Non-derivative financial liabilities represent recognised obligations related to the financing of the Group's own assets, which must be repaid or settled, predominantly in cash.

In the Group's statement of financial position, long-term borrowings that have already fallen due but have not yet been settled, as well as those maturing within one year from the reporting date, are disclosed as short-term liabilities.

After initial recognition, liabilities are measured at amortised cost.

Their carrying amount increases by the amount of accrued interest and decreases by repayments and any other settlements agreed upon with the creditor.

Liabilities are derecognised from the accounting records and the statement of financial position when the contractual or legal obligation is fulfilled, cancelled, or expires (and the Group does not intend to settle it).

Inventories

Inventories are assets held for sale in the ordinary course of business, in the process of production for such sale, or in the form of materials to be consumed in production or the rendering of services. At initial recognition, the Group values each inventory item (including small tools and packaging) at cost. The cost includes the purchase price, import duties, other non-refundable taxes (including non-recoverable VAT), and direct procurement costs.

The cost of materials held in inventory before use is measured using the moving average method at the level of organisational units. The moving average cost is calculated on a daily basis.

Inventories are measured at original cost. Continuously or at least annually during stocktaking, the Group verifies the net realisable value of inventories and records an impairment if their carrying amount exceeds the estimated selling price.

Other Assets

Other assets include short-term unbilled revenue and deferred costs or expenses.

Unbilled revenue represents income that has been earned but not yet invoiced and, in accordance with IFRS 15, is disclosed as a contract asset. Deferred costs or expenses are amounts that have been incurred but do not yet affect the income statement.

Equity

Total equity of the Group comprises subscribed capital, capital reserves, profit reserves, other reserves and retained earnings.

All other components of total equity belong to the holders of ordinary shares in proportion to their equity interest.

Provisions

The Group recognises provisions when it has a legal or constructive obligation arising from past events, the amount of which can be reliably measured, and a future outflow of resources is probable. Before establishing a provision, the Group assesses the likelihood of a future event. It is considered probable if there is objective evidence (e.g., legal claim or denationalisation request).

Provisions are measured at their original amount, reduced by any amounts already used, until a need arises to increase or decrease them.

Contingent liabilities are not recognised as provisions.

Significant provisions include long-term employee benefits, divided into:

- Jubilee awards (classified as other long-term employee benefits), and
- Retirement benefits (classified as post-employment benefits).

The calculation of provisions for retirement benefits and jubilee awards is performed by a certified actuary. Provisions are recognised at the present value of future payments, discounted to the reporting date, taking into account current service cost, interest cost, and actuarial gains or losses due to changes in assumptions and experience adjustments.

At the reporting date, the Group recognises income or expenses in the income statement arising from the remeasurement of retirement benefit provisions, including:

- The amount of additional provisions recognised for current service costs related to retirement benefits for the current year;
- The amount of increase or decrease in previously recognised provisions in the event of a plan initiation or amendment (change in past service costs);
- Interest expenses related to the provisions (as an additional cost of provisions);
- The effects of any curtailments or reductions in retirement benefit provisions.

Actuarial gains and losses on retirement benefits are not recognised in profit or loss but directly in equity under other reserves, which may be negative. These reserves are reclassified to retained earnings when the obligation for a retired or departed employee is settled.

Jubilee awards are classified as other long-term employee benefits. At the reporting date, the Group recognises income or expenses related to the remeasurement of these provisions, including actuarial gains and losses.

The recognition of provisions in the accounting records and in the statement of financial position is reversed when the circumstances for which the provisions were initially recognised no longer exist or when the provisions are no longer needed.

Provisions established to cover pre-estimated costs or expenses are reduced directly by the actual costs or expenses for which they were intended. As a result, when such provisions are utilised, the related costs or expenses are no longer recognised in the income statement.

Government Grants

Government grants are recognised at fair value when there is reasonable assurance that the Group will comply with the conditions attached to the grants and that the grants will be received. Government grants are recognised as income over the periods in which the related expenses, which the grants are intended to compensate, are incurred.

Assets Acquired Free of Charge

Assets acquired free of charge include:

- Customer connections that the Group has taken over as part of its property, plant and equipment along with the obligation to maintain and renew them, in accordance with the applicable regulations at the time – namely the General Terms and Conditions for the Supply and Use of Electricity from the Distribution Network;
- Other property, plant and equipment acquired without consideration;
- Assets obtained through government grants or donations, and
- Dedicated funds for the co-financing of the construction of property, plant and equipment.

Assets acquired free of charge are initially recognised in the financial statements as deferred income under other long-term liabilities. Over the useful life of the respective asset, the Group recognises the related portion as other operating income.

Other Liabilities

Under other liabilities, the Group recognises deferred income and accrued costs or expenses. Deferred income represents amounts received to cover expenses and is recognised consistently as income in the periods in which the related costs are incurred. Remaining deferred income is recognised when the Group expects to receive corresponding inflows. Accrued costs or expenses refer to amounts not yet incurred but already impacting the income statement.

Deferred Tax Liabilities and Assets, and Income Tax

The Group recognises deferred tax assets and liabilities using the liability method based on the statement of financial position, focusing on temporary differences. These differences relate to income or expense items that are taxable or deductible in future years.

A deferred tax asset is recognised for deductible temporary differences, carryforward unused tax losses, and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deferred tax asset can be utilised.

Deferred tax assets and liabilities are not recognised if their individual or total amounts are immaterial for the Group.

Deferred tax is calculated using tax rates (and laws) enacted by the end of the reporting period and expected to be in force when the deferred tax assets are realised or deferred tax liabilities are settled. At the end of each reporting period, the Group reassesses unrecognised deferred tax assets and recognises a previously unrecognised deferred tax asset if it has become probable that future taxable profit will allow for its recovery.

Current income tax is the amount of tax payable (or refundable) for the taxable profit (or tax loss) for the reporting period, calculated using the applicable tax rates as at the reporting date.

Revenue

The Group recognises revenue when an increase in economic benefits, in the form of asset inflows or liability reductions, can be reliably measured. Revenue is recognised upon the transfer of control over goods or services to the customer, in an amount that reflects the consideration to which the Group expects to be entitled in exchange. Only an insignificant portion of revenue is recognised over time. Revenue arises from the sale of goods, the provision of services, and the use by others of the Group’s assets yielding interest, royalties, and dividends. In the accounting records, revenue is divided into operating and financial income.

Operating income includes revenue from sales, capitalised own products and services, and other income associated with the Group’s operations. This also includes income arising from the sale of property, plant and equipment and investment property at amounts exceeding their carrying amounts, or from the reversal of impairments of receivables.

Contract revenue refers to contracts with customers for goods or services delivered in the ordinary course of business in exchange for consideration. A counterparty would not be regarded as a customer if the contract involves collaboration on an activity where parties share risks and benefits, rather than the transfer of goods or services from the Group.

Rental income arises from arrangements under which the lessor provides the lessee the right to use an asset for an agreed period in exchange for payment(s).

Financial income is earned on financial investments and receivables, and includes accrued interest, profit shares in other entities, and revaluation gains.

Interest on overdue receivables is not recognised as income but increases the allowance for receivables, due to justified doubt about settlement until the principal is paid.

The majority of the Group’s revenue is generated under a contract with the Distribution Operator (DO), through lease payments for electricity infrastructure and the provision of services to ELES. Amounts collected for the benefit of ELES, where the Group acts in its name but on behalf of ELES, are not recognised as revenue but as liabilities to ELES.

The Group also generates revenue through real estate development for the market. Such contracts are usually completed within 12 months. Revenue is therefore recognised progressively during construction, based on the stage of completion. The Group uses the input method, which compares costs incurred to total estimated costs. The Group assesses that these contracts do not include a significant financing component.

Expenses

Expenses are broken down into operating and financial expenses.

Operating expenses include all incurred costs of the period: costs of goods, materials and services, labour costs, depreciation and amortisation, and other operating expenses. Impairment expenses may also arise from the reduction in value of tangible and intangible assets, investment properties, receivables, and inventories, or from disposal of assets below carrying amount.

Financial expenses include financing and investment-related expenses. The former mainly consist of interest expense, while the latter arise from the impairment or disposal of financial investments at below carrying amounts. Interest expenses are recognised based on the passage of time and the applicable interest rate.

Consolidated Statement of Cash Flows

The Group presents its cash flows from operating, investing, and financing activities in a manner that best reflects the nature of its operations. The statement of cash flows is prepared using the direct method.

For the purpose of preparing the statement of cash flows, cash also includes cash equivalents. These are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. The Group classifies as cash equivalents short-term deposits and placements with banks, as well as intercompany loans with a maturity of up to three months from the date of acquisition, including proceeds from their disposal.

For each class of assets (e.g. intangible assets and property, plant and equipment), purchases are reported as outflows (expenditures) in the amount of the purchase price of newly acquired assets, while proceeds from the sale of assets are reported as inflows.

Cash flows related to the capitalisation of development costs and to property, plant and equipment constructed internally are classified as cash flows from investing activities.

Cash flows from interest and dividends received or paid are classified as operating, investing, or financing cash flows depending on the substance of the underlying transaction.

Earnings per Share

The Group calculates basic earnings per share by dividing the profit attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the financial year. Diluted earnings per share is equal to basic earnings per share, as all shares belong to the same class of ordinary no-par value shares.

FAIR VALUE MEASUREMENT

Financial instruments are presented at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between well-informed, willing market participants at the measurement date.

In determining the fair value of financial instruments, the Group applies the following hierarchy of fair value measurement levels:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices for similar assets or liabilities in less active or inactive markets) or indirectly (e.g. inputs derived from quoted prices such as interest rates and yield curves);
- Level 3: unobservable inputs for the asset or liability, reflecting the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk.

Quoted market prices are used as the primary basis for determining the fair value of financial instruments. If a financial instrument is not quoted on an active market, or if the market is assessed as inactive, the Group determines fair value using Level 2 or Level 3 inputs.

For investment property, the Group discloses fair value. The fair value is derived from property valuations conducted every 3 to 5 years.

Trade and other receivables are not discounted due to their short-term nature.



# 18.5. Notes to the Financial Statement Items of the Elektro Gorenjska Group

## 18.5.1. Notes to the Items in the Statement of Financial Position

### Note 1 – Intangible Assets

The following tables present the movement of intangible assets for 2024 and 2023.

| in €                                   |                 |                                   |                         |
|--|-----------------|-----------------------------------|-------------------------|
| 2024                                   | Property Rights | Property Rights Under Acquisition | Total Intangible Assets |
| 1                                      | 2               | 3                                 | 4=2+3                   |
| Cost                                   |                 |                                   |                         |
| Balance as at 1 Jan 2024               | 8,962,828       | 165,301                           | 9,128,128               |
| Additions                              | 3,870           | 1,082,647                         | 1,086,517               |
| Disposals, Derecognition, Transfers    | -25,193         | 0                                 | -25,193                 |
| Completion of Assets Under Acquisition | 908,340         | -908,340                          | 0                       |
| Balance as at 31 Dec 2024              | 9,849,845       | 339,608                           | 10,189,453              |
| Accumulated Amortization               |                 |                                   |                         |
| Balance as at 1 Jan 2024               | 6,052,758       | 0                                 | 6,052,758               |
| Increase (Amortization)                | 1,154,806       | 0                                 | 1,154,806               |
| Disposals, Derecognition, Transfers    | -25,193         | 0                                 | -25,193                 |
| Balance as at 31 Dec 2024              | 7,182,371       | 0                                 | 7,182,371               |
| Carrying Amount                        |                 |                                   |                         |
| Balance as at 1 Jan 2024               | 2,910,070       | 165,301                           | 3,075,371               |
| Balance as at 31 Dec 2024              | 2,667,474       | 339,608                           | 3,007,082               |

| in €                                   |                 |                                   |                         |
|--|-----------------|-----------------------------------|-------------------------|
| 2023                                   | Property Rights | Property Rights Under Acquisition | Total Intangible Assets |
| 1                                      | 2               | 3                                 | 4 = 2+3                 |
| Cost                                   |                 |                                   |                         |
| Balance as at 1 Jan 2023               | 6,803,363       | 564,060                           | 7,367,423               |
| Merger of EGP into ECE                 | 0               | 1,780,161                         | 1,780,161               |
| Disposals, Derecognition, Transfers    | -19,455         | 0                                 | -19,455                 |
| Completion of Assets Under Acquisition | 2,178,920       | -2,178,920                        | 0                       |
| Balance as at 31 Dec 2023              | 8,962,828       | 165,301                           | 9,128,129               |
| Accumulated Amortization               |                 |                                   |                         |
| Balance as at 1 Jan 2023               | 5,206,840       | 0                                 | 5,206,840               |
| Increase (Amortization)                | 912,061         | 0                                 | 912,061                 |
| Disposals, Derecognition, Transfers    | -66,142         | 0                                 | -66,142                 |
| Balance as at 31 Dec 2023              | 6,052,758       | 0                                 | 6,052,758               |
| Carrying Amount                        |                 |                                   |                         |
| Balance as at 1 Jan 2023               | 1,596,523       | 564,060                           | 2,160,582               |
| Balance as at 31 Dec 2023              | 2,910,070       | 165,301                           | 3,075,371               |

Intangible assets predominantly relate to long-term property rights representing rights to use software solutions, i.e. licenses. Intangible assets under development include investments in the upgrade and renewal of software.

As of 31 December 2024, 44.5% of all intangible assets in use were fully amortised. As of 31 December 2023, the share of fully amortised intangible assets stood at 42.9%. The percentage is calculated based on the acquisition cost of intangible assets.

As at 31 December 2024, the Group had no financial commitments related to the acquisition of intangible assets.

Note 2 – Property, Plant and Equipment

The value of property, plant and equipment as at 31 December 2024 amounted to €255,035,015, representing 88.4% of the Group’s total assets. Compared to the balance as at 31 December 2023, this represents an increase of €14.8 million or 6.2%.

Movement of property, plant and equipment in 2024:

| in €  |           |             |             |                     |  |                                     |
|---|-----------|-------------|-------------|---------------------|--|-------------------------------------|
| 2024  | Land      | Buildings   | Equipment   | Right-of-Use Assets | Property, Plant and Equipment under Construction | Total Property, Plant and Equipment |
| 1   | 2         | 3           | 4           | 5                   | 6  | 7=2+3+4+5+6                         |
| Cost  |           |             |             |                     |  |                                     |
| Balance as at 1 Jan 2024                      | 8,469,768 | 343,163,067 | 158,195,831 | 208,725             | 9,885,551  | 519,922,942                         |
| Additions                                     | 0         | 0           | 0           | 0                   | 29,640,972                                       | 29,640,972                          |
| Disposals, Write-offs, Transfers, Impairments | -419,568  | -3,411,106  | -1,636,776  | 0                   | 0  | -5,467,450                          |
| Transfers from Assets Under Construction      | 120,739   | 10,944,486  | 7,672,841   | 0                   | -18,738,065                                      | 0                                   |
| Balance as at 31 Dec 2024                     | 8,170,940 | 350,696,447 | 164,231,895 | 208,725             | 20,788,458                                       | 544,096,463                         |
| Accumulated Depreciation                      |           |             |             |                     |  |                                     |
| Balance as at 1 Jan 2024                      | 0         | 180,514,187 | 99,152,281  | 0                   | 0  | 279,666,468                         |
| Increase (Depreciation)                       | 0         | 6,647,613   | 6,396,894   | 41,745              | 0  | 13,086,252                          |
| Disposals, Write-offs, Transfers              | 0         | -2,123,164  | -1,568,110  | 0                   | 0  | -3,691,274                          |
| Balance as at 31 Dec 2024                     | 0         | 185,038,636 | 103,981,065 | 41,745              | 0  | 289,061,447                         |
| Carrying Amount                               |           |             |             |                     |  |                                     |
| Balance as at 1 Jan 2024                      | 8,469,768 | 162,648,880 | 59,043,547  | 208,725             | 9,885,551  | 240,256,471                         |
| Balance as at 31 Dec 2024                     | 8,170,939 | 165,657,810 | 60,250,827  | 166,980             | 20,788,458                                       | 255,035,015                         |

Movement of property, plant and equipment in 2023:

| in €  |           |             |             |                     |  |                                     |
|---|-----------|-------------|-------------|---------------------|--|-------------------------------------|
| 2023  | Land      | Buildings   | Equipment   | Right-of-Use Assets | Property, Plant and Equipment under Construction | Total Property, Plant and Equipment |
| 1   | 2         | 3           | 4           | 5                   | 6  | 7=2+3+4+5+6                         |
| Cost  |           |             |             |                     |  |                                     |
| Balance as at 1 Jan 2023                      | 8,476,757 | 331,013,951 | 151,489,469 | 0                   | 6,287,281  | 497,267,457                         |
| Additions                                     | 0         | 0           | 0           | 0                   | 26,380,944                                       | 26,380,944                          |
| Impairments                                   | -20,629   | -489,315    | 0           | 0                   | 0  | -509,943                            |
| Disposals, Write-offs, Transfers, Impairments | -68,492   | -1,254,807  | -1,892,217  | 0                   | 0  | -3,215,515                          |
| Transfers from Assets Under Construction      | 82,132    | 13,893,237  | 8,598,579   | 208,725             | -22,782,674                                      | 0                                   |
| Balance as at 31 Dec 2023                     | 8,469,768 | 343,163,067 | 158,195,831 | 208,725             | 9,885,551  | 519,922,942                         |
| Accumulated Depreciation                      |           |             |             |                     |  |                                     |
| Balance as at 1 Jan 2023                      | 0         | 175,398,284 | 94,839,352  | 0                   | 0  | 270,237,637                         |
| Increase (Depreciation)                       | 0         | 6,443,778   | 5,859,099   | 0                   | 0  | 12,302,877                          |
| Impairments                                   | 0         | -164,093    | 0           | 0                   | 0  | -164,093                            |
| Disposals, Write-offs, Transfers              | 0         | -1,163,783  | -1,546,171  | 0                   | 0  | -2,709,954                          |
| Balance as at 31 Dec 2023                     | 0         | 180,514,187 | 99,152,281  | 0                   | 0  | 279,666,468                         |
| Carrying Amount                               |           |             |             |                     |  |                                     |
| Balance as at 1 Jan 2023                      | 8,476,757 | 155,615,666 | 56,650,116  | 0                   | 6,287,280  | 227,029,819                         |
| Balance as at 31 Dec 2023                     | 8,469,768 | 162,648,880 | 59,043,547  | 208,725             | 9,885,551  | 240,256,471                         |

A significant portion of property, plant and equipment consists of electricity distribution infrastructure as defined by the Energy Infrastructure Regulation (Official Gazette of the Republic of Slovenia, No. 22/2016, as amended). In addition to buildings and equipment, it also includes a portion of land. The carrying amount of electricity distribution infrastructure as at 31 December 2024 amounted to €207,664,300 (31 December 2023: €204,724,733). For the purposes of performing the tasks of the distribution system operator, which ELES performs under a concession agreement for the provision of the public utility service of system operation of the distribution network, ELES leases the entire electricity infrastructure from Elektro Gorenjska.

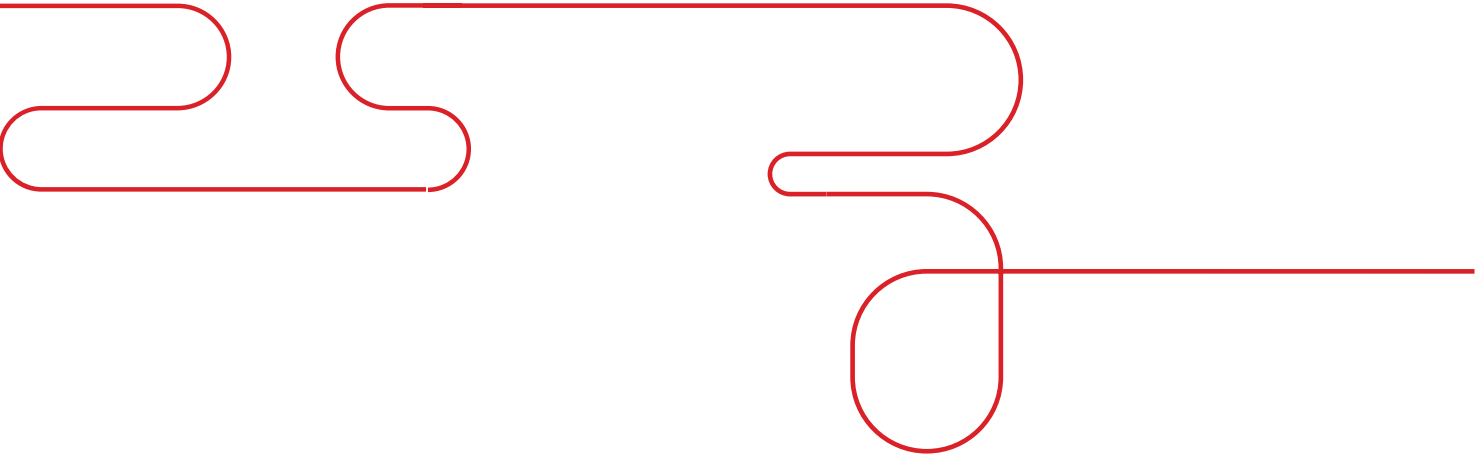
As of 31 December 2024, 22.9% of property, plant and equipment in use were fully depreciated (31 December 2023: 23.0%). The percentage is calculated based on the acquisition cost of property, plant and equipment.

To finance the acquisition of new property, plant and equipment, the Group has obtained long-term loans in 2024 and previous years. As at 31 December 2024, the balance of these loans amounted to €66,990,185 (31 December 2023: €62,477,162). Interest in the amount of €267,094 was capitalised (2023: €123,955). See also the note "Long-term financial liabilities" later in this section.

Note 3 – Investment Property

The value of investment property as at the end of 2024 amounted to €1,727,333. All investment property is owned by the Group and is not pledged as collateral for liabilities. The movement in the value of investment property for 2024 and 2023 is presented in the tables below.

| in €                                     |                |                  |  |                           |
|--|----------------|------------------|--|---------------------------|
| 2024                                     | Land           | Buildings        | Investment Property Under Construction | Total Investment Property |
| 1  | 2              | 3                | 4                                      | 5=2+3+4                   |
| Cost                                     |                |                  |  |                           |
| Balance as at 1 Jan 2024                 | 474,515        | 2,082,737        | 0                                      | 2,557,251                 |
| Additions                                | 0              | 0                | 19,851                                 | 19,851                    |
| Disposals, Write-offs, Transfers         | 0              | -58,866          | 0                                      | -58,866                   |
| Transfers from Assets Under Construction | 0              | 19,851           | -19,851                                | 0                         |
| <b>Balance as at 31 Dec 2024</b>         | <b>474,515</b> | <b>2,043,722</b> | <b>0</b>                               | <b>2,577,102</b>          |
| Accumulated Depreciation                 |                |                  |  |                           |
| Balance as at 1 Jan 2024                 | 0              | 802,950          | 0                                      | 802,950                   |
| Depreciation                             | 0              | 44,703           | 0                                      | 44,703                    |
| Disposals, Transfers                     | 0              | -56,748          | 0                                      | -56,748                   |
| <b>Balance as at 31 Dec 2024</b>         | <b>0</b>       | <b>790,905</b>   | <b>0</b>                               | <b>790,905</b>            |
| Carrying Amount                          |                |                  |  |                           |
| <b>Balance as at 1 Jan 2024</b>          | <b>474,515</b> | <b>1,279,788</b> | <b>0</b>                               | <b>1,754,302</b>          |
| <b>Balance as at 31 Dec 2024</b>         | <b>474,515</b> | <b>1,252,818</b> | <b>0</b>                               | <b>1,727,333</b>          |



| in €                                     |                |                  |  |                           |
|--|----------------|------------------|--|---------------------------|
| 2023                                     | Land           | Buildings        | Investment Property Under Construction | Total Investment Property |
| 1  | 2              | 3                | 4                                      | 5=2+3+4                   |
| Cost                                     |                |                  |  |                           |
| Balance as at 1 Jan 2023                 | 474,515        | 2,041,071        | 0                                      | 2,515,586                 |
| Additions                                | 0              | 0                | 41,666                                 | 41,666                    |
| Transfers from Assets Under Construction | 0              | 41,666           | -41,666                                | 0                         |
| <b>Balance as at 31 Dec 2023</b>         | <b>474,515</b> | <b>2,082,737</b> | <b>0</b>                               | <b>2,557,252</b>          |
| Accumulated Depreciation                 |                |                  |  |                           |
| Balance as at 1 Jan 2023                 | 0              | 758,847          | 0                                      | 758,847                   |
| Depreciation                             | 0              | 44,103           | 0                                      | 44,103                    |
| <b>Balance as at 31 Dec 2023</b>         | <b>0</b>       | <b>802,950</b>   | <b>0</b>                               | <b>802,950</b>            |
| Carrying Amount                          |                |                  |  |                           |
| <b>Balance as at 1 Jan 2023</b>          | <b>474,515</b> | <b>1,282,223</b> | <b>0</b>                               | <b>1,756,738</b>          |
| <b>Balance as at 31 Dec 2023</b>         | <b>474,515</b> | <b>1,279,788</b> | <b>0</b>                               | <b>1,754,302</b>          |

The composition of investment property was as follows:

| in €                             |                  |                  |
|----------------------------------|------------------|------------------|
| Item                             | 31 Dec 2024      | 31 Dec 2023      |
| Residential Properties           | 283,912          | 296,425          |
| Holiday Facilities               | 830,241          | 837,921          |
| Other Buildings                  | 138,664          | 145,441          |
| Land                             | 474,515          | 474,515          |
| <b>Total Investment Property</b> | <b>1,727,333</b> | <b>1,756,738</b> |

Based on a valuation performed in 2020 by a certified property valuer at the Slovenian Institute of Auditors, the fair value of the investment property held by the Group as at 31 December 2024 was €3,416,950. It is assessed that, given the market conditions, the fair value as at 31 December 2024 does not differ significantly from the value determined in the aforementioned valuation. All investment property is owned by the Group and none has been pledged as collateral for liabilities.

Rental income from investment property, which is monitored collectively, amounted to €221,076 in 2024 (2023: €217,823). Direct operating expenses (including maintenance and repair costs) arising from investment property that generated rental income in 2024, and those that did not generate rental income in 2024, comprised depreciation charges of €44,703 and material and service costs of €131,357. In 2023, depreciation charges amounted to €44,103 and material and service costs to €104,232.



Note 4 – Long-Term Financial Investments

As at 31 December 2024, the Group’s long-term financial investments amounted to **€860,373**. Compared to the balance as at 31 December 2023, their value did not change significantly.

| Investment  | Ownership Share   |                   | Balance in €      |                   |
|---|-------------------|-------------------|-------------------|-------------------|
|   | As at 31 Dec 2023 | As at 31 Dec 2024 | As at 31 Dec 2023 | As at 31 Dec 2024 |
|   |                   |                   |                   |                   |
| Soenergetika, d. o. o.                                | 25.00%            | 25.00%            | 326,974           | 327,701           |
| Informatika, d. o. o., Maribor                        | 10.44%            | 10.50%            | 124,155           | 124,155           |
| Alfi SOL 2, d. o. o.                                  | 20.00%            | 20.00%            | 236,711           | 236,711           |
| <b>Total non-loan long-term financial investments</b> |                   |                   | <b>687,840</b>    | <b>688,567</b>    |
| Long-term invested funds (Eldom Maribor)              |                   |                   | 142,798           | 142,798           |
| Long-Term Receivables from Finance Leases             |                   |                   | 35,970            | 29,008            |
| <b>Total long-term loans</b>                          |                   |                   | <b>178,768</b>    | <b>171,806</b>    |
| <b>TOTAL LONG-TERM FINANCIAL INVESTMENTS</b>          |                   |                   | <b>866,607</b>    | <b>860,373</b>    |

Soenergetika, which is consolidated in the financial statements of the Elektro Gorenjska Group using the equity method, concluded the 2024 financial year with a net profit of €180,482. The total comprehensive income for the year equalled the net profit.

Note 5 – Long-Term Trade Receivables

As at 31 December 2024, long-term trade receivables amounted to €162,554. These primarily relate to receivables from ELES. Compared to the balance as at the end of 2023, the amount decreased by €567,000, mainly due to the reclassification of a portion of the receivables as short-term.

Note 6 – Inventories

As at 31 December 2024, the value of inventories of materials, small tools and merchandise amounted to **€1,645,684**. The Group estimates that the net realisable value of inventories is at least equal to their carrying amount. The movement in material inventories for 2024 and 2023 is presented in the table below.

| Item  | in €             |                  |
|---|------------------|------------------|
|   | 2024             | 2023             |
| Opening Balance of Material Inventories as at 1 Jan         | 3,257,070        | 2,627,207        |
| Purchases   | 6,073,961        | 9,298,711        |
| Consumption   | -6,429,135       | -7,718,545       |
| Sales   | -1,072,863       | -669,935         |
| Impairments and Reversals of Impairments                    | -9,115           | -59,491          |
| Transfer of Small Inventory to Use                          | -174,234         | -220,877         |
| <b>Closing Balance of Material Inventories as at 31 Dec</b> | <b>1,645,684</b> | <b>3,257,070</b> |

The Group has not pledged any inventories as collateral for its liabilities.

Note 7 – Short-Term Trade Receivables

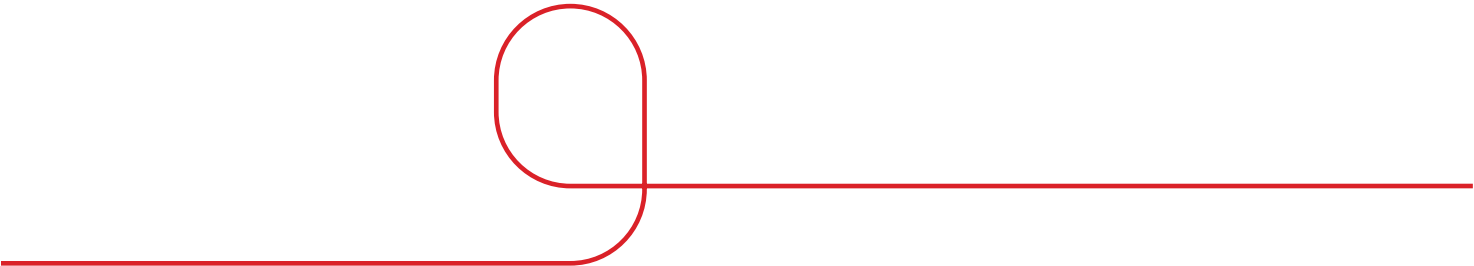
As at 31 December 2024, short-term trade receivables amounted to **€13,414,941**. Their structure was as follows:

| Item Description                                  | in €              |                   |
|---|-------------------|-------------------|
|   | 31 Dec 2024       | 31 Dec 2023       |
| Short-Term Trade Receivables                      | 10,352,093        | 11,323,713        |
| Impairment of Short-Term Trade Receivables        | -135,520          | -143,399          |
| <b>Net Short-Term Trade Receivables</b>           | <b>10,216,573</b> | <b>11,180,315</b> |
| <b>Short-Term Income Tax Receivables</b>          | <b>0</b>          | <b>0</b>          |
| Other Short-Term Operating Receivables            | 419,335           | 315,441           |
| Impairment of Other Short-Term Receivables        | -2,680            | -5,895            |
| Short-Term Advances Paid                          | 2,781,712         | 2,503,835         |
| <b>Net Other Short-Term Operating Receivables</b> | <b>3,198,368</b>  | <b>2,813,382</b>  |
| <b>Total Short-Term Operating Receivables</b>     | <b>13,414,941</b> | <b>13,993,697</b> |

All short-term trade receivables are unsecured. The Group’s exposure to risks and hedging instruments is disclosed in the chapter on Financial Risks.

A breakdown of short-term receivables related to electricity, network charges, and services, as well as interest receivables as at 31 December 2024, by maturity, is presented in the following table.

| Item  | in €             |                |              |              |                  |                  |                   |
|---|------------------|----------------|--------------|--------------|------------------|------------------|-------------------|
|   | Not Yet Due      | Up to 30 Days  | 31–60 Days   | 61–90 Days   | Over 90 Days     | Total Past Due   | Total Receivables |
| Receivables from Sales of Electricity, Network Charges and Services | 7,837,392        | 641,681        | 7,837        | 958          | 1,853,154        | 2,503,630        | 10,341,022        |
| Receivables for Default Interest                                    | 1,966            | 2,272          | 92           | 86           | 6,655            | 9,105            | 11,071            |
| <b>TOTAL</b>  | <b>7,839,358</b> | <b>643,953</b> | <b>7,929</b> | <b>1,044</b> | <b>1,859,809</b> | <b>2,512,735</b> | <b>10,352,093</b> |



The movement in the impairment allowance for receivables in 2024 is shown in the table below.

in €

| Item                                       | Opening Balance 1 Jan 2024 | New Formation |               | Utilisation and Reversal |                                    | Closing Balance 31 Dec 2024 |
|--|----------------------------|---------------|---------------|--------------------------|------------------------------------|-----------------------------|
|  |                            | (Expense)     | (Receivables) | Write-Offs               | Settlements – Recognised as Income |                             |
| Impairment of Trade Receivables            | 136,177                    | 6,698         | 0             | 14,305                   | 0                                  | 128,571                     |
| Impairment of Default Interest Receivables | 7,221                      | 173           | 298           | 120                      | 623                                | 6,949                       |
| <b>Total Impairment of Receivables</b>     | <b>143,399</b>             | <b>6,872</b>  | <b>298</b>    | <b>14,425</b>            | <b>623</b>                         | <b>135,520</b>              |

Note 8 – Short-Term Contract Assets

As at the end of 2024, short-term contract assets amounted to €1,419,290, compared to €41,529 at the end of 2023. These relate to market-based projects.

Note 9 – Equity

The Group’s total equity consists of subscribed capital, capital reserves, profit reserves, other reserves, and retained earnings. As at 31 December 2024, total equity amounted to **€186,621,224**.

**The subscribed capital** of Elektro Gorenjska Group is equal to its share capital (**€104,136,615**), which is divided into 17,273,475 ordinary registered no-par value shares. All shares are fully paid. The shares are issued in dematerialised form and are registered with KDD – Central Securities Clearing Corporation, in accordance with applicable regulations.

**Capital reserves** in the amount of **€45,973,479** were formed on 1 January 2006 in accordance with the transitional provisions (point 15 of the preamble to SAS 2006) from the former general capital revaluation adjustment. An amount of €28,581 also derives from the cancellation of treasury shares in 2019. These reserves are used in accordance with Article 64 of the Companies Act (ZGD-1).

**Profit reserves** amount to €25,241,450, of which €4,952,369 represents legal reserves and €20,289,081 represents other profit reserves.

**Other reserves** (–€239,801) relate to revaluation reserves arising from fair value measurement.

in €

| Item  | Opening Balance 1 Jan 2024 | Reversal      | New Formation  | Transfer to Retained Earnings | Closing Balance 31 Dec 2024 |
|---|----------------------------|---------------|----------------|-------------------------------|-----------------------------|
| Actuarial Gains/Losses                      | -198,119                   | 28,083        | -54,174        | -992                          | -225,201                    |
| Adjustment of Provisions for Deferred Taxes | -11,932                    | 0             | -2,668         | 0                             | -14,600                     |
| <b>Total</b>                                | <b>-210,052</b>            | <b>28,083</b> | <b>-56,842</b> | <b>-992</b>                   | <b>-239,801</b>             |

Retained earnings amount to €11,509,481.

Earnings per share in 2024 amounted to €0.22, compared to €0.62 in 2023. The parent company does not have preference shares; therefore, basic and diluted earnings per share are equal.

The basis for calculating earnings per share is the net profit for the financial year and the weighted average number of ordinary shares outstanding during the period. The calculation is presented in the following table.

in €

| Item                                       | 2024       | 2023       |
|--|------------|------------|
| Net Profit for the Financial Year (€)      | 3,837,699  | 10,725,665 |
| Weighted Average Number of Ordinary Shares | 17,273,475 | 17,273,475 |
| Earnings per Share, Basic/Adjusted         | 0.22       | 0.62       |

Note 10 – Provisions

As at 31 December 2024, provisions amounted to **€11,245,643**. Compared to the balance as at 31 December 2023, this represents an increase of 12.2%.

Overview of the movement in provisions in 2024

in €

| Item   | 1 Jan 2024        | Formation        | Utilisation    | Reversal      | 31 Dec 2024       |
|--|-------------------|------------------|----------------|---------------|-------------------|
| Total Provisions for Jubilee Benefits and Termination Benefits | 3,690,798         | 445,901          | 293,179        | 29,262        | 3,814,258         |
| Total Other Provisions   | 6,335,007         | 1,096,377        | 0              | 0             | 7,431,385         |
| <b>Total Provisions</b>  | <b>10,025,806</b> | <b>1,542,279</b> | <b>293,179</b> | <b>29,262</b> | <b>11,245,643</b> |

Overview of the movement in provisions in 2023:

in €

| Item   | 1 Jan 2023       | Formation        | Utilisation    | Reversal      | 31 Dec 2023       |
|--|------------------|------------------|----------------|---------------|-------------------|
| Total Provisions for Jubilee Benefits and Termination Benefits | 3,069,733        | 822,151          | 182,529        | 18,556        | 3,690,798         |
| Total Other Provisions   | 6,137,038        | 197,969          | 0              | 0             | 6,335,007         |
| <b>Total Provisions</b>  | <b>9,206,772</b> | <b>1,020,120</b> | <b>182,529</b> | <b>18,556</b> | <b>10,025,806</b> |

Provisions for jubilee benefits and severance payments upon retirement are recognised in the amount of estimated future disbursements based on an actuarial report on the measurement of long-term employee benefits under IAS 19.

The actuarial calculation as at 31 December 2024 is based on the following actuarial assumptions: statistical mortality rates (reduced by 10% for the active population); linear declining employee turnover (from 2% at age 18 to 0.0% at age 58, then constant at 0.0%); retirement in accordance with legislation or known data; salary growth in the company (equal to the annual inflation rate, increased by 0.4%, but not exceeding the expected average wage growth in Slovenia); growth of average wages in the electricity sector (matching average national wage growth); promotions (0.8% annual increase in the following year); employer’s contributions for jubilee benefits and retirement severance payments (17.1%, or 16.1% for disbursements until 30 June 2025); longevity bonus (0.5% annual increase on base salary); and a discount rate of 3.3%.

Other provisions relate to compensation in connection with denationalisation proceedings.

Note 11 – Long-Term Financial Liabilities

As at 31 December 2024, the Group had long-term financial liabilities in the amount of **€59,017,529**, which is €6.0 million more than on 31 December 2023. The majority of long-term liabilities relate to bank loans, of which €27,122,938 are due after more than five years. Maturities of financial liabilities to banks as at 31 December 2024 were as follows:

| in €         |            |                   |            |
|--------------|------------|-------------------|------------|
| Up to 1 Year | 2–5 Years  | More Than 5 Years | Total      |
| 7,972,656    | 31,894,591 | 27,122,938        | 66,990,185 |

In 2024, the Group drew €14 million in long-term loans to finance investments and repaid €9,486,984 in principal. Interest expenses amounted to €2,229,383 and were already reduced by €267,094 of capitalised interest. The balance of borrowings as at 31 December 2024 amounted to €66,990,185, compared to €62,477,162 at the end of 2023. Financial liabilities in the amount of €63,847,327 are secured with promissory notes.

As at 31 December 2024, 11% of all long-term loans carried a fixed interest rate, representing a value of €7.3 million. The total amount of borrowings received for the financing of property, plant, and equipment as at 31 December 2024 was €66,990,185.

The Group is primarily exposed to interest rate risk in connection with its long-term financial liabilities, as part of the borrowings are subject to variable interest rates (EURIBOR + margin). Exposure to risks and the Group’s hedging strategies are explained in the chapter “Development of a Comprehensive Risk and Opportunity Management System.”

The Group has no long-term liabilities to members of the management board, supervisory board, or related parties.

Note 12 – Deferred Income and Other Long-Term Liabilities

As at 31 December 2024, the Elektro Gorenjska Group recognised other long-term liabilities in the amount of €12,040,225. The structure and movement of long-term liabilities in 2024 and 2023 are presented in the two tables below.

Structure and movement of other long-term liabilities in 2024:

| in €   |                            |                  |                |                             |
|--|----------------------------|------------------|----------------|-----------------------------|
| Item   | Opening Balance 1 Jan 2024 | Formation        | Utilisation    | Closing Balance 31 Dec 2024 |
| Gratuitously Acquired Property, Plant, and Equipment | 4,051,705                  | 0                | 231,677        | 3,820,028                   |
| Deferred Income From Average Connection Costs        | 1,013,598                  | 0                | 85,319         | 928,279                     |
| Other  | 3,933,554                  | 3,761,107        | 402,743        | 7,291,918                   |
| <b>Total Other Long-Term Liabilities</b>             | <b>8,998,856</b>           | <b>3,761,107</b> | <b>719,739</b> | <b>12,040,225</b>           |

Structure and movement of other long-term liabilities in 2023:

| in €   |                            |                  |                |            |                             |
|--|----------------------------|------------------|----------------|------------|-----------------------------|
| Item   | Opening Balance 1 Jan 2023 | Formation        | Utilisation    | Reversal   | Closing Balance 31 Dec 2023 |
| Gratuitously Acquired Property, Plant, and Equipment | 4,283,851                  | 0                | 232,146        | 0          | 4,051,705                   |
| Deferred Income From Average Connection Costs        | 1,098,917                  | 0                | 85,319         | 0          | 1,013,598                   |
| Other  | 1,306,304                  | 2,826,884        | 199,192        | 442        | 3,933,554                   |
| <b>Total Other Long-Term Liabilities</b>             | <b>6,689,071</b>           | <b>2,826,884</b> | <b>516,656</b> | <b>442</b> | <b>8,998,856</b>            |

Assets received free of charge comprise customer connections that the Elektro Gorenjska Group has recognised among its property, plant and equipment, together with its obligation to maintain and renew them in accordance with regulations, primarily the System Operating Instructions for the Electricity Distribution System (Official Gazette of the Republic of Slovenia, No. 7/21 with amendments), as well as other fixed assets received free of charge.

Deferred income from average connection charges was recognised up to 30 June 2007 in connection with the provision of the Public Utility Service – Distribution System Operator. The average connection charge is a one-off payment for connection to the electricity network or for an increase in the connection capacity. It represents a dedicated source of financing for network expansion investments.

The majority of the “other” item consists of deferred income related to EU and other projects.

The Group has no long-term liabilities to members of the management board, the supervisory board, or internal stakeholders.

Note 13 – Short-Term Financial Liabilities

As at 31 December 2024, short-term financial liabilities amounted to **€8,162,453**. These mainly comprise short-term liabilities to banks, representing the short-term portion of long-term borrowings and interest.

Note 14 – Short-Term Trade Payables

As at the end of 2024, short-term trade payables amounted to **€7,962,752**, which is €2.4 million lower than at the end of 2023. A more detailed breakdown of short-term trade payables is presented in the following table.

| in €   |                  |                   |
|--|------------------|-------------------|
| Item   | 31 Dec 2024      | 31 Dec 2023       |
| <b>Liabilities to Suppliers on Own Behalf</b>                          | <b>3,790,810</b> | <b>6,088,301</b>  |
| <b>Liabilities to Suppliers on Behalf of and for Account of Others</b> | <b>2,603,954</b> | <b>1,881,475</b>  |
| – to ELES, d. o. o.  | 2,600,376        | 1,878,137         |
| – to Others  | 3,578            | 3,338             |
| <b>Other Liabilities</b>   | <b>1,567,987</b> | <b>2,380,827</b>  |
| – for Salaries   | 1,303,221        | 1,213,560         |
| – to the State and Other Institutions                                  | 33,743           | 979,639           |
| – for Advances and Security Deposits Received                          | 135,488          | 84,057            |
| – Other (Interest, Employee Deductions, Equity Company, etc.)          | 95,535           | 103,571           |
| <b>Total Short-Term Operating Liabilities</b>                          | <b>7,962,752</b> | <b>10,350,603</b> |



Note 15 – Short-Term Contract Liabilities

As at the end of 2024, short-term contract liabilities amounted to **€1,246,566**, compared to €439,123 at the end of 2023. These relate to advances received for the execution of market-based projects.

Note 16 – Accrued Expenses and Other Short-Term Liabilities

Other short-term liabilities as at 31 December 2024 amounted to **€1,947,297**. These primarily relate to accrued expenses.

Note 17 – Off-Balance-Sheet Records

As at 31 December 2024, off-balance-sheet assets and liabilities amounted to **€12,407,115**. Their structure was as follows:

| in €  |             |             |
|---|-------------|-------------|
| Item  | 31 Dec 2024 | 31 Dec 2023 |
| Guarantees Received                               | 6,789,017   | 5,532,015   |
| Guarantees and Bills Issued                       | 4,129,723   | 4,235,530   |
| Property, Plant and Equipment Owned by Subsidiary | 1,488,374   | 1,573,880   |
| Total Off-Balance-Sheet Records                   | 12,407,115  | 11,341,426  |

The Group does not have any contingent off-balance-sheet liabilities as defined by the Companies Act (ZGD-1).

18.5.2. Explanatory Notes to the Items in the Income Statement

Note 1 – Net Sales Revenue

In 2024, net sales revenue amounted to **€48,268,918**. The structure of net sales revenue is presented in the following table.

| in €  |            |            |
|---|------------|------------|
| Item  | 2024       | 2023       |
| Revenue From Sale of Electricity                            | 6,079,610  | 9,967,430  |
| Revenue From Rentals and Services in Relation to Subsidiary | 35,397,826 | 33,960,924 |
| Revenue From Rentals  | 738,440    | 761,604    |
| Revenue From Construction and Installation Work             | 5,490,451  | 9,822,298  |
| Revenue From Sale of Materials and Services Rendered        | 208,413    | 253,217    |
| Revenue From Sale of Other Operating Effects                | 354,177    | 310,088    |
| Total Net Sales Revenue From Operating Effects              | 48,268,918 | 55,075,559 |

The majority of the Group’s net sales revenue (78.6%) was generated by the parent company. The largest individual component of the Group’s net sales revenue in 2024 was rental income and services rendered in relation to the public utility service, amounting to €35,397,826. Revenue from contracts with customers amounted to €27,615,000 in 2024, while other revenue totalled €20,654,000. In 2023, revenue from contracts with customers amounted to €35,507,000 and other revenue to €19,586,000.

Note 2 – Capitalised Own Products and Services

In 2024, capitalised own products and services amounted to **€6,702,441**. These primarily relate to investments in property, plant and equipment – specifically in energy infrastructure

| in €   |           |           |
|--|-----------|-----------|
| Item   | 2024      | 2023      |
| Direct Cost of Materials                                       | 4,270,758 | 3,932,372 |
| Direct Labour Cost   | 1,974,992 | 1,723,218 |
| Total Direct Cost of Materials, Services and Labour            | 6,245,750 | 5,655,580 |
| Indirect Cost of Materials, Services, Labour, and Depreciation | 456,691   | 477,171   |
| Total Capitalised Own Products and Services                    | 6,702,441 | 6,132,751 |

Note 3 – Other Operating Income

Other operating income amounted to **€1,964,601** and consists of:

| in €   |           |           |
|--|-----------|-----------|
| Item   | 2024      | 2023      |
| Income From Reversal of Provisions                         | 0         | 11,409    |
| Revaluation Operating Income                               | 444,324   | 102,004   |
| Income From Transfer of Deferred Income to Regular Revenue | 898,594   | 553,174   |
| – Gratuitous Acquisition of Fixed Assets                   | 33,231    | 33,700    |
| – Gratuitous Acquisition of Connections                    | 198,446   | 198,446   |
| – Average Connection Costs                                 | 85,319    | 85,319    |
| – Other  | 581,598   | 235,709   |
| Insurance Compensation Received                            | 340,582   | 1,080,878 |
| – For Destroyed Assets (e.g., Fire)                        | 0         | 0         |
| – Other  | 340,582   | 1,080,878 |
| Government Grants and Refunds                              | 221,125   | 229,250   |
| Other Operating Income                                     | 59,976    | 58,778    |
| Total Other Operating Income                               | 1,964,601 | 2,035,494 |

Note 4 – Cost of Goods Sold and Cost of Materials Used

The cost of goods sold and the cost of materials used comprise the following:

| in €   |           |            |
|--|-----------|------------|
| Item   | 2024      | 2023       |
| Total Cost of Materials                                  | 9,486,407 | 10,702,178 |
| – Maintenance Materials                                  | 409,825   | 461,889    |
| – Materials for Internal Investments and Market Services | 6,717,593 | 7,695,977  |
| – Energy Costs   | 807,033   | 1,051,905  |
| – Small Inventory Write-Offs                             | 174,234   | 245,920    |
| – Office Supplies  | 47,894    | 58,116     |
| – Other Material Costs                                   | 586,134   | 1,188,370  |
| Cost of Goods Sold and Consumed Materials                | 8,742,712 | 10,702,178 |

Note 5 – Cost of Services

In 2024, the cost of services amounted to **€7,396,234**. A more detailed structure of service costs is provided in the table below.

| in €  |           |           |
|---|-----------|-----------|
| Item  | 2024      | 2023      |
| Services for Production and Service Delivery                        | 1,023,768 | 1,814,612 |
| Telecommunications, Postal and Transport Services                   | 272,073   | 289,674   |
| Maintenance of Energy Infrastructure and Other Assets               | 1,937,780 | 1,971,742 |
| Payment Transactions, Banking and Insurance                         | 937,212   | 710,285   |
| Intellectual and Personal Services                                  | 1,050,662 | 663,848   |
| Advertising and Representation                                      | 137,371   | 113,110   |
| Services by Individuals (Non-Business), Incl. Related Contributions | 199,656   | 197,645   |
| IT Services   | 373,409   | 332,297   |
| Student Work  | 287,488   | 239,055   |
| Other Services  | 1,176,814 | 916,382   |
| Total Cost of Services  | 7,396,234 | 7,248,652 |

The largest component within service costs relates to the maintenance of the electricity infrastructure and other items of property, plant and equipment. The maintenance of electricity infrastructure is also presented in the chapter Maintenance of Electricity Infrastructure (EEI).

In accordance with Article 57 of the Companies Act (ZGD-1), the company Elektro Gorenjska is required to have its annual report audited. The contractual amount for auditing the annual report of the company and the Elektro Gorenjska Group for 2024 was €29,810. In addition, the auditor who audited the annual report was also paid €4,090 for assurance services.

Note 6 – Labour Costs

Labour costs in the amount of **€17,971,591** comprise the following:

| in €                                     |            |            |
|--|------------|------------|
| Item                                     | 2024       | 2023       |
| Wages and Salaries                       | 12,827,229 | 12,106,628 |
| Additional Pension Insurance             | 597,808    | 555,618    |
| Employer Contributions and Payroll Taxes | 2,159,958  | 1,997,273  |
| Other Labour Costs                       | 2,386,596  | 2,333,464  |
| Total Labour Costs                       | 17,971,591 | 16,992,984 |

Other labour costs include reimbursements for transportation and meals during work, provisions for jubilee benefits and retirement severance payments, annual leave allowance (regres), bonuses, employee insurance costs and payments to pupils and students on work placement. The number of employees, their educational structure and other employment-related information are presented in greater detail in the chapter Responsibility to Employees. Remuneration of the management board and the supervisory board is presented in the chapter Related Party Transactions in the financial report of Elektro Gorenjska.

Note 7 – Depreciation and Impairment

Depreciation and impairment charges in 2024 amounted to **€14,562,558**. The breakdown is as follows:

| in €   |                   |                   |
|--|-------------------|-------------------|
| Item   | 2024              | 2023              |
| Depreciation of Intangible Assets  | 1,154,806         | 912,060           |
| Depreciation of Property, Plant and Equipment  | 13,082,611        | 12,302,071        |
| Depreciation of Investment Property  | 45,510            | 44,909            |
| <b>Total Depreciation</b>  | <b>14,282,927</b> | <b>13,259,041</b> |
| Operating Expenses From the Disposal of Property, Plant and Equipment and Investment Property. | 264,466           | 764,075           |
| Operating Expenses Related to the Impairment of Current Assets.                                | 15,165            | 64,785            |
| <b>Total Depreciation and Impairment</b>   | <b>14,562,558</b> | <b>14,087,900</b> |

Note 8 – Other Operating Expenses

Other operating expenses amounted to **€1,530,198** and comprise the following:

| in €  |                  |                |
|---|------------------|----------------|
| Item  | 2024             | 2023           |
| Contribution for Employment of Disabled Persons   | 84,262           | 78,339         |
| Building Land Use Fee                             | 93,131           | 90,200         |
| Wastewater Discharge Fee                          | 16,456           | 15,138         |
| Provisions  | 1,096,377        | 197,969        |
| Other Costs (Environmental, Legal, Damages, etc.) | 239,972          | 246,400        |
| <b>Total Other Operating Expenses</b>             | <b>1,530,198</b> | <b>628,046</b> |

Note 9 – Corporate Income Tax and Deferred Taxes

Corporate income tax recognised for the 2024 financial year amounted to **€704,741**, while deferred taxes amounted to **€24,120**.

| in €               |                |                  |
|--------------------|----------------|------------------|
| Item               | 2024           | 2023             |
| Current Tax        | 704,741        | 1,601,277        |
| Deferred Taxes     | 24,120         | -453,328         |
| <b>Total Taxes</b> | <b>728,861</b> | <b>1,147,949</b> |

In both 2023 and 2024, all companies within the Group recognised a liability for corporate income tax. A detailed calculation of corporate income tax for each year is presented in the table below.

| in €  |                |                  |
|---|----------------|------------------|
| Item  | 2024           | 2023             |
| Current Tax   | 704,741        | 1,601,277        |
| Deferred Tax  | 24,120         | -453,328         |
| <b>Total Corporate Income Tax</b>                           | <b>728,861</b> | <b>1,147,949</b> |
| Profit Before Tax   | 8,065,833      | 14,339,793       |
| Tax Calculated at the 22% or 19% Statutory Rate             | 1,774,483      | 2,724,561        |
| Tax Decrease Due to Revenue Reductions                      | -787,253       | -484,168         |
| Tax Relief  | -472,013       | -755,616         |
| Increase / Decrease in Tax-Deductible Expenses              | 159,104        | 133,679          |
| Tax on Other Items  | 30,420         | -17,179          |
| Deferred Tax Calculated at the 19% Rate                     | 24,059         | -392,170         |
| Impact of Tax Rate Change From 19% to 22% on Deferred Taxes | 61             | -61,158          |
| <b>Total Corporate Income Tax</b>                           | <b>728,861</b> | <b>1,147,949</b> |
| <b>Effective Tax Rate</b>                                   | <b>9%</b>      | <b>8%</b>        |

The movement in deferred tax assets and liabilities in 2024 was as follows:

| in €  |   |                |                       |                          |                 |                  |
|---|---|----------------|-----------------------|--------------------------|-----------------|------------------|
| Movement of Deferred Tax Assets and Liabilities | Deferred Tax Assets                         |                |                       | Deferred Tax Liabilities |                 | Total            |
|   | Post-employment and Other Employee Benefits | Tax Losses     | Tax Credits (Reliefs) | Financial Investments    | Small Inventory |                  |
| <b>Balance as at 1 Jan 2023</b>                 | <b>254,846</b>                              | <b>571,951</b> | <b>305,836</b>        | <b>0</b>                 | <b>203,724</b>  | <b>928,908</b>   |
| Recognised in the Income Statement              | 4,839                                       | 90,308         | 382,623               | 0                        | 24,442          | 453,328          |
| Recognised in Other Comprehensive Income        | -395  | 0              | 0                     | 0                        | 0               | -395             |
| <b>Balance as at 31 Dec 2023</b>                | <b>259,289</b>                              | <b>662,259</b> | <b>688,459</b>        | <b>0</b>                 | <b>228,166</b>  | <b>1,381,841</b> |
| <b>Balance as at 1 Jan 2024</b>                 | <b>259,289</b>                              | <b>662,259</b> | <b>688,459</b>        | <b>0</b>                 | <b>228,166</b>  | <b>1,381,841</b> |
| Recognised in the Income Statement              | 23,670                                      | -17,380        | 0                     | 0                        | 0               | -41,050          |
| Reversed in the Income Statement                | 0   | 0              | 0                     | 0                        | 16,930          | -16,930          |
| Recognised in Other Comprehensive Income        | -2,668                                      | 0              | 0                     | 0                        | 0               | -2,668           |
| <b>Balance as at 31 Dec 2024</b>                | <b>232,951</b>                              | <b>644,879</b> | <b>688,459</b>        | <b>0</b>                 | <b>211,235</b>  | <b>1,355,053</b> |

Deferred tax assets were not recognised in the statement of financial position for unused tax credits amounting to €3,499,931. The company estimates that taxable profits over the next five years will not be sufficient to utilise these tax credits.



18.5.3. Explanatory Notes to Items in the Statement of Other Comprehensive Income

In addition to the net profit for the reporting period (€3,808,941), total comprehensive income includes actuarial gains and losses of the parent company and subsidiaries in the total amount of –€28,758.

Individual items of other comprehensive income are also presented in the chapter Explanatory Notes to Items in the Statement of Financial Position, Note 9 – Equity (Table: Movement in Fair Value).

18.5.4. Explanatory Notes to Items in the Statement of Cash Flows

In 2024, the Elektro Gorenjska Group recorded cash inflows of €84,281,907 and cash outflows of €90,143,391. Inflows and outflows include the relevant amounts of levies, primarily VAT and excise duties, in accordance with issued and received invoices. The net cash result was negative, amounting to –€5,861,484.

As at 31 December 2024, the Group held cash and cash equivalents in the amount of €8,370,985 in transaction accounts with banks and in the form of short-term deposits or deposits on demand. On 31 December 2023, this amount totalled €8,622,038.

In 2024, cash inflows from operating activities exceeded cash outflows by €24,770,616, indicating that the Group operated profitably in its core business and generated a positive cash flow. The largest share of inflows relates to payments received under the contract with the Distribution System Operator (Pogodba z DO) for services rendered and rent for electricity infrastructure.

The negative net cash flow from investing activities in 2024 amounted to –€31,043,316. The sector in which Elektro Gorenjska operates is highly technology-intensive, and ensuring high-quality supply for customers within the company’s distribution network requires significant and continuous investment. The acquisition of new intangible and tangible assets was largely financed through the drawdown of long-term loans in the amount of €14 million.

Net cash flow from financing activities in the reporting period amounted to €411,216.

18.6. Fair Values

Overview of the fair value and carrying amount of assets and liabilities:

in €

|  | 31 December 2024 |             | 31 December 2023 |             |
|--|------------------|-------------|------------------|-------------|
|  | Carrying Amount  | Fair Value  | Carrying Amount  | Fair Value  |
| Non-Derivative Financial Assets at Amortized Cost                    |                  |             |                  |             |
| Long-Term and Short-Term Financial Receivables                       | 181,088          | 181,088     | 187,470          | 187,470     |
| Long-Term and Short-Term Trade Receivables from Customers            | 10,265,049       | 10,265,049  | 11,794,003       | 11,794,003  |
| Cash and Cash Equivalents  | 8,370,985        | 8,370,985   | 14,232,469       | 14,232,469  |
| Total Non-Derivative Financial Assets                                | 18,817,122       | 18,817,122  | 26,213,942       | 26,213,942  |
| Non-Derivative Financial Liabilities at Amortized Cost               |                  |             |                  |             |
| Bank Loans and Other Financial Liabilities                           | –67,179,982      | –67,179,982 | –64,266,321      | –64,266,321 |
| Short-Term Trade Payables to Suppliers (Own and Third-Party Account) | –6,394,764       | –6,394,764  | –7,969,776       | –7,969,776  |
| Total Non-Derivative Financial Liabilities                           | –73,574,746      | –73,574,746 | –72,236,097      | –72,236,097 |
| Derivative Financial Instruments at Fair Value                       |                  |             |                  |             |
| Derivative Financial Instruments (Assets)                            | 0                | 0           | 0                | 0           |
| Total Derivative Financial Instruments                               | 0                | 0           | 0                | 0           |
| Total  | –54,757,624      | –54,757,624 | –46,022,155      | –46,022,155 |

The estimated fair value of short-term assets and liabilities is equal to their carrying amount.

## 18.7. Capital Management

### FAIR VALUE HIERARCHY

Fair value of assets:

in €

|   | 31 Dec 2024 |         |            |            | 31 Dec 2023 |         |            |            |
|---|-------------|---------|------------|------------|-------------|---------|------------|------------|
|   | Level 1     | Level 2 | Level 3    | Total      | Level 1     | Level 2 | Level 3    | Total      |
| <b>Assets Measured at Fair Value</b>                      |             |         |            |            |             |         |            |            |
| Derivative Financial Instruments                          | 0           | 0       | 0          | 0          | 0           | 0       | 0          | 0          |
| Total Assets Measured at Fair Value                       | 0           | 0       | 0          | 0          | 0           | 0       | 0          | 0          |
| <b>Assets for Which Fair Value Is Disclosed</b>           |             |         |            |            |             |         |            |            |
| Long-Term and Short-Term Financial Receivables            | 0           | 0       | 181,088    | 181,088    | 0           | 0       | 187,470    | 187,470    |
| Long-Term and Short-Term Trade Teceivables From Customers | 0           | 0       | 10,265,049 | 10,265,049 | 0           | 0       | 11,794,003 | 11,794,003 |
| Cash and Cash Equivalents                                 | 0           | 0       | 8,370,985  | 8,370,985  | 0           | 0       | 14,232,469 | 14,232,469 |
| Total Assets for Which Fair Value Is disclosed            | 0           | 0       | 18,817,122 | 18,817,122 | 0           | 0       | 26,213,942 | 26,213,942 |
| Total   | 0           | 0       | 18,817,122 | 18,817,122 | 0           | 0       | 26,213,942 | 26,213,942 |

Fair value of liabilities:

in €

|  | 31 Dec 2024 |         |             |             | 31 Dec 2023 |         |             |             |
|--|-------------|---------|-------------|-------------|-------------|---------|-------------|-------------|
|  | Level 1     | Level 2 | Level 3     | Total       | Level 1     | Level 2 | Level 3     | Total       |
| <b>Assets Measured at Fair Value</b>                 |             |         |             |             |             |         |             |             |
| Derivative Financial Instruments                     | 0           | 0       | 0           | 0           | 0           | 0       | 0           | 0           |
| Total Liabilities Measured at Fair Value             | 0           | 0       | 0           | 0           | 0           | 0       | 0           | 0           |
| <b>Liabilities for Which Fair Value Is Disclosed</b> |             |         |             |             |             |         |             |             |
| Bank Loans and Other Financial Liabilities           | 0           | 0       | -67,179,982 | -67,179,982 | 0           | 0       | -64,266,321 | -64,266,321 |
| Short-Term Trade Payables to Suppliers               | 0           | 0       | -6,394,764  | -6,394,764  | 0           | 0       | -7,969,776  | -7,969,776  |
| Total Liabilities for Which Fair Value Is Disclosed  | 0           | 0       | -73,574,746 | -73,574,746 | 0           | 0       | -72,236,097 | -72,236,097 |
| Total  | 0           | 0       | -73,574,746 | -73,574,746 | 0           | 0       | -72,236,097 | -72,236,097 |

A key success factor of the Elektro Gorenjska Group is its long-term customer orientation and continuous adaptability to business conditions (national interest, regulatory and legislative changes, major technological shifts, etc.). The main objective of the Group’s capital management is to ensure adequate capital structure, high financial stability, long-term solvency, and appropriate value for shareholders.

The Group monitors its long-term financial stability using the ratio of net financial debt to EBITDA. The Group’s policy is to maintain this ratio below 3.5, which enables long-term stable operations. To monitor capital, the Group uses the financial leverage ratio, which indicates the share of net debt in equity. As at the end of 2024, this ratio remained at a similar level as at the end of 2023, confirming that the Group manages its capital in a stable manner..

in €

| Item Description                 | Explanatory Note in the Statement of Financial Position | 31 Dec 2024 | 31 Dec 2023 |
|----------------------------------|---|-------------|-------------|
| Long-Term Financial Liabilities  | 11  | 59,017,529  | 52,990,185  |
| Short-Term Financial Liabilities | 13  | 8,162,453   | 11,276,136  |
| Total Financial Liabilities      |   | 67,179,982  | 64,266,321  |
| Equity                           | 9   | 186,621,224 | 182,985,018 |
| Debt/Equity                      |   | 0.36        | 0.35        |
| Cash and Cash Equivalents        |   | 8,370,985   | 14,232,469  |
| Net Financial Liabilities        |   | 58,808,997  | 50,033,852  |
| Net Debt/Equity                  |   | 0.32        | 0.27        |

18.8. Related Party Transactions

The following section presents related party transactions, including transactions with Group companies, transactions with the Republic of Slovenia, transactions with companies owned by the Republic of Slovenia, and transactions with the management board and the supervisory board. The Group did not engage in transactions with related parties through individuals responsible for management.

TRANSACTIONS WITH GROUP COMPANIES

Among the transactions between the parent company and its subsidiary Gorenjske elektrarne, the most significant were the following:

in €

| Item   | 2024      | 2023      |
|--|-----------|-----------|
| Revenue from general services performed (cost to the subsidiary) | 80,313    | 114,985   |
| Rental income (rental expense for the subsidiary)                | 103,447   | 44,546    |
| Dividend payment (subsidiary payout)                             | 3,500,000 | 1,580,000 |

Within transactions among the companies Gorenjske elektrarne, GEK Solar, and Soenergetika, the following were considered significant:

in €

| Item  | 2024    | 2023    |
|---|---------|---------|
| Sale and purchase of materials (Gorenjske elektrarne and GEK Solar) | 509,256 | 574,928 |
| Profit distribution (Gorenjske elektrarne and Soenergetika)         | 44,393  | 931,389 |

Other transactions did not reach material values. All transactions with Group companies were conducted under normal market conditions. Elektro Gorenjska, as the parent company, did not hinder or harm the operations of Gorenjske elektrarne as a subsidiary.

TRANSACTIONS WITH THE REPUBLIC OF SLOVENIA

The most important transactions between the parent and subsidiary companies and the Republic of Slovenia in 2024 and 2023 were as follows:

in €

| Item                                       | Payments in 2024 | Payments in 2023 |
|--|------------------|------------------|
| Dividends                                  | 1,235,599        | 0                |
| Corporate income tax (tax and prepayments) | 2,794,779        | 263,386          |
| Other levies (VAT, employer contributions) | 6,873,675        | 5,943,652        |
| Total                                      | 10,904,053       | 6,207,038        |

TRANSACTIONS WITH COMPANIES DIRECTLY OR INDIRECTLY OWNED BY THE REPUBLIC OF SLOVENIA

The table below presents significant transactions in 2024 with companies in which the state has a direct or indirect controlling interest.

in €

| Business Partner           | Receivables as at 31 December 2024 | Liabilities as at 31 December 2024 | Expenses in 2024 | Income in 2024 |
|----------------------------|------------------------------------|------------------------------------|------------------|----------------|
| ELES, d. o. o.             | 6,503,836                          | 2,608,695                          | 20,508,917       | 35,397,826     |
| Modra zavarovalnica, d. d. | 0                                  | 44,872                             | 497,565          | 0              |
| Zavarovalnica Sava, d. d.  | 0                                  | 52                                 | 734,669          | 0              |
| SID, d. d.                 | 0                                  | 10,534                             | 165,666          | 0              |
| NLB, d. d.                 | 0                                  | 2,463,987                          | 1,514,861        | 0              |
| Total                      | 6,503,836                          | 5,128,139                          | 23,421,678       | 35,397,826     |

Open liabilities to the company ELES represent liabilities arising from transactions executed on behalf of third parties. Transactions with other companies in which the state holds a controlling interest are not of material value.

Significant transactions in 2023 with companies in which the state has a direct or indirect controlling interest were as follows:

in €

| Business Partner           | Receivables as at 31 December 2023 | Liabilities as at 31 December 2023 | Expenses in 2023 | Income in 2023 |
|----------------------------|------------------------------------|------------------------------------|------------------|----------------|
| ELES, d. o. o.             | 5,078,967                          | 1,877,806                          | 19,989           | 33,960,924     |
| Modra zavarovalnica, d. d. | 0                                  | 42,825                             | 478,405          | 0              |
| Zavarovalnica Sava, d. d.  | 0                                  | 11                                 | 538,036          | 0              |
| SID, d. d.                 | 0                                  | 3,974,854                          | 194,764          | 0              |
| NLB, d. d.                 | 0                                  | 32,398,862                         | 838,444          | 0              |
| Total                      | 5,078,967                          | 38,294,358                         | 2,069,639        | 33,960,924     |

TRANSACTIONS WITH THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

In 2024, the Elektro Gorenjska Group made the following payments to the management (employees under individual employment contracts):

in €

| Recipient   | Fixed Pay (gross) | Performance Bonus | Holiday Allowance | Reimbursement of Expenses | Benefits |
|---|-------------------|-------------------|-------------------|---------------------------|----------|
| President of the Management Board (Elektro Gorenjska) | 123,990           | 13,417            | 2,497             | 2,694                     | 5,353    |
| Director of Gorenjske elektrarne                      | 85,966            | 4,516             | 2,497             | 2,299                     | 4,041    |

Reimbursements of costs (so-called material costs) include meal allowances, reimbursement of business travel expenses, and mobile phone costs. These are calculated in accordance with the employment contract or the company-level collective agreement. Benefits include insurance premiums and the use of a company vehicle.

Remuneration of the members of the supervisory board in 2024 is presented in the following table. Since some members also serve on board committees, the remuneration for committee participation is included.



in €

| Member                          | Function Fee (gross) | Supervisory Board Meeting Fee (gross) | Committee Meeting Fee (gross) | Total Gross | Travel Costs |
|---------------------------------|----------------------|---------------------------------------|-------------------------------|-------------|--------------|
|                                 | 1                    | 2                                     | 3                             | 4=1+2+3     | 5            |
| Representatives of Shareholders |                      |                                       |                               |             |              |
| Gabrijel Škof                   | 21,188               | 3,615                                 | 660                           | 25,463      | 782          |
| Rajko Stanković                 | 15,855               | 3,740                                 | 2,392                         | 21,987      | 544          |
| Franjo Curanović                | 16,438               | 3,740                                 | 2,392                         | 22,570      | 62           |
| Vid Meglič                      | 14,125               | 3,740                                 | 660                           | 18,525      | 163          |
| Employee Representatives        |                      |                                       |                               |             |              |
| David Gogala                    | 11,300               | 3,740                                 | 0                             | 15,040      | 0            |
| Borut Jereb                     | 14,125               | 3,740                                 | 660                           | 18,525      | 0            |

The remuneration of the external member of the audit committee was as follows:

in €

|                                  | Function Fee (gross) | Committee Meeting Fee (gross) | Total Gross | Travel Costs |
|----------------------------------|----------------------|-------------------------------|-------------|--------------|
|                                  | 1                    | 2                             | 3=1+2       | 4            |
| External Member of the Committee |                      |                               |             |              |
| Dr. Simon Čadež                  | 6,844                | 2,392                         | 9,236       | 265          |

In 2024, the Supervisory Board of Elektro Gorenjska held a total of 14 meetings, including 12 regular and 2 correspondence meetings. The Nomination and Human Resources Committee held 3 regular meetings, the Audit Committee of Elektro Gorenjska held 8 regular meetings, and the Audit Committee of Gorenjske elektrarne held 5 regular meetings. Attendance at all meetings was 100%.

The cost of other benefits for supervisory board members in 2024 relates to directors’ and officers’ liability insurance, in accordance with the resolution of the 16th General Meeting of Shareholders of Elektro Gorenjska. These costs are considered a benefit in kind for supervisory board members.

in €

| Member of the Supervisory Board | D&O liability insurance premium |
|---------------------------------|---------------------------------|
| Representatives of Shareholders |                                 |
| Gabrijel Škof                   | 141                             |
| Rajko Stanković                 | 141                             |
| Franjo Curanović                | 141                             |
| Vid Meglič                      | 141                             |
| Employee Representatives        |                                 |
| David Gogala                    | 141                             |
| Borut Jereb                     | 141                             |

The management board and supervisory board did not receive any remuneration in connection with their roles in subsidiaries. The companies within the Elektro Gorenjska Group did not grant or receive any advances, loans, or guarantees to or for the benefit of the persons listed in this section and had no outstanding receivables from them as at 31 December 2024.

## 18.9. Financial Risks

At Elektro Gorenjska Group, risks are recognised as an inherent part of operations. Effective management requires a comprehensive and systematic approach. Sound risk management is a fundamental condition for the successful and efficient achievement of long-term business objectives.

Financial risks relate to the Group’s ability to generate financial income, control financial expenses, preserve the value of financial assets, manage financial liabilities, and ensure competitive and long-term solvency. The Group is exposed to several financial risks, most notably: credit risk, liquidity risk, interest rate risk, insufficient investment funding, risks associated with investments in subsidiaries, and risk of non-payment by the transmission system operator ELES.

### CREDIT RISK

Under the Lease Agreement for the Electricity Distribution Infrastructure and the Performance of Services for the Distribution System Operator (DSO), the Group collects payments from customers in its own name and on behalf of the DSO. This arrangement carries increased risk, as the Group is required to settle all obligations to the DSO even if customers default on payments. The Group also performs market-based services. Outstanding receivables from these services represent the Group’s most significant credit risk.

A maturity breakdown of short-term receivables related to network charges, electricity, services, and interest receivables as at 31 December 2024 and 31 December 2023 is shown in the following overview:

in €

| Item   | 31 Dec 2024 | 31 Dec 2023 |
|--|-------------|-------------|
| Not Yet Due Receivables                            | 7,839,358   | 10,302,926  |
| Past Due Up To 30 Days                             | 643,953     | 243,491     |
| Past Due 31–60 Days                                | 7,929       | 304,744     |
| Past Due 61–90 Days                                | 1,044       | 327,440     |
| Past Due Over 90 Days                              | 1,859,809   | 145,114     |
| Total Past Due Receivables                         | 2,512,734   | 1,020,788   |
| Share Of Past Due Receivables In Total Outstanding | 24%         | 9%          |
| Total  | 10,352,093  | 11,323,713  |

The movement of impairment allowances for receivables and interest on arrears for 2024 and 2023 is presented in the following table:

|                              | in €    |         |
|------------------------------|---------|---------|
|                              | 2024    | 2023    |
| Opening Balance as at 1 Jan  | 143,399 | 152,990 |
| New Formation                | 7,169   | 3,813   |
| Utilisation and Reversal     | 15,048  | 13,405  |
| Closing Balance as at 31 Dec | 135,520 | 143,399 |

Receivables are reviewed monthly. Debt collection is carried out consistently and uniformly across all customers. Late payment interest is also strictly enforced. Our attention to detail in records and recovery efforts has produced strong results. Major network charge debtors are discussed in monthly meetings, during which an individual collection plan is prepared for each debtor to maximise recoveries. This approach is case-specific. The Group monitors the credit ratings of its customers and uses tools such as phone reminders, instalment plans, offsets, debt assignments, and factoring. For instalment agreements, assignment or cession contracts, calculated default interest is always included. Advance invoices are issued for certain services. In settling open receivables, the provisions of the general part of the network access agreement are followed. When all “soft” collection measures are exhausted and network charges remain unpaid, the Group issues a disconnection notice. If the customer fails to settle the debt within the notice period, the metering point is disconnected. This mitigates further financial damage and prevents deterioration in payment discipline, which could otherwise lead to larger overdue receivables.

As at 31 December 2024, the Group’s largest single customer accounted for €6,456,860 in short-term receivables, representing 63% of all short-term trade receivables.

The highest exposure to credit risk at year-end 2024 and 2023 was as follows:

|   | in €        |             |
|---|-------------|-------------|
|   | 31 Dec 2024 | 31 Dec 2023 |
| Long-Term Financial Receivables             | 171,806     | 178,768     |
| Long-Term Trade Receivables From Customers  | 48,476      | 613,688     |
| Short-Term Financial Receivables            | 9,282       | 8,702       |
| Short-Term Trade Receivables From Customers | 10,216,573  | 11,180,315  |
| Cash and Cash Equivalents                   | 8,370,985   | 14,232,469  |
| Short-Term Assets From Customer Contracts   | 1,419,290   | 41,529      |

LIQUIDITY RISK

Liquidity risk arises from the possibility that the Group might not have sufficient liquid funds at a given time to meet its short-term obligations or maintain regular business operations. Potential causes of liquidity issues include irregular cash inflows and outflows, lengthy procedures for obtaining long-term loans, or significant overruns in planned investment spending. Liquidity risk is closely tied to investment risk. Managing liquidity risk also entails financing investments in accordance with the business plan, ensuring that sufficient funds are available and investment execution is not delayed, given that borrowing procedures can be time-consuming.

Elektro Gorenjska Group is recognised for its exemplary payment discipline. In 2024, the Group encountered no liquidity issues.

Liquidity risk from operations is managed through the following activities:

- Monitoring and coordinating all departments involved in the procurement of goods and services or the conclusion of purchase contracts, based on projected available cash resources. This also includes prioritisation of procurement needs according to available funds. These principals apply across all areas of the Group’s operations.
- Oversight of the implementation of open purchase orders or signed contracts, particularly in relation to the expected completion date and the amount and timing of payments due.
- Monitoring the timely settlement of receivables, especially from key customers, as delays in payments – due to deteriorating financial discipline, requests for extended payment terms or discounts, and increased collection costs – can negatively impact the Group’s liquidity. This also includes maintaining a suitable information system for overdue receivables and ensuring timely and effective communication across departments to support appropriate actions (e.g. timely issuance of reminders, initiation of legal proceedings). When entering into commercial contracts for services, special attention is given to incorporating appropriate payment guarantees. Customers with overdue receivables are reminded on a monthly basis.
- Ongoing monitoring of inventory levels. Management has adopted specific decisions regarding inventory tracking. In addition, the Group continues to optimise workflows related to planning, procurement, and implementation.
- A Group-level cash management system has been established, allowing for intercompany lending. The primary objective of this system is to optimise liquidity across Group companies by managing short-term cash surpluses and deficits internally.
- Particular attention is paid to the preparation and monitoring of the cash flow plan. Effective liquidity planning enables optimal management of potential short-term liquidity surpluses or short-falls.

The following tables present financial liabilities by maturity:

in €

| 2024                           | AS PAYMENTS FALL DUE |                     |                   | TOTAL      |
|--------------------------------|----------------------|---------------------|-------------------|------------|
|                                | Due Within 1 Year    | Due in 2 to 5 Years | Due After 5 Years |            |
| Financial Liabilities to Banks | 7,972,656            | 31,894,591          | 27,122,938        | 66,990,185 |
| Undrawn Financial Liabilities  | 6,625,787            | 0                   | 0                 | 6,625,787  |

in €

| 2023                           | AS PAYMENTS FALL DUE |                     |                   | TOTAL      |
|--------------------------------|----------------------|---------------------|-------------------|------------|
|                                | Due Within 1 Year    | Due in 2 to 5 Years | Due After 5 Years |            |
| Financial Liabilities to Banks | 11,777,586           | 34,966,815          | 28,481,295        | 75,225,696 |
| Undrawn Financial Liabilities  | 8,157,404            | 0                   | 0                 | 8,157,404  |

Liquidity risk is assessed as significant. However, due to established control mechanisms and implemented measures – particularly Group-level cash management – the likelihood of liquidity shortfalls materialising is considered low. Nevertheless, it is recognised that a liquidity shortfall could result in operational disruption or financial loss.

INTEREST RATE RISK

Interest rate risk refers to the potential adverse effect of changes in interest rates. Since the Group has the majority of its loans arranged at variable interest rates (EURIBOR-based), it is exposed to fluctuations in interest rates. At the end of 2024, 89% of the Group’s cash flows were subject to interest rate variability (compared to 83% at the end of 2023).

The Group’s exposure to interest rate risk was as follows:

in €

|   | 2024       | 2023       |
|---|------------|------------|
| Financial Liabilities With Variable Interest Rate | 59,647,327 | 51,962,876 |
| Financial Liabilities With Fixed Interest Rate    | 7,342,858  | 10,514,287 |
| Total   | 66,990,184 | 62,477,162 |

A 50-basis-point change in the interest rate on variable-rate financial instruments as at the reporting date would have increased or decreased the Group’s profit by the amounts indicated below.

in €

|   | Impact on Profit or Loss 2024 |                             | Impact on Profit or Loss 2023 |                             |
|---|-------------------------------|-----------------------------|-------------------------------|-----------------------------|
|   | Increase by 50 Basis Points   | Decrease by 50 Basis Points | Increase by 50 Basis Points   | Decrease by 50 Basis Points |
| Financial Liabilities With Variable Interest Rate | -247,873                      | 247,873                     | -195,924                      | 221,905                     |

Interest rate risk is managed through the following activities: active monitoring of interest rate trends and bank margins; negotiating with banks to lower existing margins; refinancing existing loans; taking out loans with fixed interest rates; and actively seeking the most favourable conditions for accessing external financing.

FOREIGN EXCHANGE RISK

Operations are conducted in euros; therefore, the Group is not exposed to foreign exchange rate risk.

18.10. Events After the Reporting Date

In January 2025, Elektro Gorenjska signed a contract for the sale of a 100% ownership stake in Gorenjske elektrarne. The sale is subject to the fulfilment of certain suspensive conditions, which had not been met by the date of approval of the Group’s financial statements.

On 31 March 2025, Gorenjske elektrarne became the 100% owner of ALFI SOL 2 d.o.o.





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